

Jim Neuwirth, *Senior Partner, Q8 Research, LLC*
Matt Schiffman, *Co-founder of Atom Analytics, Senior Director, Broadridge*

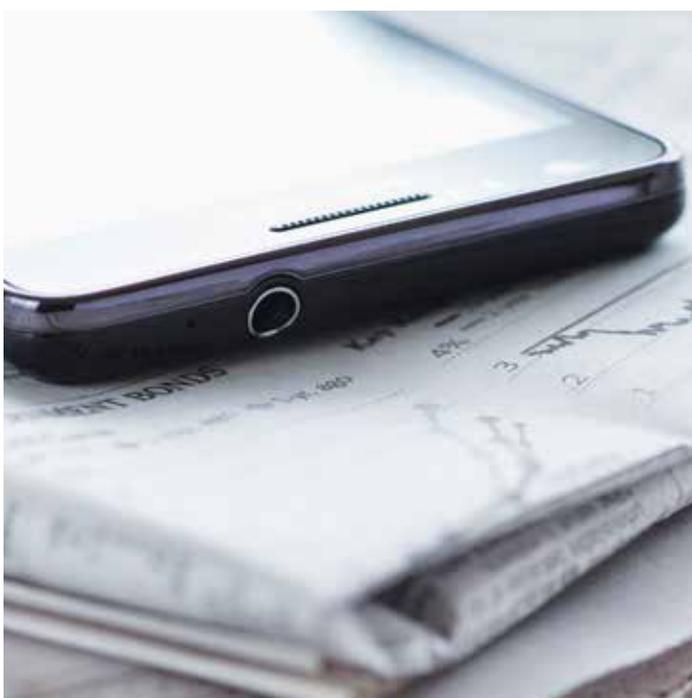
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Data and the search for deeper relationships

This report was originally produced by Atom Analytics and Q8 Research. An exploration into how asset managers are addressing today's marketplace challenges and leveraging new tools and technologies to create more fruitful relationships with financial advisors.



An exploration into how asset managers are addressing today's marketplace challenges and applying new strategies and software to create more rewarding relationships with financial advisors.



BACKGROUND AND OBJECTIVES

The asset management industry is confronted with several challenges to growth. Increased transparency via technology, competitive fee pressure, product commoditization, regulatory change and demographic shifts are contributing to increased margin pressure.

One possible solve is to deepen relationships by turning existing client data into an asset. While leveraging analytics to inform client segmentation, client journey mapping and brand enhancement is not a novel exercise in the business world, it has perhaps not been fully adopted and implemented within intermediary distributed asset management.

Informal conversations with multiple players within the asset management industry suggested that an increased level of focus on the relationship with the advisor is moving up the priorities list. Based on this feedback, we set out to better understand the strategy and breadth of current activity in more detail.

SURVEY METHODOLOGY

Ten in-depth, one-hour interviews were conducted with asset management firm marketing executives, many of whom are chief marketing officers.

Firms included in this research represent a broad spectrum of the industry, ranging from mid-tier to very large asset managers.

IN THIS REPORT, WE EXPLORE:

- The extent to which the advisor journey and leveraging data and analytics to deepen client relationships are areas of focus for asset managers
- Challenges and roadblocks to achieving success
- Actions asset managers have taken or plan to take, to create a more holistic, relationship-driven approach to client engagement

EXECUTIVE OVERVIEW

1. While definitions and acceptance of “advisor journey” language remain broadly elusive, what clearly emerged is that firms are beginning to connect the dots of client interactions into a more holistic view of relationships.
2. Most firms are at the initial stages of the process: The need has been identified, discussion has ensued, and steps have been taken, although significant work still needs to be done in order to realize the vision.
3. Challenges to developing and enculturating a customer journey framework are most notably; organizational alignment, technology capabilities and resource constraints.
4. As products are perceived to be more commoditized and digital is changing the nature of interactions with clients, marketing will be taking on a greater role in advisor acquisition, retention and revenue generation.
5. The customer journey is largely about deeper understanding of advisor needs. This requires a shift from classifying advisors solely based on channel, product and sales volume, to a segmentation that includes advisor goals, needs and preferences.
6. Content marketing is essential for staying relevant with advisors; asset managers need to ensure they are developing the right differentiated content, delivering it to the right advisors, at the right time and through the right channels.
7. Data needs to be viewed and accessed more holistically across the organization.



Asset managers recognize a need to better understand and forge deeper relationships with advisor clients.

Several forces are at play that are pushing organizations to reassess how they engage with advisors:

Product commoditization: the need to differentiate on customer experience

Fee compression: the need to find cost-effective ways to drive growth and revenue

Technology

- Greater capabilities to map and track the advisor journey and customize client experiences
- Leveraging digital capabilities as a more cost-efficient means to acquire, engage and retain clients

SURVEY EXCERPTS

“{Mapping the advisor journey} This is the game we are in now. It’s playing catch-up to some of the consumer brands that are good at this.”

“ It’s not about product anymore. I really think it’s going to be about that client experience and that’s where the whole shift is.”

“ It’s how technology has evolved and how the wholesaler experience has evolved. And those two things together have kind of broken down the traditional sales part of the journey. So, it’s much more fragmented. It’s more digital. It’s more self-service. And that’s starting to blur the line between sales and marketing. It’s starting to drive that dialogue”.



Focusing on how the firm engages with advisors, and vice versa, is taking on more importance - moving from delivering on unique, individual experiences to better understanding an advisor's overall journey with the firm.

While they don't necessarily use the term "advisor client journey," firms describe their efforts to obtain deeper understanding and engagement with advisors as:

- A holistic view of an advisor's relationship with the firm
- Integrating the efforts of sales, marketing, IT and operations
- Marketing taking a more active role and more responsibility for acquiring and retaining assets
- Sending the right content to the right advisor at the right time
- Expanding from a one product to a multi-product relationship

SURVEY EXCERPTS

"The customer journey: How do we get that one fund individual engaged? Because in all likelihood that individual probably doesn't know us very well. How do we engage and nurture that client and introduce us as a firm?"

"Our business has had salespeople elevated to the top because they consume the most money through commissions and everything else. The disruptor there has to be the recognition that sales is a promotion function, which generally is part of marketing, not separate from marketing. So it's the integration of those things."

"You can actually look at the totality of it in terms of knobs and control valves and dials, so that you can actually impact it. It's not that it's all new. It's that it's holistic and in theory how you want to consciously choose to impact how advisors will experience your brand."

"In marketing, we have chosen it as our mission to carry the message forward that you need a single, unified view of your client. That means you look at technologies like the website, your email, your social engagement system, your content management systems. They all have to be able to pour back into a central place."

Asset managers recognize the importance of developing a more holistic understanding of advisor client relationships. Most are still in the early stages, however momentum is building.

Asset managers are implementing digital engagement strategies and discussing opportunities to better understand advisor client needs and preferred ways of working. Yet, it has been a gradual process, with acknowledgment that much work is still to be done.

Key factors impacting the pace of activation include:

- Building organizational understanding and alignment on the definition of a journey strategy: What it is, what is needed and what is the ROI?
- Getting buy-in from key stakeholders (sales, marketing, operations and technology)
- Moving from ad hoc initiatives to a more systematic and programmable engagement

SURVEY EXCERPTS

- “ I would say two years ago it wasn’t discussed at all. I would say in the last year it’s starting to get discussed quite a bit. I think there’s some awareness of it as a concept. But we’re still at an early stage.”
- “ We haven’t gotten that far yet. The last 20 years within our division we focused on product as our brand. And now we’re shifting that dialogue and focusing on the experience.”
- “ Is there a formal map for thinking about engagement with advisors? We don’t yet have that in place.”
- “ The customer journey is pretty much in the domain of marketers versus salespeople; I don’t think you bump into a lot of salespeople who are thinking of a customer journey. I think they execute a customer journey in many respects but it’s probably not so formalized or formulaic. Therefore, they think of it more as relationship management, as opposed to a journey.”



Marketers face numerous challenges as they strive to move their firms toward a more clientcentric focus.

- Siloed activities across business units (marketing, product sales and operations)
- No single owner driving the process
- Getting buy-in from the field force
- Not operating with a shared language; for example, the terms used to describe a client's "experience" or "journey" differ among firms and their business units
- Continuing cultural and operational challenges to aligning the organization
- Getting the organization to evolve into new ways of thinking about engaging clients
- The payoff for investing in sales is easier to track – overshadowing the need to act more holistically. The lack of readily available metrics for marketing activities impairs its ability to demonstrate success.
- Finding the bandwidth to execute

SURVEY EXCERPTS

“ Marketing is still often viewed throughout the organization as the old sales literature department or as I call it, arts and crafts.”

“ The priority is portfolio managers and their agenda. And then you have sales as the other big master. The biggest barrier is advocating for the customer as there's really not an embedded audience other than the marketing team that champions that.”

“ We need to have it more coordinated. I would love for it to be more driven from a marketing standpoint. But we are dealing with some culture issues.”

“ It's all theoretically phenomenal. But if you can't measure it and can't show an impact, it's just a lot of vaporware in my book. So, we're trying to figure out a way to solve for that.”

“ We're a very stretched organization. We're already asking people to do two jobs typically. Asking them to do a third may prove to be challenging.”

“ I have really found the salespeople do not like giving up control of that person and interaction.”

“ We're probably not where the retail world is in that space. I think a lot of it is the shortfall of technology at a lot of our firms.”

“ To breakthrough we need to change to a more agile, dynamic approach. What it will take: experiment, agile processes and mindset.”

“ It's great to have data. But if you can't make informed decisions about it...”

To address these challenges and create a more client-centric, advisor journey focus, asset managers are implementing or considering a variety of tactics.

- Hiring staff from outside the financial industry with experience in digital, customer experience and/or journey mapping
- Segmenting advisors based on needs rather than channel and sales volume
- Forming a working group with executives from marketing, sales and operations to drive the process
- Tackling this challenge with smaller proof of concept initiatives prior to a broader, expanded execution
- Integrating and upgrading existing technology and data analytic capabilities
- Investing in the development of proprietary content

SURVEY EXCERPTS

“ We’ve brought in a lot of people from outside the industry. Our CMO and senior level folks recognize this is the way the world is moving.”

“ We are not there but on the path to an overall customer journey view. We are about to move into a more crossfunctional team set-up, working as groups around particular initiatives.”

“ There’ll be a framework that clusters what we call client experience into buckets. We will form work groups around each and then have action plans for how to improve things.”

“ We’re looking for what I call the democratization of data, so that we can really understand the impact of marketing efforts. Now data is owned by our technology department.”

“ We are in early stages with a greater need for data, but tech is getting there. We are currently looking at a maturity model with outside help.”

“ We have a centralized tool that aggregates data and that’s the basis for our reporting. But it’s not yet built into the client journey; we can cut the data by sales channel, and prospects versus producers.”

“ The ultimate vision is I can always identify where an advisor is in our ecosystem and bring that information back into a central place so that any person in the organization can pull it.”

Segmentation is seen as essential to unleashing the power of advisor journey mapping.

Today, asset managers tend to segment advisors by channel, territory, sales level and/or product focus. Marketing executives appreciate, however, that deepening the advisor relationship is about understanding needs and preferred ways of engaging.

- Segmenting based on needs is a departure from embedded approaches to advisor targeting.

Strategies being incorporated or evaluated include:

- Developing advisor personas based on qualitative and/or quantitative data
- Leveraging advanced digital tracking and evaluation into content preferences
- Buying off-the-shelf, third-party advisor segmentation studies
- Developing a proprietary segmentation



SURVEY EXCERPTS

“ We need to determine what segmentation of the advisor market we are going to zero in on, which segment is going to provide us the most ROI.”

“ We know the basics about these people: their AUM, the products they’re invested in, when their birthday is, etc. But what we don’t have is more of that persona - softer stuff. So that’s a part of what we’re going to be developing: what are those personality traits or non-numeric, qualitative aspects.”

“ Now when the channel marketing team does a campaign, writes a brief, they reference the persona. They reference the journey.”

“ We’re going to say: ‘Okay, are you consuming our content and how are you consuming our content?’ Then we can say: ‘Okay, we should start customizing this!’”



Content marketing is seen as mission - critical and growing in importance as a tool to deepen and expand the client relationship.

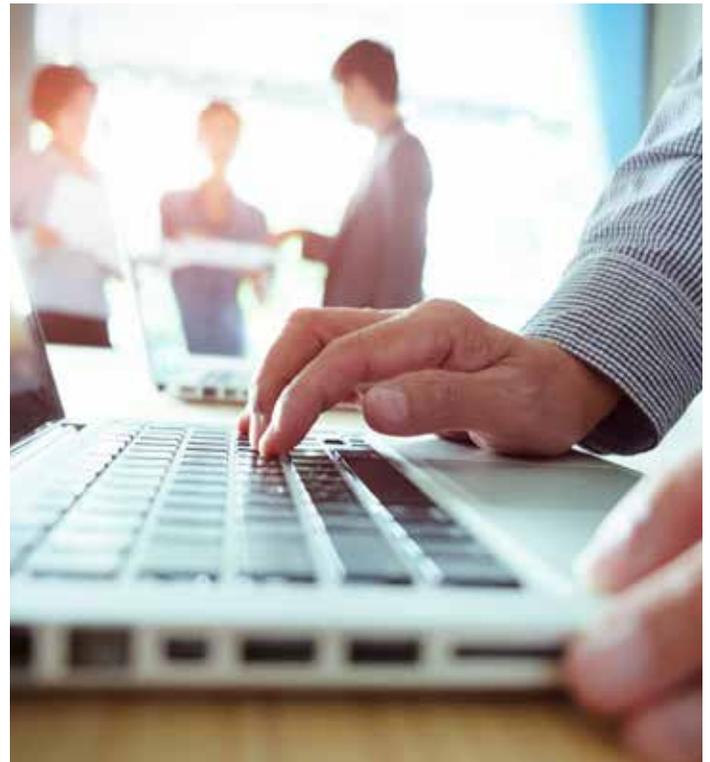
- Commoditization of product requires asset managers to differentiate and stay top-of-mind with relevant, proprietary content.
- Digital has become a preferred mechanism for client interaction and the delivery of targeted content.
- With so much content available in the marketplace (advisors are inundated), it is critical to get the right content to the right advisor at the right time.
- CRM platforms must be able to incorporate knowledge of an advisor's areas of interest, preferred types of content, desired frequency of receiving information and content distribution preferences.

SURVEY EXCERPTS

“The world has moved to content marketing. Traditional marketing describes value whereas content marketing delivers value.”

“Content is going to be a challenge. I think nowadays content is king – bottom line, maybe even bigger than distribution. Because if you're going to have these journeys and keep people engaged and deliver the things that they want, we've got to have a lot of stuff there in order to stay in front of these individuals.”

“The conveyance of perspective and insight and transparency in the way we engage with our clients is part of our identity.”



CONCLUSIONS AND RECOMMENDATIONS

Traditional roles for sales and marketing are shifting as the economics of the business is impacted. Marketing is being asked to become more involved in driving revenue. Its role needs to evolve to integrating data and analytics in support of advisor acquisition and retention.

Success factors include:

- Alignment of all key stakeholders in the firm:
 - C-suite buy-in
 - Starting at the end-game and working backward. It starts with asking the right questions - beginning with, “what are we trying to achieve?”
 - Adopting a common language between all parties
- Assigning ownership to someone within the firm
- Conducting an audit of where, how and for whom data is created and how is it consumed
- Hiring talent with the requisite experience in client experience/journey mapping, tapping into other industries
- Developing a client segmentation strategy incorporating more robust data and more advanced analytics
- Mapping the client journey around an integrated contact strategy and developing meaningful KPIs to measure success



CONTACT

Jim Neuwirth

Senior Partner, Q8 Research LLC

jim@Q8Research.net

+1 917 301 6103

Matt Schiffman

Senior Director, Broadridge

matt.schiffman@broadridge.com

+1 203 964 7239

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