



## Can Celebrity Endorsements, Client Reviews Drum Up Business? It Depends

By Mrinalini Krishna January 13, 2021

The **SEC**'s newly-updated advertisement rule for advisors may have opened doors for FAs to use celebrity endorsements, but consultants and marketing specialists say the impact could be less than desired and may even widen the gap between large and small firms.

The rule allows advisors to use testimonials, endorsements, hypothetical performance and third-party ratings for advertisements if they meet certain criteria outlined by the SEC.

Advisory firms with deeper pockets can afford to pay for “high-level celebrity endorsements,” says **Samantha Russell**, a marketing specialist and chief evangelist at **Twenty Over Ten**, an **FMG Suite** company that touts its ability to help advisors with “hyper-personalized digital marketing.”

Firms with celebrity endorsers would, in effect, be “buying access to [an] audience,” according to **Nyle Bayer**, chief marketing officer at **Helios Solutions**, which provides advisors with asset management and estate planning services.

Budget constraints may disadvantage smaller advisors, agrees **Timothy Welsh**, president of San Francisco-based consulting firm Nexus Strategy. He says the marketing playing field may be skewed in favor of larger firms with more to spend.

Welsh expects endorsements to bifurcate for advisors based on their size. He envisions clients vouching for the smaller independent firms and big celebrities endorsing the major brands.

**Derek Hernquist**, head of advisor experience at **Aptus Capital Advisors**, says he would prefer having testimonials by actual clients over celebrity endorsements anyway.

“We may consume the same drink or wear the same shoe as a celebrity, but most wouldn’t expect to consume the same financial advice, so it’s hard to see the value [in celebrity endorsements],” he tells FA-IQ in an email.

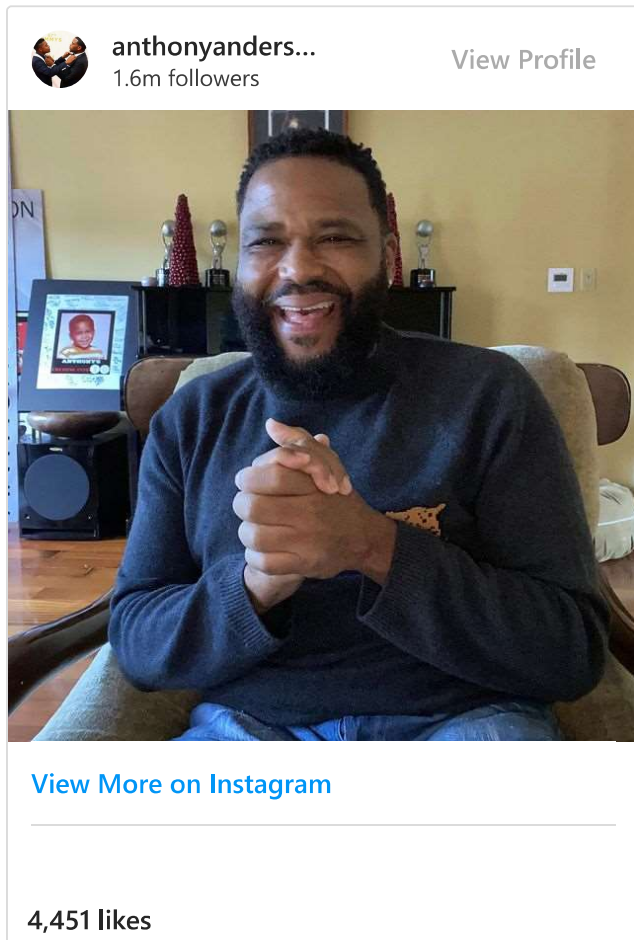
“Leave that to national brands paying to wow prospects with name-dropping,” he adds.

Twenty Over Ten’s Russell shares Hernquist’s sentiment about the value of celebrity endorsements in the advisory business.

“I don’t think for the average consumer that is going to move the needle as much as people think,” she says.

And that's likely particularly the case in the private wealth space, says Helios' Bayer.

Bayer says he's "not sure ... how many millionaires are going to move \$5 million accounts based off of **Dwayne Johnson's Instagram** post," citing an example.



Meanwhile, Northwestern Mutual seems to have already received a celebrity endorsement. FA-IQ reached out to Northwestern Mutual for comments for this story but didn't receive a reply as of this writing.

Actor **Anthony Anderson**, whose **IMDB** credits include the television show "Blackish," had a "paid partnership with Northwestern Mutual" post on Instagram on December 31 about the importance of financial planning and working with a firm's financial advisor.

"I'll be sharing more soon from conversations with my @northwesternmutual advisor and I hope you'll follow along and do it with me," the actor wrote.

[Editor's Note/Update: A Northwestern Mutual spokesperson gave FA-IQ this response this morning: "We are aware of the SEC announcement on Dec. 22 and are studying the requirement, which isn't in effect yet." The new rule will be effective 60 days after publication in the Federal Register and the compliance date has been set for 18 months after that effective

date, according to the SEC.]

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Twenty Over Ten's Russell.

Since celebrity endorsements are likely going to be less accessible to small firms, they may find more success via reviews from clients and social media engagement, according to marketing specialists.

Nexus' Welsh says advisors should "stop playing defense," noting that those who have been nervous about reviews or endorsements from clients on social media can relax.

Advisors connecting with clients on social media like LinkedIn or Facebook, where client comments could be considered testimonials, would be "be fantastic for their business," says

While engaging with clients on social media “brings a compliance burden that favors larger firms,” it “also gives advisors of all sizes the ability to meet prospects where they are,” says Aptus Capital’s Hernquist.

Hernquist’s advice to advisors: “Find one platform you like and engage.”

A large firm may have the reach “but can’t convey a niche offering like a smaller advisor can,” he says. “And any individual advisor has the opportunity to be more authentic than a group of advisors. It’s one personality vs. a collection.”

Twenty Over Ten’s Russell says, “the biggest benefit is all going to come down to simple Google reviews.”

Advisors need not shy away from sending clients automated emails after their yearly meetings, linking to their Google Business page and asking clients to leave a review, Russell says.

“People don’t realize Google reviews — how much they impact search engine optimization. So now, new people can find you so much easier when you have a higher percentage of Google reviews,” she says.

Russell recommends advisors check with their compliance and legal experts prior to rolling out a new marketing strategy, however.

Compliance will play a huge role in the celebrity endorser’s relationship with a firm, according to Helios’ Bayer.

Compliance experts, consultants and industry executives have raised concerns about testimonials and endorsements potentially resulting in SEC exams. Some have noted that the rule changes remain open to interpretation and, thus, some firms may choose to interpret them conservatively.

Helios’ Bayer has reservations about the potential success of reviews, however.

He says the relationship advisors share with clients is unlike a consumer shopping on Amazon and, therefore, reviews may have limited appeal.

“While the review might be nice, I don’t think it’s going to be something that pushes you over the edge,” he says.

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