**Hertfordshire Business School Research Conference: ABSTRACT**

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**ABSTRACT: Referrals in Regulated Financial Services[[1]](#footnote-1)**

The field of regulated financial services has been ill-served by marketing theory. As a consequence: (1) the nature of marketing in this sector has been misunderstood; (2) the key mechanism for generating new business in the field, namely, referrals, has been the subject of serious misapprehension; and, (3) the guidance offered to practitioners has been negligible. In particular, the role of the independent financial adviser (IFA) appears to have been conceptualised as a sales role, and the nature of the relationship between the IFA and the client has been addressed as though it were a straightforward buyer-seller relationship, with the IFA selling products to the client. It is unlikely that these conceptualisations were ever satisfactory and, following recent regulatory changes in the sector, they have become even less relevant. Since January 1st 2013 commission-based selling of financial investment products to consumers has been prohibited so that independent financial advice has become largely a fee-based service.

Practitioners consider referrals to be crucial and believe they have the power to influence them, but there is little empirical evidence to support or deny this proposition. Academics have tended to deal with referrals superficially, conflating or confusing referrals with other related concepts, notably word-of-mouth and sales prospecting. The focus of this research is on referrals as a method of generating new business; the research context is the UK independent financial advice industry. The goals of the study are to: (1) define and conceptualise referrals in the context of the financial advice industry; (2) develop a model of the referral process; (3) provide practitioners with empirical evidence in connection with their beliefs about the importance of referrals in this industry; and, (4) explore whether (as many practitioners believe) it is possible to actively manage referral generation within a financial advice business.

1. This work has not previously been publicly presented. [↑](#footnote-ref-1)