

# BRANDING FOR ASSET AND WEALTH MANAGERS: YOUR ANCHOR OF STABILITY

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Rising commodity prices, inflation, central bank policy changes, shifting challenges of ESG and even social unrest – we are living through unprecedented times. Without a doubt, these are unsettling issues to deal with for asset and wealth managers, but also for their clients.

A month after the start of the Ukrainian war, the far-reaching consequences remain yet to be fully understood and accounted for in asset allocations.

In addition to these unsettling times, traditional asset management concepts are challenged by both tectonic shifts within the investment landscape and by technological advances. Combined with increasing regulation and distribution complexity, the pressure is on wealth and asset managers to outpace this evolution with better operational efficiency.

Your brand, a product of both your culture and history, is a steady rock. This might be your unique point of stability for the decade(s) to come. More than ever, your investors will be looking for these rare elements of stability. We suggest that now is a good time to take stock and reflect on what makes you unique.

In this paper we will review the benefits asset and wealth managers can derive from a strong and clearly expressed brand. We will then consider how they can identify and articulate their brand in an impactful manner. But before we get there, let us first define what we mean by brand.

# LIKE EVERY PERSON, EVERY COMPANY IS UNIQUE

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According to Markus Kramer, the definition of brand is as follows: *“A brand differentiates something or someone from its competition and instils trust, simplifies choice by reducing risk, spurs demand and creates pricing power and – all being well – builds loyalty and creates value over time.”*<sup>1</sup>

Who and what you are today is the product of a complex string of actions over time. What makes a company truly unique is often deeply rooted in its cultural code, its underlying value systems, beliefs and, indeed, its purpose for existing at all.

**“Profit for a company is like oxygen for a person. If you don’t have enough of it, you’re out of the game. But if you think your life is about breathing, you’re really missing something.”**

**PETER DRUCKER,  
MANAGEMENT CONSULTANT, EDUCATOR AND AUTHOR**



# BRAND: A TREASURE ASSET AND WEALTH MANAGERS STILL NEED TO FIND

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The financial industry is still not overly familiar with the concept of the brand. In the fourth edition of the Responsible Investment Brand Index (RIBITM), which evaluates more than 500 asset managers globally, we found that less than half of them articulate a Purpose. In other words, the beating heart that assures the very reason for being<sup>2</sup>. Moreover, our objective methodology to assess the quality of the expression of a company's Purpose shows that the average rating obtained by this same panel is less than 1 on a scale which goes from 0 (Mediocre) to 5 (Excellent). It is evident, there is significant room for improvement in the industry.

By its very nature, the financial sector relies on facts and figures to make decisions and is less used to dealing with emotions and feelings. Nevertheless, clients make their buying decisions based on sentiment and feelings. "No emotion. No decision."<sup>3</sup> As years of research in neurobiology show, our buying decisions are based on emotion. They are explained, justified, and rationalised by data: however, emotion triggers the buy button. What are the benefits of a clearly identified and strongly articulated brand for asset and wealth managers?

<sup>2</sup> The H&K Responsible Investment Brand Index – Jean-François Hirschel and Markus Kramer – <https://www.ri-brandindex.org>

<sup>3</sup> 'Neuromarketing – Understanding the 'Buy Buttons' in Your Customer's Brain', Patrick Renvoisé, Christophe Morin, Thomas Nelson, 2007.

<sup>4</sup> 'Asset Management in Europe – An overview of the asset management industry – 13th Edition – Facts and figures – December 2021' – EFAMA, European Fund and Asset Management Association. 'Worldwide Regulated Open-ended Fund Assets and Flows – Trends in the Second Quarter of 2021 – September 2021' – EFAMA, European Fund and Asset Management Association.

As outlined above, a brand helps to **differentiate**. This is critical in an industry where, in Europe alone, there are some 4,500 managers pursuing the same clients. And there are more than 60,000 funds for clients to choose from<sup>4</sup>.

It **instils trust**. More than in any other industry, trust is the cornerstone of an enduring client relationship in the asset and wealth management business. Even the best managers experience periods of lacklustre performance and trust is what will keep the client on the books during these times. This is critical in an industry where client acquisition costs are high. More recently, asset and wealth managers should also protect themselves against the risk of greenwashing. As a reaction to the major emphasis the industry is putting on Responsible Investment, asset managers face increasing scrutiny by clients, the public, the media and sometimes even their employees on the sincerity and accuracy of their actions. Firms genuinely committed to Responsible Investment should take every action to protect themselves against misplaced greenwashing accusations. Rooting these genuine convictions in their brand is one way to achieve this.

It **simplifies choice**. A clear and inspiring identity simplifies choice for the customer. The same way Google ‘organises the world information and makes it universally accessible and useful’ rather than ‘builds a search engine’, the asset manager who ‘wants peace of mind for people and the society’ is more inspiring than the one who ‘generates return over the long term’. Companies who get this right optimise their chances to be remembered, identified, and admired by their clients, prospects, employees, and the highly skilled talents they need to continuously attract.

It creates **pricing power**. This is hot topic of interest in this industry where, for example, the margins of asset managers have decreased by more than 20% from pre-crisis levels to the end of 2020 . Borrowing from other industries, think of brands like Apple, BMW, Nespresso, Evian and how they manage to command margins thanks to unique positioning and well executed, subsequent activation inside and outside their organisations.

So, how do you go about identifying and articulating a strong brand?

<sup>5</sup> Real life example. Please refer to the above-mentioned H&K Responsible Investment Brand Index.

<sup>6</sup> ‘European asset management after an unprecedented year’ – McKinsey & Company – July, 4th 2021 - [www.mckinsey.com/industries/financial-services/our-insights/european-asset-management-after-an-unprecedented-year](http://www.mckinsey.com/industries/financial-services/our-insights/european-asset-management-after-an-unprecedented-year)



# THE MAGIC IS IN THE METHODOLOGY

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The only one to know their brand inside out is you. Anyone you hire to assist you with your brand should have the humility to admit they are there to help you identify and articulate your brand, not invent it: no one else knows it better than you!

A branding project needs to be supported by a methodology designed so that the end result is tailor-made, progressive, and tangible. Specifically, it needs to deliver on these aspects:

**Genuine.** In a world where transparency allows anyone to see and judge what you do, there is no room left for anyone not living and breathing absolute integrity. In the language of branding, this means that there is no such thing as pretending to be something you are not. Shining on the outside must be reflected on the inside and vice-versa. Your brand must be the genuine expression of who you are. We call this integrity from within;

**Shared.** Way too often, we have seen brand projects where the team loosely agrees on a brand story and, as soon as the project is finished, everyone goes their own way like a dislocating flock of birds and tells their own story – often either abbreviated, glorified or in the worst case, discredited. All of these routes are counter-productive to building internal and external alignment around your unique position, proposition, and story. Your brand will only ever be as strong as the consistency with which it is expressed. The methodology must therefore ensure that there is perfect alignment within the company, for who you are, and the way to express it across every touchpoint;

**Simple.** The wealth and asset management industry is full of jargon. Choosing the wrong language and tonality in how you express your brand carries many risks. Even if you are genuine on the inside, it won't do much for you if you are not understood and admired on the outside. It's hard to talk to emotions through jargon; yet to be appreciated for who you are, the brand can help trigger a buy decision and keep customers and talent loyal. A professional methodology will make sure you do not end up in a well-defined dead end;

Finally, a methodology must get you to the results and their desired outcome **efficiently**. A branding project is by definition transversal, meaning many parties are involved and you want everyone's time to be used well. It is a truism that the sooner you are done, the sooner you will be able to start reaping the benefits. However, the complexity of your given context does not automatically translate to an equally complex effort, investment of time and money. A solid methodology relies on tried and tested frameworks independent of scale.

We often observe a temptation to hire agencies outside the financial world, the rationale being that they can bring best practices from industries where branding is more advanced, offering a fresh pair of eyes. This is all true and indeed desirable. Knowledge of your industry however is also a must, reducing the learning curve, assures a better understanding of context and target audiences, and speeds up your project tremendously (avoiding the onerous time needed to explain your business to a generalist agency). Furthermore, this avoids the embarrassment of calming down your angry colleagues coming out of a so-called 'branding workshop', which turned into a 'wealth and asset management for dummies' exercise. While agencies with integrity will write this time off as <onboarding> costs, this time spent bears an opportunity cost at your end.



# TUNE YOUR BRAND FOR SUCCESS!

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Now more than ever is the time to identify your inner values and get on a fast-track to make sure these help you in conveying an image of stability, confidence, and forward motion.

Beyond improving the quality of products and focusing on cost efficiency, branding is your force to increase your ability to differentiate, attract new clients, keep the ones you have for longer, attract and retain top talent, and ultimately protect your margin.

Properly planned and structured branding projects are an effective agent to tackle strategic issues which go beyond branding per se and can enable the forces of change needed, aligning all stakeholders. So, when do you start?





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