

# RIA Edge

## THE 2022 RIA EDGE STUDY

### Chapter 2: The Pulse of Organic Growth



Produced by:

Wealth Management 

Strategic Partner:

thrivent<sup>®</sup>  
Advisor Network

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## ABOUT WMIQ

Wealth Management IQ is a dedicated division of Informa Connect that provides research, content creation and marketing services to the wealth and asset management communities.

### WMIQ has a truly unique combination of:

- Deep research and analytical capabilities
- Extensive knowledge of the financial advice industry
- Content strategy and direct distribution to over 400K wealth management professionals

**Our mission** is to educate and inform financial advisors with our research content – and provide the companies that support and empower them with unparalleled access, intelligence and understanding of the wealth management market.

Through the audiences of **WealthManagement.com**, Trust & Estates and WMRE, WMIQ has the ability to tap into some of the most influential communities of financial advisors to conduct targeted surveys, focus groups and one-to-one interviews to inform our research projects. Our audiences of RIAs, IBDs and wirehouse advisors—and their affinity for our brands—positions WMIQ to access more engaged advisors than any other industry research provider. This reach across the entire wealth management ecosystem is a unique differentiator of WMIQ—and allows us to discover the true drivers of change, behaviors and influence throughout the industry.



## ABOUT THRIVENT ADVISOR NETWORK

Thrivent Advisor Network is a registered investment advisor (RIA) and a wholly owned subsidiary of Thrivent--a diversified financial services organization with more than 100 years of service.

Launched in 2019, today Thrivent Advisor Network is comprised of 20+ affiliate advisor businesses managing over \$6 billion in assets. Our community of independent-minded advisors are passionate about helping clients achieve financial clarity and value collaboration with other advisors who share a commitment to a greater purpose.

Thrivent Advisor Network provides a suite of comprehensive solutions designed to help advisors run profitable businesses that can improve people's lives and have a positive impact on society.

For more information, visit [thriventadvisornetwork.com](https://thriventadvisornetwork.com) or find us on LinkedIn.

Investment advisory services offered through Thrivent Advisor Network, LLC., (herein referred to as "Thrivent"), a registered investment adviser. Clients will separately engage an unaffiliated broker-dealer or custodian to safeguard their investment advisory assets. Review the Thrivent Advisor Network Client Relationship Summary, Financial Planning and Consulting Services, Investment Management Services (Non-Wrap) and Wrap-Fee Program brochures for a full description of services, fees and expenses, available at [Thriventadvisornetwork.com](https://Thriventadvisornetwork.com).



# OVERVIEW & METHODOLOGY

Methodology, data collection and analysis by [WealthManagement.com](https://www.wealthmanagement.com) and Informa Engage.

The Pulse poll was fielded between April 12, and April 18, 2022, and generated 484 completed surveys.



# FOREWORD

In the wake of significant market declines financial advisors are increasingly looking to organic sources of growth to drive client acquisition and asset growth this year.

That's among the key findings of the Q2 RIA Edge Update based on 484 survey responses from financial advisors in mid-April 2022. With market gains now expected to be less of a contributor to growth this year, 40% of RIAs and dually registered advisors responding to the Q2 poll indicated they expect more than half of their growth in 2022 to be organic—up from 33% in the Q1 survey.

The key drivers of organic growth remain largely unchanged from the first quarter, led by increasing referrals from existing clients, followed by attracting new prospects and raising brand awareness. Increasingly, RIAs are looking to marketing to help drive growth, with 43% reporting they will invest more in marketing in 2022 than they did in 2021.

The Q2 RIA Edge Update reinforces what we at Thrivent Advisor Network are seeing across the RIA landscape. Independent advisors are increasing their commitment to marketing and brand management to drive organic growth. They're using a variety of new and traditional marketing channels – from social media, podcasts and webinars to advertising, events, and direct mail – to improve brand awareness and grow their business.

This enhanced embrace of marketing represents a shift for RIA firms, many of which previously had relied on direct client acquisition tactics rather than broader marketing strategies. Unfortunately, a sizeable number of firms that are looking to ramp up their marketing efforts still have quite a bit of work to do—20% of RIA firm respondents rated their marketing efforts as not very, or not at all, effective and over half (59%) believe their marketing outcomes were only somewhat effective.

If your firm is looking to increase brand awareness and attract new clients, it's critical to develop a marketing strategy that's closely aligned with your overall business strategy. Here are five things to keep in mind when implementing an effective marketing strategy:

- Understand client needs. Know your target audience, what they're looking for in an advisor, and how your firm is especially well-suited to meet their needs. Successful advisory firms understand what distinguishes them from other firms and how to convey their unique value proposition to prospects and clients.
- Focus your message. While it's important to convey what your firm is all about, keep the emphasis on how you work with clients to help them achieve their goals. Customize your marketing materials to address the interests and needs of your audience.
- Be authentic. The more you can personalize your brand and value proposition, the more clients and prospects will want to engage with

you. Use language that people can relate to and easily understand – clear, concise, and conversational is always best.

- Measure your impact. No matter how you choose to execute your marketing strategy, be sure to benchmark and measure the effectiveness of your efforts as part of your overall growth strategy. The Q2 RIA Edge Update revealed that just 36% of RIAs reported having a clear process in place to evaluate their marketing efforts. As business management guru Peter Drucker pointed out long ago, “If you can't measure it, you can't improve it.”
- Recognize your talent and capability gaps. If executing an effective marketing strategy seems daunting, seek expertise in this area – whether that means a full- or part-time staff member or an outsourced provider. Finding someone with professional marketing experience not only can help promote your firm's services more effectively, it also can allow you to focus more attention on serving your clients and running your business.

*Thrivent Advisor Network is pleased to sponsor the RIA Edge Study, and we hope you find valuable insights in this update. Please look for quarterly updates throughout the year that will provide additional visibility into the continuing evolution of the RIA industry.*

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# SECTION 1: IN FOCUS: ORGANIC GROWTH

This Q2 RIA Edge Update squarely focuses on organic growth. The Pulse poll was fielded between April 12, and April 18, 2022, and generated 484 completed surveys. Q2 was when volatility in equity markets increased significantly, while inflation rates sky-rocketed to their highest levels in decades.

This provides a significantly different backdrop for advisors to think about growth: In the Q1 study, advisors indicated that they expected a median of 25% of their growth in 2022 to be created organically (excluding market appreciation and M&A). Just three months later, the median portion of overall asset growth that is expected to be driven through organic strategies has jumped to 34%, as noted in Figure 1 below from the Q2 Pulse Poll.

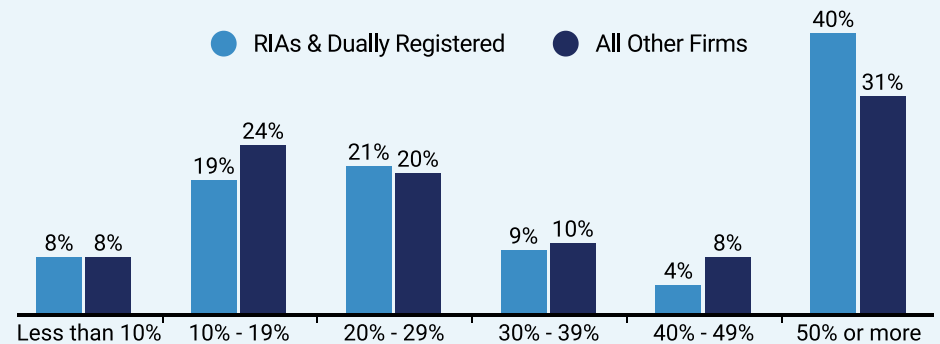
RIAs, in particular, now believe that an even larger portion of their growth

this year will be derived from organic activities, such as referrals, marketing and business development that drives direct client acquisition: 40% of RIAs in the Q2 Pulse Poll now think that more than half of their growth this year will be organic, up from 33% who indicated the same in Q1.

With market appreciation now expected to be less of a contributor, successful execution on organic growth strategies will be critical for the success and progress of RIAs in 2022. As highlighted in the first chapter, the average RIA was forecasting a roughly 30% increase in assets in this year. It's worth noting that the typical RIA firm loses 4%-6% in assets each year to withdrawals or lost clients. In the absence of market appreciation, organic growth is also critical to offset these typical and expected declines – making it even more crucial for RIAs to be intentional about their organic growth.

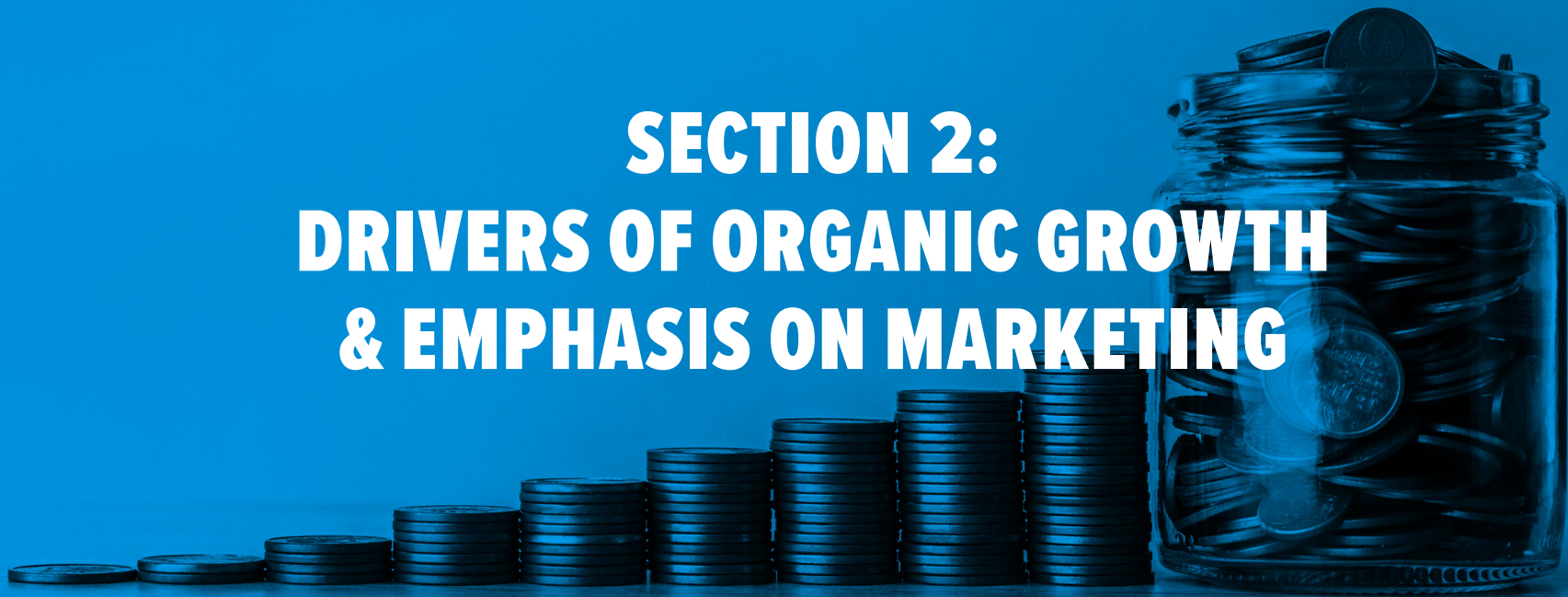
FIGURE 1  
**PERCENT OF 2022 ASSET GROWTH DRIVEN BY ORGANIC STRATEGIES**

Segment	Reporting 50%+ Organic Growth
RIAs & Dually Registered	40%
IBDs	38%
Wirehouses & Regional Firms	23%
All Remaining Firms	28%





## SECTION 2: DRIVERS OF ORGANIC GROWTH & EMPHASIS ON MARKETING

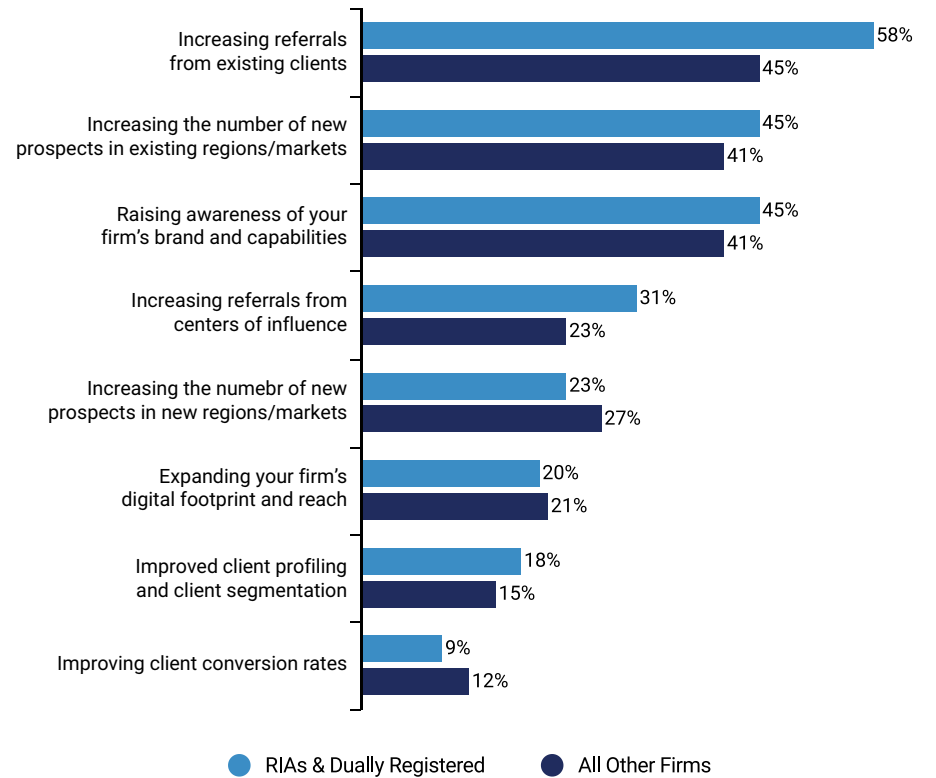


Overall, the drivers of organic growth remain largely unchanged from the first quarter, and referrals are still expected to be the primary growth sources for most advisory firms. As Figure 2 notes (on the right), referrals from existing clients ranks as the top driver of organic growth, with referrals from centers of influence ranking third. This is the most traditional source of growth for advisory firms – and is often the one that is most easily influenced as it is tied to day-to-day relationships and regular client communications.

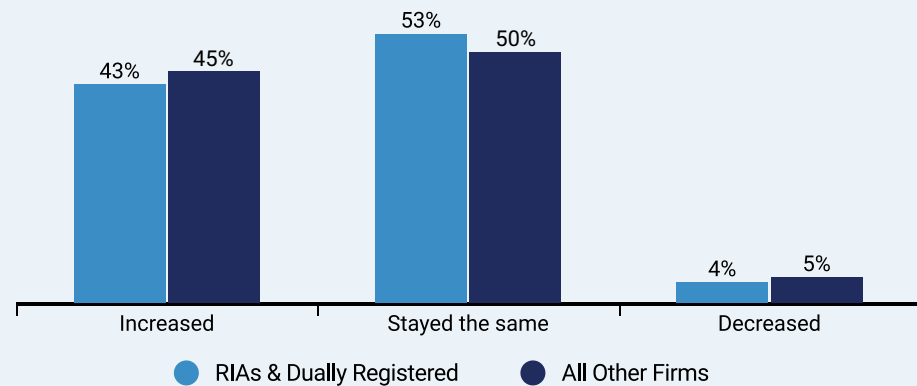
Perhaps the most notable finding from the Q2 Pulse Survey, however, is related to the role of marketing within an advisory firm. Nearly half of all survey participants indicated that they are increasing their marketing investments in 2022, compared to 2021 levels. This covers a wide range of marketing and branding activities, but clearly demonstrates that philosophically, a substantial number of RIAs and advisory firms are seeking to proactively manage their organic growth.

**Figure 3** below highlights the change in 2022 marketing investments and shows that 43% of all RIAs will be spending more on marketing this year, while all other types of advisory firms will be investing slightly more (46%).

**FIGURE 2: Key Drivers of Organic Growth in 2022**



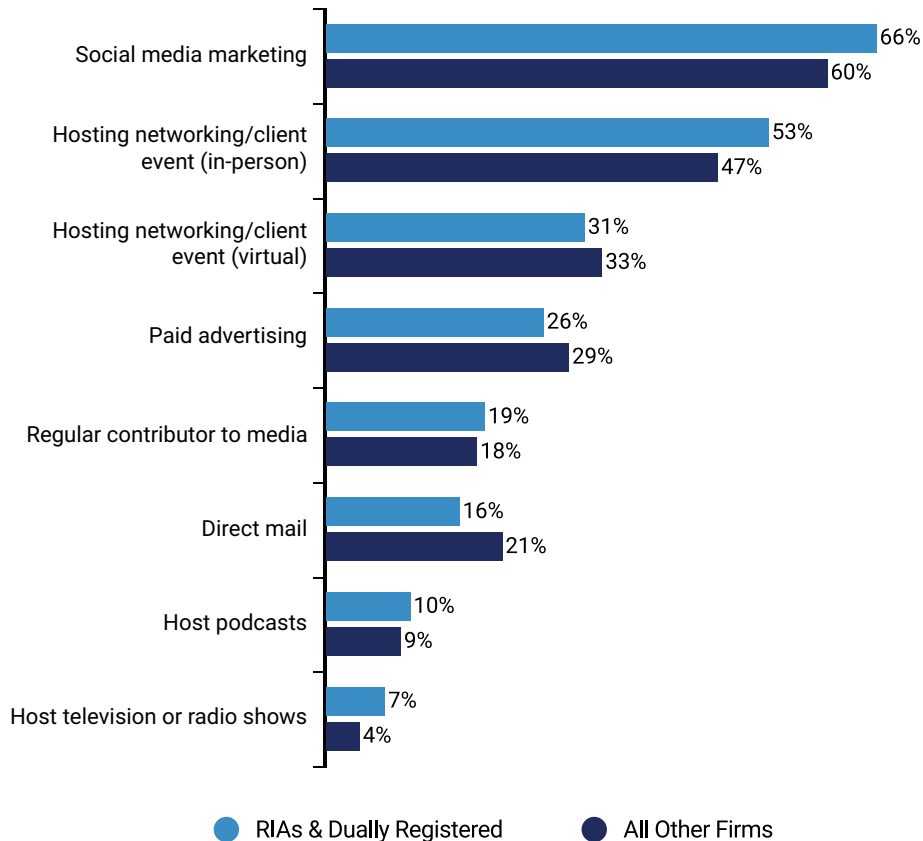
**FIGURE 3: Change in Marketing Activity & Strategy Investment: 2021 v. 2022**



For additional perspective, for every RIA that is decreasing its marketing spend this year, there are roughly ten that are increasing their investments in this area. Not surprising, considering that 61% of all participating RIAs indicated that their firm is in growth mode, while only 26% described their firm as “mature.”

Where are firms placing their marketing attention and dollars? The primary areas of investment for RIAs are clear, with social media marketing and in-person events ranking as the top two for the majority of RIAs, as indicated below in **Figure 4**.

FIGURE 4: Top Marketing Activities for RIAs in 2022



Social media marketing includes both paid marketing efforts, as well as the free distribution of content and information through individual and company accounts. It is, by far, the most widely accessible platform and most effective way to experiment with strategies for engaging both clients and prospects. LinkedIn is the top choice of the large majority of advisory firms, with 67% of those RIAs that use social media indicating it is their most frequently used platform, followed by Facebook at 38%.

” LinkedIn is the top choice of the large majority of advisory firms, with **67%** of those RIAs that use social media indicating it is their most frequently used platform, followed by Facebook at **38%**.



A hand holding a pen, drawing a circle around a group of icons representing a marketing funnel. The background is dark blue with a pattern of faint, repeating icons of people in business attire.

## **SECTION 3: A BALANCED APPROACH – CREATING A TRUE MARKETING FUNNEL**

To complement their social strategies, in-person and virtual events (which would include webinars) are the predominant marketing tactics for qualifying prospects and leads. While in-person opportunities have been limited since Q1 2020, it presented an opportunity for more RIAs to experiment with thought leadership, content creation and lead generation programs that powered remote business development efforts.

With face-to-face meetings and events becoming more common once again, it's expected that a balanced approach between virtual and in-person events will become more widely used by a larger number of RIAs – particularly if they are looking to expand their reach and client base in new regions.

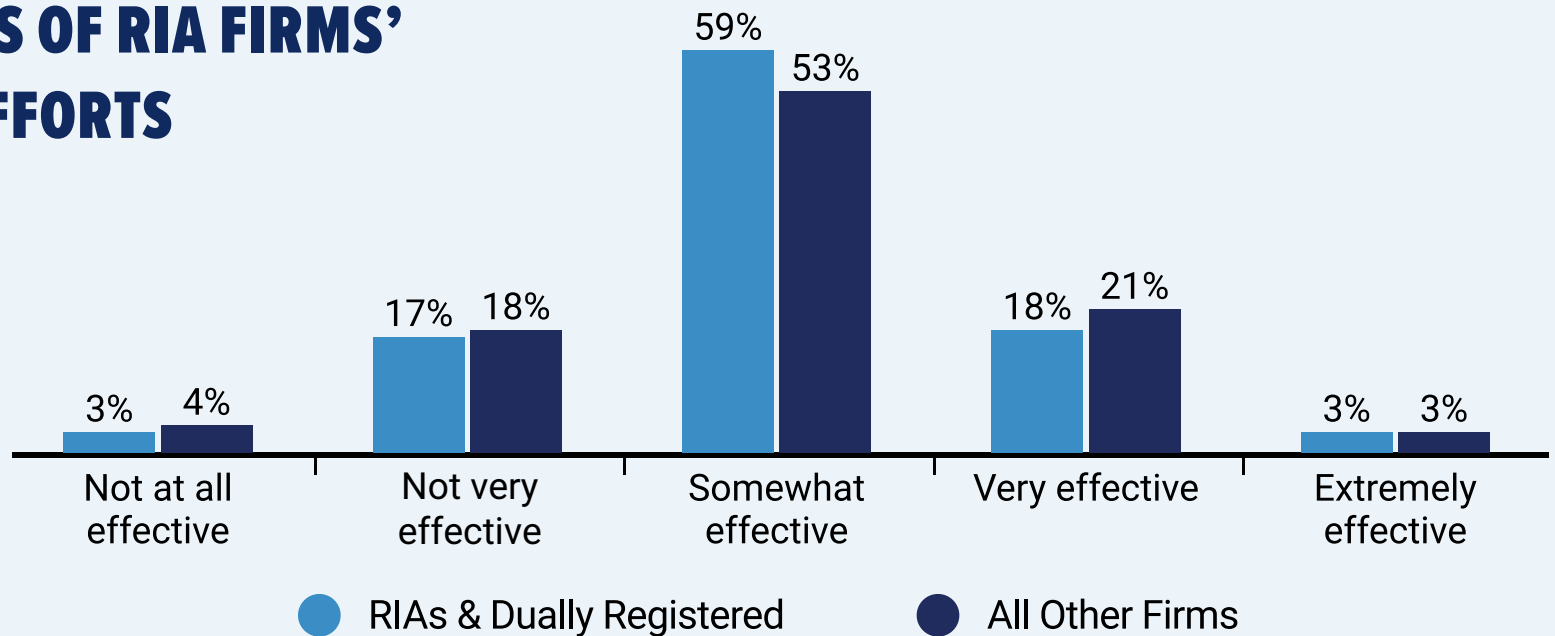
Virtual events and webinars, more specifically, may be used to address timely market-related issues – such as the Federal Reserve's recent

announcement of interest rate increases – and create more awareness and consideration for an RIA's capabilities and services. In marketing strategies, these digital events are becoming tools for RIAs to convert prospects to qualified leads. In-person events, which are often smaller and more intimate, may be used less frequently, but often play an important role in converting leads to clients.

As more firms implement true marketing strategies, they will also need to implement more specific processes for benchmarking and measuring the effectiveness of their marketing efforts. Currently, only 36% of RIAs indicated that they have a clear process in place for evaluating their marketing tactics. This could be as basic as tracking prospects, leads and new clients in a customer relationship management (CRM) tool and tracking both the conversion rates and cost of new client acquisition annually.

FIGURE 5

## EFFECTIVENESS OF RIA FIRMS' MARKETING EFFORTS





**50%** of Established RIAs now have at least one full-time employee focused on marketing, compared with **36%** of all other RIAs.

While marketing strategies are evolving and maturing, as a whole, they are still in the experimental stage and few firms describe themselves as very effective marketers. In fact, only 21% of RIAs believe they are very or extremely effective at marketing, according to the Q2 RIA Edge Pulse survey (Figure 5).

We anticipate this will change significantly over the course of the next several years – particularly at the largest RIA firms. As more firms increase their investments in marketing efforts and processes, they are also adding more dedicated marketing talent and roles to their teams. As noted in the first chapter, 50% of Established RIAs – the largest firms in the RIA Edge Study – now have at least one full-time employee focused on marketing, compared with 36% of all other RIAs.

As RIAs continue to grow and become larger firms, the importance of marketing will continue to increase. It is a natural evolution as RIAs evolve from practices into businesses – and ultimately into enterprises or platforms that are powered by steady, consistent and repeatable growth strategies.

