

## RESEARCH REPORT Data-Driven Client Acquisition Through Effective Advertising

Leveraging data to identify and attract new clients more effectively



In today's hyper-competitive marketplace, attracting new clients is a top priority for wealth managers. Volatile markets have reduced the organic growth of assets under management, putting more pressure on advisors to increase wallet share or bring in new clients. At the same time, the Baby Boom generation is expected to pass an estimated \$78 trillion in assets to a new generation of investors, many of whom are not currently on wealth managers' radar.

To better understand how the wealth management industry is approaching client acquisition — especially among younger customers — Arizent and Financial Planning surveyed more than 200 financial planning and wealth management professionals. The survey, sponsored by Spectrum Reach, was designed to determine how firms are using data science, other automation technologies and social media to prospect for leads and obtain new clients.

The findings demonstrate that many firms are either dissatisfied with or lacking data about their current client acquisition practices, which continue to rely heavily on word-of-mouth referrals. Modern marketing programs that support more targeted outreach could improve wealth managers' ability to focus their client acquisition efforts on segments where they see the greatest potential for growth.

### Key insights

#### **1. Growing the customer base is essential, but current efforts to do so are insufficient.**

Customer acquisition is always a top concern for wealth managers, and the stakes are only growing higher. Today, 75% of wealth managers say that acquiring new customers is a critical or high priority.

Cultural and generational changes have reduced the effectiveness of wealth managers' traditional marketing efforts, which have predominantly centered on word-of-mouth referrals. Only 11% of respondents say they are very effective at improving the quality of leads they pursue — and only 10% have successfully increased the volume of potential clients they could target. These numbers likely stem from an inability to use client information wealth managers have on hand to develop leads, a capacity available to only 13% of respondents.

**2. Firms are relying on word of mouth to find and attract customers.**

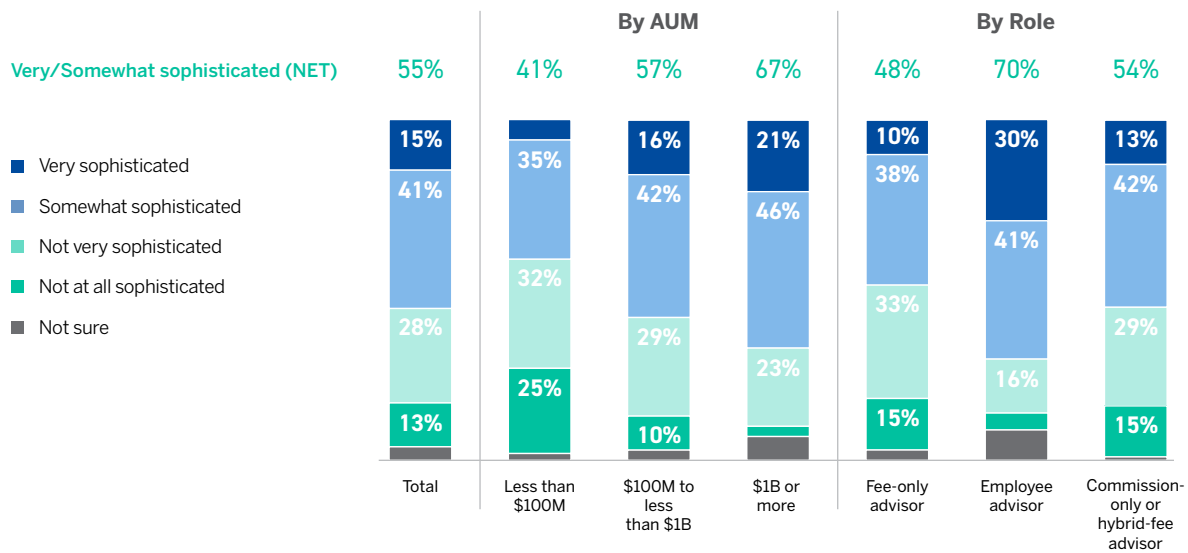
Traditional word-of-mouth networking among family, friends and colleagues remains wealth managers' primary means for generating leads, deployed by 79% of respondents. For more than half of respondents, these types of referrals are the sole form of marketing in use. By contrast, only 23% are using advertising to attract clients.

Despite their self-reported challenges generating leads, fewer than half of wealth professionals (48%) have tapped third parties to generate them. More than four-in-10 respondents (42%) say they don't use any technology tools or providers to support their marketing functions.

**3. Firms are open to a more data-driven approach to marketing.**

Many wealth managers recognize that their client-acquisition processes and tools are insufficient. Four-in-10 respondents (41%) say their client acquisition approach lacks sophistication. Small firms, with less than \$1 billion in assets under management, have even fewer in-house resources available for marketing. Consequently, they are significantly more likely to say they struggle with unsophisticated prospecting (see Figure 1).

**Figure 1: Wealth Professionals Lack Sophistication when Targeting Prospects**



Percentages(s) under 10% are not shown  
 Source: Arizent/Financial Planning, 2023

Very few respondents say their organizations are leveraging data to attract and acquire new customers. Only 18% have used automation/data science to attract and acquire customers, and only 5% say they have done so very aggressively. Once again, smaller firms lag their larger peers in sophistication, with just 11% using data-science techniques.

Further, many wealth managers do not have a good sense of whether their client-prospecting efforts are even working. Nearly half (48%) admit they are at least somewhat ineffective at measuring ROI on their lead generation and customer acquisition initiatives — and 21% admit they are not measuring their efforts well at all.

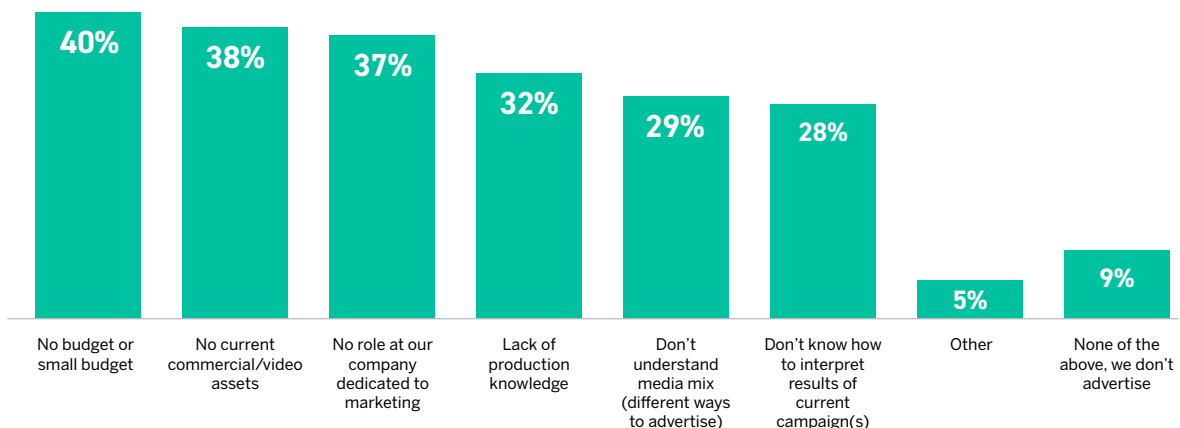
Many wealth managers are using relatively crude metrics to measure their success. Just 28% rely on the volume of new leads or clients to measure advertising effectiveness, followed by feedback from clients (17%).

"We are helping those in the wealth industry solve these challenges," says Michael Guth, Senior Vice President of Marketing for Spectrum Reach. "By effectively leveraging our data and targeting capabilities in a privacy focused way, we've helped hundreds of firms grow their client base with a clear understanding of the ROI of their advertising investment."

#### 4. Use modern technology to better target marketing efforts.

Adopting a more strategic approach to reaching specific demographics is a significant opportunity. Firms that employ modern marketing techniques can target particular audiences and get noticed across multiple channels. Consider Generation X and Millennials, who are in a position to inherit a substantial amount of wealth in the coming decade, but may not be proactively seeking wealth managers. Referrals are unlikely to reach them, so wealth managers will need to meet them where they are, via advertising across a range of media including social channels. Many wealth management firms face challenges mounting this sort of targeted campaign, from funding shortfalls to a lack of marketing talent (see Figure 2).

**FIGURE 2: Top Challenges Advertising to Targeted Audience Segments**



Source: Arizent/Financial Planning 2023

A lack of budget is the most-common obstacle, particularly among smaller firms. A range of other significant barriers exist as well, including a lack of commercial/video assets; a formal marketing function; and production knowledge. Fortunately, targeting does not necessarily require a large budget or a large amount of in-house technical know-how. Third-party partners can draw on secure, reliable and compliant data sources to help wealth managers market their services more efficiently by focusing on the types of clients that best suit their practice.

Third-party solutions also are available to help reach potential clients across a range of price points. Some solutions include affordable DIY platforms, like Spectrum Reach's Ad Portal, where firms can generate an ad schedule and create a budget based on factors they choose, such as customer demographics and geography. Full-service media partners offer access to creative development teams and provide support for ad placement to help wealth professionals get the right message to the right client.

“We have eliminated the perceived barriers of advertising,” Guth says. “AI technology has made it possible for our clients to make a custom video advertisement in minutes in an affordable way.”

Wealth managers who have developed an aggressive approach to leveraging data are seeing results. The vast majority (92%) say their organization has sophisticated targeting capabilities (compared to only 55% overall). Other measures of success are similarly robust: 92% say they are creating organizational value in lead acquisition, 87% have seen increased lead volume, 79% have reduced the cost of acquiring leads and 77% have seen improved lead quality. Firms that target their marketing across a variety of channels stand out from competitors, since the industry is generating only a small fraction of its leads by using techniques such as digital search (32%), social media (19%), traditional TV (11%) and streaming TV (5%).

### **Conclusion: It's time to adopt a more efficient approach to client acquisition**

Wealth managers can get more out of their client prospecting efforts by leveraging the power of data. They can identify how potential clients consume information so that they meet those potential clients where they are. They can tailor messages for the people they are best able to serve. And they can measure the effectiveness of their campaigns to ensure their actions are appropriate and adapt as needed. The right advertising partner can help.

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## Methodology

This research was conducted online by Arizent and Financial Planning in March and April 2023 among 220 qualified respondents in financial planning/wealth management. To qualify, professionals had to have knowledge of their organization's customer acquisition initiatives.



## About Spectrum Reach

Spectrum Reach®, the advertising sales business of Charter Communications, Inc. (NASDAQ:CHTR), provides custom advertising solutions for local, regional and national clients. Operating in 36 states and 91 markets, Spectrum Reach creates scalable advertising and marketing services driven by aggregated and de-identified data insights and award-winning creative services. Spectrum Reach helps businesses of all sizes reach anyone, anywhere, on any screen.

Additional information about Spectrum Reach can be found at [Spectrum Reach](#)



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