

# Are you following me?

European asset managers are not as active on social media as they should be, says **Daniel Ganev** at Karoll Capital Management

**SOCIAL MEDIA IS** an unstoppable trend – we live it daily while catching up with friends on Facebook, job-hunting on LinkedIn, or sharing our passions on Twitter.

Research has found it is also a proven tool for companies to achieve strategic goals, including higher profitability and valuations. Yet, social media adoption by asset managers is rather low compared with other industries.

For a business where brand awareness, networking and client communications are key sources of competitive advantage, the reluctance to embrace social media is a problem. Laggards are bound to lose market share against the backdrop of customers' dynamically changing demographic profiles and attitudes.

## LINKEDIN

As part of the University of Cambridge Executive MBA programme, I recently conducted a study on the level of social media adoption, engagement and challenges faced by investment managers in Europe and the US, entitled *What's Not to Like – Social Media Adoption and Strategies for European Asset Managers*.

Comparing the top 100 firms on both sides of the Atlantic indicates that the most widely used channel is LinkedIn, because of its professional networking focus. Yet, just 11% of Europeans and 15% of US firms take advantage of its interactive nature.



Most still use it simply to post static information and as a recruiting tool.

European asset managers have discovered Facebook too, but their presence is still far from active, with the majority showing zero engagement with the audience.

In the US, the penetration is much higher: 80% of the asset managers have a Facebook page, with 29% of those actively engaging with their community, 22% engaging moderately, and 49% not at all.

Surprisingly, the penetration of Google+ is higher among European compared with US

asset managers (46% v 32%), yet most have signed up to book a seat at the table without actually engaging with stakeholders. Just half of the leading asset managers – both in Europe and the US – have a corporate Twitter channel, but those who do make good use of it.

As many as 62% of European and 66% of US companies frequently share a variety of content, engaging in conversations and responding to enquiries. Nonetheless, the number of followers is far from enough given the customer base of these firms.

Although asset managers

are opening up to video content, roughly half of all have signed up to YouTube. Of those that have accounts, Americans use it much more actively (45% v 19%). Even the channels with rich content and frequent updates, however, attract few subscribers.

I was "privileged" to be the first subscriber of several year-old YouTube outlets.

## BLOGS

Interestingly, just 15% of European and 23% of US firms have blogs – some appearing abandoned – which shows that there is a drift away from this outlet to the more popular social networks.

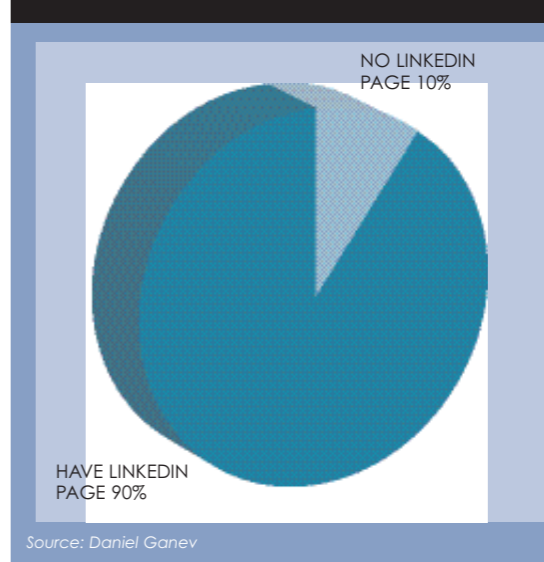
My research was hampered by the fact that few firms (23% in Europe and 34% in the US) have bothered to place visible social media buttons on their websites – an indicator of the level of care for social media.

There appears to be a positive correlation between asset managers' size and social media activity as well as digital influence – larger firms are more active and more influential as measured by their Klout score [the standard of measurement for online influence].

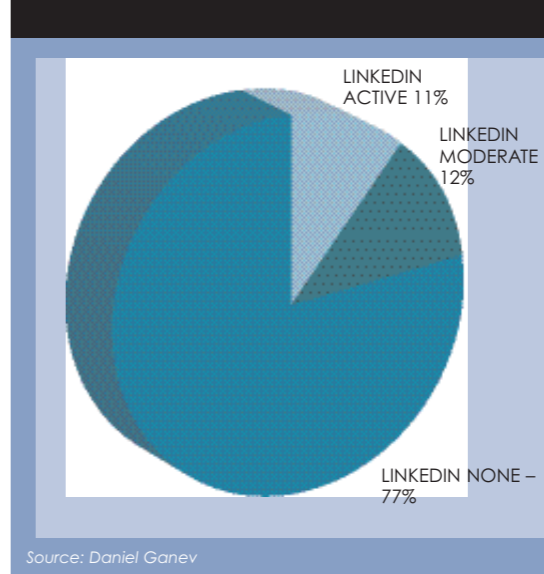
While some asset managers report gaining new clients and realising savings via social media, the survey shows that firms use it predominantly as a communications tool, aiming to boost reputation and brand equity (61.4% of responses), become more open and human in the eyes of the customer (54.5%), and communicate more effectively with clients and advisors (50%).

In terms of content, community managers share mostly corporate news, thought leadership messages, administer games and quizzes to expand the social media followers base, as well as video content to highlight the

## EUROPEAN ASSET MANAGERS ON LINKEDIN



## LEVEL OF ENGAGEMENT ON LINKEDIN



investment team's expertise, process and strategy.

Why does the smart money shy away from social media? The main barriers are related to regulatory compliance concerns (37.1% of responses), difficulties in measuring the benefits (28.6%), and fears of negative publicity (25.7%).

It is not about the money – less than 3% point out "lack of financial resources" as an obstacle. The big surprise was that a third of the companies do encourage employees to use

social media at work – some firms seem to realise that its people can act as powerful evangelists for the brand online.

The benefits stemming from social media massively outweigh the risks involved, so asset managers must clear the barriers and embrace it. There is a trade-off between keeping up-to-date with innovations and keeping a low-risk compliance profile. But firms do not really have as much choice as everyone – customers, employees, analysts and partners – expect to hear from them on social media.

New semantic technologies are blurring the boundaries between the physical and virtual worlds, allowing for more genuine conversations, spontaneous interactions and personalised marketing approaches that firms can take advantage of.

**Daniel Ganev, University of Cambridge Executive MBA, is a director at Karoll Capital Management**

## HELPFUL POINTERS

Here are five tips to deal with regulatory compliance issues:

- Establish internal social media policy addressing regulatory requirements and organisational procedures;
- Educate employees about regulatory risks and social media policy, then do a practice run behind a firewall;
- Put in place specialised technology to ensure social media client correspondence and electronic records are duly approved, stored and protected;
- Avoid promoting specific product information; instead focus on company history and corporate social responsibility, investor education, and so on;
- Take advantage of the new advertisement-free approach known as education-based marketing to move traffic to physical meetings.