# Performance is king but brand still matters

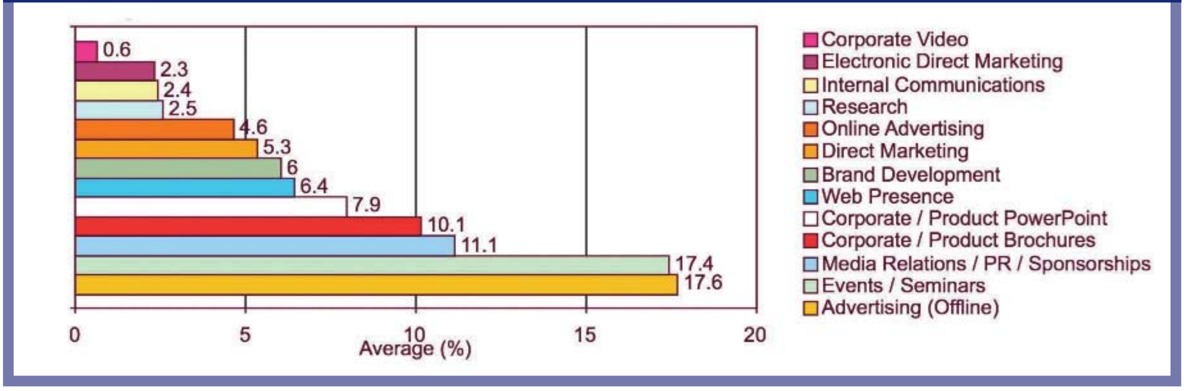
## Asset managers need to look deeper for messages which can transcend the ups and downs of volatile investment markets. Justin Mould looks at how this can be achieved.

Branding, schmanding, come on then let's lock it up in Room 101 and throw away the key. Because that's what the Fin 2007 marketing managers' survey is showing. A paltry 7.8% of marketing spend is going into brand development and only 29% of asset managers hold brand awareness and brand building as their primary objective for 2007. The remaining 71% are focused on shorter-term objectives like customer acquisition and lead generation.

book to make sure they look nice and shiny. Performance, as we know, is a fickle friend and only 25% of funds outperform their relevant benchmarks, so are these constant universal claims of stellar performance really the panacea?

In an already commoditising market with downward pressures on pricing, marketing will come under increasing pressure to ensure AUM (assets under management) and profits are on target.

BUDGET ALLOCATION



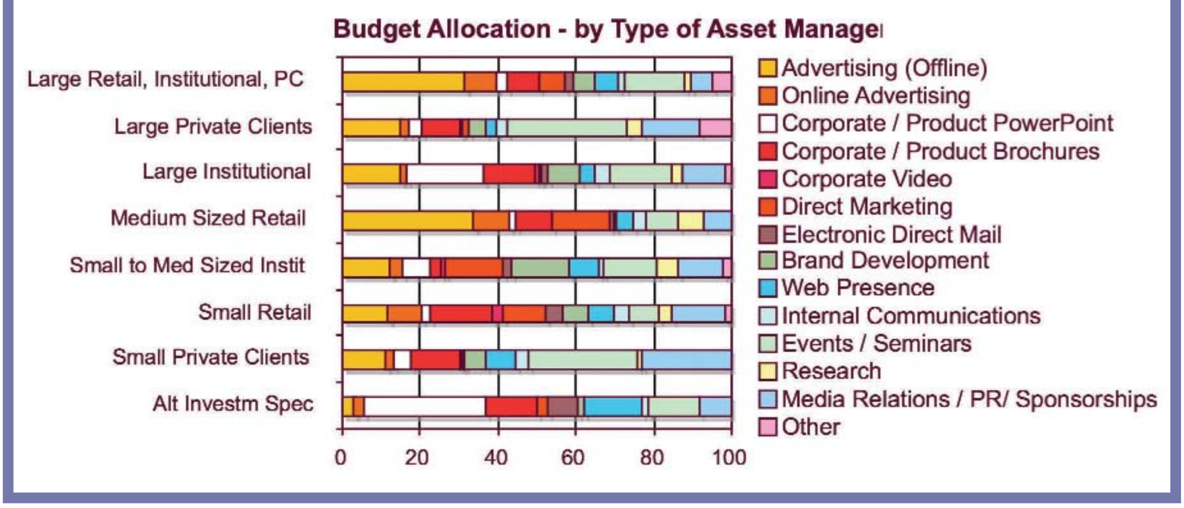

So why is it that we relegate one of our most potentially powerful and profit generating assets to something slightly more important than the office Christmas party, whereas other industries are doing the opposite?

Asset management companies are generally run by investment managers who eat sleep and breathe performance and this tends to drive the culture, vocab and behaviour – and probably rightly so. This ethos, however, results in a market that seems desperate for instant results and ends up commoditising itself to the investors in a sea of numbers, using all the tricks in the

The changing profile, needs and expectations of investors can be viewed as an enormous challenge to the industry, but it also provides huge opportunities for those who embrace innovation. Yet, against this backdrop, in a time of unprecedented change and challenges in every aspect of the market, what we keep seeing is more of the same – the same as it was previously and even the same as each other.

I believe that we need to dig deep inside and look for messages and values which are enduring and different and that can ride the performance peaks and

BUDGET ALLOCATION – BY TYPE OF ASSET MANAGER




fill the troughs. We need to avoid clichés 'like the plague,' cut the marketing director some slack and take a five-year view.

I am most impressed with love 'em or loathe 'em Foxtons, who have taken a product-driven business in a very conservative sector and defined a slick personality. They did this by unconventional thinking around the buyer experience and resisting the default temptation to clutter their window with product and prices. Sounds familiar?

The secret is to know yourself and to know your customers. Research appears as a sizeable budget in our survey, but how much is it actually revealing about the customer and the particular appeal of the brand? Differentiation is about nailing your colours to the mast, knowing you can't be all things to all people, and delivering something meaningful to discrete client segments.

The distribution model is also changing and this needs to be factored in. For the first time in a while, the providers are starting to swing back to selling directly to the investors as the wrapped products are becoming simpler and more user friendly. So, whilst the language of numbers may be common parlance and tolerated in the investment world, when it appears in the Sunday Telegraph alongside a Virgin ad the brand is going to have to work a lot harder.

Virgin, of course, is one of those super brands that gets rolled out as a reference in every marketing textbook. And, not without good reason. It is a brand that has total clarity in its positioning. This deep understanding of what Virgin represents in the market allows the company to deliver perfect coherence between the emotional attributes reflected in the brand personality and the products and services the company delivers.

Virgin makes a strong connection with its target market, since customers select brands rather like they select partners, seeking values that reflect their own. When service matches expectation, the result is brand loyalty. Which is why people buy Virgin first and their performance second.

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Failure to marry the tangible and intangible brand attributes results in what we in the trade call cognitive dissonance. To get an impression of that, imagine an Aston Martin with plastic seats. Because of the need to succeed in this union of attributes, the founder, or board, has huge power to influence the brand of any service provider since they can inspire or limit, "the way we do things around here."

In the case of one of our clients, Berry Asset Management, founder Jamie Berry set out twenty-five years ago to start a company that coupled the expertise of a large private client house with the small company's human touch. Along with Berry's multi-asset expertise, this is a compelling proposition. However these attributes got lost over the years amongst a list of generic messages that provided no differentiation.

Now communicating what they deliver and projecting a brand personality that reflects their direct, honest and human approach, Berry was rewarded with the PAM 2006 award for the Best Image and Reputation for Boutique Private Client Asset Managers. The judging criterion for the award was, "the institution whose marketing activity has made the most positive impression."

It is undoubtedly harder for long-established, traditional companies, lacking an on-hand charismatic founder to identify differentiating characteristics. But if there is no difference in "the way we do things around here", then it's time to develop a strategy to create a difference or prepare to fight it out on price.

The Fin survey indicates that mid-sized retail firms in particular are not budgeting for brand development, their budgets being heavily geared towards advertising. Is it possible they all did their brand development work last year and are now confidently rolling out the results?

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In the meantime, the big keep getting bigger, with the top five asset managers now holding 31% market share, and the top ten 48%. Customer acquisition is clearly not proving too big a problem for them and interestingly, despite having the more developed brands, they are allocating a reasonably substantial brand-building budget, equivalent to their PR spend.

In the esoteric world of hedge funds, brand has started to become a consideration for those who have run the performance gauntlet for a couple of years and passed the £500 million under management mark. Although the hedge fund market is constrained by its inability to advertise its funds, the players are starting to develop real personalities and invest heavily in defining and promoting their brands through events such as Hedgestock, where, last June, the industry's elite dressed as hippies and communed at Knebworth, very expensively, for a couple of days.

Predominantly, however, investment products are still going to be sold rather than bought and that will necessitate a one-to-one meeting with the person from sales. Abilities in that department undoubtedly vary, and, whilst the conversation might be predominantly about the product and numbers, there will be part of the client's brain that will be responding to the softer messages and signals that are either buried, scattered or structured by the more successful in brand management.

As I was recently advised, it is important to remember when marketing that man is at least 95% chimpanzee and shares a relative proportion of their behavioural traits. Before you even think about it I have already registered BananaAssetManagement.com.

The bigger issue, however, is that having bought into the principle of investing in brand and aligning the marketing accordingly, it requires a certain boldness to stand up and be different. At the prospect of boldness, the majority may naturally respond with a default safety shot – and low and behold anonymity beckons again.

While we have created Bedlam in the City before now, it was only when specifically briefed to do so for the launch of the asset manager of that name that it became a reality. Bedlam Asset Management's raison d'être is to challenge and be different and we had great fun launching their brand. But being different does not normally require such a departure from convention.

Difference without revolution can be achieved through emphasis, clarity, style and tactical placing. On my way to Canary Wharf on the Jubilee Line one morning recently, I was surrounded by the usual swarm of young City workers, tired, squashed and bored. Opposite me sat a lovely old lady, quietly crocheting, apparently oblivious to her high-stress surroundings. She wouldn't have got a second look in Bournemouth, but there she endeared herself to us all. □

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