Social Media from an Integrated Marketing and Compliance Perspective

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Abstract: Many professionals understand they should be doing more with social media but are unsure where to begin. To add to the challenge, most industry professionals are required to meet standards set by state and federal regulators. This article addresses four key considerations those in the financial services industry should weigh when structuring a social media strategy.

Introduction

There is a lot of hype around social media and online marketing that has created a number of misconceptions about what these tools can and cannot do. Stories about firms that embraced social media and saw a marked increase in sales abound. At the same time there are just as many stories that speak to the challenges marketers encounter in this space when attempting to promote products and services directly to consumers.

Social media tools are, at their core, a means of marketing and communicating to an audience. As with any other business endeavor, there should be an understanding of the following key considerations prior to committing company resources to a social media presence:

1. Goals—What is the firm or individual attempting to accomplish?
2. Strategy—Is there a content strategy in place to ensure content and consistency for the audience? How will the brand be perceived in the social media landscape?
3. Tools & Implementation—What tools and resources are available and how are they implemented?
4. Risks—What are the threats and costs associated with using social media?

Goals

Before deciding to invest time and money, it is important to understand what is to be accomplished. A natural goal is to increase sales, but that can be difficult to measure, especially as the effects of social media can be indirect.1

Rather than pushing product, social media tools are better suited to filling two crucial public relations
requirements: brand extension and reputation management. While this article addresses professional considerations, without exception every social media user is charged with managing his or her reputation and protecting his or her unique brand.

The goals of the organization for its social media initiative may be one or more of the following:

• to establish a reputation as a thought leader in a subject area,
• to be the source of current relevant news around a topic,
• to make the members of the organization more accessible and create stickier relationships with existing clients, and/or
• to extend the current brand as one serving a specific demographic.

Once the goal of the organization has been determined, thought must be given to the best way to accomplish that goal. The organization has to understand its audience, serve its needs and expectations, and select the appropriate tools to do so.

Strategy

Content

Social media provide an accessible way for an organization to inform and educate its audience. The true differentiator of social media from static Web presence is the ability for individuals with aligned interests to interact. As opposed to the one-way information push present in most familiar forms of marketing such as newsletters, ads, and Web sites, successful social media use involves an engaged community. How does an organization engage a community? By selecting the appropriate platform and initiating conversations within the community. Taking the time to think about the desired audience and the type of content that is important to its needs is critical.

Once the general content and audience are identified, a key driver of any successful social media strategy is having a good content strategy. While building a strategy it is important to focus on quality over quantity. Being consistent and dependable with content delivery will do more to nurture and grow a community than either overwhelming the people with content that isn’t thoughtful, or rarely posting anything at all.

As the strategy is fleshed out, it is also important to take additional considerations such as document retention and timing of reviews or approvals into account. Many financial service professionals are obligated to maintain records of all posts and any public interaction with those posts. In addition, many compliance departments will have their own guidelines that are designed to either meet or exceed the review and approval requirements posted by various regulatory bodies. Plan in advance for the time required for the review. Few financial professionals will be in the position of breaking a big news story, which means that a thoughtful delivery with additional perspective will be the value-added aspect of a post. Work with the compliance department to get posts scheduled and reviewed in a timely fashion and have additional content on standby in case a particular post is problematic or needs additional time for review.

One way to approach content development for social media is to think like a journalist.

1. Understand the available media channels and know the difference between a blog post and a tweet.
2. Build an editorial schedule—this will help ensure consistency.
3. See the story behind the data. Look at it from the audience’s perspective and make the content relevant to the audience.
4. Ask questions of and interview people in the goal demographic and the people they engage—new perspective creates new content.
5. Inform and educate. Think about what your audience needs to learn on a topic, or what unique knowledge or information may be provided.
6. Give a full, balanced assessment. Having an opinion is expected, but credibility is gained from acknowledging the considerations as well as the selling points of a strategy or idea.
7. Be honest about where one’s subject matter expertise ends. Refer people to other subject matter experts and build a professional network.

Branding

Now, more than ever before, the idea of branding has become more personal. For the entrepreneurial professional it has become critical. With social media tools
one’s personal brand will become increasingly more aligned to one’s professional brand. Knowing this and leveraging these brands together can make a difference.

Research has shown that e-commerce sites that use photos of people benefit from an increased level of trust and higher overall conversion of sales. While it may seem like a minor detail, it’s important to update headshots and use them strategically. A headshot serves as a one-second opportunity to connect with or relate to an audience visually. Not having a photo can cause people to question authenticity and credibility, or to perceive the poster as a novice user.

Consider different headshots, each geared to a specific channel to better connect with that audience and its expectations. For example, a very traditional corporate image should be used for a firm’s leadership page, but a more casual yet professional image should be selected for a Facebook page or Twitter feed.

Some financial service professionals in more highly regulated corners of the industry should be aware of whether an image is considered promissory. For example, golden eggs, upward arrows, and piles of money could be considered promissory and should be avoided.

Profiles should also be filled out completely, especially on a site geared toward professional networking like LinkedIn. Gaps in a profile may lead to concerns around credibility. Was the omission due to an oversight, or sloppiness? Is there something to hide? In addition, compared to an incomplete profile, the complete profile has more information available for search criteria, enhancing the likelihood that the profile will be found.

Some firms do not allow the use of recommendations because they may be deemed testimonials. The SEC prohibits testimonials under rule 206(4)-1(a)(1) while FINRA and the Federal Trade Commission require additional disclosure around the testimonial being provided. At this writing, the recommendations section of a LinkedIn profile may be turned off, which removes it from the profile and does not leave the appearance of a profile gap.

While recommendations are a good problem to have, there is also the real potential that social media will play a part in a crisis management strategy. Many major brands have had to publicly and painfully manage a public relations challenge. How these brands have responded, and how quickly they did so, contributed a lot to how well these brands were able to recover from their online media crises.

Grant Cardone outlines six key considerations to keep in mind when managing an online reputation:
1. Treat your social media reputation the same as your personal reputation. You wouldn’t let people attack you personally; don’t let them do it online.
2. Handle all negative posts as an opportunity. Show you are responsive and resolution-focused.
3. Handle immediately. Don’t avoid or put off a response; this only makes things worse.
4. Contact directly. Don’t try to address a negative situation online, it only draws more attention. Reach out and offer to take the discussion offline to resolve potentially negative situations.
5. Be proactive. Don’t wait to find out about negative or positive comments, make sure you are monitoring your personal and company sites and responding as they occur.
6. Know your limitations. Choose your battles and don’t engage with people whose only goal is to be negative.

While responsiveness is important, keep in mind that certain posts may be deemed written complaints and there may be regulatory requirements around how the post is handled. Combine responsiveness with thoughtfulness and coordination with all involved parties, including your compliance officer as applicable.

**Tools & Implementation**

**Social Media Platforms**

As of this writing, a survey of adult Internet users found the following:

- 74% claim an annual household income of $75,000 or more,
- 72% hold a college degree,
- 69% use social networking sites.

While the assumption that the youngest adults are the most actively engaged in social media bears out with 92% of respondents aged 18-29 actively engaged in social media, adoption rates across all adult age groups have climbed steadily. Of particular interest to the finan-
social service sector, adoption of social networking among users in the 50-64 age group jumped from a bare 4% in August 2006 to a robust 57% as of August 2012; likewise, adoption rates among users in the 65+ age group climbed from 1% to 38% within the same timeframe.9

Social media venues are essentially communication tools and each venue serves a different purpose and audience (Table 1). An organization that operates in a business-to-business environment should consider a different tool set than the organization that operates in a business-to-consumer environment.

While in the study cited above 20% of all adult Internet users visit LinkedIn,10 an informal survey of financial professionals at a recent conference found that over 70% of them had LinkedIn pages. This discrepancy is likely attributable to LinkedIn being the most business-oriented of the current Big Three social media platforms (Facebook, LinkedIn, Twitter), lending itself most easily to professional networking. Aside from allowing professionals to share ideas and display their subject matter expertise, LinkedIn also provides powerful tools for prospecting and finding people who may be in one’s network. Certain lead development features require an upgrade to a business account, but allow for more targeted searches by industry and seniority level. This search capability allows one to seek out potential clients, business partners, and other professional advisors in a geographic area.

About half of those same financial professionals surveyed informally had a Facebook account whether for personal or professional reasons, mirroring the adoption rate among adult Internet users at 66%.11 As opposed to LinkedIn, Facebook is more of a social venue that is suited to showcasing the culture or community of an organization. Facebook is the tool to use in order to define a brand and connect more deeply on a personal level with clients and prospects.

With both tools, take into consideration when the audience is most likely to be there. Consider posting during business hours to LinkedIn and scheduling posts outside of business hours for Facebook. Also take into consideration where the audience is likely to be; organizations that market to other businesses rather than to consumers may find traction more easily with LinkedIn than Facebook. Regardless of the venue, selling product should be avoided in favor of developing rich and engaging content.

Twitter is the venue many financial professionals may find the most difficult to wrap their arms around. The adoption rate among the professionals surveyed at the conference was a little under 10 percent, lagging that of the broader online adult population, where usage was measured at 16%.12 With an adoption rate among the larger population mirroring that of LinkedIn, it is clear Twitter can be a very powerful tool, and it definitely deserves consideration when building a social media strategy.

Twitter makes it easy to follow and learn about trending topics as they occur. While it is easy to think of Twitter as being a source for news from far-flung places, it also allows professionals to learn quickly about topics that are important to their clients and business partners. Another use of Twitter is to gauge what people are saying about an industry or a competitor, or even to monitor what competitors are saying about themselves. Finally, Twitter makes it easy to follow news about business partners and carriers.

Blogs

Social media venues are well suited to interactions but may not be the best tools for supporting deeper, richer content. A blog, a sort of online journal and interactive Web site, is another great way to engage and build a community while generating more easily measurable online activity than typically garnered from other social media venues. This measurable activity can greatly facilitate the setting of goals and determining if progress toward those goals is being made.

Before building a blog, thought must be given to the following considerations:

1. Blogs require some planning. Consider what the blog

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**TABLE 1**

**Popular Communication Venues**

<table>
<thead>
<tr>
<th>Venue</th>
<th>Orientation</th>
<th>Communication type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>Social</td>
<td>Casual</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>Business</td>
<td>Professional</td>
</tr>
<tr>
<td>Twitter</td>
<td>Content-focused</td>
<td>Professional-Casual</td>
</tr>
<tr>
<td>Blogs</td>
<td>Content/Opinion</td>
<td>Informational</td>
</tr>
</tbody>
</table>
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will be called, where it will be hosted, and who the intended audience is. There are many sites available to host a blog, and they are relatively easy to set up. Building a good plan will help clarify the decision-making process around how much and how frequently to blog and what type of content will be most relevant to the intended audience. A blog doesn’t have to be all things to all readers. Staying focused and consistent will engender audience loyalty and trust.

2. Blogs take patience, care, and nurturing. While they are easy to set up, gaining critical mass takes time. Consistency is one of the best determinates for success over time. Many people get discouraged early on because they don’t rapidly garner a significant following. To drive traffic to the blog, announcements or comments about blog postings can be placed on other media, such as a link in a Tweet or Facebook post. This approach helps maximize exposure to original content and negates the pressure to develop wholly separate content streams for each social media channel.

3. Like all other online activity, certain financial professionals will be tasked by regulation with ensuring all posts and comments have been appropriately captured and either approved or reviewed. Plan accordingly.

4. As the personal computer increasingly gives way to content consumption via tablet, it is important to ensure any Web sites or blogs are optimized for viewing on these devices to avoid an undue level of abandonment.

To learn about writing blogs, follow bloggers in the industry to see how they incorporate their unique perspectives into common topics and ideas. Consider adding video and hosting guest bloggers to keep things interesting and fresh.

Social media and blogs not only serve to extend brand awareness, corporate culture, and thought leadership, they are an increasingly important key to search engine visibility. Five years ago, it was not unusual to create complex Web sites with nested links and content. The more key words and links, the better the site’s chances of rising to the top of search engine results; this approach is called Search Engine Optimization (SEO).

While SEO still factors into search results, Google has shifted to account for the popularity of content on social media. Posts that are shared broadly, receive likes, and garner +1 on Google+ are favored in search results. Google will also personalize a user’s search results to reflect the content being shared and viewed by those belonging to that user’s social network. Firms looking to benefit from Google searches must therefore take Social Media Optimization into consideration and determine whether to participate in and create an online community in an effort to be visible to a desired audience.

Web sites

With blogs housing long-form content, a de-emphasis of links and keywords in search engine results, and the increasing adoption of tablets and mobile phones, user expectations around what constitutes a functional Web site have shifted. Users navigate to a Web site to learn how to contact the firm, where it is located, services offered, and to access links to the firm’s alternate online venues. The focus is on visual appeal, ease of use, and ease of navigation. The firm’s blog may be incorporated into a section of the corporate Web site, or it may be hosted separately, but the Web site itself should not serve as a broad content repository at the expense of intuitive navigation and structure.

Assessing the strengths and weaknesses of a Web site may be aided by the following Web site checklist:

- Does the site load quickly on a mobile device or tablet?
- Is the site easy to view on a mobile device or tablet?
- Is the site easy to navigate on a mobile device or tablet?
- Does the site incorporate elements that are not supported by all devices, like Adobe Flash?
- Does the site look dated—consider font, photography, color scheme?
- Does the site show an outdated copyright?
- How easy is it to locate the firm’s address and phone number?
- Are the links to social media sites obvious?
- Is the site too complex or full of irrelevant/rarely visited content?

In addition to the checklist above, please refer to the appendix for more tools and resources regarding social media.

Risks

Business is always a matter of navigating risk,
opportunity, and available capital. There are arguments to be made that there are risks in not pursuing a social media strategy:

- a lack of visibility,
- an expectation that a legitimate business has a social media presence the same way it has a Web site and a phone number,
- the perception that a firm is out of step with consumers,
- the risk that a firm will be defined by its competitors for lack of a social media platform.

On the other hand, there are risks associated with engaging in social media as well.

It is important to remember that once something is posted, it takes on a life of its own. A damaging post can have immeasurable impact on a brand, and even if a post is taken down, it may already have been seen and retained by competitors, regulators, prospects, business partners, and clients. While regulatory concerns tend to loom the largest in the minds of financial professionals who work under the auspices of state securities and insurance regulators, the SEC, and/or FINRA, those concerns have garnered a great deal of attention and support in the industry. A number of sophisticated technology solutions exist and are offered by vendors who specialize in assisting financial services firms satisfy regulatory requirements. In addition, compliance professionals have spent a great deal of time and energy and thought creating a framework that is likewise designed to meet these requirements. That support is invaluable in helping a financial professional thread the needle between business needs and regulatory risk. The largest challenges in this space typically come from changes in social media that outpace the technology solutions set in place to help meet regulatory obligations and prevent circumvention of a firm’s existing compliance policies and procedures. It cannot be stressed enough that Web presence is easily discoverable and an ounce of prevention far exceeds a pound of cure.

Financial professionals typically have some regulatory framework to take into consideration, whether it is the state board of insurance, the state board of public accountancy, or even the state or federal trade commission. All financial professionals should be well versed in the framework of regulations that overlay their communications. If the framework requires a technological solution to meet compliance requirements, the cost of the solution must be taken into consideration.

Additionally, staffing considerations must be incorporated into the budget for any social media initiatives. Reliable resources are required to systematically feed, monitor, and respond to social media messaging and activity while meeting the firm’s goals and also complying with industry regulatory requirements. It is not unusual for a financial services practice to face a decision of hiring support staff that are either familiar with the technological requirements required to support social media or are up to speed on regulatory requirements and company branding concerns, but typically do not master both skill sets. Thus, the costs to the firm extend not only to headcount, but to a delay in full capacity while support staff gain additional proficiencies.

Another risk to consider that doesn’t garner as much attention among financial professionals is whether the firm has a social media policy in place for its employees. It is not unreasonable for a firm to expect its employees to be mindful not to share trade secrets, not to speak disparagingly about the firm or coworkers, and to conduct themselves in a professional manner online. Putting those expectations into firm policy can be challenging. A policy created too narrowly may not sufficiently protect the firm, yet a policy that is too broad may infringe on protected speech or employee privacy rights, setting the firm up for a labor complaint.

Since social media can drive traffic to the firm’s Web site, it is also worth looking at the firm’s existing Internet footprint. Are there old Web pages that were supposed to be turned off that are still active? Is there incorrect information about the firm floating about? Is the Web site up-to-date and optimized for viewing?

While firms may benefit from the increase in Google hits associated with increased presence on social media sites, individuals who wish to minimize their footprint on the Internet may not want to be mentioned on these sites or maintain a personal Facebook, LinkedIn, or Twitter presence. Every personal piece of information that goes on the Internet erodes privacy incrementally. While one piece of information here or there can seem innocuous, taken in the aggregate, a fairly complete picture of
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a person can be created. Entire data aggregation industries exist for this sole purpose.

Other risks in pursuing a social media strategy include contentious posts, competitors who are looking for an opportunity to pounce on a perceived weakness, and others who may take a firm’s intellectual capital and pawn it off as their own. There is also the risk that comes from allocating limited resources to a tool that may not yield expected returns in increased brand awareness or clients in the door.

Summary

Social media are useful tools for connecting with clients and prospects, and like other business initiatives, are best utilized when thoughtfully planned. If the benefits seem worth the investment of time and the risks involved, they are powerful tools.

Remember to inform and educate; use social media, and tools like Web sites and blogs, to keep an audience or community engaged.

Start conversations with the community. Ask them questions about what’s important to them, about challenges or successes in their lives. When they speak, be prepared to respond.

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APPENDIX

Social Media Consideration List

- Is the Web site optimized for access on mobile devices and tablets?
- What are the applicable regulations around social media posts?
  - Is external software required to assist in reviewing, supervising, or archiving posts?
- Should a blog be created?
  - Should it be hosted separately or attached to the Web site?
  - How often will content be posted?
  - Who will be responsible for posting content?
  - Will comments be turned on?
  - How will posts be promoted?
- Should a LinkedIn/Facebook/Twitter account be created for the firm?
  - Should employees be allowed to comment on behalf of the firm or promote the firm via their accounts?
  - How will the accounts be used, updated, and maintained?
- Will a social media policy be adopted by the firm?
- Are there sufficient resources available to maintain a social media presence?
- Will the firm be relevant without a social media presence?
- What does the lack of a social media presence imply about the firm?
- What are the brand values the firm wishes to extend?
- Is there a plan for addressing negative/thoughtless posts?
- Would communications via blog posts or social media outlets replace other forms of communication such as newsletter e-mail blasts and hard copy mailers?

Online Resources

Protected Employee Speech

FTC Guidance

SEC Guidance

FINRA Guidance
http://www.finra.org/industry/issues/advertising/p006118.

NAIC Proposed Guidance

Social Media and Privacy Protection
http://mashable.com/follow/topics/social-media-privacy/.

Protecting Intellectual Property

Social Media Adoption Rates

Social Media and Personal Branding
http://twitter.com/mavenish.
Stephanie Crain has more than 20 years of marketing and public relations experience, enabling her to develop and coordinate highly successful marketing strategies for financial services and other industries. As a marketing professional in financial services, she has presented nationally on social media issues and worked with firms and independent advisors to help implement social media strategy. Stephanie can be reached at scrain1022@gmail.com.

(2) http://visualwebsiteoptimizer.com/split-testing-blog/human-landing-page-increase-conversion-rate/.
(3) http://www.sec.gov/about/offices/ocie/riskalert-socialmedia.pdf.
(4) www.finra.org.
(7) http://www.huffingtonpost.com/grant-cardone/social-media-reputation-m_b_899457.html.
(9) Ibid.
(10) Ibid.
(11) Ibid.
(12) Ibid.
(13) http://gigaom.com/mobile/nearly-1-in-4-computers-sold-last-quarter-were-tablets/.
(14) http://mashable.com/2012/08/22/search-rank-social-media/.

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