stoneshot

Bridging the Divide

The Relationship between Asset Managers and Professional Investors

Every successful marketer knows that landing a client is never the end of the story. It's only the

A chapter that involves putting in the work to build trust and forge ties that hopefully lead to a long-lasting financial relationship. To accomplish this requires on-going dialogue to convey the need for your product or services and to reinforce the real value that a long-term partnership can provide.

Yet marketers at asset management firms face a challenge when it comes to effectively communicating this message to their adviser clients. In the U.S. alone, there are more than 21,000 registered investment companies, more than double the number from a decade ago. Even if your company is fortunate enough to earn the business of an adviser, it is highly unlikely to be an exclusive relationship.

In fact, a new StoneShot study of advisory and asset management firms found that many financial advisers work with six or more different investment companies at the same time to fulfill the asset allocation needs of their clients. Roughly two in five work with more than 10 different asset managers simultaneously — each with dedicated and motivated marketing departments attempting to differentiate themselves from the crowd.

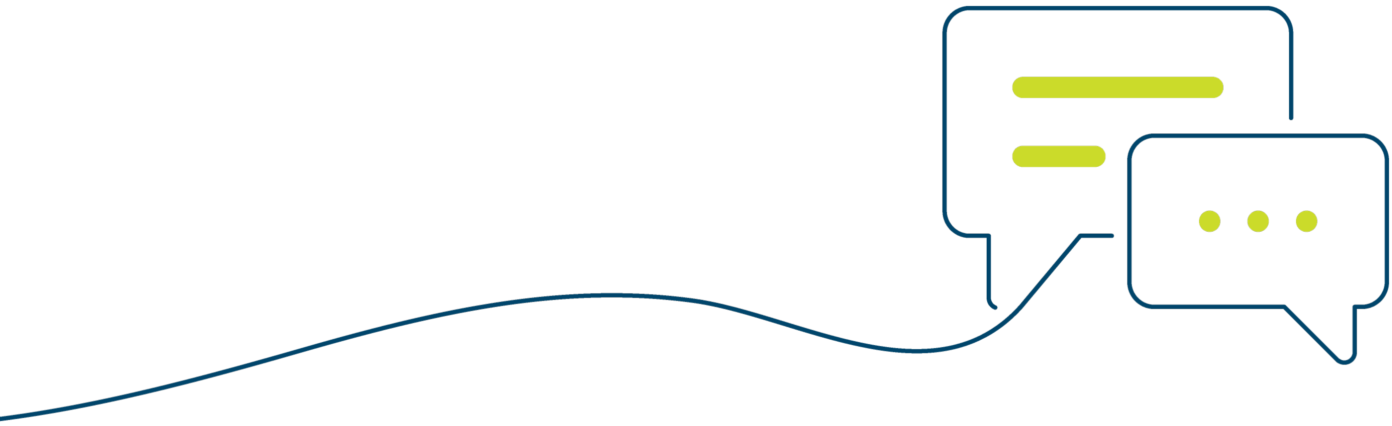
The result?

Advisers' inboxes are being flooded each week with a torrent of messages from their asset manager partners, making it that much harder for each individual investment company to distinguish itself through communications. It's no wonder that more than nine out of 10 asset managers surveyed by StoneShot say that "standing out in a competitive field" is among their biggest challenges.

Against this backdrop, it isn't enough to simply communicate on a regular basis with your clients. While the natural inclination of some email marketers may be to boost their communications in hopes of being heard, or conversely to reduce the frequency of their messaging to avoid inundating their clients, the key to breaking through the din — and bridging the divide between what investment company marketers are sending and what their adviser clients want to receive — requires a third approach.

StoneShot's study of asset managers and advisers found that the most effective way to be heard isn't to focus on frequency but on relevancy.

The study revealed that nearly three quarters of advisers frequently receive email communications from their asset manager partners that simply aren't relevant to their needs. And nearly one in four advisers say they get irrelevant emails "all the time." The key to breaking this cycle of miscommunications — and to stand out from the crowd — is to understand your clients' needs and preferences and to adjust your marketing communication accordingly. In the words of one survey respondent: "Find out what we actually want."



Understanding the Divide

"Keep it short and sweet - quality over quantity."

Four out of five advisers surveyed by StoneShot say they currently receive email communications from their asset management partners at least once a week. And more than half are sent messages multiple times a week. Yet, 52% of advisers say they would prefer to receive emails every other week or less frequently.

At first this may seem like a sign that advisers want asset managers to dial it back. But it's not so simple. Think about it: if you are constantly receiving emails that you consider superfluous or off-topic, your natural inclination would be to ask for fewer communications. But do advisers really want investment companies to turn down the volume, or do they simply want different programming?

When StoneShot looked at the individual responses of advisers in our study, the personalised statements revealed a far more nuanced picture.

While some advisers do express the desire for communications that are "short and to the point", the greater desire is to receive pertinent information that is:

1. Tailored to the adviser's individual needs
2. Specific to the relationship that the adviser has with the investment company

For example, have they been utilising the investment company's packaged products such as mutual funds and insurance products for several years — and are they now looking for more customised options? Or are they relatively new to this relationship? Are they simply interested in building trust in the asset manager's service and performance?

One respondent stressed the desire for emailed messages that are "targeted to the funds we hold." What's more, advisers want marketing material that they can use to amplify their own communication with their clients. "Make it relevant and something that can be relayed to clients in simple terms," said one respondent.

"I seem to spend hours every week going through emails and working out what is and isn't relevant before deleting. I like the managers who send me a consolidated, tailored email — a monthly digest of stuff that is relevant to us, based on preferences that I've selected..."

Unfortunately, marketers at asset management firms aren't necessarily getting this message of customisation and self-editing or are unaware of the true difference implementing personal messaging can make. More than nine out of 10 marketers at investment companies describe their current email communications as being good, very good, or excellent. Meanwhile, nearly three quarters (72%) of advisers say that most of the asset managers they work with fail to strike the right balance when it comes to messaging and giving them a personalised experience.

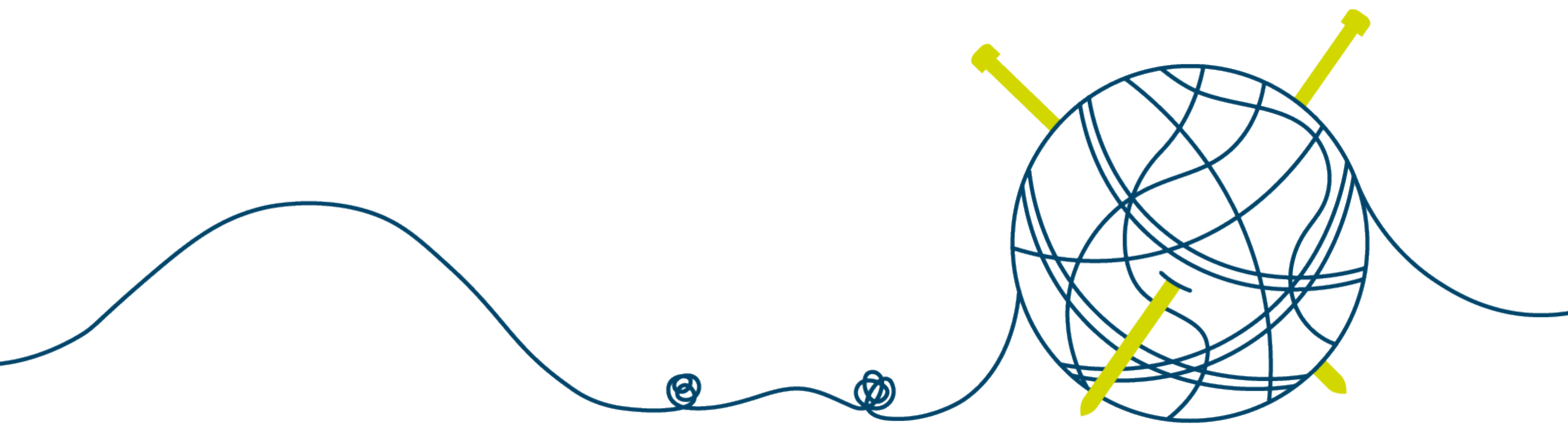
Understand the Client's Time

"Avoid information overload."

One adviser surveyed by StoneShot put it best when queried about recommendations to investment companies that are emailing marketing materials: "Ask yourself, 'is this what I really need to hear?'" In other words, marketers must put themselves in the adviser's shoes to understand what the client truly wants and how they want to receive it. Once they do that, marketers will understand that the adviser's demand for only relevant information is as much about time as it is content. Of course, this doesn't mean there isn't room for new product promotions and other marketing emails, but only if the content makes sense for the adviser(s) who will be receiving It.

Understand just how little time advisers have to sift through their inboxes in search of useful information. A recent study of financial advisers by The Kitces Report, titled "How Financial Advisers Actually Do Financial Planning," determined that the typical adviser works more than 53 hours a week. Just about half of that time — 26.7 hours — is spent on direct client servicing, which includes client meetings and calls, prepping for those sessions, and follow-up financial planning and analytical work in response to client requests and queries.

On top of that, the typical adviser spends roughly 9 hours a week on business development, another 9 hours on administrative functions and office management, nearly 6 hours on investment management, and more than 3 hours on professional development. As Michael Kitces put it, "the typical advisor is struggling with time management and is spending far more time on and in the business than they ever realise." This leaves very little time to read through multiple communications from asset managers each week, especially for the nine in 10 advisors who work with multiple investment companies simultaneously.



Anything that saves the adviser time and strengthens bonds with clients equals success.

Email marketers must remember what their role is in the asset manager-adviser relationship: it's to make the adviser's job easier, which in turn will help convince the adviser of the value of your partnership.

Here, educational communications can play a big role in satisfying the client's needs. However, marketers must understand what type of educational materials advisers want to pass along to clients to facilitate conversations on key investing and financial planning issues. For example, when asked why advisers want to receive more market commentaries from their asset manager partners, one respondent stated that this type of communication is something "we can disseminate to clients". Another noted that market commentaries from fund managers are "the most useful to use when talking with clients".

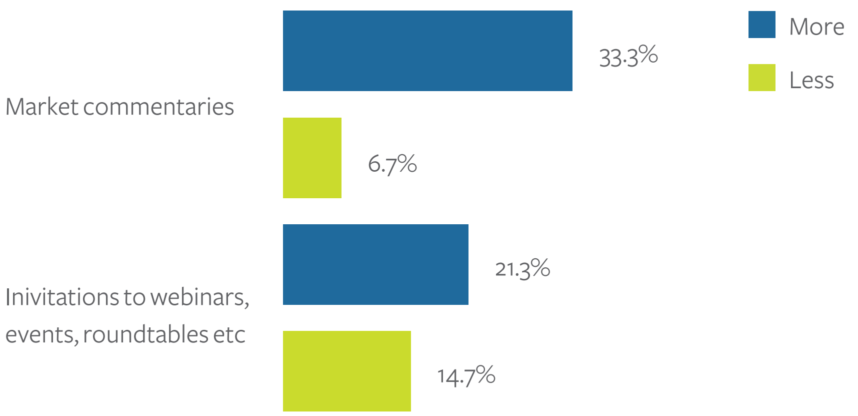
Understanding What the Client Wants

"Too few take the time to find out what we want rather than what they want to push at us."

How else can asset managers strike the right balance in their email communications? For starters, just ask. "Ask us what we're interested in and then send that...," one survey respondent said. "Find out what we actually want and how often," said another.

In surveying advisers and asset managers, StoneShot did just that. We asked advisers how often they receive email communications from the asset management firms they work with; what type of messaging they receive; what type of information they want to receive less of; and more importantly what type of information they want to receive more of. The responses were somewhat surprising, with the two strongest responses being market commentaries, and event intivations.

What types of communication would you like to recieve more of?



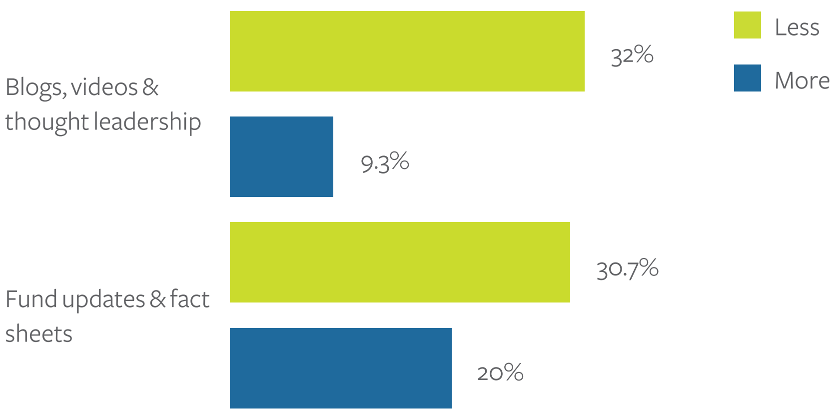
At first glance, this may seem counterintuitive, given the time constraints that advisers report in their day-to-day practice. Who has free time to attend a lunch roundtable or to sit through a webinar in the middle of a busy day? Here again, the specific comments of the advisers queried reveals the motivation at work.

When asked why greater access to webinars and roundtables was desired, one adviser simply noted that this was the "most relevant information" available. Part of the reason may be the interactivity involved. "I can call them with fund questions," one respondent said, noting that the answers that fund managers give in such presentations are by definition pertinent because they are in direct response to questions posed by advisers.

Moreover, responses given by fund managers at live events can be relayed to the adviser's clients in a way that reinforces the value advisers provide by showcasing their access to decision makers and experts on the markets. This may also explain why advisers want more market commentaries. Presented the right way — in plain language that an adviser's client can understand — such commentaries represent valuable material that can be passed onto the investor in a way that reinforces the valuable information that their advisers have access to and can share. As one respondent noted: "the more information the better, as clients regularly ask our views on what is potentially going to happen" in the markets.

When we asked advisers what they wanted to see less of, one result that might come as a surprise to asset managers is thought leadership which this is generally considered a differentiator among financial firms. Fund updates and fact sheets, something that companies typically send out on a monthly or quarterly basis, also had a strong response.

What types of communication would you like to recieve less of?

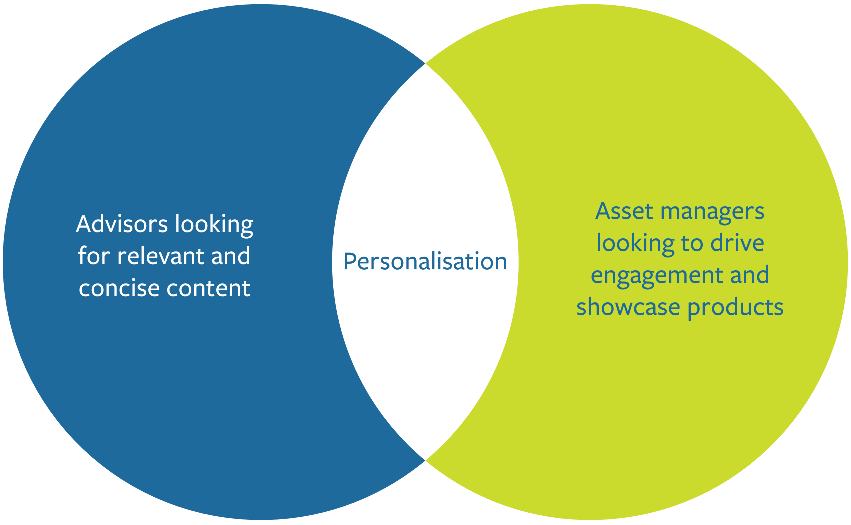


This drives home another theme that runs throughout StoneShot's research: even if advisers in general don't express a clear-cut preference for content, it's what your individual adviser client wants that matters most. Here, it's up to asset management firms to either know what their clients want or to deliver their messaging in a way that lets advisers customise content by opting into certain types of emails and out of other forms of communications.

The Bottom Line

"Keep it relevant to our business."

Picture a Venn diagram with two overlapping circles. In one circle, advisers have made their desires clear: they want more relevant content that's presented in a clear and concise manner that addresses the funds they invest in and the needs of the clients they serve. In the other circle are the goals of asset managers, seeking to improve the quality of their communications to drive up engagement and showcase the value of the funds and fund managers that serve those individual advisers and their specific clients. In the intersection of those two circles is one clear-cut theme: greater personalisation.



Marketers at asset management firms that StoneShot queried seem to understand this. Among asset managers who said their communications were "good, but could be better," one respondent summed it up best: [we] "need to move to more targeted email campaigns." Another asset manager added that what's needed is "more personalised and specific communications based on behavioral and product interests identified."

This brings up a key point. Throughout the process of pitching new business to advisers and building a working relationship, asset management firms know an awful lot about the preferences, strategies, goals, experience, and client-base of the advisers they serve.

As one adviser noted: investment companies should at the very least be "aware of which funds we purchase via the platforms and make market commentaries and fund manager emails specific to those funds."

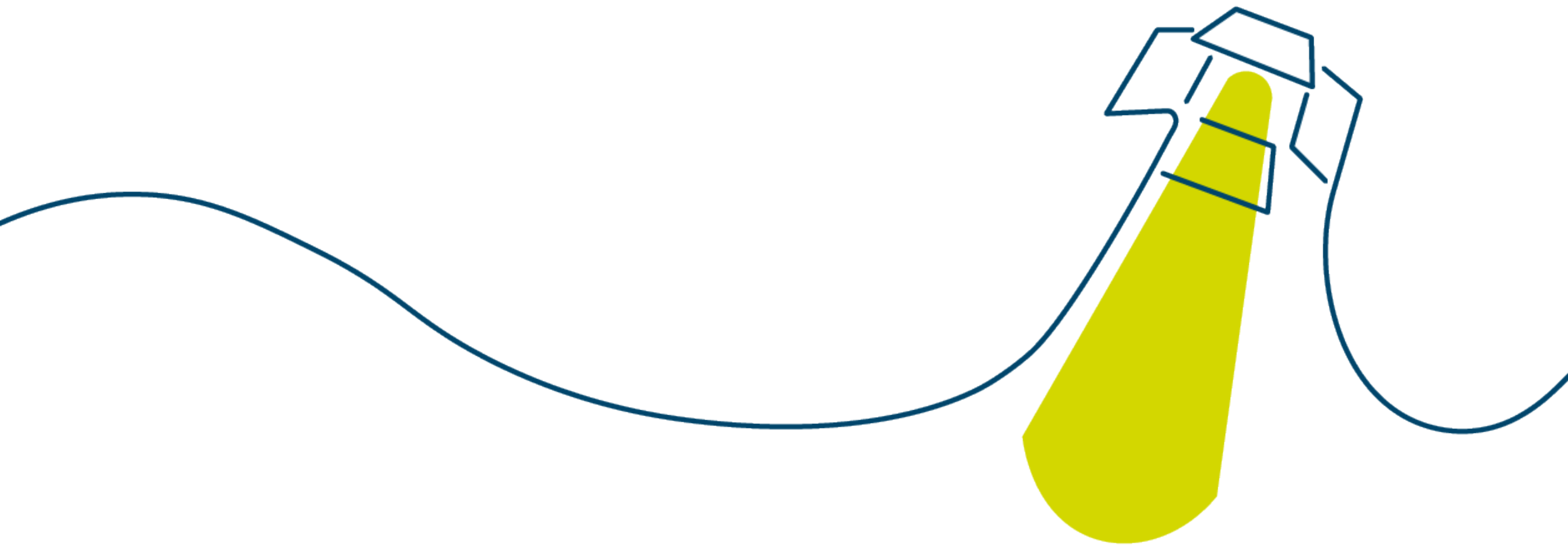
Sounds simple enough. The trouble, however, is that not all parts of some investment companies have this information at their fingertips, which brings us to the first key point: marketing departments at asset management firms must work in tandem with their client services and sales teams to come to a better understanding of each adviser they work with. For example, what funds are they utilising now and what funds have they expressed interest in recently? What strategies do they embrace? And who are the investors that those advisers serve?

At some firms, the divide between the company's own sales and marketing teams presents a fairly wide gulf on its own. But to bridge the real divide with advisers, investment companies must find a way to better integrate their teams to develop a fuller sense of the clients they serve.

Beyond that, marketers must consider putting into place systems that allow for greater personalisation and information gathering. Allow advisers to provide even greater specificity on the type of messaging they prefer through the use of technology that allows clients to self-select funds they want information about, what type of information they want on those funds, how they want that information to be conveyed, and the frequency of the communications. This serves two purposes: Not only does it allow asset managers to tailor their content and communication strategy, it also shines a bigger spotlight on the types of funds and strategies that those advisors may be interested in down the road.

What is also important to keep in mind is that even if offered the opportunity, advisers may not share what interests them. This is why it's important to read their 'digital body language.' Track what each client is spending more time on in your emails and on your website and use that information to tailor your marketing efforts.

Whether your firm utilises such platforms or not, it's incumbent on asset managers to at the very least ask their clients what type of information they seek before beginning email campaigns. For example, you can kick off the communication campaign by assigning advisers information specific to the funds they're currently invested in. But then ask them if they want information pertaining to other products or strategies that may make their jobs easier and save them time. After all, isn't that the essence of communications — understanding who you're speaking to and what their interests are so you can have a meaningful two-way conversation?



About StoneShot

StoneShot is an email marketing, marketing automation, and event management platform provider for financial services marketers. Founded in 2001, we offer technology, insights, and agency services financial marketers need to succeed.

Our intuitive platform and in-house team of strategists, designers, developers, and account specialists offer the flexibility to get each client where they need to be in their digital transformation journey and achieve their business goals.

When it comes to digital marketing, we understand one size does not fit all, and reaching the right audience, at the right time, with the right message, is crucial.

We work with leading brands including Barings, HSBC, Invesco, and UBS, and have offices in London, New York, Milan and Paris.

To learn more about us, visit www.stoneshot.com.

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