U.S. Financial Brands

Navigating the Brand Engagement Process

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Methodology

U.S. Financial Brands 2016: Navigating the Brand Engagement Process focuses on retail investors' perceptions of U.S. financial brands. The study is designed to help product manufacturers and distributors understand retail investors' desired characteristics, brand and advertising awareness levels, perceptions of leading firms, and the strength of relationships with their current providers.

The report is designed as a business planning tool, and additional support leveraging this data—in the form of customized workshops and other presentations—is also available. This report is primarily based on data from Phoenix Marketing International Investor Services Study. This study reflects the attitudes and opinions of more than 25,000 households each year from 2010 through 2015. The target market for this survey is affluent and near-affluent households with more than $100,000 in investable assets.

Executive Summary

At the fundamental core, investment services are a commodity. Building marketshare is dependent on packaging people, products, and platforms into a branded offering that separates a firm's offerings from its competitors. Each firm offers its version of trustworthiness, competence, and services, but these are simply table stakes necessary for consideration. By engaging in strategic top-down branding and providing positive client experiences, providers have the opportunity to differentiate themselves in this highly competitive market.

Rather than spending countless hours comparing the various options available to them, consumers are far more likely to take a path of less resistance by seeking out recommendations from trusted sources or choosing firms whose brand they have become comfortable with over time. Ultimately, within the financial services segment, brand comes down to a promise: to act as a trusted resource to help investors meet their financial goals. Finding a provider that they can truly trust is the most crucial element investors are looking for when seeking a financial services relationship. Those firms that heartily embrace the obligations and challenges of a fiduciary framework will ultimately be rewarded with increased marketshare over the long term. Brand awareness is one of the most crucial metrics in understanding a firm's significance in the lives of potential consumers. The first step in building marketshare is building an understanding of who has heard of the firm, and then honing the firm's perception through advertising and other branding initiatives.

Executive Summary (continued)

Each of the top-six most frequently mentioned brands in unaided awareness in 2015 were also members of the top-six in 2012. The persistence of each of these brands among leading responses is a clear indicator that consumer branding, especially within the investment services category, is a process rather than an event.

Investment services marketers are challenged with the task of being memorable within the constraints of compliance and investor expectations. E*TRADE's "Baby" remains particularly notable as it took a jovial approach to addressing key concerns of prospective clients such as expenses and the availability of competent guidance as necessary. While this approach should obviously not be adopted by every firm in the segment, positive results like these should be a reminder to others that not every ad needs to feature cliché images such as greying couples biking or relaxing on the beach.

Facing price compression and expense concerns, many marketing teams have been forced into a "do more with less" mentality. However, recent results are indicating they are more likely to "get less from less." Moving forward, firms focused on increasing their visibility, and in turn marketshare, will need to reconsider their priorities and not simply assume increasing technology and efficiency will elevate their results. While it may seem popular to deride "Wall Street," this displeasure largely does not extend to those firms serving retail investors. With a commitment to consistent top-down brand marketing, the providers in the direct channel have reinforced the breadth of service and value they are able to offer. Investors seeking new investment providers tend to report higher impression scores than investors with more sedentary plans. Providers hoping to court prospects in this category should reinforce the ease of initiating a new relationship with their firm in order to convert interest to action among these investors

Unfortunately, investors are often unclear about the relative merits of one firm versus another, or about the variety of relationship options within some firms. As such, it is important for providers to offer easy-to-understand overviews of their various engagement levels so that prospective investors can seek out those areas that are of greatest relevance to them, instead of being inundated with the entirety of the firm's service set.

Executive Summary (continued)

Investors ages 40–49 represent what we believe is an underappreciated target cohort, compared to oft-targeted Baby Boomers and Millennials. Many investors in their 40s have accumulated assets within former employer's retirement plans and have assets eligible for consolidation but have not yet settled on a long-term investment services provider of their own. Client satisfaction more clearly relates to the type of relationship the client wants rather than demographic factors such as wealth or age. With increasing competition, including digital advice platforms, traditional advisory firms will need to continually reinforce the benefits of maintaining personal financial advisors who are tasked with understanding a household's complete financial landscape.

Clients are much more likely to stay with a firm even when they are not highly satisfied with the firm. Phoenix believes even if clients are not highly satisfied with a relationship, the pain of seeking a new provider is frequently higher than the discomfort of putting up with an unsatisfactory service. Firms seeking to increase marketshare would be well served to focus marketing and service campaigns on making this type of transition as pleasant as possible.

Provider firms need to balance their development of brand awareness with that of client satisfaction if they hope to meaningfully develop their marketshare. Brand awareness is driven by referrals, but client satisfaction more closely reflects an investor's willingness to refer prospects to their own provider, which ultimately drives client acquisition. Being well known is measurably less useful when not well liked.