

Marketing : All the ingredients for a demanding recipe.



June 2022

A few years ago, when I was interviewing with the CEO of an asset manager for the position of Head of Marketing, I asked him the question:

"What do you expect from Marketing?"

The answer was instantaneous:

"I don't know, you tell me."

Head of Marketing was a new position for this company at the time, which explains in part the answer – but only in part. The answer highlights one of the major difficulties of Marketing in asset management companies: its role is not always well understood, as a result its objectives are poorly defined, and its potential under-exploited.

In this article, we explain what asset managers can and should expect from Marketing; we explain why creating a marketing structure to meet these ambitions is a real challenge; and finally, we propose a solution to this complex question.

What you can and should expect from Marketing



Marketing improves sales, increases efficiency through better knowledge of distribution markets, builds loyalty among customers, helps defend margins and protects the company's reputation. The effectiveness of a marketing approach is not measured by the number of clicks on a website, the number of flyers produced or the number of campaigns on social networks: these are means, not ends.

An effective marketing discipline is crucial for the asset management industry, which is extraordinarily competitive: there are 13 000 asset management companies in the world competing for the same clients. These clients are faced with the challenge of choosing from 130 000 funds. **Differentiation** and a clear value proposition are therefore of key, strategic importance for an asset management company. A strong brand, aligned with investors' needs, is the backbone of this positioning strategy¹.

In some segments of the industry, the customer onboarding process is particularly protracted - hence the importance of correctly **targeting** markets and customers and **building** customer loyalty to make the cost of onboarding profitable over time. Targeting is achieved through analysis of distribution markets, flows, competition, and proactive and continuous management of the product offer. Loyalty is achieved through a strong brand, quality of service and a high and consistent reputation over time.

1 « Branding for asset and wealth managers: your anchor of stability », Jean-François Hirschel & Markus Kramer, May 2022: <https://www.h-ideas.ch/branding-for-asset-and-wealth-managers-your-anchor-of-stability/?lang=en>

This consistency over time is crucial in the world of asset management. Unlike the watchmaker who makes watches of impeccable reliability and precision all the time, the investment goldsmith, goldsmith though he may be, will at one time or another have a problem with the most visible and immediate metric on which he is measured: performance. Then, it is the strength of the brand and the quality of the service that makes the difference and retains customers who have been so difficult to acquire.

Finally, we are convinced that asset management companies must pay increasing attention to their reputation. The industry is in the spotlight as a player in building a better world through responsible finance. Well-meaning companies in this field should put this issue at the heart of their reputation management to guard against accusations of greenwashing that are bound to come from the wrong people.

The table below shows the benefits that an asset manager can expect from the different strands of marketing.

	Brand development and management	Distribution market analysis, competition analysis	Product Strategy, Product Positioning	Strategy and content development (thought leadership)	Documentation (presentations, flyer, brochure, ...)	Communication	Digital marketing
Improving sales	X		X	X	X	X	X
Identify new prospects							X
Improving efficiency	X	X	X				X
Differentiating, building an identity	X			X		X	X
Building customer loyalty	X			X		X	
Protecting the reputation	X			X		X	X
Improving margins	X	X	X				

Thus, a well thought-out and executed marketing strategy is the answer to many of the challenges the asset management industry faces: competitive, increasing operating costs, margin pressure and highly sensitive to reputation.

It is therefore a strategic necessity to find solutions to build such a system, even if it is difficult.

Why it is difficult..



Bringing emotion into a world of numbers and processes: emotion drives the decision. This is not just a marketer's chant - neurobiology shows that the areas of the brain that are used during a purchase decision are the emotional ones. Asset management being an industry of numbers, information and processes, creating an asset manager brand with a strong emotional connection requires a lot of internal persuasion in the face of teams that are often purely focused on the rationality of data.

Bringing together diverse skills: Marketing activities require both highly analytical (e.g. distribution market analysis, product positioning) and highly creative (e.g. branding, content, product strategy) talents. Very large organisations have large teams and solve this problem by recruiting complementary profiles; medium-sized and boutique houses do not have this luxury.

Reconcile the strategic and the operational: a day as a marketer may require looking ahead 10 years (brand evolution, changing markets, long-term product strategy), to the day in question (those flyers that must be out on time, the conference must be successful and memorable, etc.) Here again, large organisations can manage these multiple, concurrent needs thanks to complementary profiles; other firms do not have this luxury.

Managing peaks: marketing activity is subject to peaks in activity. Some are predictable and regular (e.g. end-of-quarter document updates), others are only predictable (product launches, conferences, road shows, etc.) and finally some are totally unpredictable (crisis communication linked to a market event or an internal problem within the company). The balance consists in finding the budget to be allocated to marketing that allows these peaks to be accommodated without being a budget based on the peak activity, which is never economically viable.

And in addition...: if your organisation has international development ambitions, your marketing team needs to be multilingual, and, of course, it must include marketers experienced in both written and digital communication. All of this can be accommodated by recruiting complementary profiles, but again, this is often a luxury reserved for the bigger players in the industry.

A solution to conquer this complexity.



Outsourcing all or part of your marketing scope, either permanently or temporarily, is an effective response to these challenges and provides the following benefits:

Access to a pool of resources with varied and complementary profiles. What you can't afford to do in-house by recruiting the right profiles for each of the many different marketing skills needed, an outsourced marketer brings to you. He has built up this mosaic of expertise and provides you with what you need, when you need it, and at the level of use you need.

The precise amount of strategic expertise you need. Some asset management companies are faced with a binary choice. Recruiting a full-time senior strategic profile(s) can come at a huge budgetary cost. As a result, strategic marketing is often not addressed, or at least management is not supported in its decision-making. Outsourcing, by affording access to a portion of the time of the required senior resources transforms this binary choice into a precise, tailored allocation.

Targeted matching of resources. As with any outsourcing strategy, a successful collaboration must provide the flexibility your business requires. Depending on your marketing needs, you can adapt your external resources with much more precision than with a permanent, in-house team.

A broad view of the market. Many marketing issues are about positioning. Positioning means identifying yourself, of course, but it also means positioning yourself in relation to the market. An outsourced marketing partner, thanks to their daily dialogue with many market players, provides you with this insight that is so difficult to obtain internally.

And ... a methodology! This is often forgotten. And yet, beyond the necessary efficient management of your projects, a methodology also brings you:

- A framework that allows you to make decisions based on substantiated and structured information. This is critically important in an industry which, as we have seen above, is by nature used to making decisions based on evidence and data.
- The buy-in of your teams to brand choices, strategy, positioning or messaging. Companies successful in marketing are those that speak with one voice, so this structural buy-in is critical to your success.

At H-Ideas, we have built up a network of expert partners who all have different and complementary areas of expertise. So, depending on your challenges and priorities, we put together the team best suited to your needs. All our consultants are senior and therefore have an immediate and meaningful impact on the success of your projects. Finally, and this is what is most often appreciated by our clients, we have all practiced your profession, consulting is a second professional life for each of us. Thus, we provide you with solutions that are grounded in the realities of your business and your challenges.

We can support you in the following areas:

	Design your strategy		Activate your strategy	
Corporate level	Strategic positioning , designing your brand model (purpose, values, target audience, area of differentiation). Brand diagnosis and recommendations. Clients' perception study and analysis. Development strategy: market analysis, competition analysis, development plans.	Design marketing content strategy, strategic communication plan. Investment consultants relations strategy: which product, for which types of consultants in which countries.	Brand internal activation: speak with one voice. Product presentation design. Key messages. Product presentation pack, presentation training.	Design and implement your own marketing organisation. Create internal processes and workflows for content management and dissemination. Assistance in content creation. Digital marketing: which media, types of sponsoring, SEO), advertising. Consultant relations: database content and workflow analysis. Preparation of research meetings and pitches.
Product level	Product range analysis and diagnosis. Product range evolution strategy. Strategic positioning and differentiation of investment strategy.			

Contact us so we can get to know each other and discuss the solutions we can create to help you succeed.



Author

Jean-François Hirschel is the founder and CEO of H IDEAS, a company which aims at re-establishing trust in the financial world. His professional expertise lies in strategically positioning financial services companies at the brand and product level. Hirschel has held senior leadership positions at Société Générale and Unigestion. He holds a MSc from EPFL Lausanne, Switzerland, and has profound knowledge and experience in Institutional, Private and Retail Banking and Asset Management.

E: jfhirschel@h-ideas.ch

Tel: 00 41 22 561 84 12

H-Ideas – www.h-ideas.ch

H-Ideas aims at re-establishing trust in the financial world. Today, this trust is challenged. We believe part of the reason for this can be found in the lack of alignment between what financial companies provide and what their clients actually need from them.

H-Ideas advises you on how to:

- Strategically position your company in connection with the goals of your clients.
- Differentiate your proposition.
- Express this proposition in a way that motivates clients and prospects.



As a result, you can win more business and keep what you have longer.

H-Ideas is the co-inventor of the only index that measures how asset managers show their commitment to Responsible Investment in their brand: the Responsible Investment Brand Index (RIBI™) www.ri-brandindex.org.

H-Ideas commits to the following collective organisations to promote a sustainable development of the financial sector:

Signatory of:

