

**Human-Centric Investing Podcast**

Episode 38 – The Affluent Digital Code: Online Strategies to Acquire High Net Worth Clients, Part 1

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Featured Guest: Kevin Nichols, Director of Coaching and Social Media at the Oechsli Institute

This is the Human Centric Investing Podcast with John Diehl, where we look at the world of investing through the eyes of our clients. Over to you, John.

John Diehl: Hello, financial advisors. This is John Diehl, Senior Vice President of the Applied Insights team at Hartford Funds. Welcome to Episode 38 of the Human Centric Investing Podcast.

Joining me for today's Podcast is Kevin Nichols, Director of Coaching and Social Media at the Oechsli Institute. Welcome to the podcast, Kevin.

Kevin Nichols: Hey, John. Thanks for having me.

John Diehl: The Oechsli Institute does research on affluent investors and elite advisors and they're able to help us understand what's working and what isn't when it comes to financial advisor marketing. And today, we're going to be talking about a specific area, the content that we've created with the Oechsli Institute titled The Affluent Digital Code.

And you can find information about this content and an advisor workbook at [hartfordfunds.com/code](http://hartfordfunds.com/code) – again, that's [hartfordfunds.com/code](http://hartfordfunds.com/code). Now, I do want to mention to everyone listening on the podcast that prior to implementing any of the strategies referenced in the content, please consult with your firm's legal and compliance teams about their social media policies and required participation in social media programs.

It seems everybody has a different view, and all those views are legitimate, because this world of social media, although not new in the world of financial services and how we use it is – I would say still developing field, especially for firm by firm and different compliance views of it, so on and so forth.

So, please make sure that you check with your own legal and compliance teams before you jump into any of these strategies.

So, Kevin, tell us a little bit about your affluent digital research, and who did you survey for this particular content that we're talking about today?

Kevin Nichols: Yes, John. So, I mean, if you're familiar with Oechsli, we do a lot of research projects, right? We research affluent investors. We research elite advisors and so forth. And this was a study where we actually researched 403 affluent investors with at least \$500,000 or more in investable assets.

So, for most investors, they're going to be what they would consider good, ideal clients.

Now, as we go through this today, one of the things that we did is we broke down the respondents into three different age groups. You have an under 45 category; you have a 45 to 65 category, and you have an over 65 category as well.

So, like as we go through some the data today, you're going to notice that we're going to break it down by different age brackets.

John Diehl: And what are you – what were you trying to discover when you looked at that specific group of clientele?

Kevin Nichols: Yes, I mean, we wanted to uncover just overall trends in online usage. I think that that's the main thing, and then how advisors are searched for online, how advisors build more awareness online,

and then ultimately, if you can kind of reverse engineer this, and you can say OK, well this is how the affluent are using digital, then we should be able to go back and say well, this is how we should be marketing our services to them.

So, that's the end goal, is to have that back end data and to say, look, this is how they use it, so like let's tailor our marketing to them.

John Diehl: So, why don't – let's start right there then, Kevin, let's talk about what you found out about how affluent consumers are actually using social media. How much – like, for example, just to start with, how much time do affluent consumers spend on social media?

Kevin Nichols: More time than you might think. It's funny because, historically, when you look at any sort of research, you always think about, what's the first screen, the second screen, the third screen. I mean, I'd venture to say that the first screen nowadays is typically someone's phone, right?

And they're spending way more time on digital than you might imagine. Now, the – 74 percent of the over 65 group, so 74 percent of them, basically said that they're on there every day. And I mean – I mean, you talk about a captive audience, right? They're on their phones, right? They're maybe on their desktop or their laptop.

Forty-three percent of the under 45 category spend more than an hour every single day on digital, on social media, right? They're surfing the web. They're looking at Facebook or Instagram or LinkedIn. They're all over this stuff.

And I mean, it's just – again, they're on here. They're using it. And so the challenge for advisors is how are we going to get some of that attention, right? This is all about attention.

And it used to be kind of older means of advertising. Maybe it's direct mail, or maybe it's a billboard or – I mean it's – the funny thing about billboards is – I had actually an advisor call me about that the other day and said, hey, I want you to take a look at this ad that I created for a billboard in my town.

And I mean, it looked nice, but I was like, the sad and scary thing about this is that if you really take a look at what people are looking at when they're driving down the road, they're on their phones. It's like – it's a scary – it's a scary thing, right? But we're almost – we're addicted to these devices.

And our research shows that, look, the affluent are no different. They're on here, and they are – they're the captive audience.

John Diehl: Well, it's funny you use a term like a billboard, right? If I – if I relate that to another term that would make that advisor kind of interested in billboards, think about traffic, and how much traffic in any given day would drive past that billboard versus how much traffic, as you just described, would engage on social media, right?

Kevin Nichols: Oh, you're so right. And it's – and I'm sure the – whatever billboard or advertising company can give you some data on, how much traffic is – how many (eyes or impressions) are made on that billboard every day, but through digital – and we'll get into advertising and such today, but we'll actually be able to see specifically how many people have seen an ad, right?

Like being able to quantify some of that, it actually becomes a lot easier with digital marketing.

John Diehl: Wow. And so, I know when it comes to social media – and I got to share with you right upfront, Kevin, I am – I am not a social media guru, but I do know it's all about platforms, and we – as advisors, we hear all the time about – Facebook and LinkedIn and – nobody under 40 knows what Snapchat is, but are there favorites among affluent consumers, when it comes to what platform of social media they participate in?

Kevin Nichols: Yes, when we took a look at some of this data – and just to back up, most firms – and everyone jumps immediately to LinkedIn ...

John Diehl: (Yes).

Kevin Nichols: ... and that makes sense, in the sense of like there's a culture for each network, and the culture of LinkedIn is going to be more business oriented. So, it makes sense – OK, advisors, you should be on LinkedIn. But when you take a look at some of this data, I mean Facebook is the 800 pound gorilla in the room. Facebook is the dominant player by far, across all age brackets, the under 45, the 45 to 65 and the over 65.

So, you can't ignore Facebook. Now, in the under 45 category, you have a trend – a growing trend here of Instagram, and we could see that on coming. I mean for a younger demographic starting to use Instagram more and more, I mean Facebook owns Instagram, there's a reason they purchased Instagram.

Yes, but things like Snapchat or even TikTok, or some these newer ...

John Diehl: Right.

Kevin Nichols: ... emerging apps, they really didn't show up here. But the main one is – and you can't – and you can't get away from Facebook. Now, if I had to prioritize these, (I mean) based on data and just honestly based on experience working with advisors, I would say hey look, let's start with Facebook, let's start there and make sure they have a good presence, and then let's do LinkedIn too.

And then, if you want to venture off and you maybe you want to get into Twitter a little bit or you want to try Instagram, I think that's probably not a bad idea.

John Diehl: Kevin, have you guys analyzed at all like the gap – I know you said that Facebook is the most popular platform, do have any way of quantifying how popular it is versus LinkedIn or any of the other platforms?

Kevin Nichols: Yes, so, I mean basically, I mean just the data here says that for the under 45 category, 48 percent said Facebook is their preferred network of choice, 45 to 65, 57 percent say that Facebook was (inaudible) over 65, 55 percent. I mean none of the other ones, the other platforms, LinkedIn, Instagram, Pinterest, Twitter, were even close. I mean again, the closest one was for the under 45 category, 23 percent saying Instagram.

So, that being said, it doesn't mean – I mean I wrote a book called LinkedIn, right? Like I think LinkedIn for advisors is great. And the reason being is the overall culture of that network, right?

I can't go on Facebook especially a Facebook personal account and start trying to sell people (right start trying to messaging) – message people instead of meetings, it just doesn't make a ton of sense and actually, it's going to be really off-putting. I can do some of that, if I do it tastefully, on LinkedIn. So, that's why I feel like there's still a use case for LinkedIn, but just data wise, I mean Facebook is the main player here.

They are the monster that – and they have an – and they have an amazing advertising platform.

John Diehl: So, what does this mean, not only for advisors and what they should be doing about it, but when it comes to engaging with clients or prospects on Facebook, because we've talked about how important that is, do you recommend an advisor doing that from a – like a personal or a business profile?

Or what are some of the things just high level that you might use Facebook for, if as you mentioned, LinkedIn is a business type platform, does that differ in terms of how advisors might engage with Facebook?

Kevin Nichols: Yes, and I think that's a great question. When it comes to Facebook, you have the personal side and the business side and my answer to kind of which one should you use both. I mean the – I had an advisor come up to me after a presentation down in St. Pete not too long ago, and he said hey, I listened to one of your podcasts – this was a couple of years ago, and you recommended just on a strictly personal level, to start connecting with clients on Facebook – I mean no business whatsoever,

right?

And by the way, obviously anything from a compliance standpoint, you'd have to run by your firm, but most firms, if there's no mention whatsoever, in terms of what you do or what firm you work for or any business whatsoever, you should be able to have a personal Facebook, right?

You start developing relationships with clients that are social, you should – you can connect with them. So, this advisor comes up to me and he was like I just want to tell you, it's transformed the relationships that I've had with clients.

And I said well, tell me more – like – he said, well, it's interesting (he's like) because on a just a personal level, I connect with them, I share stuff, I also engage with them, but what I find is that during our review meetings with clients now, they're asking me about hey, I saw you took that trip to St Marten with your family, how did that go? What's going on? Or hey, I know Johnny is playing baseball now, how's he doing?

He was like they got to know me as much as I got to know them, because Facebook is the home of major life events, that's where people are posting things personally. So, it's really helped in terms of development the personal side of the relationship.

Now, on the other side of that, the business Facebook page – the business Facebook page is a great way to humanize your brand, but then (the) – also the biggest benefit honestly of having a business Facebook page is the ability to run ads, and the ability to go in and start running some targeted ads to certain demographics designed to ultimately lead to leads and new business opportunities.

John Diehl:

Well, that makes a ton of sense, and I got to share with you Kevin, it falls right in line with a lot of things that I do on a daily basis with my team, helping advisors engage people on emotional issues.

And I think – I think you'd agree with this in that you get to share a social connection with someone, as you mentioned – somebody saw that you went on a trip or you bring it up to them, or they notice that you – or you notice that their child is in high school sports or something like that, and think the temptation that advisors need to resist is they kind of know that now that I know this about this person, hey this person has a kid – a youth involved in high school or middle school activity – 529 plan, right – we jump right to the product or to the sale.

And that's where I think kind of social media, there's a thin line between cool and creepy, I have to be a little bit cautious right about my motives for – do I really want to get to know this person, or do I really want to get to know them just so I can position (a product or service), like I don't – I think we have to resist that ability to jump ahead of the process, if you will. Would you agree with that?

Kevin Nichols:

Yes, and I love – I love what you just said like the difference between cool and creepy, I think – I think I want to use that, I like it – but it's – yes, it is – and if you're on a personal level, you just have to be a normal human being and not try and jump into opportunities like that and just look at it as retention, look at it as loyalty, look at it as I'm deepening the relationship.

On the business side of things, that's when you could be running ads to people on Facebook who just had a new child or grandchild, right? And that'd be a maybe a colder audience. It doesn't necessarily have to be – you're not – you're not necessarily going after existing clients with that kind of message.

So, I like to kind of bifurcate the two a little bit. If you're – if you're going to keep it personal, keep it personal. Just know – and don't cross that line or cross that boundary because it makes people feel a little – a little icky, right a little creepy.

John Diehl:

So, let's talk about that business part of it then, because you mentioned with a business profile, you get the ability to advertise and I guess (my question) right off the top of my head is do people really pay attention to those digital ads? Or do they see that it's an advertised post or whatever and kind of blow it off? What have you found there?

Kevin Nichols:

Yes, so we asked this in the data as well, we asked the affluent basically have you engaged with an advertisement on social media, right? And in the over 65 category, 18 percent said yes, in the 45 to

65 category, 42 percent said yes, and in the under 45 category 62 percent said yes ...

John Diehl: Wow.

Kevin Nichols: ... so you can see that, again, the younger trend is absolutely that they do engage with it. I think it's just a matter of making sure that the ads are relevant to the audience. And that's what makes Facebook marketing so fantastic frankly is just the ability to go in and say, you know what? I want to target women who are going through a divorce who live in these affluent zip codes, who've traveled recently have a dog and like knitting.

I mean like the ability to zero in on your target market is unreal and to show them an ad that's relevant to them, that's – I mean frankly for me, like that's what – that's what I engage with, right is when I see an ad that almost in a way spooks me a little bit because it knows so much information about me.

John Diehl: So, how would an advisor that doesn't know a whole lot about Facebook, other than maybe on the personal side of things – how would they get started like in this business area? Are there steps they need to take or what would you suggest?

Kevin Nichols: Yes, when it comes to advertising on Facebook, it can feel a little daunting at first, and it's funny because we talk to advisors, we – and we run a lot of ads for advisors, but a lot of times they say, I'm a real – I'm familiar with ads. I'm like great, well like talk to me about kind of how you use ads manager and what – and the types of ads you run, and they say well I just boost posts.

It's very different, right? Boosting a post is like ads light. It's like oh, I hit boost and I throw in a few demographics and I – and I – and I run an "ad." We're talking about using Facebook's ads manager and learning how – the types of objective based advertising that makes sense for your – your goals, like what are your end goals?

A good way to get started with that is to take Facebook Blueprint. It's a course that's offered through Facebook. It's one that any of our social media managers here, they always have to complete that course, and it'll walk you through, soup to nuts, how to go about building ads.

And then, once you get into it, there's some more advanced strategies, right? There's some really neat things that you can do, but that's where I would start without a doubt, Facebook Blueprint.

John Diehl: Great. Great. And one thing, when it comes to marketing, I know you've talked to us about this concept of something called a lead magnet, what is a lead magnet? And how is it used in digital marketing?

Kevin Nichols: Yes, a lead magnet is like a fancy term for I'm going to dangle this carrot out here and see if my prospect takes a bit, like that's kind of what it is. And it could be – it could be anything. I mean it could be a specific video? It could be a white paper is probably the more traditional lead magnet.

We've run plenty of advisors giving away physical books, I mean an idea that – here's a – here's a really simple example of that – an idea that we run all the time for advisors is giving away a book called The Five Years Before Retirement. It's a – it's a book, you can buy it on Amazon, and that's a heck of a lead magnet saying hey, I'm going to give you a physical book, right?

But ...

John Diehl: (Inaudible).

Kevin Nichols: ... in exchange for that, I'm going to target a specific audience and I'm going to require a lot of information, name, email, phone number, full address, in order to get that book. (But) now they're in my funnel, and they're also someone who's giving me some really good smoke signals that retirement is on their brain if they're requesting a book that's called The Five Years Before Retirement, right?

So, a lead magnet is really anything that you're going to offer up in exchange for contact information, because then, we're putting them into the "funnel" – sometimes I hate using the word funnel because I feel like it's overused, but (on more) of a nurturing campaign, which could be emails that you're sending – you're messaging them, it could be phone calls, it could be – inviting them to physical events, but now you're nurturing that relationship.

John Diehl: Yes, and I guess when it comes to these lead magnets, you mentioned people are willing to exchange information, is it something that people actually do or it is just like a tiny percentage of people that come across this stuff actually do provide useful information?

Kevin Nichols: So, breaking this down with the data, the under 45 category, 61 percent said that yes, they've given their email in exchange for a "lead magnet", in the 45 to 65 category, 40 percent have, and then the over 65 category 20 percent have. So, again, the younger kind of trend is yes, I'm willing to give up that information in exchange for something valuable.

You just have to make sure that it's valuable. And also – and I've seen advisors run ads before where they're giving away a white paper that's kind of lousy, like you have to make sure that the – what they're going to get in exchange is really – is good. And – because that's going to be part of your overall brand.

And that – so like if I'm offering a physical book, well that's really good. If I have my own book, that's even better. If I have a white paper, it better be pretty in-depth and it better be pretty good. If I'm offering an online class, it should be pretty thorough, because that's going to impact your brand.

Don't give away garbage just to collect emails, that's going to probably do the opposite effect.

John Diehl: And then, just a question to kind of close the loop here, which is once I get that information that's exchanged, do you find that there are methods of follow up that are more effective? Like do I call that person? Do I shoot them an email? How soon after they share that information should I act? Kind of what would you say the etiquette would be there?

Kevin Nichols: Yes, so you want to build some sort of nurturing strategy here and – so you're thinking about lead capture, which is (you're running) the lead magnet and then lead nurture, which is its own animal in itself.

I've seen – I've seen a lot of ways to go about this. I mean there's an advisor I was working with down in Texas and we ran an ad giving away a white paper for this advisor's (for) – brand new with this advisor's firm on social security, right? And we actually targeted people on Facebook who had been reading things about social security or have an interest in social security and are (right at that) age and where they're having to decide, should I start collecting.

And it's funny because we got – we had – it think the budget we put behind it was maybe just a couple of hundred bucks, we had 30 or so leads from it, and I say leads and use that term loosely just because Facebook's going to call (it a) lead if someone fills out information in exchange for it ...

Dan Diehl: Right.

Kevin Nichols: ... and I got on the line with them and I said hey, so I know that – and we had not talked about nurturing, (right), he just wanted to run an ad and we got it up and running pretty quick. And I said, hey – so how did the 30 or so leads – have you gotten a hold of any? And he said oh yes, I talked to basically everybody.

And I was like what? Like – and that's like so unheard of. Usually there's like maybe 5 percent or 10 percent that actually respond in some way, and I'm I like well, what are you doing? And he said well, I called them like pretty much instantly.

So, the moment that he would get an email notification which we set up for him, so he'd get this email that said, John Doe just downloaded this – requested this document and downloaded your social security guide, he said I stopped everything I was doing if I could and just picked up the phone and called them.

And I know that seems creepy, right? It's like wow – he's like but I would have a good conversation with them. And then what I did from there is I said hey, the guide is helpful, but if you want, you can come in the office, right and I – and we can talk through it and I can kind of game play with you the ideal time or age to start collecting social security.

And so, out of those 30 he had eight that have agreed to come in for meetings with him. So, I think it's the speed at which he was doing it, which I thought was really interesting. Because – and it's true, if you call them the next day, they're like who are you, like I don't remember downloading this, right? But if you immediately respond, like immediately do it – and I think that is – that that is the key.

So, whether it's an email or a phone call, you need to reach out or – and again, from a compliance standpoint, and this is probably a very touchy subject but text messaging, right? It's all about speed.

Now, if they're not interested right now, that doesn't mean they're not going to be interested in the long term, so you also need to be thinking about like are they in my newsletter now, right? Did I connect with them on LinkedIn (and messaged) them via LinkedIn?

So, what you could do is basically put together a series of touch points that you could follow, because you are going to have to nurture these things – to your point, John, I mean like you cannot just run this ad and expect that your phone's going to start ringing..

John Diehl: (Inaudible).

Kevin Nichols: It's going to be now I captured this lead, I got to nurture it. But to answer your question, I think – I think speed is the key.

John Diehl: Well – and speed and I picked up on what you said there in your example, the ability to further personalize whatever it is that you are advertising or trying to educate them on, so I liked what you said about hey, the manual's good, however, everybody's different, has specific situations that you may have questions about. If you'd like, please let's talk some time, come into the office. I can review some of this stuff.

I love the ability to further personalize the content for each individual client and you kind of screen out the people that are generally interested versus the ones that have a deep enough interest that may actually take action, right?

Kevin Nichols: Such a good point, right? So, you have to think about how you're going to nudge them to the next step of the process, right (inaudible) (he got it) so he (went –wants) to talk about your investments or (inaudible) – no it's like what's the next nudge, right what's the next step. (It's a great point).

John Diehl: Yes, well, Kevin, we're running out of time on this episode, I'd like to ask you if you wouldn't mind joining me for the next episode, because I've got some more questions in the area of how consumers are finding advisors on some of these platforms and then lastly for the advisors, kind of how do you start building an online presence and what that means, would you be willing to come back and join me for the next episode?

Kevin Nichols: I'd love to do it.

John Diehl: Well, that sounds great. Well, let's do it then. And for all those listening today, again you can find content about what we've discussed today and an advisor workbook at [hartfordfunds.com/code](http://hartfordfunds.com/code) – again, it's [hartfordfunds.com/code](http://hartfordfunds.com/code).

Thanks very much for listening, and we'll see you again on the next episode on the Human Centric Investing Podcast.

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