

2020 Foresight: Social Media in Wealth Management

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1 Executive Summary

The advent of social media presents a valuable opportunity for wealth management companies. As internet access and smartphone adoption increase, a growing number of internet users are becoming involved with social networking. Companies are developing their processes to be able to respond to web-oriented consumers. Banks and other wealth management institutions are engaging customers with social media, which is shaping up as a strong channel for promoting new schemes, identifying customer needs and receiving feedback online.

Wealth management companies are using social media as one of the key marketing tools

Companies have started to use social media sites as a marketing tool to communicate with external customers and to promote their products and services. These companies use YouTube and Flickr to post videos relating to products and services, key developments, events and conferences. Online video is an important part of the modern internet landscape, reaching a large number of people in an engaging context that is attractive to marketers and advertisers.

Companies are marketing their services by posting presentations and brochures on open sharing platforms such as Facebook and Slideshare. Many have launched their own social networking forums and blogs to connect with customers. The cost-effectiveness and large reach make social media one of most preferred advertisement channels among wealth management companies.

Companies are gradually adopting analytical tools to understand the consumer behavior

Social media marketing (social marketing) is gaining in popularity as the companies are using it to inform consumers about their product campaigns and other product launches. Little is being done with the analysis of social media to better understand customer needs and customize products accordingly. Wealth management companies in emerging economies are expected to increase their investment in social media to monitor and solicit public opinion about their brand and products.

Localization of social media strategy to gain access to local customers

While Facebook, Twitter and LinkedIn have established themselves across the globe, local social networks continue to play a huge role when it comes to brand awareness and customer outreach. A number of local social networking sites are predicted to expand and compete with these global services. In China and South Korea, where the adoption of local social networking sites is greater than other global social networks, companies are required to customize their communication strategy to suit local users.

Data security, legal and reputational risks associated with social media remain the key hindrances for the growth of social media marketing

Wealth management firms have still not fully exploited the benefits pertaining to their presence on social networks and need to find more innovative ways to gain followers. Wealth management companies, primarily private banking companies, have made significant use of social networking sites.

Wealth managers, financial advisors and family offices have still not made significant progress in social media due to limited awareness, concern for data security, as well as the legal and reputational risks associated with the media. Improvement in IT infrastructure and the formulation of robust regulatory compliance are expected to change the overall dynamics of social media, with companies pursuing a greater presence on social networks.

2 Global Snapshot of Wealth Management and Social Media

The adoption and use of digital channels has grown rapidly over the last decade. Security remains a key issue (real and perceived) with most digital channels, while consumer adoption rates have been on the rise due to the ease of use, faster transactions and convenience. This trend is accelerating the adoption of social marketing by wealth management companies across the globe.

Social media interactions provide companies with a platform to reach out to customers and deal with issues in real time, increasing both the quality of their service and levels of consumer trust. With companies now able to track each customer relationship through social media analytics, data can be integrated into a broader customer intelligence strategy to help companies gain a customer-centric understanding of their products, services and brand as a whole.

Due to the growth and popularity of online channels, firms are now expected to deliver a personalized online customer experience through social media tools. The sector today is investing in platforms such as sites, blogs and video sharing to create awareness and to expand their reach. The ultimate goal of adopting social marketing is to attract new customers and generate increased loyalty across existing customers, which will help companies to increase their revenues and profitability.

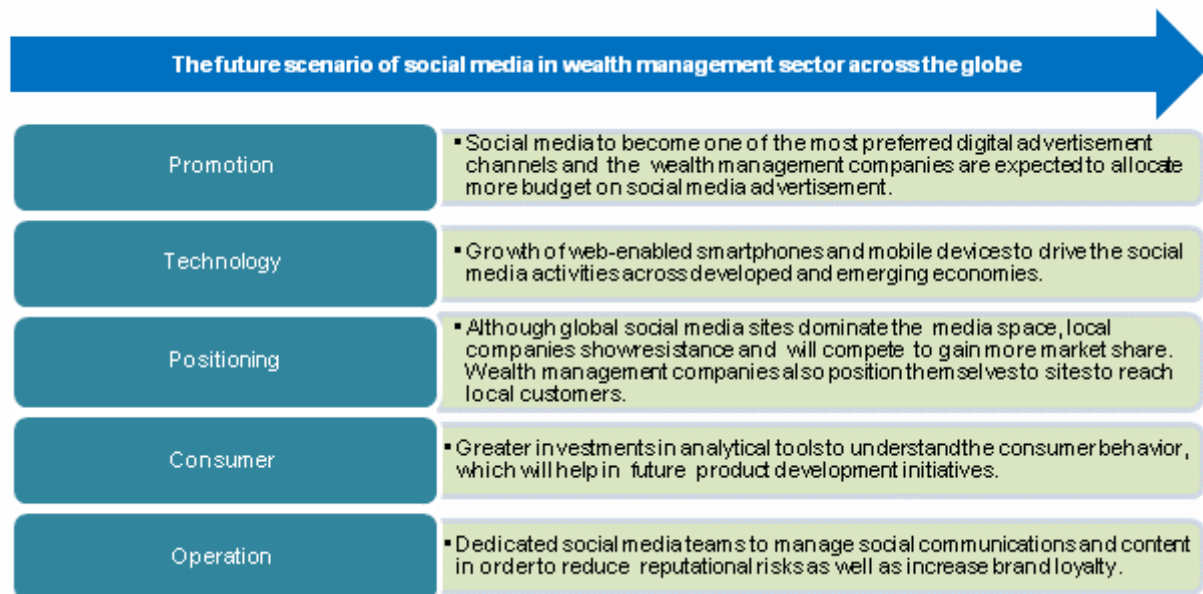
Wealth management companies should identify the business areas where social media can be most beneficial before investing. It is suggested they run a small pilot scheme before launching a full-scale, enterprise-wide implementation of social media tools.

Social marketing does offer some serious challenges; the security of customer data, company credibility as well as legal and reputational risks can destroy companies. Social marketing is new and so companies are taking cautious steps towards implementation. For social marketing to be successful, the wealth management companies require a clear strategy around their clients' needs, the banks' product portfolios and overall marketing efforts.

3 Future of Social Media Marketing in the Wealth Management Sector

Social networking is one of the most powerful and cost-effective internet marketing channels used by both small and large organizations. The penetration of internet use, the growth of online communities, and corporate spending on media tools are key factors driving social media. The medium grew solidly as more than half of internet users now have an account on social media sites. Social networking now accounts for considerable amount of time spent online, with Facebook accounting for the bulk of that.

Figure 1: Future of Social Media Marketing in the Wealth Management Sector



Source: Timetric analysis

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Global social media sites continues to dominate the social media landscape; however, local companies are also showing resistance and competing for market share

Facebook, Twitter and LinkedIn are undoubtedly the primary global social networks, but local networks continue to play a huge role, especially when it comes to brand awareness and blogger outreach.

Russia has shown a little more resistance to Facebook, with its hugely popular Vkontakte battling for the public's attention. Holland and Germany have local social networks Hyves and StudiVZ continuing to be more popular than the US giant. Skyrock is the most familiar French language social-networking site and is in second place within France, French-speaking Switzerland and Belgium. In Spain, Tuenti is just behind Facebook with around XX million users. This platform focuses on the local element by allowing users to change to local language settings Catalan, Basque or Galician, allowing businesses to target particular regional audiences.

There is no presence of Facebook, Twitter or Orkut in China. Local social networking sites such as Qzone, Sina Weibo, Tencent Weibo, Pengyou and Renren are expected to continue to dominate the market through state approval. Facebook, Google+, LinkedIn and Twitter occupy the majority of the market share in India, limiting the scope for the local networks, but low internet and smartphone penetration in the country provide significant opportunity for local social networks to grow.

4 Social Media Marketing Opportunities in the US Wealth Management

This section is the in-depth study of the potential for social media to enhance customer engagement in the wealth management sector in the US. It examines how a variety of online social initiatives can be taken by banks and other wealth managers to improve outcomes in customer services, marketing, market research and product development. The section also discusses challenges that companies face in using social networks and best practices that will maximize their success.

4.1 Introduction to Social Media Marketing in the US Wealth Management Sector

Social media marketing (social marketing) is an integral part of the marketing and advertising value chain in the US. Companies are aggressively expanding their presence on social media sites to reach out to a larger customer base and promote products and services. The increasing internet penetration and greater adoption of smartphone by the consumers remained the key factors for the increased usage of social networks in the country. The following table highlights the key social media marketing factors in the US.

Social network sites have been among the most preferred online destinations of US internet users. The time spent on social networking and micro-blogging sites accounted for XX% of time spent online in 2011. Since different networking sites cater to diverse range of customers, the wealth management companies are creating their pages in all these sites to reach out to a larger and more diverse customer base. The companies are also launching their own social network forums enabling customers to interact with their peers, share experiences, and exchange product feedback.

Since the firms are making use of social media, this can offer some unique challenges to these companies in the form of risks such as risk of harm to consumers' information, compliance and legal risks, operational risks, and reputation risks. In January 2013, the Federal Financial Institutions Examination Council (FFIEC) proposed specific guidance for the use of social media by federally supervised banks, and certain nonbank entities to address these risks.

4.2 Key Social Media Marketing Trends in the Wealth Management Sector in the US

Social marketing has emerged as one of the key market strategies due to its reach and cost-effectiveness. Several wealth management companies such as Bank of America, Wells Fargo, Citibank and JP Morgan Chase have established themselves effectively on social networks. Wealth management institutions are reaching out to their consumers by launching interactive applications on social networks.

Increasing brand value of the US social networking sites globally

"The Most Valuable Social Media Brands 2012" released by the Swiss brand valuation agency, BV4, states that XX out of the XX leading brands across the globe are US brands. Some of these social media brands include Facebook, YouTube, Twitter, LinkedIn, Zynga, Google+, MySpace, Flickr, Bebo and Tumblr.

The company's brand value is created only when social networks and their information can be used commercially. The increasing brand value of these sites has attracted a number of companies to establish themselves on these sites to connect with large number of customers.

Table 1: Brand Value of Leading US Social Networking Sites (US\$ Billions), 2012

Social Networking Sites	Brand Valuation	Rank	% of Overall Valuation Of Top 30 Global Valuable Brands
Facebook	US\$XX.X billion	1st	XX.X%
YouTube	US\$XX.X billion	2nd	XX.X%
Twitter	US\$XX.X billion	3rd	XX.X%
LinkedIn	US\$X.X billion	7th	X.X%
Google+	US\$X.X billion	23rd	X.X%
MySpace	US\$X.X billion	25th	X.X%
Flickr	US\$X.X billion	26th	X.X%

Note: Together, the 30 most valuable social media brands are worth over US\$XXX billion

Source: Timetric analysis and BV4

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Wealth management companies to follow the consumer compliance risk management guidance

In January 2013, the Federal Financial Institutions Examination Council (FFIEC) proposed guidance for the use of social networks primarily for federally supervised banks, and certain non-bank entities. The issued guidance addressed the applicability of existing federal consumer protection and compliance laws, regulations, and policies to activities conducted via social networks by banks, savings associations, and credit unions, as well as by non-bank entities supervised by the CFPB.

The guidance is intended to help financial institutions to curb risks; including risk of harm to consumers, compliance and legal risks, operational risks, and reputation risks associated with social media. To manage these risks, financial institutions should have their own risk management programs enabling them to manage and control the risks presented across social media in which the financial institution is engaged.

5 Social Media Marketing Opportunities in the UK Wealth Management

This section is the in-depth study of the potential of social networks to enhance the wealth management sector in the UK. It examines the case for how a variety of initiatives can be taken by banks and other wealth managers to improve customer services, marketing, market research and product development. The section also discusses challenges wealth companies face in using social networks and best practices that will maximize their success.

5.1 Introduction to Social Media Marketing in the UK Wealth Management Sector

Social media marketing has become an integral part of the marketing strategies in the UK. Companies are establishing themselves on social networks to connect with customers, increase brand awareness and promote products and services. The high penetration of internet and increased usage of mobile smartphones have driven social media profitability in the country.

Social media has been gaining momentum in the UK with increasing number of internet users making their way to social networking sites. A number of wealth management companies such as HSBC, Barclays Bank and Lloyds Banking Group have already made extensive presence on the country's leading social sites and utilize these sites in the promotion and advertisement campaigns.

While the companies have established their presence on the existing social media channels including Facebook, Twitter, LinkedIn and YouTube, these companies are also launching their own online forums on their websites to interact with the users directly. These websites are used by the companies to engage with the customers and get their ideas and views on companies' products and services.

5.2 Key Social Media Marketing Trends in the Wealth Management Sector in the UK

Companies in the UK are increasingly using social networks to communicate with consumers and to promote their products on video-sharing sites. They are also launching their own social sites to reach out to larger customer base, using these social sites to provide customer services.

Increasing penetration of internet users in social media

Social media continues to be one of the fastest growing online activities in the UK. The penetration of internet users using social media reached XX% in 2011. With the increasing subscription to internet services and rapidly growing adoption of social media, the penetration of social media users is expected to grow further in coming years. Facebook remains the leading social network in the UK, which accounts for largest share number of unique visitors. Twitter, YouTube, LinkedIn, Tumblr, Instagram, and Pinterest have also recorded strong growth in recent years. The growing volume of social media users provides the opportunity for companies to strengthen their presence on social networking sites to gain access to these customers and promote their products and services.

Social media sites make cost-effective advertising channels for the wealth management companies

Wealth management institutions find social networking sites such as Facebook and Twitter a cost-effective way to engage with customers and use these sites as portals for the advertisement of their products and services. However, compared to other industries, wealth management companies have been taking a cautious approach to social networks. Some companies consider these platforms risky as they can sometimes result in risks to the company's reputation due to comments from employees or customers. Despite this challenge, a number of companies are making their way to social marketing.

HSBC, Barclays Bank and Lloyds Banking Group have already established an extensive presence on the country's leading social media sites. Lloyds Banking Group recently launched an online tool allowing Facebook users to create their own Lloyds "avatar" character based on those featured in its advertisements.

6 Social Media Marketing Opportunities in Germany's Wealth Management

This section is the in-depth study of the potential for social media to enhance customer engagement in the wealth management sector in Germany. It examines the case for how a variety of social media initiatives can be taken by banks and other wealth managers to improve outcomes in customer services, marketing, market research and product development. The section also discusses challenges companies face in using social networking and best practices that will maximize their success.

6.1 Introduction to Social Media Marketing in Germany's Wealth Management Sector

Social networking platforms have provided companies with new channels of communication and a tool for customer relationship management (CRM). There are companies throughout the country that have understood the importance of social media and have started engaging with their prospective customers. The following table highlights the key social media marketing factors in Germany:

All German wealth management companies have ample opportunities to use social marketing, as they are still not using social-media channels effectively. German Volksbank and Sparkassen, local wealth management companies that are deeply rooted in the regional economic life, have enormous potential. These companies have excellent knowledge about the local market and personal contact with the people in the region, and they support local cultural and social activities. For these banks, the communities already exist, and they need to encourage these communities to utilize their online assets for effective customer engagement. Global social networking sites such as Facebook and Twitter can be utilized by the companies to gain access to a larger customer base. Many companies have created their accounts in both German and English language to make it convenient for the users to view their pages.

6.2 Key Social Media Marketing Trends in the German Wealth Management Sector

Key trends in the market include the increased access of social networks by consumers to stay connected with friends and their favorite brands. Video-sharing sites are growing in popularity in Germany and are being used by companies to reach end users.

Social media – one of the preferred online destinations

Social networks have emerged as the most preferred online destination among the German internet users. In December 2012, XX.X million German internet users accessed a social networking site from a computer at least once during the month. The German Social Media Consumer Report (2012 to 2013), a study by the University of Münster's Marketing Center and Roland Berger Strategy Consultants, Facebook was by far the largest social media platform in Germany. XX.X % of German Internet users (computer users) report that they have a Facebook account.

YouTube, the second largest network among German consumers, reaches XX.X % of Germans. As a large number of internet users use social media, the German wealth management companies are expanding their use of social networking sites to gain access to these customers. These companies are quickly responding to the adoption of social media tools in Germany and are preparing effective strategies for better CRM systems which will enhance the acquisition of feedback on their products and services.

Table 2: Social Media Sites – Percentage of Internet Users, 2012

Social Media Sites	% of Internet Users (Computer Users)	Of These Usage at least Once a Day
Facebook	XX.X%	XX.X%
YouTube	XX.X%	XX.X%
StayFriends	XX.X%	XX.X%
Wer-kennt-wen	XX.X%	XX.X%
Google+	XX.X%	XX.X%
VZ-Netzwerke	XX.X%	XX.X%
Xing	XX.X%	XX.X%
Twitter	XX.X%	XX.X%

Source: Timetric analysis and University of Münster's Marketing Center and Roland Berger Strategy Consultants

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Tremendous penetration of web enabled smartphones

The growing adoption of smartphones has transformed consumer behavior from media consumption, to commerce, to connecting with the world around us. Companies need to understand how to use smartphone penetration to engage with customers.

Some of the key findings are as follows:

- XX% of Smartphone users look for local information on their phone and most take action as a result smartphones are used for shopping, with XX% having researched a product or service on their device.
- XX% of smartphone users have made a purchase on their phone, XX% of smartphone users noticed mobile advertising.
- Smartphones are also a critical component of traditional advertising as XX% have performed a search on their smartphone after seeing an offline advertisement.

7 Social Media Marketing Opportunities in Brazil's Wealth Management

This section is the in-depth study of the potential use of social media to enhance customer engagement in Brazil. It examines the case for how a variety of initiatives can be taken to improve outcomes in customer services, marketing, market research and product development. The section also discusses challenges companies face and best practices that will maximize their success.

7.1 Introduction to Social Media Marketing in Brazil's Wealth Management

With changing consumer preferences and technological advancements, social media has become a strategic marketing tool. Increases in internet penetration fueled the growth of social media marketing in Brazil, making it compelling for companies to build new marketing strategies.

Social networks represent a valuable opportunity for companies in Brazil. With an ever-growing number of Brazilians having internet access, these companies are evolving to seek out web-oriented audiences. Social media provides an opportunity to connect to a large user base, and while the wealth management sector has begun to use social marketing, its adoption is limited. These companies have still not fully exploited the benefits of social networks and need to innovate to increase their followers. Timetric predicts Brazilian companies will focus more on social marketing; integrating their online and offline campaigns to run more effective marketing campaigns.

Social marketing is still evolving, and its growth is attributed to the rising sale of smartphones – allowing users to access social networks on the move. With the country's increasing smartphone user base, mobile-based social networks are expected to account for a larger share of marketing budgets. Timetric expects banks and financial services companies will establish dedicated teams to manage all social networking conversations and complaints.

7.2 Key Social Media Marketing Trends in the Wealth Management Sector in Brazil

Social media is becoming an integral part of Brazilian marketing. With the country's changing consumer preferences and technological advancements, social media has become a vital tool for companies across many industries, including the wealth management sector. Banks and financial services companies in Brazil also market their products through video and document sharing platforms.

Increased usage of social networks by key Brazilian wealth management companies for promoting schemes and seeking feedback

Wealth management institutions are engaging customers on social network sites to promote new schemes, to identify customer needs and to listen to feedback. Bank of Brazil has a social networking page on Facebook dedicated to answer questions from customers. With over X,XXX members, bank representatives actively promote events and answer customer queries. Many companies in Brazil have established Twitter accounts as part of their marketing strategies; they tweet about corporate happenings, post links to press releases or promotional websites, and respond to comments about the brand.

The companies are realizing the importance of having a social media presence as any poor service provided to a consumer typically results in the consumer posting photos and videos related to the companies' action, making it necessary for them to take corrective actions. Companies are also taking several initiatives to maintain a secure presence on these networks to avoid any theft of consumer data. Financial institutions are adopting a cautious approach to social marketing; however, the rapid adoption of technology will drive more companies in the wealth management sector to adopt such strategies.

Social media continue to influence the purchase decisions of Brazilian

Social media plays a key role in influencing the consumer in their purchasing decision. According to a 2012 study from the Federação do Comércio de Bens, Serviços e Turismo do Estado de São Paulo, the purchase decisions of XX% of users in Sao Paulo were influenced by social media. Further, as per the IBOPE survey of more than X,XXX Brazilian internet users showed that social networks influenced the purchase decision of XX% of these users.

A different 2012 survey conducted by market research firm Animux showed that XX% of the respondents go through the advertisement on social media and XX% click on them. More than half of these respondents visit LinkedIn company pages, XX% of them read LinkedIn advertisements and XX% click on those pages. The growing number of social network users has compelled the companies to promote their products on these sites to directly connect with these end customers.

8 Social Media Marketing Opportunities in Russia's Wealth Management

This section is the in-depth study of the potential use of social media to enhance customer engagement in Russia. It examines the case for how a variety of initiatives can be taken to improve outcomes in customer services, marketing, market research and product development. The section also discusses challenges firms face and best practices that will maximize their success.

8.1 Introduction to Social Media Marketing in Russia's Wealth Management Sector

Social marketing is undergoing strong growth in Russia due to expanding levels of internet usage; a rise in mobile subscribers and the increasing use of mobile devices have boosted access to social networks. In 2011, there were XX.X million internet users in Russia, making it the second-largest internet market in Europe after Germany. Internet penetration measured XX.X% in 2011, which indicates that there is still growth potential.

In 2011, Russia had XXX.X million mobile subscribers, with a mobile penetration rate of XXX.X%. The total number of mobile users grew at a CAGR of X.X% between 2008 and 2011. The pace of Russian consumers adopting mobile technology is expected to change the way Russian businesses communicate with customers.

Social networking is a key factor of mobile technology growth, as access to social networking sites such as Odnoklassniki.ru and Vkontakte.ru. is responsible for a substantial amount of internet traffic. Social network traffic is populated with the uploading of photos and video content by mobile phone users. To deal with the data exchange with+ social networks over mobile phone platforms, Facebook and Vkontakte, in partnership with Beeline, offer phone-optimised versions of their sites.

Social marketing is gaining in popularity in Russia's wealth management sector, with leading companies focusing on social network presence. These companies have now started to advertise their charity-related initiatives on social networks to build brand equity and credibility.

Companies are now promoting video marketing campaigns on social networking websites. Russians are very active on video-sharing sites and can be engaged successfully by companies that post videos on social networks. Many companies have already run successful internet video marketing campaigns and this trend is expected to continue.

Social networking websites will continue to introduce new and innovative advertising features to drive social media marketing campaigns. For example, in April 2011, Vkontakte introduced a new form of advertising called video banners. Each time a user clicks on small textual and visual advert, a full video screen appears. Video banner allows users to go directly to the advertiser's site.

8.2 Key Social Media Marketing Trends in the Wealth Management Sector in Russia

The increased usage of social networks to communicate with consumers, promotions on video-sharing sites and the integration of social networking with internet banking applications remains the key trends in Russia's wealth management sector.

Russian wealth management companies are looking to calibrate social media with iBanking applications

Russian firms are improving their presence on social media and they are expected to integrate internet banking with social networks. Banks and wealth management companies are also aiming to provide remote access through social media platforms such as Facebook, Classmate, Twitter and In Touch.

The bank 'Stroycredit' is planning to integrate its internet banking service with social networks and as part of its service will be providing full access to user's bank account through social networks. Citibank also plans to integrate the functionalities of internet banking with social networking. Sberbank has also redesigned its iBanking suite and plans to integrate social networking functionalities such as gaming and awarding points.

Banks are getting more innovative with their internet banking applications. Bank24.ru allows its iBanking users to create personalized templates to share with other iBanking users.

Russia is one of the most engaged social networking markets in the world

Russians exhibit a high hourly usage of social media sites per capita, at XX.X hours per visitor, ranking third-globally, its social media engagement after Israel with XX.X hours and Argentina with XX.X hours – as reported by comScore in October 2011. The hours spent on social networking in Russia are double the global average which makes it imperative for companies to strengthen their presence on social networks to develop stronger ties with customers.

9 Social Media Marketing Opportunities in India's Wealth Management

This section is the in-depth study of the potential use of social media to enhance customer engagement in India. It examines the case for how a variety of initiatives can be taken to improve outcomes in customer services, marketing, market research and product development. The section also discusses challenges companies face and best practices that will maximize their success.

9.1 Introduction to Social Media Marketing in India's Wealth Management

Social media marketing has become an essential part of the overall marketing and advertising value chain in India. Companies are establishing themselves on social media sites to promote new products and to receive consumer feedback. Increasing internet market penetration and the adoption of mobile phones with internet functionality are encouraging social media growth. The following table highlights the key social media marketing factors in India.

Social marketing is growing in the Indian wealth management sector, with companies using this medium to identify consumer needs, receive feedback as well as introduce new products and services.

Social marketing is still in its early stages of development, with banks providing basic functionalities through this channel. The adoption of social networks remains limited as over XX% of the population remains unbanked and many Indians do not have access to the internet. Mobile internet growth potential will make social marketing an integral part of companies' communication policy in the future.

Competitiveness in public sector banks, coupled with increased performance accountability, is driving nationalized banks to improve their presence on social networks. Private sector banks (such as ICICI Bank) are moving to exploit social media. To market effectively with social media, companies need to have a clearly defined strategy before going online. They need to understand the needs and preferences of their consumers, who can help them in designing more directly relevant products through the medium.

Timetric predicts Indian wealth management companies will develop specific tailored products for Indian consumers; direct feedback, innovation and inputs from consumers through online communities and social networking sites offer a valuable new means of market insight.

9.2 Key Social Media Marketing Trends in the Wealth Management Sector in India

Social marketing is growing in popularity among financial service companies due to its reach and cost-effectiveness. Several banks and insurance companies such as HDFC Bank, ICICI Bank and the State Bank of India are active users of social networking sites. Kotak Mahindra Bank allocated over X% of its advertising budget on social marketing. Wealth managers such as Anand Rathi and Reliance Money are establishing themselves on social networks to connect with customers. Banks are reaching out to their consumers by launching interactive applications on social networks, but the reach of social networks remains limited to urban areas.

By launching interactive applications, wealth management companies are marketing their products and services

While companies in the wealth management services have been utilizing traditional advertising media such as the television, radio, and billboards to market their products and services, the focus is now shifting to more innovative marketing media. These companies are providing users with utility services along with promoting their product offerings. ICIC Bank launched a Facebook application which allows its users to learn about the company's financial products and help them in their financial planning.

HDFC Bank operates a 'Money Matters' section on Facebook, and posts various news articles, quizzes and games to educate users about its products, services and banking tools. Though banks are increasingly focusing on social marketing initiatives, such services are generally accessed by the young male demographic. The reach of social marketing in the country remains limited due to the regulatory guidelines passed for financial services companies.

Advertising budget allocation will shift from traditional media towards social media

While television and print media remain the dominant advertising media, as social media matures and gains wider acceptance, advertising budget allocations will record a shift from traditional media to social media. Banks and other wealth management companies are evaluating their media mix and have begun including social media as an integral part of their marketing campaigns. With the increase in internet and mobile penetration, the social media consumer base for advertisers will broaden over the next five years. Timetric expects integrated marketing strategies to be developed with increased budgetary allocation towards social media, mobile and broader online channels.

10 Social Media Marketing Opportunities in China's Wealth Management

This section is the in-depth study of the potential use of social networks to enhance customer engagement in China. It examines the case for how a variety of initiatives can be taken to improve outcomes in customer services, marketing, market research and product development. The section also discusses challenges companies face and best practices that will maximize their success.

10.1 Introduction to Social Media Marketing in China's Wealth Management Sector

With almost one-third of the population connected to internet, social media has become a popular marketing medium in China. The growth of social marketing can be attributed to increasing internet and broadband penetration rates, a shift away from traditional to online media and strong economic growth. Lower prices and better measurement systems are further fuelling growth of social marketing. Companies in the wealth management sector are now increasingly devoting their marketing budgets to digital channels including social networks, mobile phones and search engines.

Social marketing is still in its early stages in the wealth management sector in China. The low levels of adoption are primarily due to the amount of negative feedback posted by Chinese nationals on bulletin boards – which allow users to anonymously post their experience of products – and rigged negative product reviews posted by competitors. However, around XXX million social network users in the country makes it imperative for companies in wealth management sector to strengthen their presence on these networks. Timetric expects companies to use this medium to generate valuable consumer data through analytical tools and refocus on integrating social network communication with traditional communication channels.

10.2 Key Social Media Marketing Trends in the Wealth Management Sector in China

Chinese users spend a considerable amount of time on video-sharing sites, creating an opportunity for companies to reach users through these channels. With users relying on online channels for product reviews and updates, Chinese wealth management companies have started focusing on social marketing to build on their brand equity.

China's growing online community will spur social media marketing activity

China's online community has shown steady growth during the review period. China already has the world's largest population of internet users; in December 2011, internet users in China reached XXX.X million which increased to XXX.X million in 2012. The country's internet penetration rate grew by X.X% reaching XX.X% in 2012. The recent boom in mobile technology made connecting to the internet easier for Chinese citizens; the number of mobile users increased by XX.X% in 2012, bringing the total number of mobile internet users to XXX million. The overall number of internet users is expected to increase further and reach XXX.X million in 2013 and reach XXX.X million users by 2017.

The increase of internet penetration in the country is expected to fuel the marketing activities on social media. In China, social networking sites have a large proportion of low-income customers. Over the forecast period, Timetric expects mass marketing through social media to be one of the primary areas for companies.

Social media user base makes it imperative for wealth management companies to strengthen their social media marketing initiatives

Social media is growing worldwide; China is leading the way with significant number of active social media users. The McKinsey survey of internet users in China states that XX% of respondents that live in Tier 1, Tier 2, and Tier 3 cities have registered themselves on any social media sites. Over XX% of internet users have more than one social networking profile and one-third of these users go online at least once a day.

With XXX million users active on social networks, blogs, micro blogs, and other online communities, China's social media user base is expected to drive wealth management institutions to maintain an active presence on such sites. While a number of companies are already active on social networks, adoption of the channel is expected to increase over the forecast period.

11 Appendix

11.1 Methodology

All Timetric foresight reports are created by following a comprehensive, four-stage methodology. This includes market study, research, analysis and quality control.

1) Market Study

A. Standardization

Definitions are specified using recognized industry classifications. The same definition is used for every country.

Annual average currency exchange rates are used for the latest completed year. These are then applied across both the Review and forecast data to remove exchange rate fluctuations.

B. Internal audit

Review of in-house databases to gather existing data:

- Historic market databases and reports
- Company database

C. Trend monitoring

Review of the latest companies and industry trends

2) Research

A. Sources

Collection of the latest market-specific data from a wide variety of industry sources:

- Government statistics
- Industry associations
- Company filings
- International organizations
- Regulatory agencies

B. Expert opinion

Collation of opinion taken from leading industry experts

Analysis of third-party opinion and forecasts:

- Broker reports
- Media
- Official government sources

C. Data consolidation and verification

Consolidation of data and opinion to create Review datasets

Creation of models to benchmark data across sectors and regions

3) Analysis

A. Market forecasts

Feeding forecast data into market models:

- Macroeconomic indicators
- Industry-specific drivers

Analysis of industry database to identify trends:

- Latest trends
- Key drivers of the industry

B. Report writing

Analysis of market data

Discussion of company and industry trends and issues

Review of financial deals and trends

4) Quality Control

A. Templates

Detailed process manuals
 Standardized report templates and accompanying style guides
 Complex forecasting tool used to ensure forecast methodologies are consistently applied
 Quality-control checklists

B. Quality control process

Peer review
 Senior-level QC
 Random spot checks on data integrity
 Benchmark checks across databases
 Market data cross-checked for consistency with accumulated data from:

- Company filings
- Government sources.

11.2 Definition

Table 3: HNWI Wealth Band and Group Definitions	
Wealth Band	Definition
Billionaires	Billionaires are those HNWI's with wealth of US\$1 billion or more, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.
Centimillionaires	Centimillionaires are those HNWI's with wealth of between US\$100 million and less than US\$1 billion, including equities, bonds, cash and deposits, fixed-income products real estate (excluding primary residence), alternative assets and business interests.
Affluent Millionaires	Affluent millionaires are those HNWI's with wealth of between US\$30 million and less than US\$100 million, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.
Mid-Tier Millionaires	Mid-tier millionaires are those HNWI's with wealth of between US\$5 million and less than US\$30 million, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.
Lower-Tier Millionaires	Lower-tier millionaires are those HNWI's with wealth of between US\$1 million and less than US\$5 million, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.
Wealth Group	Definition
HNWI's	The high net worth individuals (HNWI's) wealth group comprises all wealth bands. It represents those individuals with wealth of US\$1 million or more, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.
UHNWI's	The ultra high net worth individuals (UHNWI's) wealth group comprises the billionaire, centimillionaire and affluent millionaire wealth bands. It represents those individuals with wealth of US\$30 million or more, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.
Core HNWI's	The core HNWI's group comprises the mid-tier millionaire and lower-tier millionaire wealth bands. It represents those individuals with wealth of between US\$1 million and less than US\$30 million, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.
Source: WealthInsight and Timetric analysis	
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11.3 Background

Timetric's dedicated research and analysis teams consist of experienced professionals with an industry background in marketing, market research, consulting and advanced statistical expertise.

Timetric adheres to the Codes of Practice of the Market Research Society (www.mrs.org.uk) and the Society of Competitive Intelligence Professionals (www.scip.org).

All Timetric databases are continuously updated and revised.

11.4 Contact Us

If you have any queries about this report, or would like any further information, please contact info@timetric.com.

11.5 About Timetric

Timetric is an independent economic and business research firm that provides critical intelligence on emerging economies and key global industries. The company offers detailed economic and sector intelligence, business insights and independent and authoritative commentary.

Underpinning all Timetric's research services is a belief that data – if gained following the right technologies and analytic frameworks – can provide unique and powerful economic and business insights.

The Timetric economic and industry intelligence centers are premium decision tools that provide access to comprehensive research, data and expert analysis. They provide invaluable decision support, presented in an easily digestible format and grounded in rich, proprietary data and data analysis frameworks.

Each year, Timetric produces hundreds of high-quality research reports across countries, industries and companies. These reports draw on in-depth primary and secondary research, proprietary data and high-quality modeling and analysis to give its readers a deep insight into global market dynamics and economic trends.

Timetric helps its clients to:

- Gain an unbiased, expert insight from a genuinely independent and trusted source
- Save time in researching, visualizing and comparing economic and industry data
- Access the latest and most useful data sets, indices and forecasts
- Gain access to a unique methodology for understanding economic trends
- Forecast and predict trends more accurately

Economic Research Services

Timetric's economic research services are founded on three key goals:

1. To provide the strongest base data:

- The most accurate data
- The most timely and frequently updated data sets
- The best data curation methodologies and standardizations
- Unique data sets and forward-looking indicators
- Industry-specific, premium data sets

2. To develop the best data analysis frameworks:

- Unique economic indices and data analysis frameworks
- Forward-looking indicators
- Proprietary indices and surveys
- Data analysis frameworks, scorecards and models

3. To provide authoritative independent economic insights:

- To give a uniquely local perspective on developing markets
- Truly expert, independent economic analysis and commentary
- Proprietary analysis techniques and frameworks
- Unique forecasts

Timetric believes that world-class content delivery should be the enabling factor across all it does. All its research services follow the principle that data and research should be easy to access, visualize and consume.

All economic research products are built on the Timetric economic research software platform, which has four layers:

- Unique, proprietary aggregation and curation software for pulling together the world's data
- A cloud time-series database filled with top-quality statistics from across the globe
- Web-delivered search, discovery and research software to allow customized data searches
- World-class browser-based display to visualize the data searched

11.6 Disclaimer

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