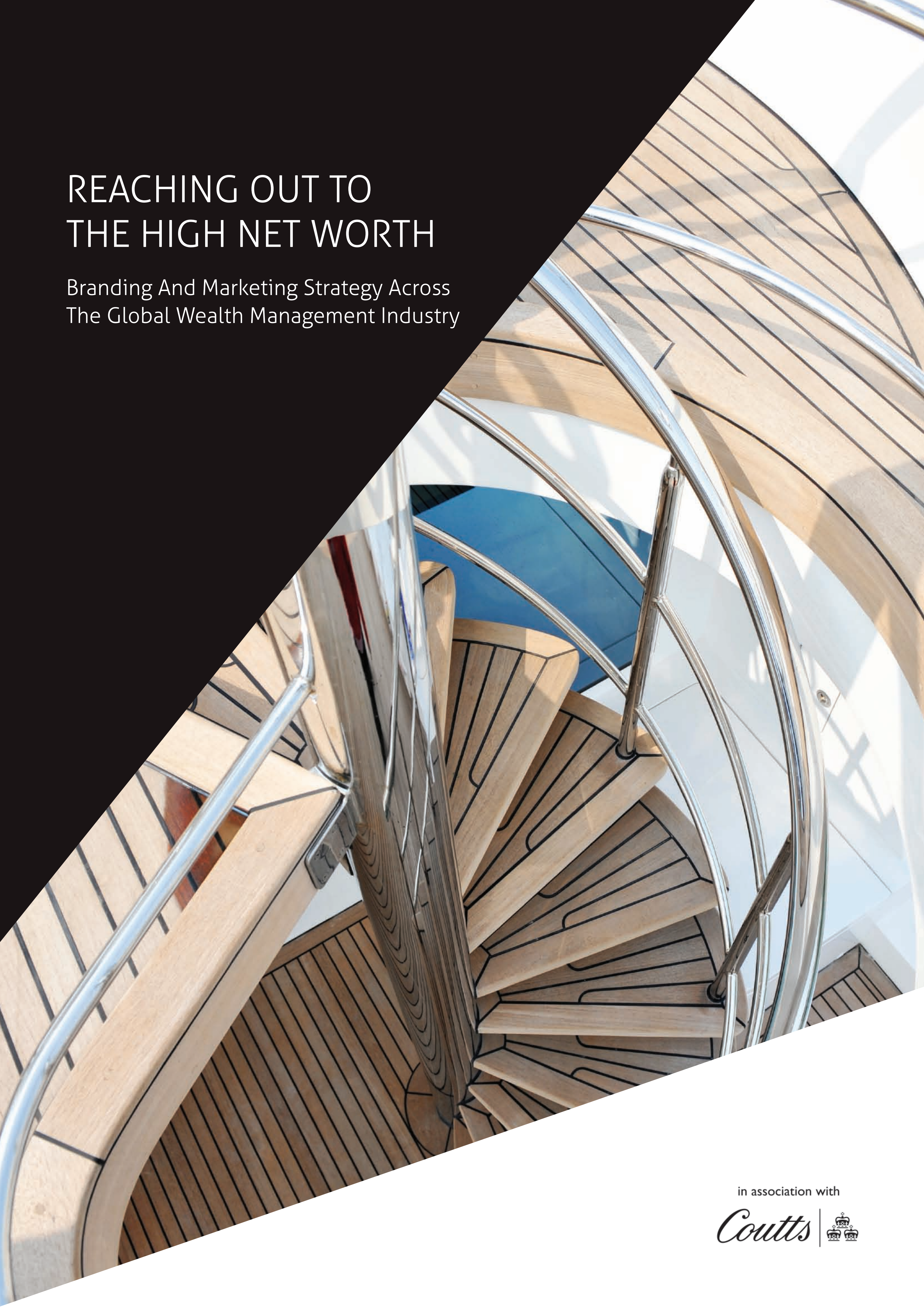
REACHING OUT TO THE HIGH NET WORTH

Branding And Marketing Strategy Across The Global Wealth Management Industry



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British Library Cataloging-in-Publication data is available.

ISBN: 978-0-9572358-1-6

In association with:
Coutts
440 Strand
London, WC2R 0QS
United Kingdom

Printed by:
iPrint Group
245a Burlington Road
New Malden
Surrey, KT3 4NE
United Kingdom

Published by:
ClearView Financial Media Ltd
Heathman's House
19 Heathman's Road
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[INTRODUCTION]

"A brand is a promise delivered... your brand is what people say about you when you're not in the room" - Dan Bobby, chief executive of Calling Brands

The importance of branding

It is a common misconception that branding is all about logos and corporate identity, and while these are undoubtedly significant manifestations of a brand, the importance of branding runs far deeper than this.

Put very simply, branding is a way of differentiating a firm's offering and highlighting what makes it more desirable than those of competitors. Branding has the power to make an organisation stand out from the crowd, and, at its most powerful, it can establish an emotional connection between client and provider which is not easily broken.

Put even more simply, a brand is the various set of associations with a company which exist in the minds of existing or potential clients – and these associations are of course subject to change, for both good and bad. As such, branding needs to be thought of in far greater breadth and depth than might first appear: every interaction a firm has with a current or prospective client will have an impact on its brand. Therefore, as will be further discussed, a consciousness of brand must permeate every layer of an organisation.

So beyond the more "visible" elements such as distinctive brand names and logos, branding cuts right to the core of a business' values. A strong brand sets out a compelling proposition to clients and can even act as an organising principle for all aspects of business activity – from overall strategy to routine interactions with clients, from product development through to the marketing of specific products.

Branding can be one of a firm's most significant drivers of value – and a rallying point for change where necessary. It gets right to the heart of a firm's values and communicates the essence of a proposition – what may be called the "brand promise".

What can effective branding do?

- Distinguish an offering from that of competitors, creating both conscious and subconscious associations in existing and prospective clients' minds. In the words of Mark Ellis, managing director of Syzygy, "branding is ultimately all about standout."
- Create value in itself, which is particularly important when the "product" being sold is a service. People are generally willing to pay more for a branded product than they are for something which is largely unbranded
- Create connections with the client base (often with some kind of emotional element)

Marketing: creating, communicating and delivering value to clients

At its simplest, marketing can be thought of as the process of promoting and selling products or services – literally bringing an offering to market. A subtler, and now often-cited, definition is below.

"Marketing is an organisational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders" – The American Marketing Association, 2007

There are several facets to the definition of marketing given above, however, the key phrase is "creating, communicating and delivering value to customers".

Applying this concept to wealth management, the challenges facing wealth management firms today become clearer. The global financial crisis engendered a generalised loss of faith in the financial services industry and, in light of the significant losses many clients suffered, wealth management firms are still to an extent trying to rehabilitate their image and reassert just what their value proposition is.

As will be discussed throughout this report, wealth managers are also coming to terms with an evolving client base which is more demanding than ever. As well as the financial crisis having prompted clients to want to be better informed about their investments, the democratisation of information via the internet has made investors savvier than ever. Additionally, the number of females and younger clients among the world's HNW population is on the rise – and research suggests that these segments are both "information hungry" and consult multiple sources of advice when making financial decisions. All this means that firms need to make it clearer than ever how it is they can add value, and how they stand apart from their peers.

Another related point to note is that overall the wealth management industry's market penetration remains relatively low and there remain vast swathes of untapped potential clients globally - although this may be due to various factors, ranging from the immaturity of the industry in some regions to a tendency towards reliance on other (non-professional) sources of advice in others. Therefore, in many instances it also falls to the marketer to create an initial *desire* for wealth management services: what needs to be communicated is that the institution understands what clients need, and that there is value and benefit in their offering.

IN FOCUS

The self-reliance of UK HNW investors

In a spring 2011 *Global Wealth Monitor* survey, Phoenix Marketing International found that 40 per cent of affluent and HNW investors in the UK use a non-professional as their primary advisor (either relying on themselves or a friend/relative).

When asked to describe their orientation towards advice, 80 per cent of respondents labelled themselves as "self-directed" or said they "use advisors for selected financial needs only."

Perceived independence also seems to be a priority for UK investors, as for those participants who have a primary advisor, a third use an IFA and 20 per cent use a banker/building society. Additionally, these two channels had the highest satisfaction ratings from affluent respondents.

"We were a bit surprised at how self-reliant affluent investors are in the UK," said David Thompson, managing director of the firm's affluent practice. "It's not that they don't use advisors, but these wealth owners are clearly very actively involved when it comes to handling their financial affairs."

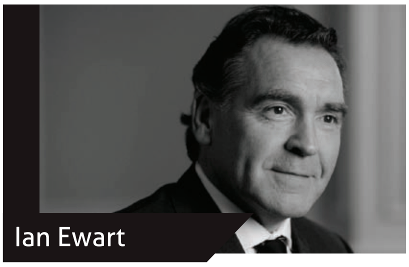
As the study cited above shows, great swathes of UK investors are self-reliant when it comes to managing their money, and this trait is not just isolated to the UK. Some 60 per cent of Chinese HNW individuals manage their own wealth or rely on help from their families, according to the 2011 *China Private Wealth Study* by Bain & Company and China Merchants Bank. Additionally, as will be seen, investors are increasingly turning to social media as a reliable source of financial advice.

"Marketing is an organisational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders" - The American Marketing Association, 2007

It would seem to be the case then that the wealth management industry will now have to work harder than ever to create a desire for wealth management services, and it appears that to a large extent this is an educational issue. Indeed, as will be discussed, the senior executives interviewed for this report are of the view that a significant proportion of branding and marketing budgets should be deployed in educating the HNW client base.

Educational efforts are an essential part of the branding and marketing mix, and in recognition of this many firms are positioning themselves (and their executives) as thought-leaders, but of course this is only one element of a successful strategy. This report is intended to cover the whole spectrum of branding and marketing activities undertaken by the world's leading wealth management firms, and as such covers advertising campaigns, hospitality and networking events, sponsorships and philanthropy, along with websites, mobile technologies and social media in a bid to give a broad overview of all the tools at firms' disposal. ClearView Financial Media would like to extend its warmest thanks to all those involved in the compilation of this report, particularly the editorial panel members detailed overleaf, whose contribution was invaluable in creating a work of this scope.

EDITORIAL PANEL


Ian Ewart

Head of Products, Services and Marketing, Coutts

Ian Ewart is head of products, services and marketing at Coutts, having joined in March 2011. He is a member of the executive committee of Coutts and also a member of the RBS Group communications board. Prior to joining Coutts, Ewart held the position of head of international marketing at Bank of America Merrill Lynch.

His career has been in strategy and marketing in international private banking and asset management. He has held a number of senior marketing positions, notably at Barclays, HSBC and Paribas.


Dan Bobby

Chief Executive, Calling Brands

Dan Bobby is a co-founder of Calling Brands, the creative business consultancy which launched in 2003.

Calling Brands specialises in helping launch, define and reinvent businesses and brands.

Bobby's clients include Vertu, Cable & Wireless, British Gas, Levis Strauss & Co Europe, Jumeirah Group, The Mall, ITN, Channel 5 and AOL, which he advises on a range of strategic, brand and marketing issues. Bobby specialises in the media, luxury, B2B and telecommunications sectors.

In 2004, Bobby was appointed to the board of Engine, the independent marketing and communications group, to help drive its diversification into wider marketing and communication services.

Prior to Calling Brands, Bobby spent 10 years working at Wolff Olins, the Omnicom-owned brand consultancy, where he was responsible for clients including Orange, Booz Allen, Base (part of KPN), Sky, Goldfish and Hutchison Whampoa.


Jacqui Brabazon

Group Head, Marketing and Philanthropy, Standard Chartered Private Bank

Based in Singapore, Jacqui Brabazon is group head of marketing and philanthropy at Standard Chartered Private Bank, which she joined with the acquisition of American Express Bank in 2008. During her time at American Express Private Bank, Brabazon held various positions covering marketing, alternative distribution channels and talent enhancement.

Before joining American Express, Brabazon spent 11 years at Kleinwort Benson in roles spanning human resources and in the private bank, business development, marketing and client management.

Brabazon was a member of a small team that developed and launched one of the first two "One" accounts in the UK market. Jacqui holds a Bachelor of Social Sciences (Hons) degree and a post-graduate diploma in Personnel Management.


Ago Cluytens

Founder and Senior Partner, Marcus Whyte

Ago Cluytens is founder and senior partner at Marcus Whyte. At the start of his career, he spent several years as a management consultant with Ernst & Young and Arthur Andersen. In 2002, Cluytens joined global financial services provider ING, where he held various executive positions in banking, insurance and wealth management, including global head of marketing for the private banking division.

Cluytens regularly contributes articles and columns for leading news providers and industry journals, and is a frequent speaker at seminars and international conferences.


Sebastian Dovey

Managing Partner, Scorpio Partnership

As managing partner of Scorpio Partnership, Sebastian Dovey manages the development and execution of strategic recommendations. Dovey has completed assignments around the globe for private banks, global banks, asset managers, family offices, technology firms, service providers, aggregators and start-up wealth management initiatives. He is also currently involved in creating and building education-based solutions for a number of clients. He is a regular commentator on the wealth management industry in the press and at conferences and academies, and has chaired and presented leading industry events in Asia, Europe and the US.

Dovey has also been a lecturer at The Swiss Finance Institute (formerly the Swiss Banking School) for its executive MBA programme. He serves on the editorial board of *WealthBriefing*, the flagship publication of ClearView Financial Media, and is chairman of the advisory board of B-Hive, a network for global private client investors. Dovey holds a first class BA (Hons) degree in Modern History from University College London and was awarded an MSc (Econ) with distinction from the London School of Economics.


Mark Ellis

Managing Director, Syzygy

Mark Ellis has 18 years of digital marketing and new business experience, advising blue-chip brands on using digital channels to grow their business revenue, brand fame and profitability. He has worked on UK, pan-European and global strategies for clients including Allianz, HSBC Private Bank, Barclays, Qatar Financial Services Authority, Kraft, P&G, Volvo, Sainsbury's, GSK and Mazda. Ellis is now managing director at Syzygy London, part of Syzygy Group, a top-five, pan European, full-service digital group.

For over 15 years, Syzygy has created engaging and rewarding interactive experiences for leading businesses, helping to grow brands' market share and profitability. Syzygy takes pride in the ability to deliver large-scale integrated digital strategies for brands. Its work covers all areas, from complex global e-commerce platforms to campaign microsites, rich media, social media and mobile.


Tony Joyce

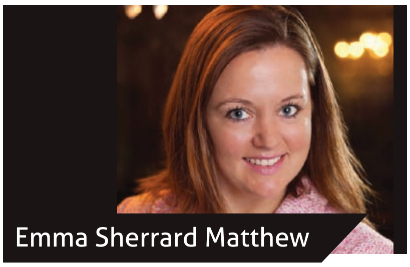
Global Head of Marketing, HSBC Private Bank

Tony Joyce is global head of marketing for HSBC Private Bank. His major areas of focus include sponsorship, e-marketing, events strategy and advertising.

Joyce has over 20 years of experience in a wide range of international marketing roles. His career started at Ogilvy & Mather Advertising London, where he worked on accounts such as American Express and Nestle.

A three-year stint as an international brand development consultant with CLK in London was followed by an MBA at INSEAD. His next role was heading up a licensing division for the EMEA region of Disney Consumer Products, based in Paris.

Immediately prior to joining HSBC Private Bank in 2006, Joyce headed up the global retail marketing function for Dunhill based in the firm's London head office.

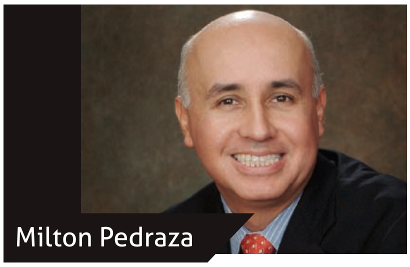

Emma Sherrard Matthew

Chief Executive, Quintessentially

Emma Sherrard Matthew is chief executive of Quintessentially, the international luxury lifestyle and concierge company. Born in Asia and spending some of her earlier years in New Zealand, Sherrard Matthew's career then brought her to the prestigious Mosimanns company in London, managing high-profile events for prestigious clients like the British royal family, Hollywood stars, and heads of state.

Years later she returned to her roots in Hong Kong as business development manager at the British Chamber of Commerce, which required her to oversee commercial delegations to China and promote British business in the Asia-Pacific region.

In 2005 Quintessentially approached Sherrard Matthew to oversee the Asia-Pacific expansion of the company and its many sister businesses. In seven years in the role she has been responsible for the transformation of the group, especially in the East. In 2011 Sherrard Matthew was appointed as the new CEO of the Quintessentially Group. With the world's shift in focus to the luxury market in Asia, Sherrard Matthew's local knowledge and experience has been invaluable and has resulted in the group's exceptional and continuing growth.


Milton Pedraza

Chief Executive, Luxury Institute

Milton Pedraza is the CEO of the Luxury Institute. Through the use of proprietary surveying techniques with HNW consumers, Pedraza has established the New York-based Luxury Institute as the trusted and impartial luxury brand ratings and research and luxury CRM consulting institution that is the voice of HNW consumers. Today, luxury goods and services firms, luxury professionals, HNW consumers, and the international press all rely on the Institute for its impartial ratings and best practice insights on how to better serve HNW clients globally.

Pedraza is a world-class expert CRM practitioner. Prior to founding the Luxury Institute, he served in finance, marketing, sales and senior management positions at Fortune 100 companies Altria, Pepsico, Colgate, Citigroup and Wyndham Worldwide. In charge of CRM for a major division of Citigroup, Pedraza was assigned to run Citi's first global CRM project and won a global marketing award for his results. At Cendant (now Wyndham), he was also assigned to run the company's first CRM project in addition to running its luxury segments arm.

Today, Pedraza is an author and speaker at the world's foremost financial services, travel and leisure, real estate and luxury conferences.

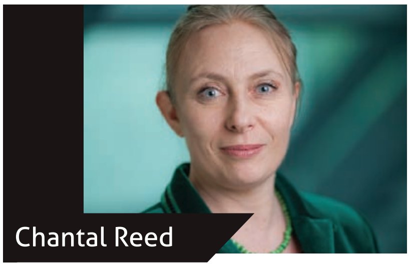
Alison Petit

Marketing Consultant

Alison Petit runs a successful strategic marketing consultancy. She has over 20 years of experience in marketing working for the banks NM Rothschild and Barclays, and the legal firms Clifford Chance and Simmons & Simmons. Petit graduated from Exeter University and then took a year-long Diploma in Management and Marketing. Her most recent appointment was at NM Rothschild, where she was global marketing director of its Private Banking & Trust division and sat on the firm's global business committee.

While working at Clifford Chance, Simmons & Simmons and Barclays she held a number of senior roles within their investment and private banking divisions.

Petit is a member of the Securities Institute and has recently retired as a trustee of Hospice in the Weald.



Chantal Reed

Marketing Consultant

Following a BSc (Hons) Management Science degree from Warwick University Chantal Reed spent seven years working within London-based PR and marketing consultancies with clients in such diverse industries as character licensing, IT, luxury hotels, online information, exhibitions and travel destinations.

Reed has worked more recently for British Telecom, Cisco, Deutsche Bank, Bloomberg and Microsoft within European lead roles supporting senior management with their marketing and PR planning and brand awareness activities. She has specifically provided advice on how to integrate digital and social media marketing activity into traditional brand awareness methods to optimise measureable campaign results and launch significant high-profile solutions and products to a European target audience.

Reed was the European launch marketing lead for the first monetised version of MSN Messenger, including pioneering thought-leadership articles as part of her reputation work regarding the growth and significance of the digital age, and led the launches of the groundbreaking Unified Communications and Telepresence solutions from Cisco.

Wendy Spires

Head of Research, ClearView Financial Media

Wendy Spires is head of research at ClearView Financial Media, producing in-depth reports on the issues affecting the global wealth management industry, ranging from trends in talent management to the performance of ethical investments.

An experienced journalist, she has been covering the global wealth management industry for close to four years in her capacity as group deputy editor at ClearView – publisher of *WealthBriefing*, *WealthBriefingAsia* and *Family Wealth Report*.

Alastair Waldron

Director, Fundamentals

Following a number of years working in FMCG brand marketing, Alastair Waldron moved into the advertising industry with Interpublic group agency Wasey Campbell-Ewald and later set up his own consultancy, ZGC Dialogue.

In 2008 he joined the team at Fundamentals, a specialist marketing consultancy, and was responsible for the development of the Wealthy Investor Needs (WIN) study.

His experience has included high-profile brands in a number of sectors, but in recent years he has worked with investment brands including JP

Morgan, Schroders, EFG, Odey, HSBC Asset Management, Merrill Lynch, Premier Asset Management and Close Asset Management.

Projects have included everything from planning, research and market segmentation to branding, new product development and advertising on and off line.

Director, Weatherill Consulting

Bruce Weatherill was for 20 years a partner at PwC where, until 2008, he was global leader of its wealth management practice and a key driver behind the PwC *Wealth Report*.

His firm, Weatherill Consulting, provides consultancy services to wealth managers around the world, including: support for business strategy, business plans, market entry and client propositions; assessment and design of client-centric strategies; facilitation of board/management discussions, and training and coaching for relationship managers and directors.

In 2011 he released a global report, sponsored by IBM, entitled *The Value of Trust: The Quest By Wealth Managers To Regain Trusted Advisor Status*, based upon the responses of over 650 HNW individuals and wealth managers. It identifies the key attributes of trust, how it is gained and lost, and a route-map of how to achieve it.

Bruce is on the BBA Private Banking Advisory Panel, a member of the CISI Wealth Management Committee, a non-executive director of ComPeer and an advisor to a small number of financial services companies. He is also a frequent speaker at industry conferences.

Director, PwC EMEA Private Banking and Wealth Management

Ian Woodhouse is one of the leaders of the PricewaterhouseCoopers EMEA Private Banking and Wealth Management Practice team. For over 20 years he has assisted executives to succeed in delivering business value by providing insight and implementation assistance in the design, delivery and governance of their change and transformation programmes. He has worked on numerous such projects for local, regional and global private and retail banks, wealth managers and asset managers.

Focusing in particular on the front-office and customer areas, Woodhouse and his team assist clients in growing their revenues, increasing their efficiency, managing change and keeping their businesses safe and trusted by meeting their regulatory and risk obligations.

Woodhouse's revenue enhancement and customer experience includes market assessment, client surveys, client segmentation and analytics, value proposition development and improving front-office client relationship management processes and systems. In addition, he has assisted with sales effectiveness, client loyalty issues and the digital agenda.

Woodhouse has authored several articles and benchmark surveys and speaks at public industry conferences and in-house client management team events. He is a lead author of PwC's *Global Private Banking and Wealth Management Survey*, which enables participants to benchmark their relative position across key business areas.

Prior to joining PwC, Ian held senior roles within IBM Global Services and Ernst and Young. He holds an MBA from the Swiss business school IMD and is currently based in London.

Head of Marketing, Wealth and Investment Management, Barclays

Lisa Worley joined Barclays in September 2007 and has been head of marketing for the wealth and investment management division of Barclays since May 2010, responsible for its global marketing strategy and implementation worldwide. Previously Worley was chief operating officer for marketing responsible for managing the day-to-day operations of the function, creating the best team on the field and ensuring marketing investment is aligned to the business priorities and delivers most value.

Prior to Barclays, Worley spent 15 years with Ernst & Young, most recently as head of marketing for the UK & Ireland, responsible for the business-to-business marketing strategy for the audit, tax, transaction and advisory business. Former roles at Ernst & Young included marketing and business development director for the technology, media & telecoms sectors in EMEA and roles in global account management, UK operations and audit.

[SUMMARY]

"Brand strength emerged as an extremely important factor in wealth management professionals' choice of employer"

EXECUTIVE SUMMARY

[1] The rising "visibility" of private banks and wealth management firms has not gone unnoticed; an overwhelming 96 per cent of respondents agreed that firms have become more visible to the general public in recent years.

[2] There is a slight disconnect between the brand values which firms are most keen to align themselves with and those which wealth management professionals see as priorities for clients. Nearly half (49 per cent) of wealth managers said that trust and integrity were the brand values that their firm aligned itself with most strongly, followed by innovation and performance (19 per cent) and conservatism and safety (also 19 per cent). However, when asked which sets of brand values are most important to clients, trust and integrity ranked higher with 62 per cent of the votes, and innovation and performance came in slightly lower at 17 per cent. Meanwhile, conservatism and safety were seen as less of a priority on the client side with 8 per cent of the votes, and value for money was viewed as slightly more important. While value for money was singled out by 4 per cent of wealth managers as their firm's top brand value, 7 per cent saw value for money as a top priority for clients.

[3] Brand strength emerged as an extremely important factor in wealth management professionals' choice of employer. Some 65 per cent of respondents said strength of brand was a "very important" factor in attracting them to their current firm, while a further 30 per cent said it had been a "moderately important" consideration. Just 5 per cent said they had been unconcerned by brand strength.

[4] The survey participants overwhelmingly felt that branding and marketing strategy should be adapted according to geographical region. Over three-quarters (76 per cent) felt that such geographical tailoring was "very important", while a further 22 per cent held it to be "moderately important".

[5] Wealth management professionals largely think that male and female clients should be approached differently from a marketing perspective: over three-quarters of respondents (76 per cent) felt that such a distinction should be made.

[6] Participants were overwhelmingly convinced that different age brackets should be marketed to differently, with 94 per cent of respondents agreeing that this should be the case.

[7] The majority of firms are investing in educational and networking events for clients and prospects as part of their branding and marketing efforts. Three-quarters (75 per cent) of respondents said their firm invests in educational events for clients and prospects, while 79 per cent said their firms put on networking events. However, respectively, 9 and 3 per cent of respondents said they didn't know if there was such provision, suggesting that while firms might be investing these efforts aren't getting enough exposure within organisations themselves.

[8] Philanthropy forms an important part of branding and marketing strategy at the majority of wealth managers. However, while philanthropic efforts are a focus at 62 per cent of firms, this is not the case for nearly a third of institutions (28 per cent).

[9] When it comes to advertising, print media is still king, but online media outlets are increasingly important. Close to half (47 per cent) of participants said that print outlets are where their firm spends most of its advertising budget, but a significant 17 per cent said that online was their employer's favoured channel. Outdoor and television/radio advertising trailed by a wide margin, being top channels for just 9 and 5 per cent of firms respectively. Significantly, 23 per cent of respondents said they didn't know which advertising channel their firm spent most on – possibly indicating that marketing isn't as firmly embedded in broad strategy as it might be at many institutions.

[10] Wealth management professionals feel strongly that precisely-targeted exposure and staff buy-in are the keys to a successful branding and marketing strategy. Nearly 6 out of 10 respondents (57 per cent) singled out exposure through channels specifically aimed at the HNW as most important, while ensuring that staff "live the brand" in all aspects of their work was ranked top by 30 per cent of wealth managers. Lots of visibility through multiple channels was deemed most important by just 9 per cent of participants. Interestingly - considering the large sums spent by firms on hospitality and sponsorships - wealth management professionals attach little importance to such associations: just 4 per cent of respondents said that association with prestigious events was the most important part of a successful branding and marketing strategy.

[11] Arts and sports sponsorships form a major part of many firms' marketing strategies, but while just over a third (37 per cent) of wealth managers feel that association with sports events is to be preferred, the majority (63 per cent) feel that the arts have more resonance with the HNW segment.

[12] Wealth management firms are visibly upping their use of new technologies such as mobile apps and social media, but firms generally have a long way to go before these are leveraged optimally. Close to half of respondents (45 per cent) said that their firm's use of such technologies was "ineffective", while 32 per cent deemed their employer's strategy to be "moderately effective." Just 12 per cent of respondents said that their firm is fully leveraging the potential of technologies like mobile apps and social media.

[13] Wealth management professionals acknowledge that building a strong brand is only the start of the story, with 87 per cent of survey participants agreeing that wealth management brands should be periodically "refreshed". They are also convinced that staff buy-in is an absolute must when rebranding: 80 per cent of respondents said that staff buy-in is "very important" when rebranding, while a further 18 per cent deemed it to be "moderately important".

[14] Wealth managers increasingly view branding and marketing as a function which should be embedded at the highest management level: 90 per cent of participants said that branding and marketing should be represented at executive committee level – a finding which chimes with the fact that none of the survey participants felt that branding and marketing did not directly affect profits. Branding and marketing efforts have a "significant" impact on the bottom line according to 56 per cent of respondents, and a "moderately significant" impact for a further 44 per cent.

[15] Wealth management professionals are nearly evenly split on whether the industry spends enough on branding and marketing: 48 per cent of respondents feel that the industry invests enough in this function, while 52 per cent believe it does not.

[16] While branding and marketing is increasingly viewed as central to strategy and profitability - rather than a "bolt-on" - there is an overwhelming sense that the industry is currently poor at assessing the return on investment from these efforts. Over 8 in 10 respondents (84 per cent) said that the ROI from branding and marketing is not effectively evaluated within the wealth management industry.

[SECTION 1]

Branding And Marketing Strategy

"The financial crisis put a firework under the market and competition is now fierce" - Mark Ellis, managing director, Syzygy

"Many firms saw relatively easy growth up to 2007/2008. The next phase of growth will be harder to achieve and far more competitive. This is classically where the need for (good) marketing increases and this is what has happened here"

WEALTH MANAGEMENT BECOMES MORE "VISIBLE"

When asked if they believed that private banks and wealth managers have become more "visible" to the general public in recent years, an overwhelming 96 per cent of those surveyed agreed that they had. Watchers of the industry will have no doubt noticed that firms across the board have been ramping up their branding and marketing efforts in recent times and there are several reasons behind this, not least the partial economic recovery enabling more funds to be deployed.

The increased visibility of private client wealth managers is of course part of a broader-based "lifting of the veil" on the financial services industry, the global crisis having made even previously esoteric parts of it - including wealth management - mainstream news. With this has come a growing recognition that while the principle of privacy must remain foundational, this does not have to necessarily go hand-in-hand with an aloofness towards brand promotion. In the words of Alastair Waldron, director of specialist marketing agency Fundamentals, "wealth managers have had to confront the natural tension between the values of discretion and the public nature of actively promoting a brand. But the global target audience is changing and new strategies are needed."

As will be outlined later in this report, numerous studies suggest that the world's HNW population is growing younger and more diverse, with more female representation, increasing entrepreneurial wealth and upcoming regions such as Asia-Pacific being important themes. Additionally, and in large part due to the financial crisis, the client base has shifted in terms of attitude. At best clients want to be kept better informed about their financial affairs, while at worst some would say that scepticism reigns among investors.

Rehabilitation required

Various studies have been carried out globally with the intention of assessing clients' attitudes towards financial institutions. One useful barometer to come out of the US is the 2011 Edelman *Trust In US Financial Services* survey, which found that 46 per cent of respondents reported a decline in their trust in the financial services industry over the preceding year. Of those who said their trust levels had declined, 57 per cent said this was due to firms acting "in a greedy manner", while 18 per cent said that "the industry itself had made the problems worse".

Image: Open Lounge (Prototype of a new type of bank) - Raiffeisen Schweiz, Niederlassung Zurich

"A strong brand normally exudes, at its best, trust, strength, quality and integrity, with a bit of tenacity thrown in... any association with that brand can support a person's feeling of achievement and well-being when being part of it"

The financial services industry is also doing poorly in terms of brand admiration and client experience, said Seb Dovey, managing partner at Scorpio Partnership, citing the findings of his firm's *2011 Future Wealth Report*. "The financial services industry at large needs to do a lot of work in terms of brand – in the *Future Wealth Report* no financial services brands were designated as admired, despite the fact that half the cohort were in financial services," he said. Moreover, financial services came last in terms of customer experience.

Such studies ram home the point that the broad financial services industry - including wealth management - still has a lot of work to do in terms of rehabilitating itself in clients' eyes.

According to Milton Pedraza, chief executive of the Luxury Institute, perceptions of the wealth management industry need to be overhauled wholesale. "One of the interesting things is that wealth management is such a relationship-based industry, yet there are inherent problems, such as conflicts of interest, which can ruin this," he said. "The industry is thought of as transactionally-based and opaque." What is required, in his view, is a "cultural transformation" as "firms need to portray themselves as both powerful and kind."

The positive side

The picture is not wholly negative, however, and Ian Woodhouse of PwC points out that the industry's branding and marketing executives have broadly done well in the face of very tough times.

"To be fair to branding and marketing practitioners, the last few years have continued to be very challenging in wealth management due to the impact of the unprecedented macro events of the credit crisis and then the eurozone crisis, which brought further volatility in currencies," he said. Added to this has been the broad underperformance of most stock markets.

"Also, in some markets, regulators have handed out fines for mis-selling and other regulatory breaches which have been well publicised in the press. All of these events have led many clients to yet again question the value proposition and brand values of their wealth management providers, along with their trust in them," said Woodhouse.

In his view, while these factors do present a challenge, the future also holds great opportunities as firms invest more in focused branding and marketing in order to better reflect these changing client perceptions and requirements.

For Tony Joyce, global head of marketing for HSBC Private Bank, this resurgence of branding and marketing activity is entirely to be expected. "Many firms saw relatively easy growth up to 2007/2008. The next phase of growth will be harder to achieve and far more competitive. This is classically where the need for (good) marketing increases and this is what has happened here," he said.

In Dovey's view, while more attention is being paid to branding and marketing in wealth management, there is still a lack of appreciation of how the visibility and impact of a brand can drive business growth more effectively than simply hiring more sales staff. "Branding and marketing is on the agenda, but not high on the agenda despite brand visibility being a prime driver of growth," he said.

Although marketing consultant Chantal Reed concedes that branding and marketing are the first areas of a business to be hit by reductions in budget and/or workforce and that this is just "realism", she believes that such cuts can be very short-sighted due to the nature of the wealth management offering. "In markets where it is hard to differentiate between the products and services of competitors, and where a client's decision-making process is based on variables other than cost, well-executed and targeted campaigns can mean all the difference," she said.

This view is shared by Fundamentals' Waldron, who notes that while a strong brand does not compensate for poor performance or a weak track record, when all other factors are equal it can be a "determining factor". He also pointed to a "snowball" effect within the industry, whereby increased branding and marketing efforts from one firm will engender the same in competitors. "I think the increased focus [on branding and marketing] is driven by the increasingly competitive market with many new entrants and the resulting need to differentiate. When one significant company invests in this area and begins to see a benefit, others follow and momentum is created," he said.

BRAND STRENGTH AND STAFFING STRATEGY

"Brand is incredibly important to attracting staff" - Alison Petit, consultant and former marketing director, Rothschild

While garnering clients through building up and maintaining a strong brand is of course front of mind, firms would also do well to remember how much of a factor brand strength is in attracting staff and retaining them in the long term.

This takes on even more significance when we consider the fact that wealth management is predominantly a relationship-driven industry and an esoteric one in which firms will often boast of the "intellectual capital" that their personnel represent.

Attracting staff

Forward-thinking firms already have a firm handle on the significance of brand to staffing and its importance to the recruitment process was convincingly borne out by the survey findings. When asked how much of a factor strength of brand was in attracting them to their current firm, 65 per cent of respondents said it had been "very important", while a further 30 per cent indicated that it had been "moderately important."

This comes as no surprise to HSBC Private Bank's Joyce, who attaches a "very high importance" to this element of staffing strategy. In fact, "for most banks brand is at least as important as a recruitment criteria as it is in attracting and retaining clients," he said. This sentiment was echoed by Dovey of Scorpio, who deems brand to be "a prime driver in recruiting and retaining staff."

Retention

It is arguably no longer the case that a private banker moving to another institution can expect to take the majority of their client book with them. According to anecdotal evidence at least, a decade or so ago a good private banker could be expected to bring 50 per cent of their book to a new firm, while now that figure is more like 25-30 per cent.

Ian Woodhouse, director in PricewaterhouseCoopers' EMEA Private Banking and Wealth Management team, points out however that this figure may have trended lower recently as over three-quarters (77 per cent) of participants in the most recent PwC *Global Private Banking and Wealth Management Survey* estimated that less than 20 per cent of client assets leave with an advisor. He cautions that this suggests a combination of greater loyalty to the institution, as opposed to the individual client advisor brand, and that clients perceive that changing their institution is too great a risk at present, given current volatility and prevailing uncertainties in the macro environment.

However, even working on conservative estimates of asset migration, it is clear that advisor attrition still has an appreciable negative impact on AUM and that losing assets because staff aren't happy about brand direction is a costly business.

Trading up

As might be expected, in the upwards trajectory of their careers, wealth management professionals are keen to "trade up" in brand terms when they change employer – and this, according to Dovey, will be an average of three times.

But the importance of brand is not just down to the "name" which appears on bankers' CVs and them wanting to work for a well-respected company, wealth management professionals are also thinking about how far their new employer's brand will assist them in taking assets with them when they change firm. The question is: will clients be reassured or concerned by such a move? It's about "selling" the new firm to clients and this is immeasurably easier in the case of respected brands. "Ultimately, bankers are looking for a strong brand so that they don't have to say to clients 'this is who we are'," said Dovey.

As Woodhouse of PwC puts it: "Branding is now becoming more important to reassure both clients and client relationship managers, as they want to be seen to be working for a strong and respected brand in the current volatile and uncertain environment. If advisors leave to join another firm, they know that it is now much harder to get the clients to move with them and advisors will usually seek to move to a stronger brand in order to help encourage their clients across."

"An additional challenge with brand perception is that prior to the credit crisis the rankings were relatively stable and so advisors could identify the stronger wealth brands. Even this has now changed and recently we have seen some interesting rises and falls among the traditional wealth brands. What is also interesting is the rapid ascendancy of some newer wealth brands. This is a trend that we expect to continue and it will be interesting to see how this trend correlates with advisor and client movement, and firm growth and performance."

The emotional element

Marketing consultant Chantal Reed goes further in highlighting the importance of brand strength in recruiting and retaining the best staff. She believes that individuals effectively have their own "personal brand", particularly as regards their career, and that just as people want to be associated with consumer brands which reflect their own self-perception, they also wish to work for an employer with similar core values. "It's exactly the same as driving an Aston Martin or owning a Prada handbag," she said.

Explaining further, she said that just as people - at an emotional level - tend to buy brands rather than products, the same goes for the companies wealth management professionals wish to be associated with.

"People are often attracted to the big brands as these companies' brand values, promoted through good marketing strategies, tend to reflect the person's own brand and their aspirations - especially for more junior staff who are looking for the right career path," she said.

"A strong brand normally exudes, at its best, trust, strength, quality and integrity, with a bit of tenacity thrown in... any association with that brand can support a person's feeling of achievement and well-being when being part of it."

Exceptions to the rule

There are of course exceptions to the rule – depending on employees' personal view of their career – and here bankers tend to fall into two camps, according to Ian Ewart, head of products, services and marketing at Coutts. "Some believe they are their own brand and they typically end up going independent, while others prefer to see themselves as part of a wider whole and not just giving clients access to a platform," he said.

Here the business models of Coutts, part of RBS, and EFG International can be usefully contrasted. Since 2008, Coutts has taken a "team banking" approach whereby clients are able to benefit from the shared expertise, skills and support of different members of the Coutts team, while ensuring that there is still one lead point of contact - either a private banker for the current account and banking needs of the client, or a wealth manager for their whole balance sheet and capital account needs.

EFG International, meanwhile, is known for providing its relationship managers with a great deal of freedom and operating more as a platform where relationship managers are seen as "owning" the client. In fact, it might be said that at EFG International the banker *is* the brand.

WHICH BRAND VALUES SHOULD WEALTH MANAGERS ESPOUSE?

"If you don't have the product, then all the branding and marketing in the world won't help" - Milton Pedraza, CEO, Luxury Institute

One of the foremost issues to address concerning brand values is whether there is a disconnect between those that wealth management firms seek to align themselves with and the brand values which are most important to clients.

BRANDING AND MARKETING SURVEY RESULTS

1.) *Would you agree that private banks and wealth managers have become more "visible" to the general public in recent years?*

	% of Respondents
Yes	95.71%
No	4.29%

2.) *If you had to pick one, which of the following sets of brand values would you say your firm aligns itself with most strongly?*

	% of Respondents
Trust and integrity	48.55%
Innovation and performance	18.84%
Exclusivity and service quality	10.14%
Conservatism and safety	18.84%
Value for money	3.62%

3.) *If you had to pick one, which of the following sets of brand values do you feel is most important to clients when selecting a wealth management provider?*

	% of Respondents
Trust and integrity	62.32%
Innovation and performance	16.67%
Exclusivity and service quality	6.52%
Conservatism and safety	7.97%
Value for money	6.52%

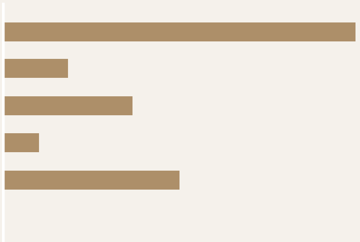
4.) *As a wealth management professional, how important was the strength of the brand in attracting you to your current employer?*

	% of Respondents
Very important	64.49%
Moderately important	30.43%
Not important	5.07%

5.) *In this industry, which of the following do you think is most important for a successful branding and marketing strategy?*

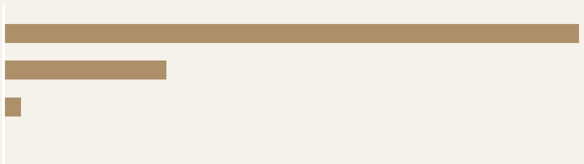
	% of Respondents
Lots of visibility through multiple channels	8.63%
Precisely targeted exposure - *i.e.* through channels specifically aimed at the high net worth	56.83%
Association with prestigious events	4.32%
Staff buy-in (i.e. "living the brand" in all aspects of their work)	30.22%

6.) *Which form of advertising campaigns would you say your firm invests most in?*



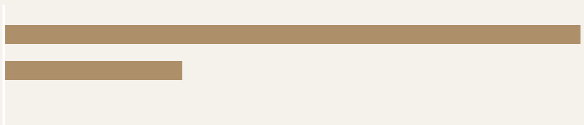
	% of Respondents
Print (newspapers, magazines etc)	46.51%
Outdoor (billboards, hoardings etc)	8.53%
Online	17.05%
Television/radio	4.65%
Don't know	23.26%

7.) *How important do you think it is to adapt marketing strategy according to geographical region?*



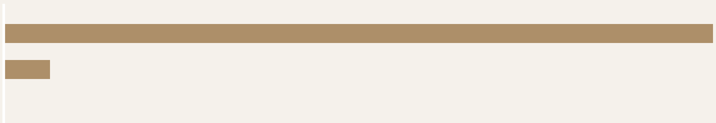
	% of Respondents
Very important	76.15%
Moderately important	21.54%
Not important	2.31%

8.) *Do you think that male and female clients should be approached differently from a marketing perspective?*



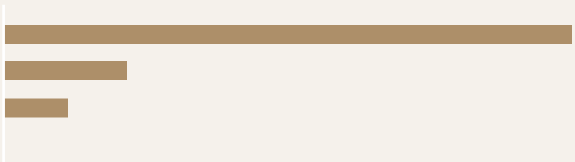
	% of Respondents
Yes	76.34%
No	23.66%

9.) *Do you think that different age brackets should be approached differently from a marketing perspective?*



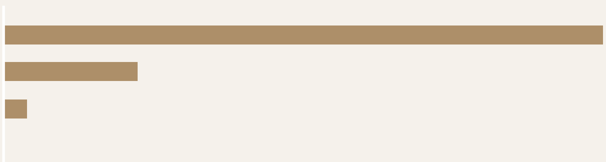
	% of Respondents
Yes	93.85%
No	6.15%

10.) *Does your firm invest in educational events for clients (and prospects)?*



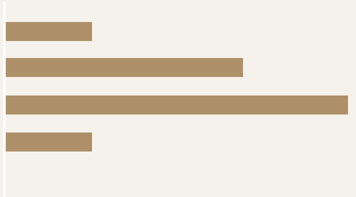
	% of Respondents
Yes	75.19%
No	16.28%
Don't know	8.53%

11.) *Does your firm invest in networking events for clients (and prospects)?*



	% of Respondents
Yes	79.23%
No	17.69%
Don't know	3.08%

12.) *For branding and marketing purposes, how effective would you say your firm's use of new technologies such as mobile apps and social networking is?*

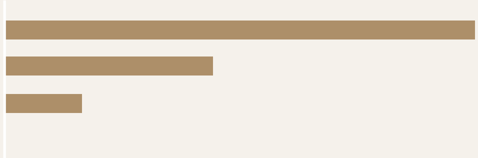


	% of Respondents
Effective	11.54%
Moderately effective	31.54%
Ineffective	45.38%
Don't know	11.54%

13.) *From a branding and marketing perspective, which type of events do you think it is preferable for wealth management firms to be associated with?*

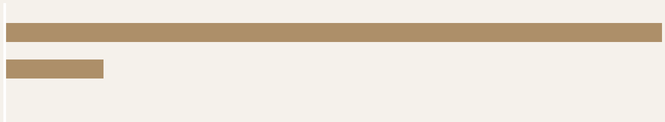
	% of Respondents
Arts	63.28%
Sports	36.72%

14.) *Do philanthropic efforts form part of your firm's branding and marketing strategy?*



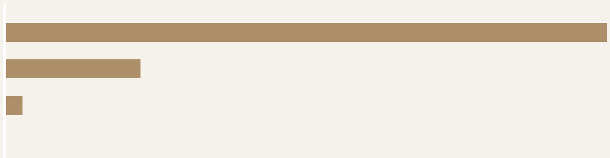
	% of Respondents
Yes	62.20%
No	27.56%
Don't know	10.24%

15.) *Would you agree that wealth management brands should be periodically "refreshed"?*



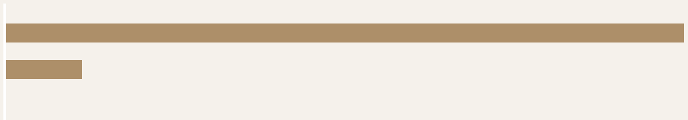
	% of Respondents
Yes	86.92%
No	13.08%

16.) *How important do you think staff buy-in is when rebranding?*



	% of Respondents
Very important	79.69%
Moderately important	17.97%
Not important	2.34%

17.) *Do you think that firms' branding and marketing functions should be represented at executive committee level?*



	% of Respondents
Yes	89.76%
No	10.24%

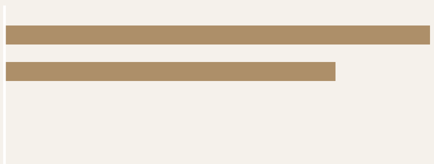
18.) *Would you say that the return on investment for branding/marketing activities is effectively evaluated in general across the industry?*

	% of Respondents
Yes	16.54%
No	83.46%

19.) *Broadly speaking, would you say that the wealth management industry invests enough in branding and marketing?*

	% of Respondents
Yes	48.03%
No	51.97%

20.) *In your view, how significant an impact does branding and marketing investment have on the bottom line?*



	% of Respondents
Significant	56.25%
Moderately significant	43.75%
Insignificant	0.00%

The reader survey showed that – according to wealth management professionals – the sets of brand values that firms seek to espouse and the brand values that clients are looking for are broadly in line. The brand values of "trust and integrity" came out as a top priority for both institutions and clients, with "innovation and performance" and "conservatism and safety" coming in next on both the provider and client side.

However, while their insights are obviously of the highest relevance, a distinction needs to be made between what wealth management professionals see as being clients' priorities and what they actually are. While wealth management professionals' perceptions are valid and are doubtless based on many years of industry experience, they may not be an entirely accurate reflection of what clients are looking for in their provider now and going forward.

It is hardly surprising that the brand values of trust and integrity emerged as priorities within the wealth management industry – we are after all talking about safeguarding people's lifestyles and goals – and in light of the financial crisis clients are naturally concerned about the safety of their investments. Moreover, as several of the contributors to this report pointed out, wealth management firms are asking clients to entrust them with their money and so espousing the values of trust and integrity should really be a matter of course. However, in light of the financial crisis and the numerous issues that it threw up, firms are clearly still at pains to emphasise that trust and integrity are foundational to their offering. It is therefore the case that while highlighting trust and integrity will probably do little in the way of differentiation, firms are understandably still keen to put their espousal of these qualities at the fore.

That said, the contributors to this report agreed that there is probably a slight disconnect between the brand values which firms most want to convey to clients, and the brand values which clients themselves prize. Additionally, while clients may well have certain qualities at the top of their "wish list" when selecting a wealth manager, they will also have other priorities in mind.

In the view of Alison Petit, it is very hard to alight on just one set of brand values to espouse. "It is very difficult to select one as most important; I believe it is the blend that counts," she said. This view was shared by Tony Joyce, who said (in relation to the sets of brand values examined in the survey): "They are all important of course, but conservatism and safety, along with trust and integrity have become much more important since 2008."

Joyce also believes that value for money is key at the upper end of the wealth scale, where clients have more opportunity to compare and contrast across different wealth providers. As watchers of the industry will know, there is an increasing recognition that the UHNW client segment might not actually constitute the "sweet spot" one might think it does as such clients can be very demanding, as well as having the economic clout to drive down fees.

For Lisa Worley, head of marketing for the wealth and investment management division of Barclays, arriving at the right mix of brand values is about recognising essentials, but also shifting the focus onto the client's individual needs. "To make it onto the shortlist, safety, trust and integrity are essential, but client understanding is crucial, it's about empathy," she said, adding that wealth management firms tend not to be very good at showing that they understand clients' needs. She also made the important point that really understanding clients' needs, and how their financial personality affects their decisions, is critical to helping clients realise their wealth goals.

Ian Ewart of Coutts agreed that firms should focus on trying to convey relevance rather than taking such pains to emphasise that they embody trust, which should be "a given". In his view, clients leave because they feel that "the institution has lost relevance". "It's not underperformance or mistakes which force departures, the conversation breaks down on other issues like miscommunication," he said.

Hung up on heritage

Just as messaging centred on the notion of trustworthiness may do little in the way of differentiation, some wealth managers might also be focusing too much on promoting their firm's heritage in the belief that this is what attracts clients, according to Seb Dovey. "There is a huge disconnect in the emphasis that clients put on certain qualities. Heritage is right down at the bottom in inspiring brand admiration – superior quality and innovation are the top two," he said.

Arriving at the right blend of brand values to convey to clients of course depends on each firm's individual business model, philosophy and target client base. What acts a positive differentiator in the case of some clients will not work for others, notes PwC's Woodhouse. For example, the appeal of the brand values of conservatism and safety depends entirely on a client's individual goals and attitude to risk. "Some want preservation, others are happy with risk and appreciation," he said – and this is of course subject to the influences of regional and cultural differences, among other factors.

Woodhouse also pointed out that while exclusivity and service quality can serve as a differentiating attribute, for at least some HNW worth clients value for money is actually more important. "Value for money is becoming more a foundation element as pricing becomes more transparent due to new regulation such as the UK Retail Distribution Review," he said. As evidenced elsewhere in this report, it seems that wealth management firms seldom emphasise investment performance in their marketing literature, and this is understandable in light of the choppy economic waters of recent years. Additionally, in a study into the user-friendliness of wealth managers' websites, MyPrivateBanking found that only a third of the websites offered even basic information on fees and costs, and just 10 per cent offered performance data on a typical portfolio.

"All wealth managers want to have performance as an aspect of their brand, however some of them struggle to achieve it. In these volatile times, trust and integrity - and transparency - are values that will sustain those brands that espouse them," said Alastair

Waldron. In his view, investment performance will always be a prerequisite, but it is by no means the only issue at stake due to the complexities of investor attitudes. From its *Wealthy Investor Needs* study, Fundamentals has formulated six investor types, each of which exhibits different priorities. Interestingly, Waldron said that an investor's attitudinal stance is largely uncorrelated to the traditional "cuts" firms make when segmenting clients. "We believe that attitudes are the key issue and although these can be affected by life stage and gender in some cases, our attitudinal clusters are age, wealth and gender neutral to a large degree," he said.

Delivering on brand promise

Getting to the core of a firm's value proposition and clearly articulating what it stands for is of course only the beginning of an ongoing process of brand building and maintenance. As the contributors to this report pointed out, establishing a strong brand is all very well, but if the organisation does not manifest its brand values at every level of how it carries out business then the brand's strength will be inevitably, and rapidly, eroded.

As is discussed at greater depth elsewhere in this report, the emphasis needs to be on "living the brand" and ensuring that actual client experience measures up to the expectations created by the brand. "Brand creates a promise but it's the client experience which provides the proof points", said Worley of Barclays.

An often-overlooked fact is that an institution's primary audience is actually its workforce, who then act as the chief interface between brand and client. Brand strength can then be thought of as something which is built from the inside out, with employees rallying around core brand values which define the institution's direction. The flipside of this is a failure to translate brand values into client experience which will ultimately result in the destruction of hard-won brand equity. "The brand stands for something and will live as long as you continue to deliver on the brand promise," said Pablo Garnica, head of EMEA at JP Morgan Private Bank.

According to Seb Dovey of Scorpio Partnership, the reason that firms may fail to fully translate brand values into client experience is a cultural one. Dovey, along with several other industry commentators, has argued that while client-centricity must of course remain at the heart of the wealth management proposition, the way to achieve this is paradoxically through more standardisation and centralisation. "Banks and bankers themselves tend to be very into emphasising individual ingenuity, rather than a centralised process of coordinating and standardising the expression of brand values," he said. In fact, Dovey views standardisation as key to what clients are now looking for from their providers, and the proliferation of technology such as enhanced client relationship management systems has a big role to play here. "Clients are looking for consistency, credibility and commerciality – marketing in wealth management often misses this," he said.

The holy grail

The ideal for branding and marketing executives is to inspire the kind of brand loyalty which consumer goods firms like Apple enjoy, but the nature of the industry presents some particular challenges for wealth management firms, not least the fact that financial services is not a sector which tends to inspire emotional attachments easily. It is also probably the case that, relatively-speaking, clients spend little of their day ruminating on their financial affairs (Scorpio's Seb Dovey estimates not more than 30 minutes at the most) and such thinking time is doubtless regarded by many as a chore. Indeed, freeing clients from the daily worries of money management is to some extent the point of the wealth management industry.

Jacqui Brabazon, group head, marketing and philanthropy, at Standard Chartered Private Bank, added that the intangibility of wealth management services makes it difficult to create a brand which people "love". "There is potential [for excitement about the brand], but it is a challenge because you're not dealing with a product that somebody cherishes like they may a beautiful watch," she said. However, both Dovey and Brabazon agreed that while clients aren't generally passionate about financial services, it is possible for firms to inspire loyalty and an emotional link to the institution.

According to Brabazon, the wealth management industry should be aiming to make itself more appealing and "in a way more inclusive", but - as ever - there is a delicate balance to be struck. "There are things we could do as an industry, and that a brand could do to communicate in a different way. But the problem is that with financial services you can never afford to be seen to be flippant," she warned.

So what does successful wealth management branding "look like"?

- Tony Joyce, global head of marketing for HSBC Private Bank: "The key to good branding strategy is that the message must be focused and differentiated. If what you have to say is generic to private banking, then it is better to say nothing."
- Alison Petit, consultant and former marketing director at Rothschild: "Be clear about what you stand for and what you want to achieve. Be creative in your execution."
- Jacqui Brabazon, group head, marketing and philanthropy, Standard Chartered Private Bank: "To me, you'll be successful at branding if you are very focused and very clear about what you stand for, and you communicate that well."
- Alastair Waldron, director, Fundamentals: "Conveying the truth about the business must be at the heart of any branding strategy to avoid brand sag and lack of credibility."
- Lisa Worley, head of marketing at the wealth and investment management division of Barclays: "What you should be concentrating on is client need – everything comes from this."
- Marguerite Mastenbroek, director of marketing at multi-family office Stonehage: "Clients are asking fundamental questions about the extent to which their interests are aligned with those that advise them. They are right to do this. Now, more than ever, wealth managers must prove that they are on the same side as their clients and are able to provide the variety and quality of service that they require."

STRATEGIC INSIGHT

Wealth Management Brands Need Managing From The Boardroom To The Cloakroom

Ago Cluytens, founder and senior partner at consultancy Marcus Whyte, explains the importance of "living the brand" at all levels of a wealth management business.

Marketing professionals often devote an overwhelming majority of their attention towards external aspects of communication. Obsessed with research and metrics, they fret about the intricacies of brand positioning whilst attempting to control every aspect of their messaging. In light of the current lack of clear brand leaders in the wealth management industry, they fear their organisations will be lost amidst a sea of indistinguishable peers – which is just where they appear to be.

As discussed elsewhere in this report, the reality is that most private banks in practice differentiate very little in their external communications; when asked, most clients perceive private banks as being virtually indistinguishable from each other.

For some reason, the industry as a whole appears to be unable to produce brands that truly stand out. Given the current turmoil in the market, there are immense opportunities out there for firms that can create and deliver a clear and compelling value proposition to their prospective clients. Many would be willing to make a switch if only they could find that "beacon of light" that calls out in a way which appeals to them.

Achieving true differentiation

Strong brands create reputations that precede their arrival, especially in strategic emerging markets, where an image of trust and dependability is often key to establishing any type of relationship at all. The billion-dollar question in private banking then becomes: how can we truly differentiate ourselves in an increasingly fragmented landscape in which everyone appears to do and say the same?

Clients interact with their advisors through a variety of touch-points, including communications, publicity, events, websites and other, often less-controlled interactions.

If a brand is a promise, the overall impression a client has of their wealth manager depends on how well they keep their promises throughout the entire relationship.

True differentiation is the sum of all interactions between an individual and an organisation. The way in which a company communicates with its clients is merely a prelude to what is about to come. To build a strong brand is to deliver on the promise we make to our clients, across all channels and experiences – time and time again.

This goes well beyond the traditional realm of marketing. Delivering on a brand promise is the responsibility of each individual employee, whether client-facing or not. This responsibility spans from client-facing relationship managers to back-office employees, from marketing to IT, from the corner office to the ground floor.

The responsibility for keeping the brand promise made to clients is - ultimately - a shared one.

Integrated brand management means managing the whole value chain, bringing together elements that were previously considered to be the responsibility of HR, marketing and other seemingly separate functions within the organisation.

Engaged employees drive success

The key to delivering a successful client experience is building and maintaining employee engagement and morale - crucial in an industry where 80 per cent of all interactions involve people. Ultimately, keeping a promise to clients may mean keeping a promise to employees as well.

Organisations that succeed in attracting and retaining top talent will ensure clients get access to the best and brightest minds in the industry. Current economic circumstances do not

Ago Cluytens

make this less relevant; the pool of real talent is as scarce as it ever was, and is not likely to grow bigger any time soon.

Treating people as individuals and giving them increasingly challenging assignments means they will start taking ownership for their own performance. Giving them clear objectives and a path to career growth ensures they will start displaying increasing levels of responsibility. Coaching them and holding them accountable for their results ensures that they will grow as professionals and individuals.

Over time, organisations that succeed in making and keeping a clear promise to their employees will be most successful in doing the same to clients. Building the internal capabilities to deliver on the external brand promise is key to enabling future growth.

While it is true that strong brands depend on continued and integrated external communications across all channels, this needs to be backed up by a consistent client experience across all touch-points.

Organisations that are serious about building strong global brands understand that branding is a shared responsibility for everyone in the organisation - from the boardroom to the cloakroom. ■

STRATEGIC INSIGHT

Building Client Confidence: A Four-Step Programme

Leila Ghorashi, practice manager at Corporate Executive Board, the advisory, research and consultancy firm, outlines how wealth managers can build client confidence.

More than 40 per cent of HNW European consumers expressed little or no confidence in financial providers in the third quarter of 2011, based on the CEB's *Consumer Financial Monitor*, a quarterly poll of more than 18,000 consumers worldwide, of which 1,500 represent consumers in ten European countries.

This represents the lowest confidence level among regions across the globe. With markets churning on every bit of news about European sovereign debt, austerity budgets, and the future of the euro, it is no surprise that wealth management firms across Europe see an opportunity to rebuild client trust by demonstrating the value of their advice. Indeed, to manage through moments like this is exactly why clients pay for advice. Wealth management firms know they will struggle to meet projected revenue growth goals of 15 per cent without client confidence in their advisory propositions.

CEB's analysis of its client experience survey of more than 1,000 HNW individuals uncovered three critical and sequential actions required to deliver a confidence-building client experience. First, firms pave the way to confidence by using service moments to demonstrate competence with their clients. Second, firms tailor advice to a client's unique situation to build trust. And finally, firms teach clients the relevance and rationale behind their advice to foster confident decision-making. CEB research shows that these three actions when performed together can triple the number of highly-loyal clients in a firm's portfolio. The research shows that 59 per cent of highly-loyal clients are likely to increase assets at the firm, 57 per cent are promoters and 77 per cent of them recommended their advisor in the past 12 months. These behaviours can double revenue per client from both individual relationships and referrals from an average of $17,000 to $35,000.

More specifically, we tested more than fifty client experience factors to determine their effect on client loyalty. We identified specific activities that kill, build and have no impact on client loyalty within each action step and the emotional outcome associated with moving from below to above average for each. For example, we found that improving reactive and respectful communication from below average levels to above average ones results in a 37 per cent lift in clients' perception of ease of doing business. Surprisingly, convenient offices and reducing advice-related effort have no meaningful impact on client loyalty.

To execute a confidence-building client experience, we recommend that European wealth executives:

Fix "loyalty killers" and improve "loyalty builders": To effectively allocate scarce resources, wealth management firms must identify the activities that kill loyalty, build loyalty and have no impact within their client base. Research shows that firms today are performing at below average levels against 64 per cent of loyalty builders, leaving much room for improvement.

Foster employee ownership of the client experience: Wealth management firms must increase accountability for the client experience by tying its delivery to performance management outcomes. During our research, we regularly heard executives express the sentiment "everyone wants to own the client but nobody wants to own the client experience." That mentality needs to be reversed. The firm owns the client and all employees are responsible for the experience.

Equip advisors with hard tactics to achieve emotional outcomes: With markets in flux, it is increasingly difficult to rely on investment performance and technical competence to demonstrate value. Leading firms equip their advisors with tailored relationship management tactics and minimum standards around contact quality and frequency. In the process, they ensure consistently high-quality advisor-client interactions that forge emotional connections.

Educate clients on the rationale behind advice. Leading firms recognise that expanding share of wallet across the relationship lifecycle requires firms to not only create customised solutions for clients but also to teach clients the science behind their solutions from day one of the relationship.

Market conditions remain volatile and clients are wary of a global recovery. Firms must engage their wary, demanding, and often emotional clients if they wish to build clients' confidence and their bottom lines. ■

IN FOCUS

The number one reason clients fire advisors

Promptly returning clients' telephone calls should be a top priority for advisors, according to the findings of a March 2011 Spectrem Group survey.

According to the research, 73 per cent of HNW clients said the number one reason they would fire their advisor would be a failure to return their calls in a timely manner. Surprisingly, only 57 per cent of those surveyed said they would fire an advisor for failing to provide good ideas and advice.

The majority (72 per cent) of respondents said that they expect a return call within 12 hours. Meanwhile, 14 per cent expect to be called back within an hour and 40 per cent within two hours.

Similar standards apply to email, Spectrem said. More than half (56 per cent) of millionaires want their advisors to respond to emails within 12 hours. Nearly one in four (24 per cent) expect a reply within two hours of pushing the "send" button.

BRANDING AND MARKETING STRATEGY: EXECUTION

As several of the report's contributors pointed out, as a sector, financial services represents one of the biggest marketing spends globally. But it is unfortunately the case that - in general - financial services marketing isn't executed very well, and wealth management is no exception, industry experts said. In just one example discussed at length elsewhere in this report, wealth managers regularly fail to differentiate themselves in the language they use to communicate with the HNW, preferring to emphasise their institution's own illustrious heritage rather than pushing forward what the firm can do for the client base of today.

Successful marketing is built around three main pillars: education, raising brand awareness and then securing engagement. In short, clients need to know what wealth management "does", that it is accessible to them, and that it is relevant to their individual needs. Prospective clients must then become convinced that one particular brand can deliver what they need better than a plethora of competitors to ensure conversion – all in all a complex process of building awareness and engagement which is no easy task to execute.

One contentious marketing issue which emerged during the compilation of this report is whether it is better for wealth management firms to focus on building broad-based brand visibility or to concentrate on highly-targeted marketing efforts. Here, the respondents to the reader survey were overwhelmingly in favour of the latter, with 57 per cent of participants singling out "precisely targeted exposure" as the most important part of the marketing mix. (30 per cent identified "living the brand").

Just 9 per cent of respondents thought that "lots of visibility through multiple channels" was the most important element in a successful branding and marketing strategy. However, the expert contributors to this report cautioned that raising broad-based visibility should not be dismissed out of hand. They agreed that visibility is essential not only to establish awareness of a brand but also to establish credibility, even if this visibility is not necessarily specific to the HNW client base.

But while building visibility is an essential "first step", the experts agreed that it is just one part of a "two-pronged attack" and that precisely targeting the HNW population is what will drive engagement and convert awareness of a wealth management brand to a willingness to do business with it.

Key to securing engagement is exposure through marketing channels which resonate specifically with the affluent investor, the contributors to this report said, and it would seem that firms are already highly aware of the inefficiency of expending too much effort on "generalist" advertising. Just 9 per cent of respondents said that their firm deploys most of its advertising spend on outdoor advertising, with just 5 per cent saying the same of television or radio advertising.

The most popular advertising channels emerged as print, with 47 per cent of the votes, and online, with 17 per cent. According to the experts, the preference for these channels is wise.

The appeal of print and online advertising is clear: by carefully choosing the media outlet in which advertisements are placed firms are able to ensure that they are precisely targeting their intended audience. Here, as ever, relevance and resonance are key - luckily, print and online advertising channels represent ample opportunity to maximise these.

As will be seen, wealth management firms put a lot of thought into the media outlets through which they choose to promote themselves and the reasons for this are twofold. Firstly, the HNW are a sophisticated group who are bombarded with "sales pitches" on a daily basis, therefore to get their message across wealth management firms need to present their messages via a credible channel which is relevant to their interests. As marketing consultant Chantal Reed puts it, "there's no point spending money on advertising in a certain lifestyle newspaper/magazine if your target audience does not associate itself with that lifestyle – then your brand won't be relevant for them and you've wasted money and time."

"While firms should certainly look beyond the financial and business press, the lifestyle-led publications they associate their brands with should be ones which resonate with the HNW segment. Embedding their messaging in relevant lifestyle publications also allows wealth managers to convey that they are thinking about the totality of their clients' lives"

Second is the consideration of brand association. It must be remembered that wealth management is a premium (some might say luxury) service and as such firms should be careful to associate only with media outlets (i.e. newspapers, magazines and websites) which are aligned with their own brand positioning. So while firms should certainly look beyond the financial and business press, the lifestyle-led publications they associate their brands with should be ones which resonate with the HNW segment. Embedding their messaging in relevant lifestyle publications also allows wealth managers to convey that they are thinking about the totality of their clients' lives – a theme which was brought up repeatedly by the contributors to this report.

As the case studies in this section illustrate, several wealth management firms have recently embarked on new global advertising campaigns, with increased use of online advertising being a marked trend. Print advertising, however, remains top priority for the time being.

STRATEGIC INSIGHT

Really Differentiating A Brand - Be Brave, Build Up Equity, But Don't Break The Bank

Michael Moszynski is the chief executive of LONDON Advertising, a global advertising agency he set up in 2008 with his long-standing creative partner Alan Jarvie. In his prior career Moszynski was a founding partner of M&C Saatchi, working across the agency's network in Hong Kong, New York and the Middle East, in addition to London. He has worked for some of the world's most prestigious brands, across various industries.

It may come as somewhat of a shock for those working in an industry built on the concept of client-centricity and personalised service, but studies suggest that clients are often disappointed with the level of service they receive from wealth managers. For example, a 2011 study by SEI Global Wealth Services entitled *The Relationship Business: Expect the Unexpected* found that 62 per cent of respondents believe that the industry fails to forge personal relationships with clients. This is despite the fact that the industry trumpets its devotion to client service as loudly as possible. Indeed, many a wealth management marketing campaign has been built around the concept of superior client service.

It may be the case that levels of client service are not quite where the industry would like them to be – thus calling into question the advisability of building a marketing campaign around this theme – but what is more to the point is that making such claims is probably already the wrong approach, according to Michael Moszynski, chief executive of LONDON Advertising.

"Protesting too much"

The problem, according to the veteran advertising executive, is that "service is an end result and not something you can claim." And the same goes for value for money, as well as those time-honoured buzz words of integrity, trust and security, he said. Moreover, in his view, firms which highlight their integrity and trustworthiness too overtly may – at least on some level – be seen by clients as "protesting too much."

However, as discussed elsewhere in this report, integrity and trust seem to be the brand values which firms are most keen to espouse, as well as being the values most prized by clients – at least according to the wealth management professionals who serve them. The trick is to communicate integrity without necessarily making an overt statement of it, according to Moszynski. And firms should also be aware that the brand positioning of their competitors will invariably be constructed along similar lines.

Really differentiating

More broadly, the problem with wealth managers' branding and marketing efforts is that all too often the messaging is generic and tends to be about the bank itself, or its products or services, rather than what they can do for the client in their life. In short, firms are not differentiating themselves well enough – wealth managers are all clamouring to be heard by a notoriously hard-to-reach client segment, but what they are saying is broadly the same. Furthermore, it may be an unpalatable truth, but the reality is "you can't really differentiate on product," according to Moszynski.

What wealth managers need to be doing instead is focusing on standing out from their peers, and this necessitates a bravery that most firms aren't willing to demonstrate, he said. Rather than repeating the mantras of trust, integrity, service quality and so on in the same way as their peers, forward-thinking wealth management houses should rather focus on what they are offering that is different.

Another trap which wealth managers fall into all too often is trying to convey too much and "hit all the bases" as it were. As might be expected, this can have a diluting effect which is as confusing to clients as it is detrimental to the strength of the message. "You can't have too many messages... you have to work out the one thing you stand for and stick to it," he said.

Michael Moszynski

Building up brand equity

In Moszynski's view, the vast majority of HNW clients would not be able to recall the brand positioning statement or slogan of any wealth managers at all – many firms' messages are, in short, forgettable. And yet a strong brand is an invaluable store of value which can act as a buffer during times of trouble, he notes.

A case in point here is UBS, which has been plagued by negative news in recent years, from its massive sub-prime losses, to its bruising tax evasion scuffle with the US authorities and the $2.3 billion unauthorised trading loss discovered at its investment bank in the summer of 2011. And yet despite these troubles, the UBS brand seems to have remained stronger than one might have imagined it would in the face of a barrage of troubles.

What the Swiss banking and wealth management giant has got right is its investment in its brand over the years, the result of which is that while the brand may be "damaged, it is not critically wounded," said Moszynski.

What brand does is to act "something like an insurance policy," he explained, adding that British Airways is a good example from another industry of how a resilient brand can survive bad times.

British Airways has also been assailed by troubles, such as the debacle of thousands of items of lost luggage at

Heathrow airport in 2008 and ongoing disputes with cabin crew. These sorts of issues can be "incredibly damaging", Moszynski said, yet BA, like UBS, has shown remarkable brand resilience in the face of adversity. This is because the airline made concerted efforts to build a strong brand some twenty to thirty years back, he said, demonstrating how long-term investment in branding can have an invaluable cushioning effect.

The analogy Moszynski uses is a familiar one to those in his industry: "brand and advertising are like the locomotive pulling the train along; you can actually decouple the locomotive and the train carries on running down the tracks... but if you don't eventually attach it back to a locomotive it will grind to a halt," he said.

"If you invest in the brand it will also help you when you do have a problem, as well as when you are actually trying to grow your business."

To speak in financial services terms, this kind of investment allows firms to build brand equity which can yield dividends for decades.

Spend wisely
But investment in brand is not at all about "throwing money at the problem", Moszynski points out. "It's not about the level of spend but rather the quality of the message," he said, noting that in fact a restricted budget can be a good thing in terms of creating focus. Similarly, wealth managers don't necessarily need huge marketing departments. "It's not about big budgets and teams... it's about analytical thought," he said.

In fact, Moszynski is able to give a highly convincing example of how to build up a brand without "breaking the bank" in the shape of Mandarin Oriental, the luxury hotel chain.

Make it about the client, not the product: a case study from outside the wealth management industry
Mandarin Oriental looked to Moszynski and his creative partner to help with its aim of coming to be regarded as the best luxury hotel group in the world. They started working together in 1998 at a point when Mandarin Oriental only had seven hotels around the world

"At that time all of the luxury hotels were trying to differentiate on their product, so hotel advertising tended to be a photo of a beautiful lobby, a magnificent swimming pool, a fantastic bed. We said, 'well if I'm sending $500 a night on a hotel room I expect there to be a great lobby, a great pool and a comfortable bed', and so we turned this round and made the advertising about the customer and not about the product," explained Moszynski.

In the process of investigating the company, the agency found that Mandarin Oriental had had a number of famous guests – particularly at the Bangkok and Hong Kong hotels. "All the world's great and good had stayed there... and since there was a fantastic list of clients we decided to do a celebrity endorsement campaign," he said.

Moszynski concedes that a celebrity endorsement campaign isn't particularly unique, but he argues that the way that the agency executed Mandarin Oriental's was.

"The problems with most celebrity endorsement campaigns are twofold: firstly they tend to cost a huge amount of money, and secondly people tend to remember the celebrity and not the brand being advertised," he said.

The agency first took the bold step of saying that those taking part in the endorsement campaign would not be paid. This, he concedes, was "quite a leap in the dark", but the agency was adamant that it wanted to secure celebrities who were "genuine advocates of the brand."

Next, Moszynski's creative partner, Alan Jarvie, came up with the idea of linking the campaign to the logo of the group - a fan - and using the slogan "He's a fan" or "She's a fan" alongside an image of the celebrity guest.

The standard rate for a celebrity to take part in a global advertising campaign is anything up to $2 million dollars and would have, at that time, wiped out Mandarin Oriental's whole media budget. Instead, the decision was made to donate $10,000 to a charity of each celebrity's choosing, along with giving them ten nights' stay at Mandarin Oriental's hotels for each year they were involved.

"For celebrities such as Sigourney Weaver, Martin Sheen and Kevin Spacey, this is a tiny fraction of what they would usually secure from such an endorsement advertising campaign... to their credit Mandarin Oriental trusted us to make that happen and awarded us the business," said Moszynski.

The advertising campaign began in 2000 and has now been going for almost twelve years, he continued, pointing out that over that period the campaign has helped Mandarin Oriental to grow its business by over 500 per cent.

The success of the campaign is testified to by the fact that Mandarin Oriental now has 44 hotels open or under development. Furthermore, "the quality of the brand and the brand image is such that they are able to command a premium compared to their competitive set and they've also been able to diversify, for example into residences [this is where people buy residences in developments such as One Hyde Park in London which are then serviced by Mandarin Oriental]", he said.

"This goes to show, that if you nurture your brand in the long term the return on investment and payback can be considerable," Moszynski concluded. ■

"If you invest in the brand it will also help you when you do have a problem, as well as when you are actually trying to grow your business"

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FOR ILLUSTRATIVE PURPOSES ONLY

FOR ILLUSTRATIVE PURPOSES ONLY

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CASE STUDY

Research, Strategy, Campaign - Leveraging Marketing Analytics To Develop ABN AMRO Private Banking's New Advertising Campaign

Linda van der Sluis, head of marketing at ABN AMRO Private Banking, explains how her firm has used market analytics to formulate its new advertising campaign.

2012 sees the launch of our new global advertising campaign. But how did we get here, and how do we know our strategy for the global campaign is the right one?

Our approach to advertising follows our positioning and branding strategy. This is to leverage the group brand while sustaining strong, respected local brands where they exist. We position ourselves as combining financial solidity and global scale with an ability to deliver local, personal service. We feel this differentiates us from both universal private banks and the boutiques.

Grounded in research

We wanted a brand strategy that met four criteria: customer relevance, strategic fit, credibility and differentiation. Before anything, we asked a renowned agency to analyse our market and client research.

Research in our core markets of the Netherlands, France, Germany and Asia told us both the qualities clients find important in a private bank and how they perceive ABN AMRO Private Banking. Clients sought "expertise", "personal", "no risk", "stability", "local/individual" and "exclusivity". Happily, they felt we are delivering on these. The areas clients felt were the most ownable, benefit-led and distinctive were "legacy/heritage" and "local/individual", with a touch of "exclusivity".

Meanwhile, market research confirmed that most competitors cluster around shared territory such as "internal expertise", "attention to detail" and "tailor-made solutions for individual clients". Not many could claim to be a strong player both globally and locally.

Crystallising the strategy

Based on this research, we captured the benefits to our clients in a single word: Generations. This in turn breaks down into three areas:

Family generations: Clients tend to stay with us. We believe this is because we value tradition, but a tradition that's all about adapting to change. We must continue to develop long-standing relationships with families and companies that deepen with each new generation.

Business generations: We feel our entrepreneurial spirit and skills help us understand business clients. By drawing on expertise from across the group we can give clients strong technical support, while our local banks offer them priceless local knowledge and expertise.

Future generations: For many clients, legacy is important. Our local banks, with deep roots in their local communities, and a CSR tradition both at the local and group level, can help clients here.

Not words but deeds

We talked to our relationship managers in core markets to find proof of how we excel. This we captured in the following five areas:

- **"Going the extra mile":**
  As a private bank, we regularly go "beyond the call of duty" for our clients. But we can also do this literally, by using our network to achieve more for clients. Open architecture also means we can do what's best for clients without compromise or conflict of interest.
- **Network of local private banks:**
  How our local banks operate reflects local social and business culture. They understand clients' needs but are backed by the strength and expertise of the group.
- **Rich heritage and prestige:**
  We must leverage our genuinely rich heritage. We have financed everything from Goethe's Italian travels to the world's first international commodity traders. Our clients continue to change the world and our support for them must continue to adapt to their changing needs. We must focus on best modern practice built on centuries of solid continuity.
- **Big in thinking small:**
  Real service is seen in the small things. Knowing our clients personally means we can help them in unexpected ways. For example, by bringing together two clients with mutual business needs.
- **Passion to connect:**
  We can make all sorts of vital connections to benefit our clients: across the network, with internal and external technical specialists, and with other markets for greater financial stability. Passion to connect is also about being accessible and providing clarity to our clients.

Linda van der Sluis

From insight to execution

The above insights led to a global brand campaign developed by the Dutch agency, The Others. The campaign highlights how since 1667 (the founding of Neuflize OBC), we have given personal and independent advice to generations of clients. The advertisements portray different generations of families and business clients, and older people, and focus on wealth creation, preservation and transfer, business succession and leaving a legacy.

Though we feel confident about the positioning we have chosen and the campaign we've developed, only time will tell whether we have got the execution right. ■

CASE STUDY

RBC Wealth Management's Global Advertising Push

In the autumn of 2011, RBC Wealth Management embarked on a multi-year global advertising campaign targeting HNW individuals and their advisors – the first by the firm specifically aimed at wealth management clients globally.

The campaign, executed both in print and online, was initially focused on the UK and Continental Europe but was then rolled out to English-speaking markets globally, Northern America obviously being core to this. Latin America and Southeast Asia are also priority markets being targeted by the campaign.

The campaign is "very much about building awareness of RBC as a top-ten wealth firm," explained Mark Fell, head of strategy, brand and marketing at RBC Wealth Management. (The firm was ranked sixth globally in the 2011 Scorpio *KPI Benchmark Report*). But the message is not all about RBC having a place in the world's top ten firms, says Fell - although this is an important accolade and foundational to the campaign - rather it is a "broad awareness campaign playing up the strength and stability of both Canada and RBC in these uncertain times."

Canadian financial institutions are generally very well regarded internationally due to the strength of the country's banking system. Having been subject to tighter regulation, and arguably being more risk averse, Canada's banks generally came out of the financial crisis in far better shape than many of their global counterparts listed in the US, UK and Europe, many of which were forced to go to their governments for bailout funds. Canada's wealth management firms have also been doing well in general.

As Fell explained, "there's a broad awareness of the strength of the Canadian financial system, but less of RBC's capabilities in these uncertain times."

Choosing the right media outlets

While RBC Wealth Management is targeting advisors to the HNW via "well-respected trade publications", the campaign is predominantly aimed at clients themselves, said Fell. Advertisements have been placed in over 20 publications globally, and the firm has been very particular in terms of the media outlets it has chosen.

As might be expected, a significant proportion of the advertisements have been placed with the international financial and business press, in publications such as *The Wall Street Journal*, *The Economist* and *The Financial Times*. However, Fell points out that lifestyle titles aimed at the HNW are also a very important part of the picture.

To give just a few examples of the publications which RBC Wealth Management is using, in the US its advertisements were run in *The New Yorker*, *The Architectural Digest*, *Wine Spectator* and *Vanity Fair*. While these titles are pretty disparate in their subject matter, Fell explained that wealth managers need to go beyond exposure in just the financial and business press and rather embed their brand message in a lifestyle context as well.

This chimes with comments made by many of the contributors to the report in relation to sponsorship and events as well as to advertising. The overall feeling seems to be that *relevancy* is key and that wealth management should be positioned as part of HNW individuals' lifestyles rather than as something to be viewed in isolation when clients are already in a "wealth management frame of mind", as it were. As Fell summarised, "it's about being where the clients are and well-aligned with what their day-to-day aspirations are."

Print versus online

RBC Wealth Management is placing around a quarter of the campaign's advertisements online – the kind of proportion which Fell noted is increasingly mainstream. But while online promotion is of course an important part of the marketing mix, he emphasised that RBC Wealth Management's web advertisements are to be seen as part of a wider print campaign and that the more traditional channel is still the bedrock of an effective strategy.

"This kind of [a quarter online] proportion is starting to become industry-typical, but we're still a long way away from online taking over from print," he said.

The campaign is not, at present, being extended to outdoor advertising such as hoardings or billboards, with the exception of what the firm views as select strategic locations. One of these locations is Jersey airport. RBC Wealth Management has a well-established presence on the island and the airport has a high footfall of HNW individuals who either reside in Jersey or use it as a financial hub. Of course, airports situated in major financial services centres figure highly in the advertising strategies of several wealth management firms, Geneva airport being a case in point here.

The message

The advertising campaign is based around the positioning statement "There's Wealth In Our Approach" – a slogan which plays on RBC's longevity as well as its expertise across multiple jurisdictions. "We've been around for over 100 years," said Fell, and this heritage, combined with the bank's stability, should be a draw for new clients.

Why now?

As previously discussed, the reader survey found that "trust and integrity" topped the rankings in terms of both the brand values firms most want to espouse and those that clients seek. RBC Wealth Management is no exception and is emphasising these qualities accordingly. "Clients are facing a potential loss of trust and we feel it is an incredibly opportune moment for us," said Fell.

Stating the obvious?

Several contributors to this report pointed out that the values of trust and integrity should be a given for firms asking clients to entrust their money to them. But although these values should be foundational to the wealth management industry, this is sadly not always necessarily the case, said Fell.

"It [the brand value set of trust and integrity] should be a 'ticket to the game' but it isn't… which is unfortunate but it very much should be," he said, adding that the "industry is a long way off being able to hold itself up for its integrity… the financial crisis brought this to the fore."

As such, while trust and integrity shouldn't need to be stated, wealth managers are still keen to emphasise the importance they place on these values in a bid to reassure clients. In light of this, RBC Wealth Management's European advertising campaign in publications such as *The Wall Street Journal* and *The Financial Times*, featured the slogan "Standing tall for our clients in an uncertain world."

"Given the current environment, we chose to initially focus our campaign in Europe, where we believe that the stability that RBC represents in the face of uncertainty will hold great appeal for clients. This campaign highlights our promise to clients that our approach to wealth management always places their needs first," George Lewis, group head of RBC Wealth Management, said of the campaign at its launch.

Alongside the print and online advertising elements of the campaign, there will also be a renewed focus on sponsoring activities such as golf and the visual arts, along with promoting sustainable water use, including the sponsorship of a garden at the RHS Chelsea Flower Show in 2012. ■

FOR ILLUSTRATIVE PURPOSES ONLY

CASE STUDY

BNP Paribas Wealth Management's New Global Advertising Campaign

In the autumn of 2011, BNP Paribas Wealth Management launched a new global advertising campaign under the brand promise "Committed to your future".

The campaign was aimed at showcasing the professional expertise of BNP Paribas Wealth Management's bankers and their close collaboration with clients, and featured bankers "in situ" in the firm's private banking suites around the world. This, explained Vincent Lecomte, co-head of BNP Paribas Wealth Management, with Sofia Merlo, is "simply another way to show BNP Paribas Wealth Management as it is."

A diverse workforce

The bank wished to represent the full range of its services and so chose six areas to feature in the advertising campaign: discretionary and non-discretionary portfolio management, finance solutions, small business support, real estate investment and philanthropy. The bank then worked with each of its country teams to select staff considered to be "brand heroes", being careful to create a balance between the regions.

All of the 25 staff involved were volunteers and very proud to be involved with the campaign, said Lecomte. The bankers chosen for the campaign also hammer home the diversity of the bank's workforce. The prominence given to female staff reflects the their importance in the bank's senior management teams, said Lecomte (the bank's wealth management activities in Asia are overseen by Mignonne Cheng, while Marie-Claire Capobianco heads wealth management in the bank's domestic markets, with both being members of the bank's wealth management executive committee).

Diverse surrounds

The photo shoots for the advertising campaign took place in real BNP Paribas offices – each private banking suite having a different "character" in terms of décor. This was a deliberate choice, explained Lecomte, which was intended to showcase the bank's geographical reach and its ability to combine tradition and modernity. As such, while Yann Quatannens, senior investment advisor in Geneva, is shown in minimalist, predominantly white surrounds, other staff are seen in more traditional décors.

The media mix

The media outlets selected by BNP Paribas Wealth Management include both economics and lifestyle publications relevant to HNW individuals. A mixture of global and local titles were chosen, with global publications being used to reach clients in Hong Kong, China, Taiwan, Singapore, Europe, the Middle East and Brazil, and local media used for the French bank's domestic market. "We focused on media offering the best affinity towards our target audience," said Lecomte.

The advertising campaign also includes online advertising featuring the same staff who appeared in the print advertisements. These online advertisements are designed to be interactive as prospective clients are able to learn more about the bank's offering by clicking on the sub-headings appearing on the screen presented by each of the experts. This interactive aspect is essential as internet users are increasingly expecting digital media to feature interactive content, said Lecomte.

While a quarter of RBC Wealth Management's global advertising campaign is online, this proportion is slightly less for BNP Paribas Wealth Management, where online advertising represents 20 per cent of the media plan. The online media outlets used by the French bank on a global basis include the *The Financial Times*, *The International Herald Tribune* and LinkedIn, again with local publications also being utilised.

Lecomte views online advertisements as a vital part of the advertising mix because the bank's target client base uses the internet a lot. However, while he views online advertising as a "global and increasing trend" for wealth managers, print advertising remains more important. "Print is still very powerful for our target audience," he said.

In terms of outdoor advertising, the firm has focused on business lounges in major airports in cities such as Paris, Rome, Milan and Geneva – sites chosen of course by many other wealth managers. "This was to capture an upscale business audience and international travellers," said Lecomte. ■

FOR ILLUSTRATIVE PURPOSES ONLY

IN FOCUS

Marketing materials - a failure to differentiate through language

A useful insight into how wealth management firms differentiate themselves (or fail to) in their marketing materials via their choice of language was a 2008 Arvetica Consulting quantitative analysis of the marketing brochures of ten private banks. These were: Clariden Leu, Credit Suisse, Julius Baer, Merrill Lynch (Suisse), Mirabaud, Pictet, Sarasin, Schroders, Syz & Co and UBS.

Stefano Mastrogiacomo, Arvetica's founder, argued in the report that rather than being a pure communications issue, marketing brochures are in fact a formidable proxy which reveal much about a bank's client strategy.

Firstly, all the banks analysed emphasised traditional "soft" values such as commitment, discretion or stability. Secondly, all highlighted their prestige by using words such as achievement, awards and reputation. As such, little differentiation through language was really attained.

Other failures to differentiate through language:
- Three communication styles were prevalent: prestige-oriented, process-oriented and performance-oriented. A third of the banks made no reference to investment performance.
- The majority of the banks included communicated from their perspective rather than that of their clients. The use of "we" and "our" was marked, while only a third addressed clients directly with "you" and "your".
- All the banks claimed to be leading institutions and heavily used adjectives and superlatives such as best, award-winning, leading, renowned or superior. As a consequence, using such superlatives had little impact on differentiation.

The picture wasn't however wholly negative, as several of the institutions studied had made some steps towards differentiating their offering by going beyond the well-worn paths outlined above. Mirabaud, for example, emphasised its top management throughout its marketing brochure and gave its services a human touch by including interviews with executives. Meanwhile, Syz & Co highlighted performance and alternative investments.

Surprisingly, Arvetica also noted that products and services were used relatively infrequently to achieve differentiation, despite the fact that the more esoteric service areas such as art investment and real estate represent compelling opportunities in terms of differentiation.

CASE STUDY

Leveraging Augmented Reality Technology To Create Interactive Advertisements

In late 2011, Schroders, the UK-based investment house, joined the vanguard of firms using a piece of cutting-edge new mobile technology to make its advertisements more interactive.

Aurasma, which works via a free Android or iPhone app, uses image and pattern recognition to recognise images in the real world, before delivering interactive content such as videos or 3D animations. Through Aurasma, viewers holding a smartphone or tablet towards a Schroders advertisement will see a video appear on the device, such as one showing a fund manager explaining their latest investment views.

Exponents of Aurasma hail it as ushering in a new age of interactive advertising. James Cardew, Schroders' global head of marketing, has said that the technology will revolutionise the way the firm communicates with investors.

"The Aurasma-enabled ads will allow readers to hear from the fund managers directly – it is an incredibly immediate campaign and looks set to lead the way in terms of how financial institutions engage with consumers," said Martina King, Aurasma's managing director.

To test this technology, download the free Aurasma Lite app, open it and hold a mobile device in front of the Schroders advertisement pictured opposite (or indeed any displaying the Aurasma symbol). ■

"The Aurasma-enabled ads will allow readers to hear from the fund managers directly – it is an incredibly immediate campaign and looks set to lead the way in terms of how financial institutions engage with consumers"

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REBRANDING – WHY AND WHEN?

It seems that now the dust has settled following the global financial crisis firms are starting to think harder about their use of brands and how to prospect for new business after what has been a flat period for net new money overall over the past three years, consultants say. Wealth managers of all stripes are seizing now as an opportune time to reinvigorate their brands or to introduce new sub-brands. One instance of the former is Royal Bank of Scotland, which is bringing all of its wealth management operations (bar Edinburgh-based Adam & Co) under the Coutts brand. An instance of the latter is Wells Fargo, which is launching a new private wealth boutique to be known as Abbot Downing, which will serve individuals and families with $50 million or more in assets, as well as their foundations and endowments.

The vast majority of the respondents to the survey (87 per cent), along with the senior executives involved on this report, agreed with the idea that building a strong brand is far from the end of the story, and that brands should be periodically "refreshed" in order to stay strong. Rebranding is not a sign of weakness but rather an essential process of periodic renewal, marketing luminaries say.

When is it time for a rebrand?

The decision to rebrand is a significant one which will be driven by where a firm is in its lifecycle and how its model is working in prevailing market conditions. However, the branding experts who contributed to this report identified some key signals that a rebranding exercise is in order:

- **Staff buy-in to core brand values is on the wane** - In order to "live the brand" employees need to have a very clear idea of what the organisation stands for, and this will not be the case for a weakening brand. Rebranding can also act to energise staff, causing them to rally around a freshly-defined brand identity.

- **Confusion over the firm's value proposition** - Staff, clients and prospects should be able to easily differentiate the firm's offering from those of competitors in terms of its value proposition for a specific market segment.

- **The brand is falling down on key measures of strength** - While it is difficult to define brand strength, most definitions make reference to the need for firms to be clear, consistent and constant in their messaging. As emphasised elsewhere in this report, clients' every interaction with a firm informs their perception of the brand. Branding is therefore best thought of as an "inside-out process", according to Dan Bobby, CEO of Calling Brands, as it is employees who are manifesting brand values every day.

Staff buy-in is essential for a successful rebrand

If the strength of a brand is largely reliant on staff "living the brand" in all aspects of their interactions with clients and prospects, then it follows that their support is essential to the success of any rebranding exercise. But securing staff support might be more difficult than would first appear, not least because employees themselves may have become attached to what are now outmoded brand values, or they may be reluctant to let go of the corporate identity they have been used to for many years. The need for staff to support any rebranding exercise wholeheartedly was deemed essential by the respondents to the reader survey: 80 per cent said staff buy-in is "very important", while a further 18 per cent believe it is "moderately important".

The contributors to this report identified several ways to secure staff buy-in when rebranding, with experts saying that it is essential to involve employees from the very start of the process right through to implementation. Consultation with staff before third parties like branding consultancies become involved was mentioned by several contributors, as was deploying "brand advocates" from the workforce to champion the changes to their colleagues. In fact, while consultation with clients and outside experts is key, industry figures say that listening to employees' views is just as important. As discussed hereafter, when UK firm BROADSTONE rebranded most of the consultation which took place was with staff - allowing them to feel truly invested in the process. "Both they [staff] and we [management] wanted to articulate what it is the firm stands for more clearly," said Rory Murphy of BROADSTONE.

"While it is difficult to define brand strength, most definitions make reference to the need for firms to be clear, consistent and constant in their messaging" - Dan Bobby, CEO of Calling Brands

STRATEGIC INSIGHT

Royal Bank Of Scotland Revamps Wealth Brand - No Chance Of Looking Tired As RBS' Wealth Business Has A Makeover

In an interview with Tom Burroughes, group editor of ClearView Financial Media, Rory Tapner, CEO of Coutts, outlines the recent rebranding of RBS' wealth business.

Just as even the smartest home needs a makeover every so often, Coutts, the blue-blooded UK bank that is owned by Royal Bank of Scotland, needs to refresh its brand at least once a decade to resist the effects of Old Father Time, a top executive argues.

In a rebranding strategy announced at the end of March 2011, RBS said all its private banking arms – apart from Edinburgh-based Adam & Co – would adopt the Coutts brand. The change is among moves that have been made since Rory Tapner took the helm of RBS' wealth business in August 2010. Coutts, part of RBS since 2000, will devote less time to pursuing lower-margin clients with less than £1 million or more than £75 million.

"All great brands need refreshing, probably once a decade... and this is not the first time Coutts has evolved," said Tapner, who joined RBS from UBS.

Tapner was in an ebullient mood when he discussed his hopes and plans for Coutts, a firm dating back to 1692 with the priceless cachet of having the Queen as a client, and the benefits of a broad regional footprint throughout the UK and an international reach in regions such as Asia-Pacific. Coutts is the UK's largest wealth manager by private banking assets. No firm, however, can rest on its laurels. Tapner – who had been chairman and chief executive of UBS' Asia-Pacific operations before joining RBS – said he appreciates how fast the world is changing.

"It [Coutts] was a bit of a tired brand and has not been invested in for some time," he said.

The reboot of the Coutts brand touches on three broad themes: "human" (technology must not get in the way of personal contact and understanding); "connected" (the importance of links and networks with other clients and advisors at the bank), and "cosmopolitan" (stressing the international nature of many clients and their interests and assets).

There is more work being done on thought-leadership at the bank, focusing on the issues of wealth protection and growing wealth at a time of inflation, tax and regulatory challenges, he continued.

Tapner said Coutts' own in-house research on the value of extending the Coutts brand and the importance of such branding has been "very positive".

In Asia-Pacific, there is more awareness of the Coutts brand in Singapore than in Hong Kong, he said. (In Hong Kong, RBS is better known as a name than Coutts).

The Royal Bank of Scotland name

"I'm not interested in dropping the RBS name because of the RBS issues [government bailouts] but we want to emphasise the Coutts one," Tapner said, stressing the benefits to Coutts from the RBS balance sheet - a fact that is "highly valued" by clients in regions such as Asia. (RBS is currently part-owned by the UK government after the bank was bailed out amid the 2008 financial market meltdown. Despite some speculation, RBS has consistently quashed suggestions that it might sell its private bank).

The RBS name will not be airbrushed out. Under its new branding, Coutts will be referred to as "The wealth division of RBS", so the link to the parent bank will remain very much in view, Tapner said. The need for a brand refresh is driven by how fast financial services change, often at a much quicker pace than is the case in other industries.

The "sweet spot"

Tapner expanded on the bank's market positioning, referring to the previously mentioned aim of focusing on clients in a range of at least £1 million of investable assets to £75 million. "If you look at margins in this industry, when you get to about £65 -70 million, the margin declines steeply. These clients are, rightly, very demanding of differentiated services more akin to institutional services," he said. Tapner did however add that Coutts is building a "machine" that can comfortably serve those with very large holdings of wealth.

Rory Tapner

This point touches on what has been a sensitive issue at times; UHNW clients, it is sometimes reportedly said, are a very demanding, even vexatious customer base. Some wealth managers such as the private banks of Citi and Credit Suisse say this segment can be profitably served, however, particularly as part of a "one-bank model" with close links to an investment banking engine. The debate on whether UHNW clients are "too rich" for a bank to serve looks set to run and run.

However, despite the client focus shift, Tapner stressed that Coutts is not going to lose clients who do not make the cut in terms of investable wealth, and he certainly is not going to turn away clients with considerably more than £75 million.

One issue of very current concern is the low interest rate environment. Taking in deposits carries cost: "We need the funding, but it can be expensive funding. There's probably not enough cash to go around for the deposit plans of all banks as we look into the future," he said.

Regional plans

At present, RBS' wealth business books clients from 170 countries but this needs to be shrunk significantly, Tapner said. "There is a need to rationalise the geographical coverage of the bank to allow scarce resources to be applied to core markets. You only need something to go wrong in a non-core country and the amount of time and money spent to get it fixed can be debilitating," he said.

"We want to apply resources to the markets where they will get the greatest commercial impact."

In the US, RBS' wealth business does not have any presence in the country although Coutts does have some resident non-domiciliary business there.

RBS' wealth business, meanwhile, is present in five Latin American countries, but notably, is not yet in Brazil. The development of other businesses is more of a priority for RBS' wealth arm at the moment, such as Asia and the Middle East, Tapner said.

"All of these markets I can see us grow aggressively," he explained.

Coutts is not yet present in Australia or Canada, but Tapner said he would like to develop a presence in both these countries at some stage.

Among other developments, Tapner briefly referred to technology – an issue that continues to stir interest in this world of tablets, iPhones and cloud computing.

He said the bank now is implementing Avaloq IT systems across all its divisions.

The iCoutts initiative, meanwhile, is designed to help bankers have a "smarter, more intelligent relationship" with clients.

In the end, of course, any talk of technology only reminds Tapner that private banking rests on the quality of its people.

"Attracting, retaining and developing the very best people are key to success. The Coutts brand and its business ethos will continue to be synonymous with the discretion and integrity that has won respect throughout the world," he added. ■

CASE STUDY

Rebranding Broadstone Pensions & Investments Ltd

Context

BDO Investment Management's (BDO IM) decision to rebrand as Broadstone Pensions & Investments Ltd followed a period of change which saw Oakley Capital Private Equity take an 84.4 per cent equity stake in the firm in November 2010.

It also hardly needs to be said that the decision to rebrand came at a time of unprecedented upheaval in the industry at large, and more particularly in the UK on the regulatory front.

Aside from the reputational battering the investment management industry sustained due to the financial crisis, much of the change in the UK has been driven by the Financial Services Authority's Retail Distribution Review. In pressing through its package of reforms, which are intended to drive up the standard and impartiality of investment advice, the FSA has pushed for transparent, pre-agreed fee structures over commission-based "product-pushing" and higher mandatory qualifications for advisors – moves all intended to increase clients' trust in the industry.

The brief

Once BDO IM had decided to embark on a rebranding programme, the firm engaged the services of the consultancy Calling Brands and begun the process of developing a new name and corporate identity.

What the firm was looking for was a name which would reflect the core values of the brand and its approach to investment management - which the firm viewed as being all about "stripping away jargon", and delivering a transparent, financial-planning led service. The firm was also keen to emphasise that the rebranding programme was "not just a respray", but more about aligning its identity with its brand promise and the way it conducts its business.

The process

While the rebranding was a six-month process as a whole from initial research to launch, deciding on a new name took just four months – a timeframe which meant that "massive momentum" built behind the project, said Rory Murphy of BROADSTONE. In brief, the project played out as follows:

Research – the team spent a month interviewing clients and industry experts as well as holding workshops with staff to identify what people wanted from a new financial services brand. Ex-clients and prospects were also contacted for their views.

Positioning within the market - next, the firm worked on defining its own positioning within the UK wealth management space. This was decided against the matrices of "modern versus traditional", and "looking after our own interests versus looking after the interests of our clients." Out of this, BROADSTONE clarified that being modern and caring predominantly about clients' interests were central to its particular offering.

Brand promise - the firm then looked at its brand promise, working out what its guiding principles were at core. From this, the promise "Expertise Delivered With Absolute Clarity" was arrived at.

Brand values (as a firm) – then came a formalisation of the firm's own brand values, which emerged as follows:

1. Putting the client first (recognising that financial advice affects quality of life, that "there is a *person* at the end of every process").
2. Being results-driven (delivering what you say you will).
3. Being progressive (to challenge the status quo, to consider global developments and have a point of view).
4. Teamwork (pooling expertise across the organisation and leveraging the team wealth management model).

Choosing a new name - the firm was

sure from the outset, said Mark Howlett, chief executive, that it wanted to avoid the kind of esoteric names chosen by some investment houses and instead opt for one which was more closely aligned with its core brand values of simplicity and straightforwardness.

Firstly, Calling Brands came up with a list of hundreds of possible names, which was then whittled down by a BDO project team. Then, once a shortlist of three possible names was arrived at the firm went to clients to discuss the possibilities face-to-face. This final part of the name selection process was in fact gratifyingly straightforward in the end, said Murphy, as clients were unanimously in favour of one of the choices. Sentiment was so overwhelmingly in favour of the name BROADSTONE, that its suitability was "self-evident", he said.

Corporate identity – the firm then set about the task of overhauling its corporate identity, such as its logo and brand colours, to reflect the changes. Here, once again, staff buy-in was a priority. The firm gave over 20 face-to-face presentations to staff and "brand ambassadors" were appointed before the revamped corporate identity was implemented. Again, this approach paid dividends. "The staff buy-in made for a much richer output than just presenting staff with a 'fait accompli'," said Murphy.

Conclusion
In the end, in "BROADSTONE" the firm ended with a name which "feels real and tangible," said Dan Bobby, CEO of Calling Brands. "The company's name is very much derived from the values of trustworthiness, reliability and credibility," he added. And Howlett himself concurs, seeing the BROADSTONE name as carrying connotations of "simplicity, straightforwardness and soundness."

Importantly, Broadstone's management team, and indeed Calling Brands, attribute much of the success of the initiative to the high level of staff engagement throughout. "We engaged the staff quite extensively because at the end of the day they have to sell the brand," said Howlett, echoing comments made by many of the contributors to this report on staff buy-in. ■

CASE STUDY

GenSpring: Standing Out From The Crowd As A "Pure" Advisory Firm

Steve Barimo, chief marketing officer at GenSpring Family Offices, the Florida-headquartered multi-family office, discusses the rationale behind his firm's 2007 rebrand and how it is positioning itself as a leader in the "pure" advisory space.

Background
GenSpring Family Offices, the Florida-headquartered multi-family office firm, was founded in 1989 as Asset Management Advisors, with that name having been chosen to reflect the firm's concern with the management of broader assets such as intellectual capital. Over time the firm's founding families and senior executives felt that the name Asset Management Advisors was too reductive and implied that the firm focused on asset management in the narrow sense of the word, meaning that the firm's staff had to clarify its wider value proposition "countless times", said Barimo. "We wanted something to convey our full proposition and who we are, which is a family office," he continued.

The rebranding process
1. At the core of the rebranding process was a values survey taken by all employees in order to identify what they saw as the firm's core values. These emerged as:
- Advising families
- Advising families broadly
- Having a responsibility to the client families only
- Continuous improvement and learning for families (i.e. not just giving them enough knowledge to make them comfortable buying a product).

Employees also highlighted the aim of making sure clients can "have fun and not be worried, stressed or overwhelmed by the complexities of wealth", said Barimo.

2. Next, the firm carried out interviews with 30 client families to find out what they thought its core values were – and one of these insights actually formed the rationale behind the new name.

The firm discovered that client families viewed the firm generationally, as in they wanted to sustain their wealth via the multi-family office's infrastructure, thus giving rise to the "Gen" part of the new name.

The "Spring" part of the name actually came from a concept brought up by one client in particular, who said that family wealth is like a spring, in that "you can't dam it up and you can't let it go dry either," explained Barimo. Thus, the firm arrived at a name which encapsulated the dual concept of a generational spring, he said, with the addition of "Family Offices" giving even more clarity.


Steve Barimo

The "Family Offices" part of the new name was essential, said Barimo: "We wanted to put a stake in the ground as a family office is different [to other types of wealth manager]. Being a family office is a really critical part of our identity."

He also pointed out that the green sprig element of the firm's brand identity (pictured below) reinforces the exponent position of GenSpring, that of continual growth, of both family wealth and of knowledge.

GENSPRING FAMILY OFFICES

A "pure" advisory firm
GenSpring is very keen to emphasise its status as a "pure" advisory institution and sees itself as perhaps the only provider which is nationally and globally branded as such. "We envision being the key player in this [pure advisory for the UHNW] space," said Barimo. But clarifying what your offer is as a pure advisory multi-family office can at times be difficult, he conceded, as "frankly, you have nothing to sell except the value proposition of a family office which separates advice from products and solutions."

Instead, Barimo explained that GenSpring has built its offering around:

- Being independent and having no agenda other than clients' best interests.
- Being agnostic as to product or solution.
- Aiming to fully leverage the collective buying power of its client families (with some $23 billion in collective client assets, scale is able to both drive access up and costs down).
- Aiming to fully leverage the collective intellectual capital across its network.

He also highlighted the fact that the firm advises on non-financial issues as well as financial ones, and that this way, "you don't have just one arrow in your quiver, you have unlimited resources."

"Both big and small"
Although being a pure advisory firm is what GenSpring views as its key differentiator and an "anchor" for its brand, Barimo also pointed to the fact that the firm maintains a "balance of being both big and small."

On the "small" side of things, conversations with clients take place in a small local family office (which is decorated in the style of a family home, featuring photographs of clients, for example), with "closeness and intimacy" front of mind. This is because serving clients "has to be done locally with staff completely entwined with their lives," he explained, adding that the use of home-inspired décor is "all about ensuring they feel it's *their* family office."

On the "large" side of things, Barimo noted that the firm holds hundreds of investment manager meetings around the world each year and assiduously tracks developments in international tax law and family governance issues, for example. By balancing being both big and small, and adding an international platform to an intimate approach, GenSpring aims to "provide the best the world has to offer across the whole wealth management universe", he said.

Standing out from the global banks
When asked how GenSpring differentiates itself from the family office arms of the global banks, Barimo was sceptical as to whether a like-for-like comparison can even be made, as many institutions just define a family office client as one with more than $50 million in assets. Moreover, the big players aren't family offices by any true definition, he said, explaining that a "real" family office "works only for the family and are paid only by the family". In his view, the clearest distinction between family offices and global bank units that market themselves as family offices is that purely objective advisors work under the fiduciary standard, as does GenSpring, which requires that they act in the best interest of clients at all times.

GenSpring's target client base
Barimo explained that a typical client is one who might want a single-family office but is constrained by a lack of scale. These may be very wealthy clients indeed, but ones which lack the critical mass of an asset base of $200-300 million required to make a single-family office "make sense" in terms of the infrastructure and regulatory provisions which will have to be put in place. Attracting industry-leading talent without this scale is also a concern, as is the fact that a single-family office can actually add to clients' worries as "it's another business to be managed", he said.

Barimo also pointed out that single-family offices can be very isolating for clients, inducing them to wonder "how do I know I'm doing the best thing?" This is where GenSpring's "hybrid" model is intended to come to the fore. "We help them [clients] to be a smart buyer… we assess strategic and tactical asset allocation, helping them to buy at a competitive price," he explained.

Marketing strategy – advertising doesn't work
Despite having put such work into its rebrand, GenSpring completely eschews advertising as the firm views it as unlikely that traditional mass marketing channels will be efficient in reaching out to its target client segment. "A very small sliver of the population are UHNW… advertising doesn't make sense," he said.

As might be expected, client referrals are GenSpring's "biggest source of new clients", but the firm has also placed raising brand awareness through thought-leadership at the centre of its marketing strategy. The firm's employees write and speak on key issues as well as presenting at learning events which are focused on families and how to solve the issues that keep them awake at night.

"The 'hard sell' doesn't really work with this segment," said Barimo. "Moreover, it violates our brand values and value proposition – this is not a transaction business, you're selling a long-standing relationship. We don't have anything to offer other than our integrated advice and comprehensive service."

In Barimo's view, "at the heart of being an advisor is education… teaching clients about choices and their implications." In this way, the firm's learning programmes are designed to give prospective clients a taste of what it is like to have an unbiased advisor to help them through these complexities. "It's all about enabling clients to make really good decisions for their families," he concluded. ■

[SECTION 2]

Adapting Strategy According To Gender, Geography And Generation

"Over fifty per cent of the population are female, you can't make generalisations and assumptions about over half the population. Approach with caution – I do believe there are differences, but you need to be careful not to generalise" - Jacqui Brabazon, group head, marketing and philanthropy, Standard Chartered Private Bank.

"Gender is a factor, but we should focus on individuals as a segment of one... you have to focus on the client and not just on the gender"

GENDER

When asked whether they thought that male and female clients should be approached differently from a marketing perspective, 76 per cent of the survey respondents said that they should – indicating firstly that wealth management professionals broadly view females as a distinct client segment, and secondly that a gender-neutral approach to marketing is held to be undesirable. However, despite the fact that the majority of respondents hold such beliefs, these views are not necessarily an entirely accurate reflection of what constitutes future best practice – as will be discussed later in this section.

What is not in dispute is that females are really coming into their own in terms of wealth off the back of rising standards of education and more female involvement in business and entrepreneurship globally. As the figures below will attest, increasingly large proportions of the global HNW population are female, making women a client segment - if one chooses to treat them separately as such - that firms can ill afford to ignore.

Why bother focusing particularly on females as a client segment?

Female wealth levels are climbing globally

- The Merrill Lynch/Capgemini *World Wealth Report 2011* revealed that in 2010 females accounted for 27 per cent of the global HNW population, rising from 24 per cent in 2008.
- In North America, females account for 37 per cent of the total HNW population, due in part to the fact that women are well established in the business world there.
- In Japan, 31 per cent of HNW individuals are female, compared to 24 per cent for the rest of Asia-Pacific excluding Japan.
- Of Europe's HNW population, 18 per cent are female, with women also representing the same proportion of HNW individuals in Latin America.
- In the Middle East women account for 14 per cent of HNW individuals. However, despite this below-trend figure, the fact that Shariah law specifically protects women's assets means there is a specialised need for wealth management services for females in the region, according to the report's authors.
- In its 2010 white paper entitled *Leveling the Playing Field: Upgrading the Wealth Management Experience for Women*, Boston Consulting Group said that women controlled 27 per cent, or around $20 trillion, of the world's wealth in 2009 and

predicted that the amount of wealth controlled by women globally will grow at an average annual rate of 8 per cent from year-end 2009 through to 2014 (rising slightly from the 7 per cent growth rate seen from year-end 2004 through to 2009).

Females can be a very rewarding client segment

- Women live longer than men in general.

- They tend to favour a more holistic wealth management offering which encapsulates a broader range of services including wills, trusts, estate planning and insurance as well as investment management.

- Women tend to be more tolerant of investment underperformance – at least when working with female advisors. A 2011 Brinker Capital report, entitled *Does Gender Really Matter?*, found that 40 per cent of females said they were more tolerant over investment decisions that did not meet their expectations, versus 22 per cent of male clients working with female advisors.

- Women are said to prefer a team-based approach and so could potentially be less likely to leave a firm when an advisor does (obviating so-called "key man risk").

- Women tend to be "stickier" after major life events: in the same Brinker Capital report, 47 per cent of female clients said they would be "extremely likely" to retain their advisor in the event of a death or divorce, versus 32 per cent of men. Additionally, the Merrill Lynch/Capgemini *World Wealth Report 2011* found that firms initially retain a seemingly impressive 66 per cent of all assets transferred to a woman from a man. However, the question is "whether they can retain that AUM for the longer term", the report's authors said.

Developing a female-orientated proposition – addressing female dissatisfaction with wealth management providers

Successfully marketing to women first entails the development of a proposition which suits their needs. But while the rise of females in the global HNW population is a well-documented trend, what firms may not be so cognisant of is how dissatisfied females seem to be with the wealth management service they currently receive.

In its 2010 report focusing on females' experiences of wealth management, BCG found that 55 per cent of respondents thought that wealth managers could do a better job of meeting the advisory needs of women; a further 24 per cent said that private banks could *significantly* improve how they serve women.

Having surveyed 500 women, as well as carrying more than 70 interviews with private banking specialists and wealthy women around the world, the report's authors identified a generalised sense among women that they were being treated almost as "second-class citizens" by their wealth management firm.

"The dissatisfaction stems from the unshakable perception that men get more attention, better advice, and sometimes even better terms and deals. We heard this sense of subordination time and again in our interviews," said Peter Damisch, BCG partner and co-author of the study.

In addition to feeling that male clients often get a better deal, the research also highlighted a disconnect between the way female clients and their providers view the very business of wealth management.

"Many women feel that their advisors focus too much on short-term results and disregard their long-term goals, which often revolve around major milestones in a woman's life, such as the birth of a child," said Anna Zakrzewski, BCG principal and co-author of the study. "This is in part a function of incentive systems and company cultures that are focused on near-term performance, but it is also a shortcut and a symptom of superficial advisor-client relationships."

Building a female-friendly proposition

In their analysis of the growing numbers of female HNW clients, the authors of the Merrill Lynch/Capgemini *World Wealth Report 2011* identified a need for wealth managers to further cultivate an "empathetic" approach to wealth to address the rising numbers of female and younger HNW individuals. "Firms and advisors have already seen their HNW clients become more conservative as they focus first on fulfilling life goals rather than chasing short-term returns as many were keen to do before the crisis," the report said.

Indeed, watchers of the industry will already be aware of a broad-based movement towards "holistic" or "goals-based" wealth management which has accelerated since the global financial crisis. Now, more than ever, clients want to know the impact that changes to their financial situation will have on their life goals and those of their family.

Don't make assumptions

The segmentation of clients is of course an issue fraught with difficulty and it is a well-noted fact that there can often be more differences between clients *intra* segment than *inter* segment. It is difficult to know where to "make the cut" when segmenting clients (offerings tailored to clients' profession, domicile, gender, age and even sexual orientation are commonplace) and it may well be that two seemingly very different clients have a lot more in common attitudinally than might be first assumed.

However, segmenting clients on the basis of gender is even more of a loaded issue, and while thinking about female clients specifically is certainly to be lauded, the matter must be handled sensitively, senior executives warn: any kind of patronisation must be avoided.

"Gender is a factor, but we should focus on individuals as a segment of one… you have to focus on the client and not just on the gender," said Jacqui Brabazon of Standard Chartered Private Bank. She warns that while it is easy to make condescending assumptions, such as that women are more risk averse than men, these are all too often wrong.

Through its own research, Standard Chartered Private Bank has found that women and men are similar in many respects, such as their financial outlooks and level of activity with their advisor, but that broad assumptions are being made about females – to their great dissatisfaction. "What they [female clients] want is for wealth managers to recognise their needs, but actually in many cases they find that what they get is that assumptions are being made about them and their risk profiles," said Brabazon, adding that as a segment women can be very split with regards to whether they favour capital preservation or aggressively chasing higher returns.

It also hardly needs to be said that the typical "profile" of a female wealth management client has evolved massively due to global demographic changes such as rising levels of female education and entrepreneurship – particularly in emerging markets. Today, female wealth management clients are as likely to be hedge fund supremos or business owners as they are to be widows and the beneficiaries of inherited wealth.

Finding commonalities

While it may be foolhardy to make sweeping generalisations like "all female clients are risk averse", for example, an awareness of the danger of making assumptions needs to be balanced with the fact that women do have some common needs. Women have a longer life cycle than men and often have interrupted careers, and this will of course impact on their wealth management needs.

What women *do* want – attributes to espouse in marketing effectively to female clients

Although unhelpful generalisations are to be avoided, studies and anecdotal evidence from senior executives suggest that female clients do have a wealth management "wish list". Therefore, firms able to embed the following attributes in their offering, and convey them in their branding and marketing efforts, are likely to secure more female wallet share.

• *Holistic wealth management and empathy*

The industry luminaries who contributed to this report identified a desire among women for a broader approach to wealth management in which advice on wills, trusts, estate planning and insurance are more firmly embedded. Female clients want an empathetic relationship whereby advisors understand what they want their wealth to *do* for them and their family.

Also highlighted was the fact that female clients can become "turned off" when the conversation segues immediately to performance figures and the technicalities of asset allocation. The conversation should instead start with the client's life goals, with discussions about specific asset allocations and return and risk expectations built around this, the experts said.

What is good news for firms is that an empathetic, holistic wealth management offering is one which is likely to appeal to clients across the board – particularly in what remain uncertain economic times.

Crystallising this, the authors of the Merrill Lynch/Capgemini *World Wealth Report 2011* said: "[in future] most critical will be the need to stay relevant to individual HNW clients, using tools and techniques that resonate with emerging segments, including (but not limited to) the female and younger demographics as well as to existing HNW clients. Notably, this strategy is consistent with the empathetic approach firms and advisors have had to assume since the financial crisis... HNW individuals' changing post-crisis demands have required many firms and advisors to hone their propositions, and demographic shifts will require a similar and long-term focus on individual needs."

• *More information, no rushed "hard sell"*

There may be many factors at work here, but it would seem that female clients want more information than males and are more willing to admit to gaps in their knowledge than men. As discussed elsewhere, the Brinker Capital report found that 46 per cent of female clients said their advisor helps them "build knowledge", against 37 per cent of male clients.

In a November 2011 interview with *Family Wealth Report*, sister publication to *WealthBriefing*, Sherry Barrat, vice chairman of Northern Trust, said that broadly speaking many women are "committed to educating themselves" about their finances, regardless of their ages. She added that although one should try not to generalise on the subject, "the younger the woman the more likely she is to want to know more about her finances."

Furthermore, a recent report by the Barclays Female Client Group found that female investors reported a greater desire for discipline or self-control when it comes to their finances, something that 45 per cent of women expressed, compared to just 39 per cent of male respondents. Recognising the appetite amongst female clients for greater financial education, the Barclays Female Client Group was established last year to address the specific wealth management needs of women and their families.

• *A collaborative approach*

Wealth management firms should also bear in mind that female clients are more likely to make their financial decisions collaboratively. In their advice to wealth management firms, the authors of the *World Wealth Report 2011* said that advisors need to "need to comprehend fully the 'network of influence' on which their female HNW clients rely in making such financial decisions."

"Firms could, for example, leverage team-based approaches to combine complementary strengths and different perspectives to iterate their response to the complex needs of female HNW individuals," the report continued.

Another issue to consider is the extent to which spouses are involved in married female clients' decision-making processes. Brinker Capital's research indicates that clients' marital status plays a large role in dictating the tone of the client-advisor relationship. Over three-quarters of married female clients (76 per cent) make joint financial decisions with their spouse, while for married men this figure is far lower, at 39 per cent.

Meanwhile, some 63 per cent of married female clients said their advisor directs their relationship jointly to them and their spouse, while for male clients this figure dropped to 41 per cent. In a finding which will likely irk feminists, only 29 per cent of married women say their advisor directs their relationship solely to them. The complex gender politics involved here need hardly be described, however it might be argued that at least *some* married female clients may appreciate a advisory relationship which is directed solely at them.

• Relevancy and a commitment to thinking about the client as an individual

The delicate balancing act facing wealth managers is to think about female clients as females, but not *just* as females. In the view of Northern Trust's Barrat, the answer is that firms do need to offer services targeted at women, formulated on their needs and wants, but these need to be just "one option." Such specialist services need to be available to those who want them, without making the suggestion that all women need them.

As Jacqui Brabazon of Standard Chartered Private Bank puts it, wealth management should strive to think about each client as a "segment of one." But while firms should certainly think about their provision, they don't necessarily need to entirely re-engineer their propositions to suit female clients. "It's not about the product, it's about the delivery of the product to the female segment," she said.

• Subtle marketing

The contributors to this report noted that while women will want be provided with female-specific services when required, this does not necessarily mean that they want to be marketed to as women in a reductive sense which manifests assumptions as to their needs. The profile of a HNW female client is becoming ever more diverse and this should be front of mind when marketing to them.

• Representation of women within the institution

One key way that wealth management firms can signal their "female friendliness" is by ensuring that women are well represented within the organisation itself, both in its roster of client-facing staff and at senior management level.

Barrat says that, for female clients, seeing women working within the firm and well represented in the senior ranks "sends the strongest message".

She says wealth management firms "do realise" the need to increase female board membership, but as yet haven't made too much progress. She is optimistic though, and believes that firms "get it".

IN FOCUS

Gender matters – women gravitate towards female advisors

Gender plays a surprisingly important role in the client-advisor relationship, with men and women varying significantly in their preferences as to who to work with, according to a May 2011 study sponsored by Brinker Capital.

The report, entitled *Does Gender Really Matter?*, found that 25 per cent of female wealth management clients prefer to work with a female advisor, whereas only 10 per cent of men prefer a female advisor. Interestingly, the proportion of women who prefer a female advisor varies according to marital status: 34 per cent of single females would rather work with female advisors, while for married women this figure is 22 per cent.

The study also found that:

- Women value the intellectual capital of their advisor slightly more than men (or are at least more willing to say that they do): 46 per cent of females said their advisor helps them build knowledge, against 37 per cent of male clients.

- Women largely categorise themselves as more risk averse than males, with 21 per cent of female clients deeming themselves extremely or very comfortable in taking investment risk, versus 42 per cent of males.

- Women working with female advisors tend to be more forgiving of underperformance, with 40 per cent of females saying they were more tolerant over investment decisions that did not meet their expectations, versus 22 per cent of male clients working with female advisors.

- Women tend to be "stickier" after major life events: 47 per cent of female clients said they would be extremely likely to retain their advisor in the event of a death or divorce, versus 32 per cent of men.

Lesbian, Gay, Bisexual and Transgender clients

Although not addressed specifically by the reader survey, several innovative firms have developed specific services for LGBT clients – and, as will be discussed, such provision could prove to be a powerful differentiator.

IN FOCUS

Targeting LGBT clients

One interesting trend, which is particularly marked in the US, is the upsurge of wealth management practices dedicated to the needs of LGBT clients - a client segment, along with cohabitees and other types of "non-traditional" family, which firms are increasingly thinking about in terms of their special legal, tax and wealth transfer needs.

The fact that LGBT clients have such specialised needs is of course a double-edged sword. Building up the necessary intellectual capital to serve this community well is no small undertaking, not least because of the legal differences between countries, and in the US, there are also both state and federal laws to contend with. Moreover, strategies which are available to heterosexual married couples may not apply to LGBT couples at all. But, on the flipside, the very specificity of LGBT services can make the task of the marketer easier: demonstrable experience and thought-leadership in such a complex area will be a very strong attraction for LGBT clients.

Again, as with targeting female clients, it is paramount not to be reductive in any way and bear in mind that LGBT-specific services should be just one option from a broad offering. Sensitivity is also of course absolutely paramount.

Various firms have made LGBT clients a focus and below are two examples of US wealth managers at the vanguard of such moves.

Marketing

The increased focus on the needs of LGBT clients is still a relatively new development within the wealth management industry, but those firms which are pushing ahead with LGBT offerings do seem to be focusing their marketing efforts in similar areas. While not an exhaustive list, the following elements could be considered best practice when marketing to LGBT clients.

- Build and celebrate intellectual capital: Several firms have made the Accredited Domestic Partnership Advisor qualification available to their staff.
- Focus on educative events: Here, perhaps more than in any other segment, educationally-led marketing efforts seem to be very effective as LGBT clients have to contend with additional legal and tax complexities which are also regularly changing. As such, firms which establish themselves as thought-leaders will naturally be at an advantage when trying to attract these clients.
- Draw on the expertise of organisations like specialist law firms and academic institutions.
- Leverage links to other centres of influence which are not connected to wealth management, such as representative organisations.
- Be at the forefront of new developments in legislation, tax and wealth planning solutions as these are in flux.
- Be celebratory - firms can usefully link their LGBT marketing efforts to celebrations of diversity like LGBT Pride Month.

CASE STUDY

Northern Trust's LGBT Push

At the start of 2011 Northern Trust launched an LGBT and Non-Traditional Family practice, appointing John McGowan as national practice leader to implement the programme across the US.

Mark Braun was named national practice liaison, a role focused on building relationships with LGBT individuals and families, community organisations and other advisors.

Later, in the summer of 2011, Northern Trust released an updated edition of its primer on estate planning, *Legacy: Conversations About Wealth Transfer*, which included a whole chapter on wealth transfer strategies for the LGBT community.

Northern Trust can also claim to have been one of the first financial services firms to begin offering domestic partnership benefits to employees some 13 years ago – another example of firms "living the brand" by embedding core values in all aspects of the business. ■

CASE STUDY

Morgan Stanley Smith Barney Moves To Target LGBT Clients

In June 2011, Morgan Stanley Smith Barney moved to target LGBT couples and domestic partners with a series of wealth planning seminars available via podcast for use by financial advisors and their clients.

The podcasts included an overview of legislative and economic topics affecting the LGBT community, presented by Brad Sears of the Williams Institute at the UCLA School of Law, with which the firm partnered for the venture. Wealth planning information was presented by Alan Wolberg, executive director of wealth advisory services for MSSB.

The choice of the podcast format was a bid to reach out to LGBT clients residing outside the major metropolitan markets, MSSB said.

The podcasts formed part of a wider initiative from the firm's diversity council, which included a series of private receptions and investment symposiums hosted by MSSB focusing on wealth planning for LGBT couples in California, Delaware and Minnesota.

The events, which were open to the public with pre-registration, provided information on areas such as trust preparation, insurance, retirement, wealth transfer and charitable donations.

Another attraction to the firm comes from the fact that an Accredited Domestic Partnership Advisor qualification has been made available to MSSB financial advisors through the College for Financial Planning.

Earlier, in 2009, MSSB hosted an event called "Wealth Planning for Same-Sex Couples" in honour of LGBT Pride Month. The Beverly Hills event saw both outside lawyers and MSSB advisors speak on how to prepare for situations like retirement and wealth transfer, along with issues arising from recent legal precedents. ■

INTERVIEW

Morgan Stanley Smith Barney's LGBT Provision

Senior executives explain why MSSB's commitment to LGBT diversity is simply an extension of its core principles.

According to Robert Seaberg, managing director of planning services at Morgan Stanley Smith Barney, the firm has been "unrelenting in recognising the business opportunities presented by diverse markets" - and part of this is addressing the wealth planning needs of LGBT couples and domestic partners, as well as other diverse segments such as women, Latinos and African-Americans. The firm has an Office of Diverse and Multicultural Business Development to specifically drive these efforts in partnership with the firm's broader diversity and inclusion initiatives.

In Seaberg's view, having an LGBT offering is a real differentiator in the US market, not least because of the fact that federal government does not recognise marriages, civil unions or domestic partnerships between two people of the same sex. This creates great opportunities for those firms able to meet this segment's unique needs, he said.

"When equipped with foresight and the right information, LGBT people can ensure that they, their partners and their children are prepared for major life events such as separation, illness, or death. These represent only a few of the financial issues facing the LGBT community. But, one issue facing everyone is the need to work toward a stable financial future," said Seaberg.

MSSB also emphasises its internal focus on inclusion, in what is another example of the firm "living the brand". For MSSB, focusing on diversity and inclusion - for both staff and clients - is "really just good business and a key part of Morgan Stanley's core values," Seaberg continued.

For Jeffrey Siminoff, the bank's global head of diversity and inclusion, focusing on LGBT diversity cuts to the heart of the bank's brand values. "We serve our clients better because we prioritise the richness of what makes us different and think inclusively about what our clients need. By leveraging differences we drive best-in-class business results and enhance the development of our talented professionals. Our proud commitment to LGBT diversity fully incorporates each of these foundational Morgan Stanley principles," he said. ■

GEOGRAPHICAL REGION

"About 60 per cent of Chinese HNW individuals manage their own wealth or rely on help from their families" - The 2011 China Private Wealth Study by Bain & Company and China Merchants Bank

The need to tailor marketing efforts according to target region was held to be essential by the majority of survey respondents: 76 per cent said that it was "very important" to adapt marketing strategy according to geographical region, with a further 22 per cent holding it to be "moderately important". Just 2 per cent of those surveyed thought it was not important at all.

Of course, the first considerations when adapting marketing strategy concern the "shape" of the wealth management industry in the target region. Some markets have a relatively immature wealth management industry where there is still much need to educate prospective clients, while other developed markets have an already sophisticated client base. Regulatory and religious considerations are also big factors in tailoring marketing strategy according to region, with specialist Islamic finance services being a case in point here.

But product and service specifics aside, wealth managers must also be sensitive to cultural differences which might make it necessary to tweak branding and marketing to suit a specific region, senior executives say. Such cultural differences are "very important", said Alison Petit, a consultant and former marketing director at Rothschild, who added that they can "make the job of the marketer more complex."

One challenge comes from the fact that cultural differences can be notoriously hard to unpick - particularly for Western banks trying to break into the booming Chinese market, for instance – and it is therefore essential to draw on local branding and marketing expertise. As discussed later, wealth managers looking to do business with Chinese clients cannot afford to neglect the concept of "Guanxi". "The Chinese are very into the relationship side of things and the 'face' concept of honour, good reputation and respect. It is critical to avoid losing face or causing the loss of face," said Emma Sherrard Matthew, chief executive of concierge company Quintessentially, who added that the task of the marketer is made more difficult due to the fact that "Mainland Chinese are reluctant to give away their details."

Sherrard Matthew pointed out that the concierge industry, like wealth management, is in its relative infancy in China and there is still a need to educate prospective clients about the concept itself and present it in an accessible way. The Chinese tend to very orientated towards the tangible, in the view of Sherrard Matthew, which can make the abstract concept of "Quintessentially" a hard sell. "In Asia the offering has to be something tangible or something which the member can experience. That is why we've seen such a spike in the demand for money-can't buy experiences," she said.

Focus on commonalities

However, marketers should also focus on finding commonalities as cultural differences are overcome by core wealth management values, according to Charles Lowenhaupt, chairman, president and chief executive of Lowenhaupt Global Advisors and co-author of *Freedom from Wealth*.

"One important point to remember is that, broadly speaking, while the tools change, the fundamental points don't – from culture to culture, or from generation to generation," he said in an interview with *Family Wealth Report*.

In his view, working across cultures is often more about overcoming differences of vocabulary. "Chinese families are not going to talk about philanthropy, but when you talk about duty they get it. The need to define and engage in communities is true across cultures and ages, but the language, tools and currencies change," he said. "If you look at the principles – the fundamentals of wealth management – it starts with the question: what is the wealth for? That's regardless of age or culture."

Staying true to themselves

Added to the fact that the fundamentals of wealth management are broadly applicable irrespective of culture, it would seem that a significant proportion of firms have made a conscious decision not to alter their brand positioning too much along geographical lines – and this is particularly marked with some of the Swiss private banks pushing into the Asia-Pacific region.

Traditionally, Asian clients are regarded as being more risk tolerant and interested in speculative investments, but following the financial crisis it seems that Swiss institutions are making a virtue of their somewhat more sedate image in Asia. Swiss private banks looking to expand in the Asia-Pacific region are leveraging their heritage, longevity and traditional models and are making a strength of staying true to their "brand personality", said Jacqui Brabazon of Standard Chartered Private Bank. "This tradition is what the Swiss private banks stand for and what they're known for. When you're coming out of a financial crisis and at times when there's volatility in the markets it's a useful brand positioning to have," she said.

But while tradition and Swiss-style heritage can be a big selling point, Brabazon also pointed out that there is definitely room for an alternatively-positioned offering. "Clients are looking for different things and there is certainly room in the market for firms who want to do something more dynamic," she said.

Brabazon's comments chime with the broad view expressed by the contributors to this report: that while it can be useful to segment and market to clients according to factors such as age, gender, profession and geography there is likely to be intra-segment variation at least as marked as that between segments. It is also pertinent to note that institutions may divide their businesses geographically on such broad lines that it may be very difficult to develop a unified branding and marketing strategy which is valid across an entire region as diverse as Europe, the Middle East and Africa, for example. "EMEA is one of the most complex regions, not just in terms of the diversity of countries but also in terms of regulatory diversity too," noted Pablo Garnica, head of EMEA at JP Morgan Private Bank.

Avoiding brand dilution while leveraging the master brand

Another industry trend which poses particular challenges for marketers within global banking groups is the proliferation of wealth management "sub-brands" (as in the case of those catering to the lower ends of the wealth scale in markets such as India). Here, and in other relatively new wealth management markets, firms are looking to target rising numbers of mass affluent clients and secure brand loyalty from a segment which provides both attractive margins and a useful pipeline of clients who will possibly rise higher on the wealth scale at a later stage. However, while some institutions are keen to introduce sub-brands to tap all levels of wealth in their global markets, care needs to be taken that the master brand doesn't become overly diluted, experts say.

"If there are too many sub-brands or divisions, you run the risk of confusing the consumer... and I believe that as an industry private banking often already confuses the consumer. We have different entry levels and we offer different services. It's already a somewhat complex market for the potential private banking client," said Brabazon.

Indeed, the extent to which the wealth management side of a global banking group should forge its own identity is subject to much debate, as some firms prefer to do business very much under the auspices of the parent while others strive to carve out a separate brand personality. What is not disputed however is that wealth managers should not hesitate to leverage the master brand in the regions where it has particular strength.

For its part, Standard Chartered views itself as an organisation which is about Asia, Africa and the Middle East and it would make little sense for the wealth management side of the business not to capitalise on the success of the group's retail franchise in these regions, said Brabazon. "Those regions are certainly where we're going to have most brand resonance, so doing something completely different would be to divorce ourselves from the master brand. It would potentially confuse our clients and a lot of our clients like our organisation because they know the brand and they have some brand knowledge and recognition," she said. "You have to leverage the master brand but make it very clear what, as a private bank, you offer and how that master brand can help deliver that."

Strength in sub-brands

One firm which is certainly not afraid of brand dilution is ABN AMRO Private Banking, which operates several distinct local private banking brands as well those coming under the group brand. In Germany there is Bethmann Bank, in France there is Neuflize OBC and in the Netherlands there is ABN AMRO MeesPierson, while in all other market the firm carries the ABN AMRO Private Banking brand.

Rather than seeing the use of sub-brands as a potential problem in terms of brand dilution, ABN AMRO Private Banking actually views it as the core of its brand strategy, explained Linda van der Sluis, the firm's Amsterdam-based head of marketing. "Our clients are attached to their local prestigious brands and we value and preserve this. When a different brand is used (e.g. Bethmann Bank) it is always endorsed by ABN AMRO (name and shield) and with a consistent visual identity with all other private banking advertising," she said.

"We have different entry levels and we offer different services. It's already a somewhat complex market for the potential private banking client"

CASE STUDY

Reyl & Cie: A Swiss Firm With "Great Ambitions In Asia"

Here, Charles Bok, chief executive of Reyl Singapore, outlines how the Swiss private banking group is positioning itself in the fast-growing Asia-Pacific market.

Switzerland's Julius Baer has designated the Asia-Pacific region as the bank's "second home market" – is this also the case at Reyl & Cie?
Bok: Asia is a very fast-growing marketplace. Reyl & Cie's headquarters are in Switzerland, but we understand and observe the current dynamics and Asia is definitely a place where we consider being of added value for clients.

The intrinsic values of Reyl Group (independence, a high level of expertise and flexibility) combined with our knowledge of the Asian market will allow us to benefit from the dynamism of this high-growth region. The Reyl Group has great ambitions in Asia and has proved itself efficient and pragmatic enough to seize opportunities when they arise.

In Singapore, we are building up the foundation for a long-lasting presence in Asia through all of our business lines: wealth management, asset management and private office services. We aim to be a key player in this market.

2009 saw the launch of the Singaporean subsidiary, what is next for the bank in the Asia-pacific regional strategy?
Bok: The opening of the Singapore office in 2009 was a milestone for Reyl & Cie in the development of the group's international presence. We are confident that the expertise and knowledge we have built over the last 40 years in Europe, servicing a demanding client base and working with both entrepreneurs and investors, could be of interest to Asian wealth-creators.

By hiring local skilled and experienced staff, we are adapting our value proposition to satisfy local clients' wishes. In order to meet the needs of local and international UHNW individuals we are building family office capabilities in Singapore. The experience we have gained in Switzerland with sophisticated clients is a valuable asset.

Who is your typical client in the Asia-Pacific region?
Bok: They are an active entrepreneur who has created the family's wealth and is thinking about how to optimise the transfer of this on to the next generation. Their global wealth is between $50 and $500 million. They are beginning to think about diversification in their portfolio management and are looking for asset protection and capital preservation; this seems to be a very new trend in Asia.

Like in Europe, our Asian clients are mostly entrepreneurs with cross-border estates. Their families are internationally-based, as well as their investments, and so they are looking for a trusted advisor who is able to coordinate their global investments and to act as a wealth coordinator across their estate. Our clients are not just looking for advisors that are able to provide them with a global view on their financial investments, they need a wealth partner in the management and administration of their wealth.

What are the main differences between Western clients and those in the Asia-pacific region?
Bok: As opposed to their Western counterparts, clients in the Asia-Pacific region are not yet fully familiar with the intricacies and complexities of wealth transfer, since we are dealing mostly with first and second generation entrepreneurs. Consequently, there is increasing demand for specialists who can advise and assist them in such key matters as estate planning and family governance.

What is your marketing strategy in Asia?
Bok: Our ambition is to become a recognised player in the financial industry in Asia, particularly in Singapore, by tailoring our services to the specific needs of the most successful entrepreneurs in the region. As we have built up our profile and reputation in Europe, and especially in Switzerland, on our talent, expertise and dedication, we are working on the same fundamentals to expand in Asia. A key success driver in the development of the group has always been the hiring of talented professionals. In Asia, we also make sure to attract top local professionals with a strong expertise in their own market.

Charles Bok

How does Reyl & Cie position its brand in the Asia-Pacific region? Does it differ from that in Europe, and if so, how?
Bok: Reyl & Cie has a unique global approach, adapting its structures to address the specific requirements of its customers depending on their location.

Reyl & Cie is a Swiss bank that has built a solid reputation over the years thanks to a very positive mix: a small range of top-quality investment funds (with a proven track record, Lipper prizes and S&P recognition) and high-quality staff (the human dimension is essential) with high-calibre and complementary personalities. For example, François Savary, our chief investment officer, is a recognised expert in his field; Nicolas Duchêne, the head of Reyl Private Office, provides a high level expertise to UHNW clients in diverse areas such as tax optimisation, inheritance planning, relocation and lifestyle management.

The Reyl values which represent the "DNA" of our group remain the same in Asia, although we have adapted our value proposition to meet Asian needs.

Our boutique mindset is much appreciated by our customers. The relatively small size of the Reyl Group and its dynamism offer great opportunities for our clients, and our flexibility enables us to provide them with the most personalised solutions.

It seems that Swiss private banking houses make much of their heritage when marketing themselves. What

is Reyl & Cie's approach, considering the group has only been around for forty years?
Bok: The group does not have a two-century heritage, but it is likely that our recent history is what matters most to our clients today in such turbulent times. Since 2002, we have successfully managed several crises and their repercussions. Over the past 10 years, Reyl & Cie has achieved a fivefold AUM increase from $1 billion to $5 billion. Our track record and our capacity to adapt have enabled us to fully earn our clients' trust. This is our heritage.

Do you think that is important to tailor branding and marketing efforts according to the target geographical region?
Bok: It depends on your objectives. A large marketing campaign is great to sell products and ideas, but our concept is different: we want to be partners with our clients for life. We do not believe that marketing can replace having regular meetings with a client to build mutual trust. At our level, our first marketing tool is our clients themselves. We favour one-on-one meetings with large potential clients. We believe our discreet, confidential but high-level approach differentiates us from many of our competitors. ■

IN FOCUS

UK HNW clients are largely self-made

Almost 70 per cent of UK HNW individuals have made their money from employment, investment income or through selling their businesses, according to the Skandia 2011 *Millionaire Monitor Report,* drawn from a survey of more than 500 millionaires.

Old money is less significant, with only 14 per cent of those surveyed saying their wealth had been inherited. Trusting luck to make a fortune also appears to be a risky strategy, with just 4 per cent of the sample saying their wealth has come from winning the lottery or by gambling.

However, almost 15 per cent of wealthy younger people acquired their fortune through either winning it or through marriage – a three times higher incidence than in those aged over 50 years of age.

IN FOCUS

Chinese clients prize Guanxi, and largely favour domestic firms

China is a hotbed of newly-minted millionaires and it is predicted that the country will boast a staggering 1.4 million millionaires (representing total assets of $8.76 trillion) by 2015, according to an August 2011 study by Julius Baer and CLSA Asia-Pacific Markets. But while non-domestic firms are understandably eager to tap the country's rising numbers of HNW clients, they have thus far had limited success as, according to PwC, less than 5 per cent of assets in China are in the hands of foreign institutions. As yet more evidence of non-domestic firms' lack of penetration, the 2011 *China Private Wealth Study* by Bain & Company and China Merchants Bank found that 85 per cent of respondents who use financial institutions for wealth management select domestic banks above foreign institutions.

As mentioned elsewhere in this report, firms looking to make inroads into the Chinese wealth management market need to get to grips with the concept of "Guanxi" (which is variously interpreted as "connections", "relationships" or "reciprocity"). Chinese clients place great emphasis on personal relationships with those who manage their money, and it is rumoured, for example, that Li Ka-Shing, one of China's wealthiest men, has his money run by a family friend from his home village. As such, domestic firms have a significant advantage over non-domestic players as they have a more localised understanding of what matters to domestic Chinese clients.

Are self-reliant and look for higher returns
As is well documented, entrepreneurs make up a large proportion of China's HNW population and anecdotal evidence suggests that these successful businesspeople can be somewhat reluctant to cede the management of their money to others in exchange for returns far lower than they could secure through investing in their own businesses or other more speculative opportunities. Foreign banks tend to be more focused on long-term investment products with a more stable return profile, which might not be the preferred choice for the Chinese due to their demand for higher returns. The fact that Chinese clients are very financially savvy does however have the upside that they tend to be open-minded to innovation.

Appreciate a broad offering
Domestic Chinese firms are not, however, resting on their laurels and are keen to borrow from the business models of their non-domestic peers. Chinese wealth managers are increasingly adopting integrated service models whereby clients are offered a full spectrum of services ranging from investment management through to corporate banking and advice on issues such as insurance, succession planning, trusts and philanthropy. Some also provide access to private equity funds, offshore investments and value-adds such as such as art advisory services.

Are attracted to offshore services and are buying property abroad
While domestic firms may have the advantage in understanding Chinese clients' needs, foreign institutions are well placed to meet increasing demand for investment opportunities and wealth havens outside of China. While legal restrictions dictate that Chinese mainlanders may move no more than the equivalent of about $50,000 out of the country annually, there are ways of moving money around, and global banks with distribution channels in Hong Kong can advise Chinese clients on international investment.

In the 2011 edition of its *High Net Worth* report, Ledbury Research also notes that recent research has found that China's wealthy are planning for their children's prosperity by buying properties in conventional wealth centres, in anticipation of their children living there to receive a world-class education.

IN FOCUS

Middle Eastern female entrepreneurs

With its vast oil reserves, the Middle Eastern region – and particular the Gulf States - has long been a byword for extreme wealth. Saudi Arabia has the world's highest concentration of UHNW households, according to Boston Consulting Group's 2011 *Global Wealth Report*, with 18 out of every 100,000 households having assets in excess of $100 million. And while Saudi Arabia may be number one in terms of its proportion of UHNW households, Kuwait, Qatar and the UAE aren't far behind, coming fourth, seventh and tenth in the global rankings respectively.

The scale of the wealth management market in the region may be well known, but what is probably less fully appreciated is the proportion of this wealth which lies in female hands: female wealth accounted for 22 per cent of AUM in the Middle East, according to BCG.

In fact, with some $0.7 trillion in AUM in the Middle East being held by women, the region's female investors are now ranked fifth in terms of wealth – making this segment one that wealth managers cannot afford to ignore.

Cultural stereotypes and the fact that a lot of this money is derived from family wealth may give rise to misconceptions that Middle Eastern women don't want to be as actively involved in the management of their assets as their male counterparts – but assuming this would be a grave mistake.

Bankers in the region report that, in fact, Middle Eastern women often choose to take on a greater role in the running of their money than males; that they can be incredibly sophisticated investors, particularly in terms of the asset classes they want exposure to; and that wealth structuring is of particular interest to them.

IN FOCUS

Indian clients favour cautious asset allocation

India's rising ranks of HNW individuals is a well-documented trend, supported by the the nation's middle-class values of high savings as well as robust GDP growth. The individual wealth of Indians is expected to nearly triple from the existing (as of March 2011) collective total of Rs 86.5 lakh crore to Rs 249 lakh crore by the end of 2016, according to a report from Karvy Private Wealth, the wealth management arm of the Karvy Group.

Asset preferences
Indian clients tend in general to be relatively cautious in their asset allocation (they also favour investment in gold, particularly in the form of jewellery).

"Investments in debt instruments form a major part of the total individual wealth in India, with nearly 68 per cent getting parked in this asset class. Although investments in equity, constituting nearly 32 per cent, have risen over the past decade, the majority of investments by individuals in India are still in debt instruments," the report said.

Fixed deposits and bonds have become the top financial instruments in the overall wealth held by individuals in India, at almost 31 per cent, the report continued. Direct equity accounted for almost 30 per cent of all assets.

The report said individual wealth in equities is expected to reach 37 per cent in India at year-end 2016, compared to 30 per cent at the end of 2011.

CASE STUDY

ABN AMRO Private Banking - A Global Bank With A Local Focus

At the end of 2011 ABN AMRO Private Banking embarked on a new global brand campaign, kicking off its advertising drive in the European issue of the Christmas special of *The Economist*. Globally, the firm operates several local private banking brands as well as those coming under the group label, and so ABN AMRO Private Banking is an interesting example of tailoring branding and marketing strategy according to region.

ABN AMRO Private Banking believes that its network of local private banks differentiates it from both the universal banks and local boutiques. The firm positions itself as combining financial solidity and global scale with an ability to offer local and personal service, and this is reflected in its marketing strategy region to region. ABN AMRO Private Banking chooses to leverage the group brand in all private banking markets in which it operates, while allowing for well-established and respected brands where they exist.

"In markets where there is clear brand equity and heritage, such as Germany, the Netherlands and France, we have endorsed brands such as Bethmann Bank, ABN AMRO MeesPierson and Neuflize OBC. These brands are well respected in their markets and loved by our clients. In all other markets, we carry the ABN AMRO Private Banking brand," said Linda van der Sluis, the firm's head of marketing.

The firm has opted for a two-pronged attack, raising the profile of both the parent brand and the local private banks, with each local market having its own distinct campaign. In Germany, for example, Delbrueck Bethmann Maffei recently rebranded to Bethmann Bank, and the local campaign is designed to illustrate what the new brand stands for. In France the campaign focuses on the exclusivity of the Neuflize OBC brand. In the Netherlands, meanwhile, the group has merged ABN AMRO Private Banking and MeesPierson as ABN AMRO MeesPierson, to take into account what the firm sees as clients' attachment to both private banking brands.

"All markets have their own local marketing approach, local budgets and local advertising to address the specific local needs of our clients," said van der Sluis.

Different channels for different markets
ABN AMRO Private Banking divides its global campaign into two main markets - Europe and Asia - and is approaching advertising slightly differently in each.

"We understand that in each market our clients are different and have different needs. This requires a different way of communicating with our clients. In Europe we will focus on online and print commercials. In Asia, we know that our clients are technology-savvy and therefore we also look into the opportunities of mobile and TV commercials in airports etc," said van der Sluis.

Different client groups
ABN AMRO Private Banking establishes specific desks and tailors its marketing efforts to cater to what it sees as important client groups in its various markets. For example, French clients in Belgium receive the Neuflize OBC service offering under the Neuflize OBC brand. In the Middle East the firm sees non-resident Indian clients as an important client group and has tailored its marketing approach, advertising, client events and so on towards NRIs.

Asia-Pacific – a special case
The Asia-Pacific region is somewhat of a special case for ABN AMRO due to factors such as the sale of its retail operation to RBS having decreased the bank's brand presence in public spaces, van der Sluis explained. "That is why we have increased our marketing and profiling activities there, for example by increased sponsoring, events and press efforts. Only recently, our chairman of the managing board and former Minister of Finance in the Netherlands, Gerrit Zalm, paid a visit to the region to meet with our clients and press," she said.

In addition to a new Q1 2012 advertising campaign for Asia, ABN AMRO Private Banking has entered a sponsorship deal with Elephant Parade Singapore.

In Asia, ABN AMRO Private Banking emphasises longevity of relationships in its messaging, van der Sluis went on to say. "In Asia, we differentiate ourselves from competition by focusing more on the long-term relationship with our clients, making sure we understand the family situation and tailoring our services around this (next generation, spouses etc)," she said.

In fact, ABN AMRO is well-positioned to emphasise the longevity of its relationships in Asia, having had a presence in the region since 1826 – however, the firm is careful to combine an acknowledgement of the past with a look towards the future. "As much as we are proud of our centuries-old heritage, we have an evolutionary approach in taking today's wealth into tomorrow's legacy. We understand that every day, trust and the appreciation of our service has to be earned and cannot be expected," explained van der Sluis.

Cultural differences
Much is made of the cultural differences between global wealth management markets such as Asia-Pacific and Europe, but the differences country-to-country in one market should also not be overlooked. As noted elsewhere in this report, EMEA – treated by most institutions as one market – contains many highly different ones, and ABN AMRO Private Banking ensures that it takes these differences into account in its branding and marketing strategy.

"We customise all of our messaging and brand positioning to our local clients' needs. We see cultural differences amongst markets. In the Netherlands, for instance, our clients' profile can be described as 'down to earth, hardworking and modest'," said van der Sluis.

"In France, the exclusivity of our brand is much appreciated by our clients. In Germany, recent client studies show that they appreciate modern, clear and open communication." ■

CASE STUDY

ABN AMRO Private Banking Brings Together Corporate Social Responsibility And Fine Art

As part of a new branding push which will continue through 2012, ABN AMRO Private Banking is supporting a corporate social responsibility and arts initiative which is unusual to say the least: Elephant Parade Singapore.

The world's largest open air art exhibition, Elephant Parade Singapore comprises 162 statues of baby elephants – painted by international artists and celebrities - placed in the country's highest traffic areas. Singer Leona Lewis, designers Phillip Treacy and Paul Smith, and artists Ben Cabrera and Sarkasi Said are just a few of the contributors.

After the two-month exhibition the statues are to be auctioned off by Sotheby's to raise funds for the Asian Elephant Foundation. Fundraising hopes are high, as a similar exhibition in London in 2010 raised over £2 million for the Foundation.

The bank views the sponsorship agreement as furthering its CSR aims, as the project brings together both conservation and philanthropy. In addition to connecting clients who share these passions, the bank also views the sponsorship as a good fit for its local image in Asia, which is one of "establishing long term and sustainable relationships with our clients and society," said Linda van der Sluis. ■


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Marvel at over 150 beautifully painted life-size baby elephant sculptures at locations throughout Singapore from 11 November 2011 till 7 January 2012.
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The elephant Nature's Pride, painted by Sarkasi Said from Singapore.
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GENERATIONAL DIFFERENCES

Along with considerations of gender and geographical market, the survey respondents overwhelmingly agreed that branding and marketing strategy should factor in the age of the target client base: 94 per cent of wealth management professionals said that different age brackets should be approached differently from a branding and marketing perspective. As will be seen, the issue of client age becomes of even greater importance in light of the rising numbers of younger clients in the global HNW population – and although firms should not lose sight of their "core", older clients, how to best approach younger clients is rightly a priority issue for the industry.

The changing focus of the industry towards younger clients

While the majority of the world's HNW individuals are over 45, wealth is rising among the younger generations globally due to a number of demographic changes. The Merrill Lynch/Capgemini *World Wealth Report 2011* found that under-45s represented only 17 per cent of all HNW individuals in 2010, but this was up from 13 per cent just two years earlier. A similar rise was seen in the proportion of HNW individuals aged 55 or under, which came to 41 per cent of the global total in 2010, up from 37 per cent.

There is significant variation in the distribution of younger HNW individuals due to cultural factors such as wealth transfer practices and demographic differences. Rapid economic growth in Asia-Pacific (excluding Japan) has fostered a new breed of entrepreneurs which has brought the proportion of HNW individuals in the region who are under 45 to 41 per cent. Meanwhile, the Middle East has a HNW population which is younger than average (in fact over 50 per cent of the total population is estimated to be below 25). Here, 21 per cent of the HNW population are 45 or under, while 56 per cent are 55 or under.

Conversely, the ageing populations of Japan and North America mean that wealth is still, in general, firmly in the hands of older clients. In Japan just 8 per cent of HNW individuals are under 45 and an overwhelming 80 per cent are over 55. Meanwhile, in North America 68 per cent of HNW individuals are over 55.

Nevertheless, the authors of the *World Wealth Report* conclude that while the number of younger HNW individuals is "unlikely to rise precipitously", firms can ill afford to ignore the younger demographic – whether these clients have already attained HNW status or will in the future via generational wealth transfer.

A significant opportunity

While the proportion of younger HNW individuals may not be skyrocketing, numbers are steadily rising and studies indicate that this segment represents a significant opportunity for those firms able to meet their specific needs. For example, a January 2011 study called *Winning the Battle for the Wealthy Investor* carried out by Cisco Internet Business Solutions Group found that under-50s represent 29 per cent of the total wealthy investors in the US, and yet this segment holds 37 per cent of assets. Overall, it was found that HNW under-50s in the US hold 28 per cent of total wealth in the US and according to Cisco IBSG's calculations this segment represents an $18.6 billion revenue opportunity for financial services firms in North America. In light of the findings of the *World Wealth Report*, other regions might be expected to offer even more compelling opportunities with regards to younger clients.

Characteristics of younger clients

It is always hazardous to make sweeping statements about any client segment, and it should also be borne in mind that the label "younger client" can be used to refer to those in their 20s, 30s and 40s – age brackets which will certainly manifest significant behavioural and attitudinal variations. That said, certain characteristics of younger clients have been identified by both research and anecdotal evidence, and marketers should bear them in mind as they tailor their branding and marketing efforts to this segment.

Evidence suggests that younger clients:

• Are less loyal

In general, studies suggest that younger clients are less loyal to wealth managers than their older counterparts and are more likely to switch advisor, particularly when wealth changes hands. Cisco IBSG's study found that 27 per cent of wealthy under-50s had switched advisor in the past two years, compared to 7 per cent of older wealthy investors. Furthermore, 32 per cent of HNW under-50s said they will switch advisors in the next year, compared to 8 per cent of wealthy "Baby Boomers" (those born between 1946 and 1960) and 5 per cent of those designated as "Silvers" (those born before 1946).

• Favour more interaction

Cisco IBSG's study found that wealthy under-50s spend more time managing their investments and tend to interact more frequently with their advisors. Some 39 per cent of younger investors spend at least eight hours a month managing their investments, against 27 per cent of those in the over-50 bracket. In even greater contrast, 38 per cent of younger clients interact with their advisor weekly, compared to just 7 per cent of older clients.

• Have different priorities to preceding generations

During the boom years, investors were arguably more focused on chasing speculative returns rather than capital preservation. Now, having lived through the tumult of a global financial crisis, it is to be expected that younger wealth management clients will be only too aware of the painful investment losses which can be incurred in times of market stress. Additionally, the straitened finances of many governments has brought the need to provide for one's own retirement to the fore.

• Are somewhat sceptical about the financial services industry

As discussed elsewhere in this report, the global financial crisis engendered a generalised loss of faith in the financial services industry, and although clients' trust is no longer at rock-bottom levels it may be surmised that younger clients are likely to be more sceptical than their older counterparts. The authors of the *World Wealth Report 2011* suggest that the financial crisis may have made it tougher to attract newly-minted HNW individuals "because the younger demographic is more likely to focus on the difficulties of the crisis years and to be unsure that partnering with an advisor is in their best interests."

• *Are less reliant on professional sources of financial advice*
The meteoric rise of the internet has brought with it a democratisation of information which has arguably brought about a generalised desire to augment professional advice with independent, often web-based research – as seen most profoundly in relation to medical matters. This thirst for information, combined with a tarnishing of trust in the financial services industry means that younger clients are less likely to take professional advice unreservedly.

Social media is also used by younger clients as a source of credible advice: according to a March 2011 study by TD Ameritrade, Generation Y (usually defined as those born during the 1980s and early 1990s) turn to social media more often than advisors for financial information. One in three of this cohort selected social media as a valued source of financial information, taking what TD Ameritrade calls the "wisdom of crowds" approach to finance.

The internet aside, the same study found that 60 per cent of respondents aged 22 to 34 turn to friends, relatives and colleagues to stay informed about the news and events shaping the economy and financial markets; of the Baby Boomer generation only 43 per cent said the same.

• *Prefer real-time digital media interactions*
Technology is often cited as a barrier to reaching out to the young (as it can be hard to keep track of the latest trends), while also being held up as the only way to do it. Both are certainly true and financial services companies are investing heavily in this area.

Perhaps predictably, Cisco IBSG's study found that investors under 50 are more interested in new technologies such as smartphone and tablet capabilities than their older counterparts. Significantly, it was found that HNW individuals under 50 are likelier to want to consult other professional advisors like accountants and lawyers when making financial decisions, and therefore the report's authors suggest that they appreciate communication channels such as video conferencing to facilitate this collaborative approach. Some 63 per cent of the younger investors surveyed said they were interested in video meetings with multiple experts – moreover, these respondents indicated that a lack of these capabilities could prompt them to move assets to another firm.

"Wealth management firms need to begin piloting and deploying these technologies to give their clients a better overall experience and to enhance the client's convenience and access to critical expertise. The under-50s are very comfortable using new ways of interacting to efficiently manage their everyday lives. They naturally expect to use them to efficiently manage their financial lives as well," said Robert Waitman, co-author of the report and director of Cisco's Financial Services Practice division.

These sentiments were echoed by the *World Wealth Report 2011*, which said that younger HNW individuals are likely to be more demanding of firms and advisors "in terms of transparency, efficiency, technology and convenience in everyday interactions, as many favour predominantly real-time digital media for communications and transactions."

• *May favour younger advisors*
Several wealth management firms are known to be actively trying to bolster their ranks of younger advisors, such as UBS in the US, in the belief that younger clients may find it easier to relate to employees nearer their own age.

As part of their bid to woo younger advisors several firms are making moves to shake off the staid image of financial institutions and borrow elements of the kind of working environment found at companies like Google. Two novel examples come out of the Asia-Pacific region: DBS is making its intranet site resemble Facebook (complete with a "wall" and a "poking" facility), while the offices of Standard Chartered in Singapore have cafes and even areas in which to play table tennis.

• *Tend to be concerned with philanthropy*
The tendency of younger clients to be more concerned with philanthropic giving has been well documented for several years - and we can expect this trend to continue, particularly as younger generations will have been exposed to examples of "extreme" philanthropy such as the Bill and Melinda Gates Foundation.

By way of example, a 2008 Northern Trust survey found that millionaires aged 28-42 gave nearly twice as much on average to charitable causes as older generations – a trend the firm put down in part to the abundance of information about non-profit organisations that can be found on the internet and the ease of contributing to a charitable cause, or even starting one's own global giving initiative online.

The survey also found that Gen X clients are also more generous in their intended charitable bequests, planning to give 22 per cent of their estate to charity, compared to 16 per cent for those aged 43 to 61, and 14 per cent for those aged 62 to 77.

The findings also revealed that when it comes to philanthropic goals, establishing a lasting legacy for themselves or loved ones was more of a priority for younger clients, as was ensuring a global impact from their giving. Firms which are able to articulate a commitment to philanthropic expertise will clearly be at an advantage with younger clients.

Other ways to target younger clients:

Help start the "wealth conversation", and sooner rather than later
A November 2011 study by SEI highlighted a "wealth communication breakdown" between HNW clients in the US and their children, finding that despite the fact that these parents recognise the importance of discussing wealth planning with their

children, most don't open this conversation until they are 21. According to the study, only 36 per cent of wealthy parents had discussed their wealth and its implications with their offspring before the age of 21 and only 16 per cent had had this discussion before the children turned 16. The study also revealed that while 51 per cent of HNW parents had firm expectations of how family members will use the wealth they will inherit, only 19 per cent had communicated their hopes and fears to their families. Only 11 per cent of respondents said their children had communicated such concerns to them.

When such discussions had come about, 71 per cent were through general family conversations, 18 per cent were in formal meetings and 11 per cent were via private bank or investor meetings. This indicates that many families would find such facilitation useful – particularly as 39 per cent said having such conversations was "challenging, frustrating, or uncomfortable". The flipside of this is that 43 per cent said having the wealth conversation felt "fulfilling or liberating", underscoring how holding events focused on issues like wealth transfer can build goodwill with HNW parents by addressing the concerns closest to their hearts.

"Parents need to make talking about money a rite of passage with their children. The most successful families talk about finances early and often, making children feel involved, empowered and better prepared for the future," said Michael Farrell, managing director of SEI Private Wealth Management.

Facilitating the intergenerational wealth conversation is of course one way firms are attempting to stem the outflow of assets associated with wealth transfer: according to the *World Wealth Report 2011*, advisors currently lose an estimated 49 per cent of assets under management when this occurs.

Develop an autonomous relationship with the Next Generation

Surprisingly, it seems to be the case that – along with a reluctance to start the wealth conversation – there is also a tendency for the children of HNW parents not to even know their parents' advisors. A May 2011 study by US Trust found that while 84 per cent of wealthy parents thought the next generation would benefit from talking to a financial professional, over half had never introduced them to the advisors who manage their own wealth.

Senior executives agree that it is vital for firms to establish a good relationship with the children of HNW parents as soon as possible – ideally much before they turn 30. "It is not wise for an advisor to work exclusively with the wealth creator, especially if the next generation is already in the picture," Leslie Voth, president and chief operating officer at Pitcairn, told *Family Wealth Report.*

"The risk is that when the decision-maker passes away, there may not be a well-understood plan in place to ensure a seamless transition. Loyalty to one does not necessarily transfer to the next generation. If family members haven't been given their own voice in the relationship, the advisor stands a far greater chance of losing the client. It is important to have those relationships in place before the inevitable happens," Voth continued.

Ensure the relationship is broad

Wealth managers seem to recognise that their relationships with the next generation of clients needs to be broader than one solely based around wealth management issues. With this in mind, a number of firms' Next Gen programmes focus on fostering business acumen, such as the six-week business strategy masterclass provided by Standard Chartered Private Bank. Other firms target young professionals by reaching out to graduates in professions such as law and medicine and helping them with career development.

Not only will such programmes foster positive brand associations through exposure to real-life expertise, but they also help attendees to develop a network of like-minded peers – something which the children of the very wealthy can find difficult to establish. For its part, Coutts has established the Coutts Academy – a week-long course developed in collaboration with The Wharton School of the University of Pennsylvania aimed at participants aged 20-25. The course focuses on four educational themes: financial awareness, social impact, personal development and entrepreneurship – the latter being a recognition that the children of HNW clients may well want to make their own mark as a wealth-creator.

"Our younger clients tell me that they are looking for more than just traditional banking and wealth management services. They are interested in developing their understanding of not only finances, but the world around them, including social and entrepreneurial activities," said Alexandra Carr, head of Next Generation Services at Coutts. "As we deepen our client insight we are developing a range of educational programmes to bring our clients together. This is clearly an important area for our clients and their offspring."

"Facilitating the intergenerational wealth conversation is of course one way firms are attempting to stem the outflow of assets associated with generational wealth transfer: according to the World Wealth Report 2011, advisors currently lose an estimated 49 per cent of assets under management when this occurs"

SRATEGIC INSIGHT

Developing Your Communications Plan For Wealth Transfer Clients

Scott Tangney, executive vice president in New York at public relations firm Makovsky + Company, outlines the best communications practices for reaching out to the next generation of clients.

It's been estimated that in forty years a staggering $40 trillion in wealth will pass from one generation to the next. While this represents the largest wealth transfer in US history, fortunes of a different nature will also be in play: the fate of all wealth managers and financial advisors.

No advisor can stay with the status quo. Those who resist change will ultimately be buffeted by change as destructive as a Category 5 hurricane. But for those who are prepared to respond, wealth transfer represents a springboard to a better and brighter future.

For many advisors, the greatest challenge facing their largest clients (typically individuals in their 60s, 70s and older) is ensuring the smooth and efficient transfer of assets to their heirs. This is rarely a matter exclusively of estate planning technicalities. Transferring wealth to a second generation often stirs powerful emotions. Some of these are client-specific and centre on the loss of financial independence, the fear of death and concerns about privacy. But others involve the conflicts and misunderstandings related to long-standing family dynamics issues that the discussion of money is sure to resurrect.

Helping clients meet these complicated goals is a basic requirement for timely counsel and personalised service. And wealth managers must position themselves to connect with the new generation of wealthy – and retain assets under management to ensure the longevity of their own business.

A failure to connect

Studies show that many advisors are failing to make this connection. The Institute for Preparing Heirs found that 90 per cent of heirs reject their parental advisors soon after receiving their inheritances. That statistic is gaining attention, given that Baby Boomers stand to inherit $8.4 trillion alone, of which $2.4 trillion has already been transferred. The reason, typically, is that heirs don't know their parents' advisors and aren't engaged in the wealth transfer planning process.

Getting the message out

The message is clear: To take advantage of this great migration, advisors need to develop integrated communications programmes around wealth transfer directed at three distinct groups. These are: clients who will transfer the wealth, heirs to current clients, and potential clients who are heirs of wealth transfers. Furthermore, the communications programme must be designed to promote expertise in facilitating wealth transfer as well as advising the recipient of a wealth transfer on managing assets in an efficient manner.

Components of such a programme include:

1) A micro-website linked to an advisor's main website totally dedicated to wealth transfer and top issues associated with it. Informational videos and interviews posted on this micro-website are easy ways to attract and educate target investors.

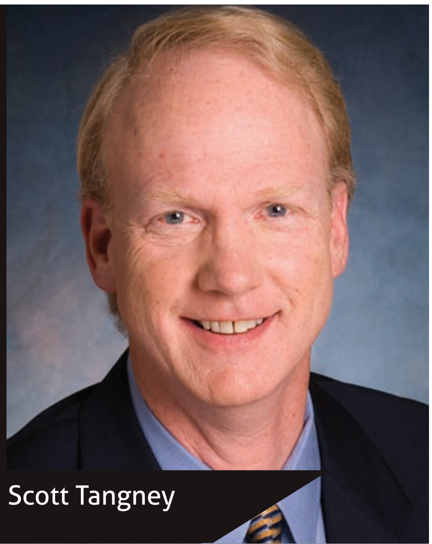
2) Direct marketing campaigns with physical and digital communications to clients, specifically targeting the demographics most involved with wealth transfer.

3) Marketing collateral for clients and their heirs, including brochures and guides with steps to take when considering wealth transfer and how to start the process and a dialogue with family members.

4) A media relations campaign where an expert from the financial advisory sector is quoted in key national and local market media outlets on wealth transfer matters to raise visibility and awareness. Personal finance and lifestyle media that reach HNW investors are important. Case studies are also very useful in illustrating how a financial advisor can be portrayed as a key player in the wealth transfer process.

5) A survey of families that went through the wealth transfer process and the most important lessons learned. This content will fuel an integrated programme and get at the heart of the most important issues affecting clients.

6) Other communications initiatives such as webinars, luncheons or dinners with guest keynote speakers can help establish credibility and thought-leadership in the wealth transfer arena. ■



Scott Tangney

"The Institute for Preparing Heirs found that 90 per cent of heirs reject their parental advisors soon after receiving their inheritances"

[SECTION 3]

Technology - Wealth Management Wakes Up To The Digital Age

"The wealth industry has sleepwalked into the digital age. It is going to take several cups of strategic coffee for many to recognise the changes going on around them" - Seb Dovey, managing partner, Scorpio Partnership

"Banks that still believe more in the power of marble halls and exclusive events, and regard online channels as merely 'nice to have' and a playground for gilded youth, will have a rude awakening" - MyPrivateBanking

The rise of the internet and related technology has revolutionised the world in innumerable ways, radically changing the way that people interact and firms do business – and the wealth management industry is no exception. However, while sectors such as FMCG may have seized on the possibilities presented by technological advances, the wealth management industry has to a large extent been sluggish in fully leveraging them.

This has not escaped wealth management professionals, according to those involved in the reader survey. When asked how effective their firm's use of new technologies such as mobile apps and social networking is, only slightly more than one in ten (12 per cent) of respondents said it was "effective". Damningly, close to half (45 per cent) deemed their firm's use of such technologies as "ineffective", while a further 32 per cent were ambivalent, saying it was "moderately effective".

The experts involved in this report all concurred that wealth managers have a long way to go in catching up with other sectors' use of new technologies. This section will reveal exactly where the industry is succeeding - and falling down - and explore best practice ideas for future development.

WEBSITES – FIRMS' ONLINE "SHOP WINDOWS"

While it is probably safe to say that all private wealth management institutions now have websites, they are not being fully leveraged to drive client engagement, industry executives say. "Classic" websites which throw content at site visitors are not enough, and in future Facebook-style interactivity will be key. But it is not just a lack of interactivity which mars wealth managers' websites – they are also seriously lacking in basic information, according to research.

IN FOCUS

Wealth managers' websites not fit for purpose, firms need to wake up to the power of the web

Knowing that their websites function as their "shop windows", and the fact that a visitor to a site has already engaged to an extent with a brand should ensure that wealth managers put a lot of effort into making their websites the best that they can be. But an April 2011 study by MyPrivateBanking revealed that this is anything but the case, and wealth managers' websites are often not user-friendly and lack relevant information. Moreover, the situation was as bad as it was in 2009, when the first such study was carried out.

In its report, entitled *How Wealth Managers Can Win Clients Online*, the Swiss research and networking platform analysed the websites of 40 wealth managers and ranked them according to 50 criteria assessing user-friendliness, quality of content, contact options and interactivity.

That the average score was 65 out of a possible 100 speaks for itself, and MyPrivateBanking was unstinting in its criticism of firms for neglecting such an important way of winning new business.

"Less than half of the banks have mastered the basic requirements for a private banking website and, in particular, shortcomings in website content are seriously damaging the chances of winning clients online," the authors of the report said.

Firms' websites came under particular fire for eschewing relevant "hard" information in favour of content lauding the institution's illustrious heritage. Shockingly, only a third of the websites offered even basic information on fees and costs, and just 10 per cent offered performance data for a typical portfolio.

"Potential clients aren't finding what really matters to them on private banking websites. Many banks love to show flashy presentations of the bank's venerable past. However, they avoid displaying critically important information such as fees and portfolio performance," said Steffen Binder, research director at MyPrivateBanking.

The report's authors assert that many firms need to undergo a cultural shift which recognises the true importance of websites.

"Banks that still believe more in the power of marble halls and exclusive events, and regard online channels as merely 'nice to have' and a playground for gilded youth, will have a rude awakening," said Binder.

Trouble spots:

- Navigation and structure not user-friendly – just a third of firms' websites demonstrated what MyPrivateBanking terms a "decent standard of usability".
- Ineffective search functions – 60 per cent of banks were unable to provide users with relevant search results for such important terms as "assets under management" or "headquarters".
- A lack of hard data – nearly half of those websites assessed did not disclose AUM figures and minimum asset thresholds; hardly any offered full cost and performance data.
- While contact options are strong, they are not as interactive as today's web users would expect: 90 per cent of the sites offered several easily-found means of contact, yet interaction via social media channels such as Facebook and Twitter is still very weak.

UBS: a winning website

With a score of 84 out of 100, the Swiss giant topped the website rankings. Its website was particularly praised for its "excellent structure and navigation", as well its wide range of integrated interactive tools and social media features.

Deutsche Bank: crystal clear on fees

Closely following UBS, tied in joint-second with 83 points, were Deutsche Bank and Merrill Lynch. Merrill was praised for its "outstanding search function and contact section", while Deutsche was singled out for its transparency on fees.

"No other provider publishes its private banking fees online in as much detail as Deutsche Bank does," the report said.

Conclusion:

The failure of wealth managers to ensure that their websites are all that they should be is all the more ironic considering how potentially powerful a marketing tool they are, and how easily some failings could be put right – and at little cost. It would not take much for firms to include fee and performance data on their websites, not only differentiating them from their peers, but also arguably adding to the credibility of their brand.

Moreover, since wealth management is a relationship business, it is arguable that a real "conversation" with the client should be encouraged from the very start of a relationship. While social media may still be in its infancy and its use perhaps understandably raises compliance-related fears, through its use firms can elevate their websites from the status of a mere online brochure to a platform for true dialogues with potential clients.

The top ten websites:

1. UBS 84	6. Barclays 74
2. Merrill Lynch 83	7. Crédit Agricole 74
2. Deutsche Bank 83	8. Julius Baer 73
4. Credit Suisse 82	9. Société Général 72
5. Banque Pictet 77	10. Royal Bank of Canada 72

Average Points (of all 40 banks) 65

IN FOCUS

Clients prefer electronic communications

A 2011 report by SEI entitled *Communication in the Information Age* confirmed what for many has for been apparent for some time - that while bankers cling to face-to-face meetings as a prized communication method, the majority of HNW clients would prefer to communicate electronically. An overwhelming 92 per cent of bankers chose face-to-face meetings as the most important way to communicate with clients, with just 4 per cent saying that online communication, via a web portal, was a priority. Even more surprisingly, only 33 per cent of wealth managers said email communication was a priority.

This apparent shunning of electronic communications is in stark contrast to the 82 per cent of clients who said that they would prefer to receive communications electronically. Three-quarters of clients also cited a lack of targeted product communication as a negative theme.

SEI urged wealth managers to follow the lead of the likes of Apple, Google and Amazon, and put in place communication strategies which give clients the means to access information and services *how* and *when* they want.

"The majority of leading banks and wealth managers have failed to discover the potential of social media and act on it" - MyPrivateBanking

SOCIAL MEDIA - THE GREAT GLOBAL CONVERSATION

The social media phenomenon is among the most significant technological developments of recent years, redefining the way that people communicate, radically altering business practices and even – as in the case of the Arab Spring uprisings – helping to topple governments.

Wealth managers looking to tap the next generation of HNW individuals should bear in mind that for the millennial generation social media is a cultural touchstone which is embedded in all aspects of their lives. As said by the authors of the Merrill Lynch/Capgemini *World Wealth Report for 2011*, the world's growing ranks of younger HNW individuals broadly prefer "real-time digital media for communications" and wealth managers are rapidly waking up to the importance of social media in driving business growth. And it's not just the younger generation who are active social media users; young and old alike are increasingly accustomed to the immediacy of communication and free flow of information which social media has brought about.

Bankers themselves are seeing a rapid shift towards online relationships and 24/7 availability, both anecdotal evidence and studies indicate. By way of example, the PwC *Asia-Pacific Private Banking Survey* for 2011 found that over 30 per cent of private bankers expect to interact with clients via social media within two years. Close to 50 per cent, meanwhile, said they expect to use mobile technologies such as smartphone and tablet apps more.

Why bother?

Social media poses some big challenges and how its use within wealth management will evolve remains to be seen, but the fact remains that social networking can be a powerful way for firms to differentiate themselves and open an engaging dialogue with existing and potential clients.

Advocates of social media believe that its use goes right to the heart of brand values and that firms need to show that they are where their client base is – networking online. In the words of Pat Allen, a veteran marketing manager and chief executive of Rock the Boat Marketing, a Chicago-based financial services marketing consulting firm, social networking "shows that you're available, you're accessible and that you're paying attention."

Proponents also note that social networking is just another form of networking and that an industry built on networking should be keen to embrace it.

"Think about the number of relationships and the depth of those relationships that you can manage with social networking and social networking tools. It's way, way more than you could manage before Twitter, Facebook, LinkedIn and the other sites," said Chad Bockius, chief executive at Socialware, one of a growing number of firms which provide compliance systems which make reviewing, monitoring and archiving manageable.

"It's not about 'social networking', it's about wealth managers and advisors growing their business, staying competitive and staying connected with clients and potential clients in the way they wanted to be connected with them. It's a fundamental business relationship management issue," he added.

While the rise of social media seems unstoppable, wealth management firms have broadly been slow to leverage its potential compared to other sectors like FMCG. Several objections to social media activity are usually cited, but these are often unfounded, industry commentators say.

Reluctance among bankers needs to be overcome

Bankers have long been used to meeting their clients in person and may be sceptical about how much value social media-based communications can add to their relationships. Although there is no substitute for face-to-face contact in building a relationship, research suggests that HNW clients are increasingly happy to communicate via new technologies, and in fact are demanding these capabilities – wanting to consult several specialists via video teleconferencing before making investment decisions, for example. It is also worth noting that HNW clients, most of whom are time-poor and many of whom are successful businesspeople, tend to be at the vanguard of new technological advances and will expect their wealth manager to keep step with them in this regard.

Other detractors warn that bankers are unlikely to have the spare time to tweet or post on Facebook. However, the counterpoint to this is that social media can provide an extremely time-efficient means for bankers and firms to maintain a regular dialogue with existing clients and to connect to prospective ones.

The "wait and see" factor

At least some of the lack of social media development within the wealth management industry is attributable to the newness of the technology. Many of the senior marketing executives involved in this report highlighted the prevalence of a "wait and see" attitude among firms – they said that social media is very much on wealth managers' radars but they are waiting to see how client demand develops before investing significantly.

That said, there is a noticeable "snowball" effect happening within the industry, where a handful of social media trailblazers are encouraging slower-moving competitors to catch up – and fast.

Compliance – a concern, but not necessarily a barrier

Fears of regulatory censure and compliance issues in general have been holding many wealth managers back from leveraging the power of social media – unsurprisingly, seeing how keen regulators have been to flex their muscles in recent years.

That regulators have social networking firmly in their crosshairs was highlighted by the fact that in 2011 the US Securities and Exchange Commission began conducting social media sweeps, requesting information from investment advisors about their social networking activities. But while compliance-related fears may be somewhat justified, they are overblown, according to Bockius.

He believes that in fact some firms are hiding behind compliance concerns in an effort to avoid dealing with the issue of social networking at all – and this is a dangerous practice, in his view, because prohibiting social networking can lead to serious problems. "A state of prohibition puts you at more risk because financial advisors will do it anyway," he said. "We did a study about social networking and found that 40 per cent of financial advisors surveyed were knowingly violating their companies' policies. Prohibiting it is actually more risky than implementing policies and a technology solution that will enforce compliant strategies."

Worse yet are reports which filtered out from the SEC indicating that advisors are lying on their social networking profiles, particularly those on LinkedIn. That's just as bad as lying in an advertisement or lying on your website, Bockius said. "A number-one concern for regulators around social media is truth in advertising," he added. "People can't make claims that aren't true and firms have to monitor what people are writing and saying in electronic communications." Recommending specific investments or investment products is another no-no.

As social networking usage within wealth management is still in its infancy, broadly regulators have yet to issue clear-cut rules on social media use, although several have issued guidelines. In the US, FINRA has set up a social networking taskforce to offer ongoing guidance to firms, for example. Such working guidelines from regulators look like a good starting place from which to pre-empt compliance problems.

Put most simply, social networking usage constitutes a form of electronic communication and so firms should be guided on the relevant pronouncements from their respective regulators on these. "There are some different issues surrounding static and interactive content, but regulators have been pretty consistent in what they've been concerned about over time," said Bockius.

STRATEGIC INSIGHT

Developing A Compliant Social Networking Policy

Here, Chad Bockius, chief executive at Socialware, outlines priorities when developing a compliant social networking policy. His comments are US-specific, but their principles are broadly applicable.

1. Establish firm policies

The first step is to establish a comprehensive social media and electronic communications policy which covers all the bases in terms of which social networking activities and sites staff can engage in and use; "dos and don'ts" surrounding what can and can't be shared in which formats; how staff go about getting posts and communications approved; how communications will be archived or stored; how activities will be supervised, and the ways that policies will be enforced.

Policies should be in writing. Employees should acknowledge that they have received a copy of the policies in writing and rules should be regularly updated as the relevant regulatory policies evolve.

2. Train staff on policies

It is not enough to put together a manual and drop it on everyone's desk. Staff must be trained in their firm's specific policies surrounding social networking, including blogging.

In the US, FINRA made its stance very clear in its January 2010 notice 10-06, which said: "Firms also must require that only those associated persons who have received appropriate training on the firm's policies and procedures regarding interactive electronic communications may engage in such communications."

According to Bockius, training and education is a vitally important aspect of executing any social networking policy. "You don't have to have a really complicated training plan, but you have to have a plan and it has to make sense," he said. "A good plan does not involve having advisors put their tweets in a spreadsheet and email them to their supervisor periodically. If firms give their employees the tools to manage social networking in a compliant way, train employees in using them, and enforce their policies, there is no reason why it shouldn't work."

3. Supervise activities
Supervision of employees' social media activities is simply a must, and there are several ways of accomplishing this. One approach is to approve all posts in advance or alternatively to implement a retrospective review process, which could involve sampling and lexicon-based search methodologies (this was discussed by FINRA in its Regulatory Notice 07-59).

4. Archive communications
To ensure compliance, immaculate record-keeping is essential: every tweet, YouTube video, LinkedIn, Facebook or blog posting must be archived. As with other data, this material should be backed up both on and off-site.

5. Enforce policies
Social networking policies must be enforced, as any firm establishing policies but not enforcing them is asking for trouble – particularly in an environment when regulators around the world are increasing their oversight of firms' activities. Compliance departments are ideally placed to set up mechanisms for enforcing policies and documenting how those policies were enforced. ■

Late adopters can learn from others
The industry is catching up with other sectors, but wealth management firms have broadly been late adopters of social media. Paradoxically, this may actually be advantageous in the long term as the social media landscape settles and what constitutes best practice becomes clearer.

Beyond gimmickry – the foundations of an effective social networking plan
The contributors to this report gave the following tips on developing an effective social media strategy:

- *Leverage the overall marketing plan* - a social networking strategy is part and parcel of an overall marketing communications plan and so it must be firmly anchored in a clear understanding of core brand values and what differentiates the proposition. Consider what the target market wants to read and learn about and construct profiles and posts around those issues.
- *Don't be bland* - mundane content will do nothing to engage clients and deepen relationships.
- *Be in for the long haul* - an effective social networking presence - i.e. one which commands followers and attention - takes time to build up. Many firms started their social networking efforts via a prominent executive writing a blog to strike up a "conversation" with the target client base and built momentum from there.
- *Listen, contribute and remember that social networking is about developing a dialogue as client relationships are built* - listen to what the client base is saying and make communications about their needs - after all, one doesn't get far in real-world networking or in social networking by just talking about oneself.
- *Don't forget that social media is not loved by all* - while social media use may be on the up, firms also need to be aware that some users are suffering from "social media fatigue". A 2011 study by the IT research firm Gartner found that although 37 per cent of respondents had upped their use of their favourite social media site, nearly a quarter (24 per cent) had decreased their usage since signing up to the service.
- *Pay heed to privacy concerns* - the same Gartner study, entitled *User Survey Analysis: Trends in Consumers' Use of Social Media*, found that online privacy was a real concern when respondents were using social media – and that their level of concern varied according to age. While an average of 33 per cent of respondents agreed or strongly agreed that privacy concerns were dampening their enthusiasm for social media, such worries were cited by only 22 per cent of teenagers.
- *Make the most of new technologies* - cutting-edge software exists to help firms monitor and enforce their social media policies and satisfy regulatory requirements through automated tools for the moderation and pre-approval of content. Other firms are developing their own internal social networking sites to connect clients to each other and their bankers.

IN FOCUS

Social networking rockets among US millionaires

Wealth managers were sent a very clear message via an August 2011 Spectrem study, entitled *Social Media and Affluent Households*, which found that the number of US millionaires using Facebook had almost doubled to 46 per cent, compared to 26 per cent in 2010.

As well as being popular among HNW individuals, the social networking site was also popular among UHNW individuals (with 47 per cent using it), and mass affluent individuals (55 per cent).

Blogs also ranked as popular among these segments of the US population, especially as a way of gaining financial advice. Just under a third (30 per cent) of UHNW investors said they either read or would read blogs by their trusted financial advisors. The equivalent percentages were 20 per cent for HNW and 21 per cent for mass affluent individuals.

LinkedIn also proved popular: 19 per cent of HNW individuals, 26 per cent of UHNW individuals, and 22 per cent of mass affluent investors said they used the service. Twitter usage was much lower, in the region of 3 to 6 per cent across the three groups.

IN FOCUS

Is "social media fatigue" starting to set in?

While surveys such as Spectrem's (overleaf) point to rocketing use of social media among wealthy US investors, firms need to be aware that social networking is no "magic bullet" and that social media fatigue has already set in for many users around the world.

An August 2011 survey of 6,295 international respondents by the UK-based IT research firm Gartner found that while 37 per cent of respondents had upped their usage of their favourite social media site since signing up, 24 per cent had decreased it.

While the survey looked at the broad population rather than HNW individuals in isolation, Gartner's findings do give useful insights into the geographical regions and client segments where social media is most - and least - popular.

As might be expected, Gartner found that teenagers and those in their twenties were significantly more likely to say that they had increased their usage. "At the other end of the 'enthusiasm spectrum' age-related differences were less marked, with fairly consistent percentages saying that they were using social media less," said Charlotte Patrick, principal research analyst at Gartner.

The firm additionally found that attitudes to privacy were age-dependent, with teenagers citing privacy concerns significantly less often than older respondents: 22 per cent of teenagers agreed or strongly agreed that privacy concerns were decreasing their enthusiasm for social media, against an average of 33 per cent.

Interestingly, the survey revealed that there was an appreciable trend towards social media fatigue among early adopters: some 31 per cent of the respondents classified as "aspirers" (younger, more mobile, brand-conscious consumers) said they were getting bored of their social network. Given this degree of apathy among even some younger users, social media providers will obviously have to innovate and diversify to keep users' attention – and it follows that the social media content of wealth management firms will have to evolve to keep pace.

"The new generation of consumers is restless and short on attention span, and a lot of creativity is needed to make a meaningful impact," said Brian Blau, research director at Gartner.

User Survey Analysis: Trends in Consumers' Use of Social Media also revealed some useful insights into regional differences in social media trends – the kind of data which is invaluable when tailoring branding and marketing strategy to suit different markets.

In the more mature social media markets – Japan, the US and the UK – social media usage was in line with broader global trends, with 40 per cent using their favourite site more, 40 per cent using it the same amount, and 20 per cent using it less. Users in Italy and South Korea, meanwhile, reported growing enthusiasm, with nearly 50 per cent of respondents saying they had upped their social media usage.

However, enthusiasm for social media was clearly somewhat on the wane in several countries. These included Brazil and Russia - both with between 30 and 40 per cent of respondents saying they had trimmed their usage of their favourite social media site since joining.

IN FOCUS

Enthusiasm wanes among US advisors

US financial advisors are seeing "limited or diminished" returns from their use of social media, according to an Aite Group report comparing their Q1 2011 perceptions of social media with views held in 2009.

The 2011 report found that the concept of "reaching new prospects" was mentioned by just 19 per cent of advisors who use social media as its main benefit. In 2009 the figure stood at 36 per cent.

The percentage of advisors who said they used social media to "differentiate their practice from competitors' practices" declined from 21 per cent in 2009 to 9 per cent in 2011. Moreover, the proportion of advisors who had seen an increase in revenues from using social media dropped from 16 per cent in 2009 to 6 per cent in 2011.

As a result, the group emphasised that social media must be used correctly - and with "realistic expectations" - in order to benefit from its full potential.

On the other hand, the perceived "absence of benefits" from social media might be jeopardising advisors' attitudes towards the potential influences social media can have on business objectives, said Ron Shevlin, senior analyst at Aite Group.

"It is hard to criticise advisors for aggressively going after new clients, but many seem unwilling to admit that social media may be better suited to communicating with existing clients than to finding and acquiring new ones," Shevlin added.

Actiance, eMoney Advisor, Financial Social Media, Social Volt, Socialware, SocMediaFin, SunGard, Thomson Reuters, and Wired Advisor offer services to help wealth managers effectively use social media. However, "advisors don't know which tool to use for what purpose", the report said.

While the percentage of advisors who use social media professionally grew by nearly a third between 2009 and 2011, in terms of specific tools, such growth can only be attributed to LinkedIn. To generate brand awareness and achieve true differentiation, there are a number of additional tools which are more effective, the report concluded.

CASE STUDY

The Entrepreneurial Spirit: Coutts' Social Media Strategy

Building a cutting-edge social media presence seems to be the initiative du jour at many wealth managers, however firms need to be clear that it is part of the relationship management process and not merely another distribution channel, according to Andrew Haigh, head of client propositions at Coutts.

"This [social media] is not just another distribution channel... that's a fatal error," Haigh told delegates at the Future of Private Banking Conference in London in October 2011.

As he said, and as watchers of the industry will know, Coutts thinks a lot about the segmentation of its clients, dividing them not just by asset base and domicile, but also profession and source of wealth. And according to Haigh, this approach remains "a good differentiator." But as well as this, a vigorous approach to segmentation is also advantageous in terms of building a social media presence, he said.

Building communities

The key to Coutts' social media strategy is the idea of building communities, said Haigh, explaining that the entrepreneurial client segment is a great example of how firms can use social media to their best advantage.

When formulating its strategy the bank looked at the "entrepreneurial journey" as its starting point, said Haigh, meaning the trajectory an entrepreneur's business (and life) will take from an initial idea, to starting and growing a business and eventually transitioning through to a sale or transfer. Cognisant of the swarm of firms which will approach a business owner when a liquidity event is looming, Coutts decided to target clients in the phase of growing their business up to exit. This has formed the backbone of the firm's social media strategy for entrepreneurs.

Coutts' first foray into cultivating its digital media presence was in 2008, when it started to actively manage its Wikipedia entry. Then in 2010 the bank launched on Twitter, YouTube and 4Square, before going live on Facebook in the summer of 2010.

This type of gradual rollout is absolutely necessary, Haigh said, as "you can't just suddenly switch this on." Another factor that branding and marketing executives will be only too aware of is that it can often be hard to make a solid enough business case for social media efforts at a strategic level. "It's difficult to put a financial value on the gains," Haigh said, but he also noted that although such social media efforts can be time-consuming they are also "quite inexpensive."

"Softly, softly"

If securing buy-in for social media development at a corporate level is largely a gradual process, so is gaining currency and making inroads with clients and prospects, explained Haigh. And this is particularly the case with entrepreneurs, he said. With this segment, "it's a mistake to go straight out there and pronounce as an authority... you have to be 'softly, softly'," he said.

Coutts' approach is to avoid didacticism; rather, the firm sees itself as a "facilitator in a process" collating input and tips from the entrepreneurial community and relaying them back, Haigh explained. Coutts also carries out a lot of research to help the entrepreneurial segment, and has published work on the case for management buyouts versus trade sales, for example. An emphasis on collaboration also means that the firm is keen to thoroughly involve the entrepreneurial community – via their involvement in focus groups and surveys – not just by presenting finished research to them. Starting a dialogue through reports and research, as well as involvement in the Growing Business Awards, Global Entrepreneurs Week UK and other celebrations of success, are key to Coutts' strategy.

As Haigh points out, this knowledge-sharing approach is not only more engaging for clients – many of whom are of course experts in business themselves – it also helps to build intellectual capital among the bankers who serve this segment. As such, private bankers become able to "speak like entrepreneurs", he said.

Twitter takes off

As well as its web content aimed at the entrepreneurial community, Coutts is also finding success with Twitter, which it uses to support its publications and sponsorships, as well as to drive new business more directly. The bank already has quite a few clients engaging and sending direct messages; on the other side, individual bankers are tweeting, directly replying to messages and also following clients and prospects. This last element of the mix is incredibly useful in reaching out to prospects, he added, as an entrepreneur of the calibre of, say, Richard Branson, will often do their own tweeting, while emails and telephone calls will of course be vigorously screened or indeed outsourced.

Haigh is only too aware of the regulatory concerns that firms may have over their bankers "tweeting" without the intervention of communications departments, but he said that while institutions have to worry about this, they shouldn't worry *too* much. As he points out, it's impossible to police what a banker says at a client dinner, for example, and so the best course is to "believe in your people and that they've got the right education and training." In any case, when using social media to target entrepreneurs, regulatory concerns don't run as high as content tends not to be anything that could be construed as investment advice. Nonetheless, his broad advice is: "never tweet about products or rates, or re-tweet anything that could be seen as advice or endorsement."

Cultivating a conversation

He also advises firms examining their social media strategy to ask themselves, "is this really a conversation?" – and to remember that this conversation is just as much between clients as it is with the bank. One other interesting direction that Coutts is pursuing with social media is the development of "closed-community apps" which will allow clients in a particular segment to directly interact with others in a similar position. This, Haigh said, is very much the bank's "endgame."

What is clear is that the "classic" style of website is simply not enough for today's technology-savvy HNW individuals. "Everyone now has websites but you have to use them to drive engagement... too many firms just throw content at people." Interactivity is key, and in Haigh's opinion, "Facebook gives a sense of where the classic website will need to go." ■

STRATEGIC INSIGHT

Building A HNW Network: Social Media Strategies For Financial Services Firms

Scott Tangney, executive vice president in New York at Makovsky + Company, discusses social media trends and how to put in place a successful strategy to leverage its potential to drive business growth.

Think you know who's using social media? Think again.

Kids and young adults continue to be the most enthusiastic social networkers, but in terms of growth, they are rapidly being overtaken by older users. In the US, social networking among adults aged 50-64, for example, skyrocketed 88 per cent in 2010, according to a report from Pew Internet, while among 18-29 year olds, it inched up a paltry 13 per cent.

And social media content? It's no longer all about gossip, gadgets and gaming.

Four out of five of the largest Fortune 500 firms use Twitter, Facebook, YouTube or corporate blogs to communicate with their customers and other stakeholders, according to Socialware. More than two-thirds of companies polled in the *McKinsey Global Survey* in 2009 reported that they have realised measurable business benefits from social media technologies - including more effective marketing, more innovative products and services, better access to knowledge, lower costs of doing business and higher revenues.

Drilling down

Here's another surprise:

According to a 2010 SEI survey, HNW individuals are actually more likely than the average American to be involved with social media (70 per cent compared to 60 per cent for all US adults). Some 38 per cent have visited at least one social media site within the past 24 hours.

This inevitably gives rise to a host of questions. What are HNW individuals looking for? Where do they go to get it? And how do they ever find the time?

Typically, affluent people are looking for information - available on a 24/7/365 basis - and they want the process to be quick and easy. In fact, 40 per cent of HNW internet users say they prefer social media to the telephone, according to Spectrem Group.

Fifty per cent of affluent people visit Facebook, 37 per cent use YouTube, and slightly more than a third (35 per cent) check in on LinkedIn, Spectrem said.

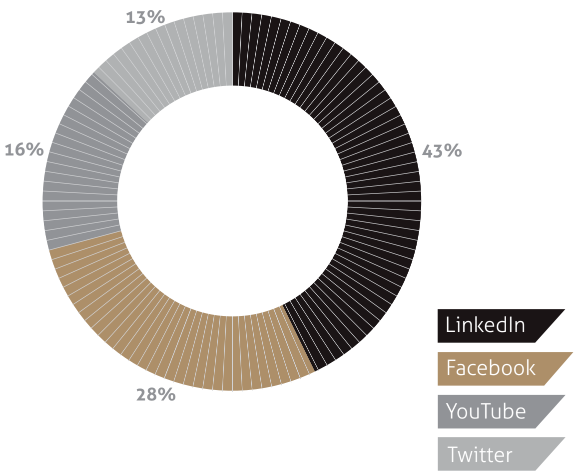
Clients and prospects want to know all about you. They want to compare notes on your strategies, your results and your fees. They're looking for new ideas, better information and faster answers.

Spectrem said more than a third (36 per cent) of HNW investors report that they'd rather get information from their advisors via social media, and that satisfaction with an advisor's online tools directly correlates with the amount of assets affluent individuals are willing to invest with that advisor. So put your answers where HNW investors are looking for them - as comments and commentary on blogs, Twitter, Facebook, YouTube and LinkedIn - it's what your competition is already doing.

Keeping up with the competition

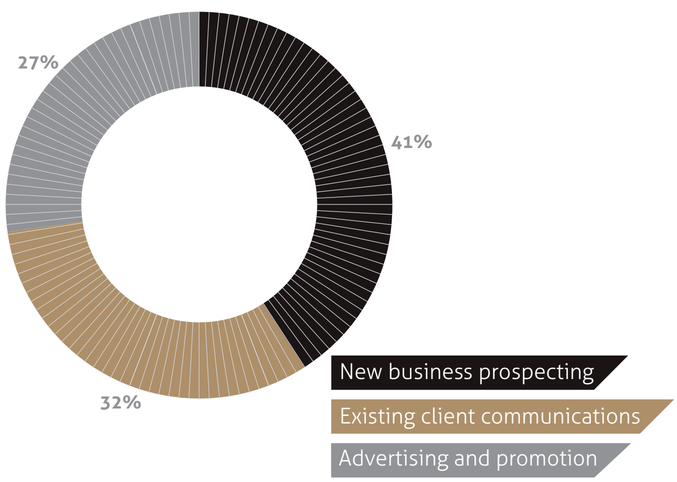
A significant majority (68 per cent) of financial services firms now use social media, most often for new business prospecting, but also for communicating with existing clients (*see figures 1 and 2*), according to SEI.

Figure 1:
PRIMARY PLATFORMS FOR FINANCIAL MEDIA



Source: RYDEX SGI

Figure 2:
PRINCIPAL PURPOSES FOR FINANCIAL SOCIAL MEDIA



Source: RYDEX SGI

Financial services firms are discovering the advantages that accrue to those who participate in the great global conversation fostered by social media. Nearly half (47 per cent) of respondents in a 2011 Socialware survey of financial advisors credited social media for at least one lead. Some 36 per cent said they had actually closed deals and acquired new clients as a result of social media prospecting.

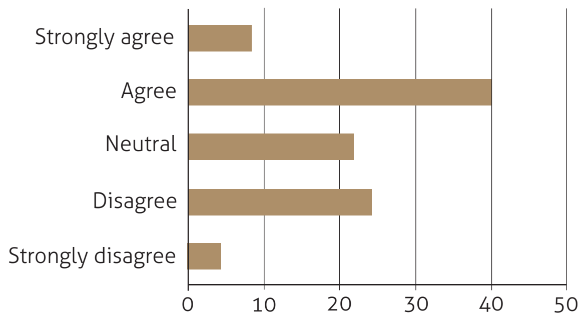
An integrated digital marketing model includes social media outreach, a personalised website, digital direct response, search engine utilisation, and online/offline advertising.

Considering compliance

So why isn't social media outreach an integral element in every financial services company's marketing mix today? Nearly half (47 per cent) of advisors who use social media confess that regulatory and compliance issues are their single biggest worry (*see figure 3*), according to a 2010 survey from American Century Investments.

Figure 3:

"LACK OF UNDERSTANDING OF COMPLIANCE ISSUES IS A MAJOR BARRIER TO IMPLEMENTING SOCIAL NETWORKING."



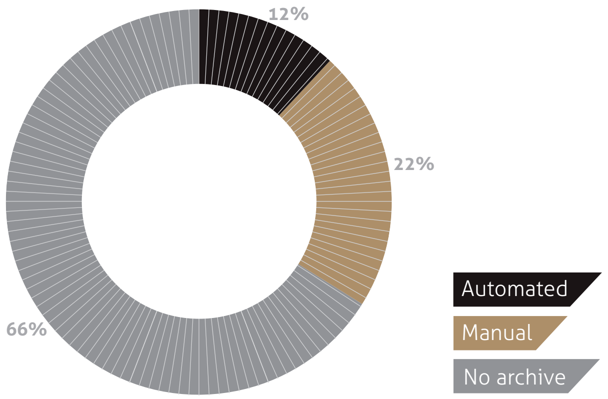
Source: Socialware

Nearly a third (32 per cent) work for firms that don't have a social networking policy – a direct violation of FINRA's guidance on social network usage, according to the Socialware survey. Meanwhile, 11 per cent are unsure of their firm's policy.

And shockingly, two-thirds of firms are non-compliant with FINRA/SEC archiving guidelines (*see figure 4*). Only 12 per cent archive their data with an automated system, Socialware said. Slightly more than one in five (22 per cent) manually archive data through screenshots or copy-and-paste – which is not only time-consuming, but also prone to error.

Figure 4:

TWO-THIRDS OF FIRMS ARE IN VIOLATION OF FINRA/SEC ARCHIVING GUIDELINES



Source: RYDEX SGI

In truth, FINRA and the SEC are concerned with regulating social media, not banning it. They recognise that all social media content is not equal. Compliance requires an understanding of the nature of the particular content:

- Static content is the rough equivalent of advertising. Content that remains posted until changed by the firm or individual that originally created it (such as blogs and profiles) must be pre-reviewed.
- Interactive content is roughly equivalent to a public appearance. Content that is used for real-time communication (such a tweets and blog comments) must be captured, retained and archived, and should be post-reviewed.

A simple mantra can help keep your compliance in line with regulators' expectations: pre-review, archive and monitor.

Pre-review: Analyse and moderate static content before it is posted.

Archive: Retain interactive content in an easily downloadable form.

Monitor: Scan posts in real time to detect exceptions.

It is hard to get anybody to agree about almost anything these days, but one recent survey by Socialware, entitled *The Asset Manager's Guide to Social Media*, found the one thing about which 100 per cent of financial firms agree: the phenomenon of social media is here to stay. The opportunities that social media presents – to improve customer satisfaction and strengthen brand identity – are simply too compelling to be ignored. ■

IN FOCUS

Social media use in other parts of the financial services industry

In looking at the use of social media within wealth management, it is useful to draw comparisons with "cousin" sectors such as independent financial advisors and asset management firms. Here, prevailing trends seem similar to those seen within wealth management, in that there seems to be a feeling that social media can be very useful in drumming up business, but firms are uncertain how best to proceed.

Asset managers globally slow to adopt social media

Asset managers have been slow to adopt social media according to the MHP Asset Management *Social Media Survey 2011* – a study of 100 asset managers based all around the world.

The survey found that only 35 per cent of asset managers were active on Twitter, 29 per cent used YouTube and 11 per cent were on Facebook, although 96 per cent of asset managers have a presence on LinkedIn.

"Asset managers have been slow to use social media. However, their stakeholders, particularly their current and future employees and clients are already tweeting and on Facebook, reading news on iPads rather than hardcopy newspapers, consuming information in very different ways," said Martin Forrest, director, asset management and author of the report.

The asset managers who said they do use Twitter tweet about a whole range of issues including broad economic/investment views, marketing events and recruitment, the survey commentary said. Meanwhile, 19 per cent of asset managers seem to be hesitant and are "sitting on the Twitter fence" – while they have secured their corporate name as a Twitter account to protect their brands, they have not been active, nor have they tweeted.

The 29 per cent of asset managers which had a YouTube channel used it to show short films on investment views, educational topics, employee recruitment and training, and marketing events.

Although globally the biggest social network, Facebook proved to be the least-used form of social media among asset managers. Only 11 per cent of the asset managers surveyed had an active Facebook page including a "wall".

UK IFAs see value of social media, most not active yet

As in the US, the idea that social media can be a useful way to build business is increasingly gaining traction among UK IFAs. An April 2011 study by Close Asset Management found that 35 per cent of advisors believe social media has "huge potential" to boost business.

However, despite this openness to leveraging social media, take-up still lags behind this sentiment, as while 53 per cent of advisors said that they use some form of social media, over a quarter of these (26 per cent) said they used it only for personal reasons.

Echoing the findings of several US studies, Close found that LinkedIn was the number one social media platform for business users, with 48 per cent of respondents making use of the networking forum.

In discussing its findings Close noted that although social networks are not prominently used as a means to generate new business currently, this is likely to be the case before too long. While social networks at present largely represent a forum for ideas, a networking channel and an online community for the IFA industry to keep up to date with the latest happenings, Close said it believes social media is poised to become a more prominent channel for new business and financial advice in due course.

APPS – WEALTH MANAGERS "GO MOBILE"

Industry experts predict that the coming year will see a continued flourishing of smartphone and tablet apps as firms strive to "go mobile". Indeed, according to Mark Gunning, director of banking solutions at Temenos, the wealth management technology firm, over the next 18 months 80 per cent of banks will have some sort of mobile banking offer. Gunning however cautions that there is still "limited understanding of the power of this channel."

"Many banks today are not seeing this channel as a real differentiator, but we are beginning to see a perception-change here and more banks will build growth strategies around mobile. Security will remain a key factor in people's attitude towards mobile banking, which will call for banks to formulate and implement strategies that are underpinned by sound security features. Over time we will see the mobile channel handle more and more transactional banking – with the web being used more for advice and product selection," he said.

At Avaloq, another wealth tech firm, its head of UK business development, Peter Dingomal, is bullish on the uptake for mobile technology in 2012, but he also provides a few words of caution.

"2012 will be the year in which UK private banks and wealth managers roll out mobile strategies to both attract and retain clients. Surging adoption rates of iPad technology will drive private banks to offer more technologically-innovative solutions to their mass affluent and HNW investors. In 2012, we will see some leading UK private banks move to offer mobile services to their HNW/UHNW investors," he said.

"However, banks adopting mobile technologies will be reviewing their customer base 'stickiness', and will adjust mobile strategies accordingly – relationship managers will not relinquish precious interaction with customers lightly," Dingomal said. "We expect to see more private banks replacing their front-offices, with either new systems or bolt-on point solutions, in order to offer mobile interfaces," he added.

IN FOCUS

Tablet technology: wealth managers must go mobile to survive

Firms which fail to embrace mobile technology will lose the race for clients, as tablet computers revolutionise the dynamics of the advisor-client relationship in the wealth management industry, Capco warned last year.

According to a July 2011 report from the consultancy, banks which fail to adapt their services to include mobile banking will be shunned by future generations of young, itinerant entrepreneurs, who will soon carry out most of their business on a mobile device.

"For many, tablet technology could become their main computing device as a result of multifunctional capability potential," said Christine Ciriani, a partner at Capco and co-author of the report. The release of the iPad in April 2010 had a transformational impact on the banking industry, she added, and that year 14 million iPads were sold.

There will be nearly a billion users of mobile devices by 2014, according to Berg Insight – a trend which represents a huge opportunity for private banks but one which will inevitably result in winners and losers.

"Tablet computing will undoubtedly be a game-changer in wealth management and financial advice," said London-based Capco partner Mark Jenkinson and co-author of the report. "Every enterprise is actively considering how best to approach this disruptive technology. Doing nothing is not an option."

Capco named several wealth managers which are leading the pack on the mobile technology front, including Merrill Lynch Wealth Management, St James's Place, Citi Private Bank, Barclays and JP Morgan Private Bank.

IN FOCUS

US banks surprise laggards in mobile app provision

Deutsche Bank, Caisse d´Epargne and Bank of China topped the rankings in a November 2011 MyPrivateBanking study assessing the mobile apps of the world's top 50 banks; meanwhile, the big US institutions fell disappointingly short of the industry leaders.

Having benchmarked close to 200 mobile apps, the private client forum and research firm ranked Germany's Deutsche Bank and France's Caisse d´Epargne in joint-first place, with both being awarded 50 points out of a possible 60.

Deutsche was lauded for its app's comprehensive content and integration with other online media like Facebook, Twitter and the bank's own website. Caisse d´Epargne, meanwhile, was awarded the top spot for the "excellent functionality and clear design" of its app.

Bank of China was the winner in the category of best standalone app, scoring 40 points out of 60, but the surprise finding was the dearth of big Wall Street names in the top ten. Of the US giants, only Citigroup made it into the top ten, coming in joint sixth place with 46 points.

The top ten:

1. Caisse d'Epargne 50
2. Deutsche Bank 50
3. Bradesco 49
4. DBS Bank 47
4. ING Group 47
6. Citibank 46
6. Société Générale 46
8. UniCredit 45
9. BBVA 44
9. Credit Agricole 44

The authors of the report, entitled *Mobile Apps for Banking*, concluded that while the mobile revolution has reached the banking industry, development is still only at a very early stage. The report found that currently two-thirds of the world's biggest banks only offer very basic apps with limited functionality and little content. Even more damningly, the report found that some global banks still offer no apps at all for private clients.

"Only a handful of banks can claim that they have a comprehensive and user-friendly portfolio of financial apps for private clients," said the report's authors, highlighting the need for the industry to up its game to stay in line with other sectors.

The report had several criticisms to make of banks' app provision, the first being a generalised reluctance among banks to provide Android-compatible apps, despite its popularity globally. Most banking apps are only available for iPhone, and there is even a lack of specific apps for the iPad, the report said.

Basic functionality was the second main criticism of banks' apps. According to the study, only 65 per cent of banks offer market information apps to their clients and a mere 40 per cent of banks provide apps with brokerage functionality.

Further to this, MyPrivateBanking found that many banks' apps provide little useful content, with less than half offering product information or financial news. Despite the expectation of interactivity among today's tech-savvy clients, video content and digital client magazines are only offered by a small minority of institutions.

The report also highlighted that security should be a real concern, as many banking apps do not offer the same level of security as regular online banking and privacy policies are rarely to be found with regards to the use of apps.

[SECTION 4]

Sponsorships, Hospitality And Educational Events

"Any event where a client enjoys his or herself is a good event. This is why we take a lot of time picking the right events for the right clients" - Raymond Sykes, managing director at Butterfield Private Bank

"As an industry we're so busy competing with each other we never really think about how we can work collectively to help the consumer and further develop the business and all our businesses"

SPONSORSHIPS AND HOSPITALITY

The vast majority of wealth management firms have some sort of client events programme in place, whether this be sponsoring high-profile sports events which clients are then invited to attend along with bankers, or something on a much smaller scale, such as a round of golf with a star player. Firms appreciate that in the crowded wealth management space offering "money-can't-buy" experiences is a useful way to cultivate prospects, deepen relationships with existing clients and give them the opportunity to network with like-minded peers as well as employees.

What is more contentious is the sort of events that wealth managers should be associated with. Sponsorship of events and hospitality at the level HNW clients expect are expensive undertakings, and so it's essential that firms work out how best to deploy funds to ensure the maximum return on investment.

Strengthening bonds

The value of events programmes is predicated on the fact that wealth management is by nature a "people business" based on a deep understanding of clients' unique needs – and that comes from forging personal relationships. The one-on-one contact between clients and bankers facilitated by hospitality and networking events is therefore an essential part of the marketing mix, not only in garnering new clients, but also in gaining additional wallet share from existing ones.

As marketing consultant Chantal Reed puts it: "there is no doubt that one-on-one relationships are critical and gaining the client's trust and strengthening the bond can come from this valuable face time."

A discerning client base

The first problem facing firms is that the HNW are notoriously cash-rich and time-poor, meaning that an invitation to a top-flight sports event or prestigious art show is unlikely to inspire the same level of excitement as it would in those not occupying the upper echelons of wealth. HNW clients can obviously fund even the most opulent leisure activities themselves, and so it is unlikely that they will be impressed by mass-market events, although these will of course help with brand awareness. It is therefore questionable whether costly "generalist" sponsorships are the way forward, according to Reed.

"With HNW clients you perhaps need to look at providing something that others can't and uniqueness of opportunity... this does not necessarily mean large, cost-heavy sponsorships, as that could mean significant wastage," she said. In her view, smaller, bespoke opportunities are probably the better option.

Reed's words should also be put into the context of the fact that while wealth management professionals see the value of client hospitality events and associated sponsorships, they do not view their contribution to business growth as *that* significant. When asked which element of the branding and marketing mix is most important to a successful strategy just 4 per cent of respondents picked associations with prestigious events.

Meanwhile, Emma Sherrard Matthew, chief executive of concierge firm Quintessentially, agrees that bespoke events are key, but still sees value in "big ticket" events in terms of building brand awareness. "Marketing needs to be done through multiple channels, using the big ones to get your name out there and then more highly-targeted events," she said. "It needs to be a 'two-pronged attack' of brand building and money-can't-buy experiences."

CASE STUDY

Butterfield Private Bank Joins Forces With Top Fashion Designer

Butterfield Private Bank was the headline sponsor of Maria Grachvogel's Spring/Summer 2012 London Fashion Week show, which took place at The Savoy Ballroom in September 2011.

Grachvogel is famed as one of the UK's top fashion designers - having dressed the likes of actress Rachel Weisz and model Yasmin Le Bon - but she is also increasingly high-profile in the key luxury market of Asia. Grachvogel is scheduled to open five flagship stores in Asia over the next couple of years, having already unveiled a 1,430 sq ft standalone store in Taipei, Taiwan.

Butterfield has said that it sees "a great affinity and shared ethos" between its business and Grachvogel's, namely a respect for tradition combined with an appreciation of the importance of innovation. Grachvogel's designs are renowned for their immaculate tailoring, but she has also pioneered a new digital printing technique whereby each design is hand-painted.

"Maria's designs are exclusive, sophisticated and contemporary and appeal to suit the individual. Similarly, Butterfield represents exclusivity, quality and flexibility, approaching each client as individual and unique," Raymond Sykes, Butterfield Private Bank's managing director, said of the partnership. Grachvogel, meanwhile, cited the fact that the two businesses both offer a very high level of service to their clients.

A "Big Four" fashion event

London Fashion Week and its counterparts in New York, Paris and Milan constitute the world's "Big Four" fashion events. Showcasing the work of the world's leading designers, Fashion Week events are not only attended by celebrities, fashion editors and other industry figures, but also by end-consumers themselves, i.e. HNW buyers of designer fashion.

Moreover, Fashion Week events are covered in almost obsessive detail by both the mainstream and industry press, meaning that there is potential for the Butterfield brand to gain exposure via prestigious media outlets. It is easy to see the value in the bank's brand featuring as part of a fashion spread in *Vogue*, for example.

The Asian angle

While Butterfield views the sponsorship deal as predominantly having a UK significance, it is also worth noting that Western luxury brands are particularly in favour with Asia's burgeoning ranks of HNW individuals. It could be said that culturally Asian consumers are not afraid to showcase their achievements and are fond of status symbols, and it is Western brands like Louis Vuitton and Prada to which they aspire.

Fashion appeal

Fashion is an especially powerful way to reach the female HNW segment since, while it may be a stereotype, it is nonetheless undeniable that women are by-and-large interested in the world of fashion, and HNW females are no different. As such, the Grachvogel show is "an ideal platform through which to raise the bank's profile to women," said Butterfield Private Bank's director of marketing and communications, Esther Hanes

Sponsoring a female-focused event represents an important step in Butterfield Private Bank's marketing strategy, according to Hanes. "It's our first event where the key focus is on females," she said – an important segment for the bank now which it hasn't specifically focused on before. The bank is looking to raise its brand profile within its key segments whilst still "maintaining an air of discretion that is synonymous with the Butterfield brand," she said. Butterfield of course joins a growing list of institutions looking to raise their brand profiles at the present time and take advantage of prevailing market conditions, as discussed elsewhere in this report

Tapping into wider interests

Arguably, the strength of such sponsorship deals lies in the fact that it shows an awareness of the totality of female clients' lives and that the bank is actively seeking out its target clients in *their* sphere, according to Milton Pedraza, chief executive of the Luxury Institute.

"What is most important though is that the bank has chosen to go to where the female clients are versus waiting for the clients to come to them. It shows strong commitment and that they get powerful women in all their playful and serious and complex lives," he said.

A niche event

Hanes emphasises that the catwalk show represents a "unique" event, and that this exclusivity is particularly important when targeting the HNW, for whom few doors are closed.

The event gave existing and prospective clients money-can't-buy privileges such as back-stage access, an invitation to the after-party and the opportunity to meet Maria Grachvogel herself. The relatively small size of the event is also a strength, according to Hanes, and the bank typically favours intimate events over ones with thousands of attendees. "It is of upmost importance to us that our events are personal so that we can spend quality time with each guest," she said. ■

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Catering to individual interests

The contributors to this report agreed that events should be about showing the client individual attention and an understanding of their particular interests. Here, again, *relevancy* to the client is key. The creation of bespoke events is in this way a continuation of the "living the brand" concept discussed elsewhere in this report.

As Reed puts it: "Their [wealth managers'] clients are possibly *the* most discerning of all target audiences and need to be treated in a special and unique way to ensure a connection to the wealth manager and the brand, and to feel they get more from this company than others in terms of respect and attention to detail, which they may also associate with how the manager runs their business - this association is priceless."

Doing your homework

While it can be assumed that HNW clients share what Reed calls "a similar lifestyle DNA", as individuals they all of course have their own particular interests, and tapping into these is at the core of an effective events programme. "You have to know the client and know what excites them," said Sherrard Matthew. It hardly needs to be said that this is just the kind of knowledge which will accrue to a relationship manager over time, but again this is where "key man risk" comes in. An employee's departure could mean that incredibly valuable information as to clients' interests is lost forever – simply because it was never formally recorded.

While nobody is suggesting that firms undertake anything so indelicate as overtly quizzing clients as to their passions, the merits of storing this information as it emerges are clear. Lisa Worley, head of marketing for the wealth and investment management division of Barclays, said that her firm aspires to have a deep understanding of its clients' interests, using this insight to inform its events programme. Other firms will most certainly also be following suit, and it is worth noting that assiduously keeping records of clients' likes and dislikes is already common practice in other industries.

"As an industry I don't think that we have terribly good systems in place to capture information which enables us to make the client experience better – to the extent to which other industries use that type of technology," said Jacqui Brabazon, group head, marketing and philanthropy, at Standard Chartered Private Bank.

"Other industries use technology a lot to drive their client experience. We don't as an industry; instead we rely on the private banker."

Brabazon gave the example of one luxury hotel group which uses technology to enable staff to "remember" guests' favourite drink from their last stay. Although this attention to detail is clearly driven by a data capture system, it still has the effect of making guests feel special, she said.

Which types of events?

As observers of the industry will know, arts and sports events are core to the events programmes of most firms, and the biggest global players will be involved in a diverse array of these types of events throughout the year. But, of course, while arts and sports-related events are a big part of the picture they are by no means the only options – as will be discussed later.

That wealth managers should arguably be looking to be associated with both arts and sports events is supported by the findings of the reader survey, although it would seem that the former should be given greater weighting. When asked whether it was preferable for wealth managers to be associated with arts or sports events, 63 per cent said arts and 37 per cent said sports – figures which confirm the importance of both types of events in the minds of wealth management professionals.

STRATEGIC INSIGHT

Motor Sports Sponsorship - Wealth Management Firms Feel "The Need For Speed"

High-profile motor racing sponsorships form part of several institutions' branding and marketing strategies. Some firms opt to sponsor smaller-scale "niche" events featuring classic cars, while global banking groups such as UBS and Santander leverage the worldwide exposure to be gained from Formula 1 Grand Prix racing, presumably at great cost (the average team sponsorship price tag is estimated to be in the region of around £40 million).

Motor sports sponsorship represents an excellent way for firms to raise exposure right across the social spectrum, from the mass market right the way through to UHNW individuals. Few sports offer such broad appeal on a global scale as Formula 1: an estimated 520 million people watched F1 on television in 2009, with the Brazilian Grand Prix alone counting for as many as 16.2 million viewers. The sport therefore represents a virtually unrivalled opportunity to build up favourable brand equity and boost brand recognition.

Ideal for hospitality purposes

F1 racing is almost unique in that it couples a rich heritage with cutting-edge technology, and lots of potential for the exciting and dramatic to happen. These attributes make F1 ideal for hospitality purposes, according to Ago Cluytens, a marketing expert and founder and senior partner at consultancy Marcus Whyte. "From highly-coveted box seats for the Monaco Grand Prix to interactive booths around the track, the sport caters to virtually any audience," he said. "Factory visits, training sessions and F1-themed hosted events offer opportunities to entertain clients, reward valuable staff and boost employee morale alike. For bankers looking to court the most demanding of clients, it is often those experiences - which cannot be bought - which are most appreciated."

A truly global sport

F1 is also a truly global sport, with India hosting its first Grand Prix in October 2011, around a third of all races being held in the Asia-Pacific region, and crucial emerging markets like India, Brazil, China and Turkey all hosting races – allowing firms to gain valuable brand exposure in new, high-growth markets.

Cluytens also notes that F1 sponsorship offers strong potential for internal brand activation as staff will often become devout followers of the sport. Such sponsorship deals "offer opportunities to boost employee morale, and create a common platform with a shared language to unite the workforce," he said. A win for the team can generate a tremendous amount of internal pride within the organisation, and this can prove invaluable when firms are experiencing difficult times, he added.

It is not only the biggest global banking groups which are involved in motor racing:

EFG International sponsored December 2011's Bahamas Speed Week Revival – a 5-day event drawing cars and drivers from around the world to Nassau for time trials, displays, social functions and fundraisers.

The firm has said that it regards associations with motor sports events as natural since a number of its clients are passionate about collecting and racing vintage and classic motorcars. EFG is one of the main sponsors of the Le Mans Classic, and also supports the Gstaad Classic and the Grand Prix de Pau Historique, among other events.

In February 2012, **Falcon Private Bank**, the Swiss firm owned by Abu Dhabi's Aabar Investments, renewed its sponsorship deal with the F1 motor racing team Scuderia Toro Rosso.

The bank has been a sponsor of the team since May 2011. This year, the company's logo will appear on the front of the car and on the front wing endplates, as well as on the race suits of Daniel Ricciardo and Jean-Eric Vergne, and on Scuderia Toro Rosso's team kit. ■

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Credit: Getty Images

CASE STUDY

Société Générale Private Banking Offers Money-Can't-Buy Golfing Experiences

In July 2011 Société Générale Private Banking extended its sponsorship of top-level golfers Angel Cabrera and Thomas Levet, continuing an association with the upper echelons of the sport which dates back to 2001.

Through the deal the bank is able to offer its clients the chance to play with golfing stars through a programme of events around the world – providing just the kind of money-can't-buy experience HNW clients appreciate.

The bank extended its sponsorship of Cabrera and Levet for three and two years respectively. The former is the 2007 winner of the US Open and the latter the winner of the 2008 Andalucia Open.

SocGen also sponsors the French golf player, Christian Cevaër, winner of the European Open in 2009, and Jeev Milkha Singh, the first ever Indian golfer to have qualified for the European Tour and the Augusta Masters.

The bank began its association with top-flight golf in 2001, when it became a partner of the Golf Federation. Later, in 2008, it struck up a partnership with the Evian Masters, a major international women's tournament. ■

CASE STUDY

Barclays Supports Scottish Cricket

In May 2011, Barclays signed a three-year sponsorship deal with The Grange Cricket Club in Edinburgh – one of Scotland's foremost cricket clubs. With the firm becoming official shirt sponsor of the first XI squad, the team will be playing under the name of Barclays Grange, and the development of youth players will also be supported. Having been busily expanding its offering in both Edinburgh and Glasgow in recent times, Barclays is obviously looking to enhance the visibility of its brand in Scotland.

This deal illustrates the importance of choosing a sport or event which is aligned with a firm's own values. In explaining the firm's choice of cricket as a sport to sponsor, John Godfrey, director of the wealth and investment management division of Barclays in Edinburgh, said that "cricket is a game with global appeal, strong ethics and world-class events that exemplify quality, confidence and focus." ■

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Common interests

If the aim of sponsorships and event programmes is to tap into the passions of clients and prospects, then it is easy to see why arts and sports are key to most firms' programmes. Arguably most people have an interest which falls into either of these categories and so such events can be a great way for bankers and clients to bond through common enthusiasms.

It should also be remembered that clients and prospects will also be socialising amongst themselves at such events, and that the opportunity to network with like-minded people can be as valued as the event itself. Indeed, providing networking opportunities is already highly valued by firms: 79 per cent of the wealth management professionals surveyed for this report said their firm invests in networking events for clients and prospects.

Raymond Sykes, managing director at Butterfield Private Bank, sees this element of "like-mindedness" as particularly important to his bank's approach to events. One example he gives is Butterfield's support of the Stroke Association charity at its annual opera event, where a performance of *Rigoletto* was performed at Drapers' Hall in the City of London. "This allows us to invite our clients and prospective clients, who have a love of opera, to an exclusive event where they can enjoy the performance, get to know the Butterfield team and meet like-minded individuals," he said.

Attendees' enjoyment of client events is obviously key to whether they are a worthwhile investment, and putting like-minded bankers, clients and prospects together can of course help ensure this. As Sykes puts it: "Any event where a client enjoys his or herself is a good event. This is why we take a lot of time picking the right events for the right clients."

Other types of events

While arts and sports may form the backbone of most firms' sponsorship and events programmes, it is also worth noting that wealth managers are increasingly getting involved in events targeting HNW females. To name just a few instances, Coutts and Butterfield Private Bank have both been involved in London Fashion Week in recent years, while Barclays has been active with a number of women's initiatives including on International Women's Day, the Women: Inspiration & Enterprise (WIE) Symposium UK, and also the launch by the Barclays Female Client Group of the Asian Female Entrepreneurs forum at a House of Commons event earlier this year.

CASE STUDY

Sponsorship Of The Hay Festival Of Literature And The Arts By Barclays

The festival

The Hay Festival is one of the highlights of the global literature and arts calendar. Held in the Welsh market town of Hay-on-Wye, the festival draws 200,000 visitors from all over the world, who enjoy a week-long programme of talks and performances featuring renowned writers, filmmakers, comedians, politicians and musicians.

The partnership

Barclays has sponsored the Hay Festival for five consecutive years and the firm is hopeful that the partnership will continue for many more to come. The longevity of the sponsorship deal is entirely in line with Barclays' sponsorship strategy as is the fact that the festival has such international appeal, drawing visitors from as far afield as Europe, Canada, North and South America, Australasia and Asia. The firm recognises that as a global brand, its sponsorship activity should be internationally focused. The Hay Festival is an international franchise, and while Barclays' current sponsorship extends only to the UK event, the firm would not rule out widening the deal internationally in future.

The Hay Festival's director, Peter Florence, readily recognises the importance of the festival's strong links with Barclays. "Our relationship with Barclays over the last five years has been vital to the festival's growth and sustainability. It is predicated on far more than investment and branding, and we're tremendously fortunate to have a partnership that is also a conversation about values and ideas," he said.

Brand association is key

Barclays' sponsorship of the Hay Festival exposes the brand to hundreds of thousands of people. The firm concedes that some but not all attendees fall into its target market, but it believes that what is more important is brand association, and that in this regard the Hay Festival is absolutely aligned with Barclays.

Once described by Bill Clinton as "the Woodstock of the mind", The Hay Festival is a byword for high culture, intellectualism and creativity, and Barclays regards it as the ideal platform from which to demonstrate its core brand values of thought-leadership – namely, "inspiring, clear insight and innovative thinking."

The centrepiece of the partnership is Barclays' sponsorship of the festival's main venue, the Barclays Pavilion, with the rest of the festival also having a fairly high level of branding.

Links to the brand campaign

Barclays' focus is on differentiating its offering through taking a more empathetic and client-centric approach, and this notion has formed the foundation of the firm's "Wealth. What's it to you?" brand campaign, which reflects that Barclays understands that wealth means different things to different people, and which attempts to demonstrate how Barclays can apply its wealth management insights, innovation and knowledge in order to empower clients to make better decisions, understand their own financial personality better, and help them better formulate - and reach - their wealth goals.

The firm highlights that one of the clever things about the "Wealth. What's it to you?" campaign is the adaptability of the slogan. As such it is able to tailor-make on-site banners and other creative

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work in keeping with the content of the festival. In 2009 and 2010 the brand campaign was expressed through quotations about wealth by philosophers, politicians and writers. Barclays continued the campaign in the same style in 2011, but with a more thought-provoking approach. Here, the "Wealth. What's it to you?" question was "answered" with phrases such as "Leaving something that lives on", which were accompanied by bold images symbolising creativity and inspiration.

Media partnership

Barclays' brand also gains valuable exposure through The Hay Festival's media partnerships with *Sky Arts*, *Radio 3*, and in particular *The Telegraph*. In 2011 the newspaper produced a daily special edition for Hay highlighting that day's events and reviewing those of the previous day. Barclays ran strip ads at the bottom of each consecutive page, in which book titles were used to provoke debate and demonstrate innovative thinking.

Deepening relationships with clients

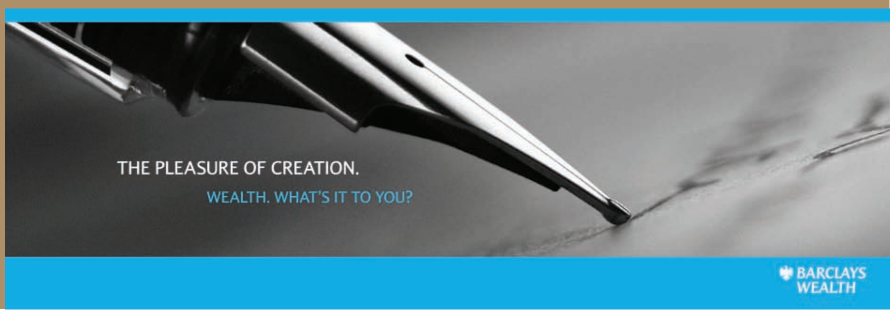
Aside from creating valuable brand awareness among the attendees and followers of the festival, the sponsorship also gives Barclays excellent client hospitality opportunities. As Lisa Worley, head of marketing for the wealth and investment management division of Barclays, explains, "Barclays' involvement with the arts is about providing stimulation and exceptional experiences for our clients, prospects and employees."

The festival sponsorship gives Barclays the flexibility to offer a range of hospitality opportunities: free tickets to the festival are offered across the local client base, while some clients are invited to spend the weekend as the firm's guest at the event. Here C-level executives are also in attendance, meaning that "clients can interact with senior management in a variety of ways," said Worley – with obvious relationship deepening effects.

Return on investment

Like its peers, Barclays is keen to ensure that it is maximising its ROI from sponsorship initiatives such as that of the Hay Festival. This is carried out in a variety of ways, one of the simplest being monitoring how many clients take up the opportunity to attend as well as carrying out qualitative assessments of the event with both clients and employees. Barclays additionally attempts to assess the impact the event has longer term on the amount of new business that is generated and its impact on customer loyalty.

"Barclays gets a significant return on our investment in these sponsorships because we work at it," Worley says. "Most importantly we understand and share our clients' passions. It's the due diligence and care taken to select our partnerships initially and then the attention, creativity and effort made to maximise the opportunities that drives success." ■



CASE STUDY

Support For Shakespearean Theatre

Coutts & Co has for the past four years been the principal sponsor of Shakespearean theatre company Propeller and will continue to support its UK tour into 2012.

Propeller was formed by director Edward Hall at the Watermill Theatre in Newbury in the mid-1990s, with the intention of producing plays with clarity, speed and as much imagination in their staging as possible. The company's influences include mask work, animation and classic and modern film and music from all periods – creating a fresh take on classical Shakespearean theatre while still maintaining the integrity of the Bard's great works.

Coutts entertains both prospective and existing clients throughout the UK at Propeller performances. The 2011 tour featuring *Richard III* and *A Comedy of Errors* saw the company tour 11 theatres around the UK at locations primarily aligned to Coutts' key UK regional offices.

Attendees enjoy backstage theatre tours and meet cast members at exclusive post-show parties – giving them the kind of money-can't-buy experience which wealth managers typically favour in their client entertainment programmes.

Coutts also sees its sponsorship of Propeller as bringing big benefits in terms of positive brand associations with both the theatre company and its director: Propeller was the winner of the Best Touring Production award at the Theatre UK Awards 2011 and Hall was nominated for Best Director in the London Evening Standard Awards 2011.

"We have a long history of supporting theatre and the arts. Many arts-based companies, particularly those which have charitable status, are struggling financially. We truly believe it is essential that we help to maintain the very best of British theatre for future generations," said Michael Morley, chief executive of Coutts UK.

Coutts' support of the arts also includes:

- Sponsorship of the V&A's 2012 spring exhibition, *Ballgowns: British Glamour Since 1950*
- Sponsorship of London Fashion Week in 2010 and 2011, including sponsorship of *Fashion Forward*
- Sponsorship of Coutts London Jewellery Week in 2008 and 2009
- Joint sponsor with Rolex of the Royal Opera's revival of *La Traviata* in 2009
- Sponsorship of *Matthew Williamson - 10 Years in Fashion* at the Design Museum, London in 2007 and Urbis, Manchester in 2008
- Joint sponsorship with Van Cleef & Arpels of the Royal Ballet's production of *Jewels* at the Royal Opera House in 2007
- Collaboration with Alice Temperley by hosting the first ever fashion show to be held by Temperley London in a bank in 2006 ■

Something for everyone
The contributors to this report agreed that choosing the right events is a more thorny issue than it might first appear, warning that making assumptions can be a dangerous game – particularly when it comes to the gender of the clients being catered for.

Speaking specifically about the Asia-Pacific region, Emma Sherrard Matthew of Quintessentially warns that it might be an error to adhere to the assumption that women want to attend fashion-related events and that men are more interested in sports. "In Asia sports events are popular with HNW women and fashion is increasingly on the radar for men," she said.

It seems that wealth management firms need to think about moving with the times and going beyond gender stereotypes. Sherrard Matthew pointed out that in The Landmark mall in Hong Kong the entire bottom floor has been given over to men's shops, with the intention of creating "a Saville Row for Hong Kong." In addition, she notes that HNW Asians are very excited by Swiss watches and their heritage, and it's not uncommon for them to be flown to factories to see these luxurious timepieces being made.

So while men may be increasingly interested in fashion-related events, it is also the case that one can't assume that women will necessarily be interested in all things sartorial. For Jacqui Brabazon, of Standard Chartered Private Bank, making such assumptions can go against the core principles of wealth management and may not be the best way to approach female clients.

"Women want their wealth managers to recognise their individual needs without being patronising, so yes fashion will suit some people, but ultimately it's about understanding the individual. So if you've got a client who loves golf, then great invite them to golf; if you've got a client who loves fashion then great, invite her to something to do with fashion – don't make assumptions on the basis of her gender," she said.

Brabazon noted that in the Asia-Pacific region at least men tend to get more attention, in that lots of banks' events focus on what would typically be more "masculine" activities such as sports car driving and golf. However, this focus on sports is not necessarily a bad thing, she said, as many women would enjoy these types of events. In the same way, she shares Sherrard Matthew's advocacy of considering fashion-related events for male clients.

"With men it might be the case that they are very much into fashion, so firms could do something around a brand such as Dunhill or Burberry, or another of the male-orientated fashion houses. Ultimately it's about understanding the client and what motivates them," Brabazon said.

For its part, in Asia Standard Chartered is involved with F1 motor racing and golf, but the bank also puts on events with high-end women's magazine *Tatler*. This kind of variety is key to ensuring that "there is something for everyone", according to Brabazon. "We try to get a good mix of events so relationship managers and private bankers can determine what is going to be most appropriate to their clients," she said.

EDUCATIONAL EVENTS

The results of the reader survey indicate that broadly the wealth management industry recognises the importance of putting on educational events for clients: 75 per cent of respondents said that their firm holds educational events for clients and prospects. Only 16 per cent said that their firm did not, while the remaining 9 per cent were unsure.

When discussing the types of events wealth managers might offer clients, the contributors to this report all concurred on one crucial point: that it is essential that attendees don't feel like they are at a sales meeting. This is arguably where educational events really come into their own, as they allow wealth managers and clients to develop relationships in a pressure-free environment. Also, while glamorous hospitality events are no doubt an important part of wooing HNW individuals, educational events arguably represent a more profitable use of their time and are a real "value add" which can be invaluable in building trust between firm and client.

This value-add element was singled out by Raymond Sykes, managing director at Butterfield Private Bank, who said that many of his bank's events have an educational element to them. "These events create an environment where guests can meet the Butterfield team and like-minded individuals in an educational forum where they don't feel as if they are being sold to," he said. He added that these events ensure Butterfield is "constantly adding value and strengthening the relationship with our clients."

Back to basics
While the majority of wealth management firms offer educational events for clients, the contributors to this report revealed considerable disparity in the topics around which these events are built. Some firms focus predominantly on expounding what specific asset classes or investment products can do for clients, while others aim to tackle broader issues such as wealth transfer. However, for several senior executives, the industry needs to get "back to basics" and first impress upon clients and prospects what wealth management can do for them more broadly.

There is no doubt that wealth management, along with the rest of the financial services industry, suffered significant reputational damage as a result of the 2008 global financial crisis. In addition to widespread client investment losses, scandals such as massive frauds, client data leaks and tax evasion rows have rocked the industry. In short, there is still much work to be done in rehabilitating the industry's image, and educating clients is one important means of helping to achieve this.

One consequence of the global financial crisis has been a broad-based uplift in interest in financial services and investments, but also within this is of course an increase in client concerns. For Seb Dovey, managing partner at Scorpio Partnership, addressing these concerns should be the first port of call for firms looking to increase business. In his view, clients are currently thirsting for education and giving them this is a key way to garner wallet-share. "You have to ask the client what they want and what would make them do more business. Clients want more knowledge and reassurance – then they'll buy more," he said. The problem however, according to Dovey, is that "historically, the wealth management industry has not seen itself as an educator" – a sentiment shared by Jacqui Brabazon of Standard Chartered Private Bank. "As an industry we're so busy competing with each other we never really think about how we can work collectively to help the consumer and further develop the business and all our businesses," she said. In her view, there is a real lack of awareness among clients about what it is that wealth management "does".

"I definitely think there is a role for educating clients about what private banking can do... I don't think it's an area which is particularly well understood," Brabazon said, adding that this issue ties into the fact that the wealth management sector lacks a proper industry body. There is of course a long-running debate over whether the industry should form such a body to represent its interests with policymakers and to rally firms to address broad educative issues among the target client base.

"It's one of those knotty issues [whether we should have an industry body], but we should be clearer with consumers about what they are going to get and what they can expect from a private bank," Brabazon continued.

Ian Ewart of Coutts also places great importance on the educative element of the marketing mix, believing that successful marketing is built around three main pillars: education, raising brand awareness and ensuring engagement. The first stage, he said, is letting clients know that wealth management is accessible to them.

This "back to basics" approach is even more important within relatively immature markets such as the Asia-Pacific region, where clients are generally-speaking far more used to running their own money. Here, Emma Sherrard Matthew, chief executive of concierge firm Quintessentially, draws parallels between wealth management and her industry. Wealth management – and concierge services – "are in their relative infancy in many of the Chinese regions, so there is real need to educate potential clients as to what services they can access and the benefits to them," she said.

Drawing from her own experiences of marketing concierge services to Asian clients, Sherrard Matthew emphasised the need to take into account cultural differences as well. Her firm, for example, produces sumptuous coffee table books showcasing Quintessentially's services in order to help clients appreciate the scope of the firm's offering.

"Quintessentially Concierge is a very hard concept to market to the Chinese as the word itself is difficult to say, and it's also a cultural thing as they tend to be very orientated towards the tangible, and 'quintessentially' is very abstract. Members either want to touch and feel something, or to experience the luxury of a money-can't-buy experience. Over the years our experience in the concierge market has taught us that money-can't buy experiences, as well as unique and truly bespoke foreign travel offerings are particularly popular," she said.

Getting granular

As well as broadly educating prospective clients about what wealth management "does", firms are also aware that there is a need to offer clients in-depth education on specific issues. With respect to this, several of the contributors to this report agreed that, while it is important not to patronise clients, it shouldn't be assumed that they know all they need or want to about their options.

"It's very easy to make the assumption that because a client has made money and been successful in business that they know everything about managing their finances... and actually that's not true. That's where you have to have the conversation about how much clients understand and how they can be helped if they want to understand more," said Brabazon.

Here, it is worth noting that in the Asia-Pacific region firms are finding that many of their clients are first- or second-generation entrepreneurs who are still relatively unfamiliar with the complexities of wealth transfer. As such, clients in the region might be expected to appreciate education on issues such as estate planning and family governance.

That said, firms need to be aware that not all clients will be keen to dedicate time to educational initiatives and prefer instead to cede all responsibility for the management of their wealth to those they see as being best qualified to do so. As such, firms should not try to foist education upon clients but instead strive to give each client the level of information which is right for them.

"You do get some clients who say 'I'm not interested; I just want you to manage my wealth for me.' There you don't want to force information on them, but you will also get people who say 'I don't know a lot but I'd like to learn', and our job is to take them through that route," said Brabazon.

Beyond wealth management

While the hospitality side of events programmes is about tapping into clients' passions, arguably the education side of things is about addressing clients' concerns – and this goes a long way to explaining the proliferation of "Next Gen" educational programmes developed by wealth management firms.

According to Pablo Garnica, head of EMEA at JP Morgan Private Bank, Next Gen educational events really help to deepen relationships with clients by tapping into their concerns about how their children will cope with their future wealth or running a family business. He also notes that as well as deepening ties with the older generation, offering these types of events also increases the likelihood that assets will remain with the institution when wealth transfers to the next generation since a relationship has already been established.

For Garnica, as for several other contributors to this report, setting the right tone for events is paramount, the aim being to offer thought-leadership, rather than plugs for the institution hosting the event. One way in which JP Morgan Private Bank ensures this is to bring in external experts, which in Garnica's words underlines that it's "not a selling-type event."

Standard Chartered Private Bank is one of the institutions which places great emphasis on its Next Gen provision, part of which is a six-week masterclass for 20 students on business strategy. These students come in to learn from a consumer strategy team, develop a project and enjoy extensive mentoring, with the whole experience "focused on helping them to develop their business skills", said Brabazon. Brabazon, like Garnica and other industry figures, believes that non-wealth management focused educational events are an important part of firms' marketing strategies as they position institutions as thought-leaders and facilitate a deepening of relationships without any "agenda" getting in the way.

"We do things which are not related directly to the management of wealth because we want to form a broader relationship with the next generation," said Brabazon.

Measuring success

The first measure of an education programme's success is of course attendance rates, and they can also be assessed qualitatively via attendee feedback – but beyond this it can be difficult to evaluate the return on investment from educational events. This – like so many other elements of the branding and marketing mix – is fundamentally about intangibles, like brand perception and goodwill. However, it is possible to get some idea at least of their value in terms of driving new business, the contributors to this report agreed.

Brabazon explained that it can be difficult to know when the goodwill derived from educational (and other) events will become monetised, but Standard Chartered Private Bank tries to go beyond just attendance rates when assessing the ROI from its educational programmes. "ROI is assessed both in terms of retention of assets and also deepening of wallet – we use both measures," she said, adding that on this basis both the Next Gen and business strategy programmes are seen as very successful. "There's no suggestion that we shouldn't do them based on the results we see coming through," she said.

In light of the goodwill that they can engender among clients and prospects both young and old, Brabazon, like many other senior executives, believes educational events are a very effective use of funds. "A significant proportion of branding and marketing budget should be deployed on education," she said.

PHILANTHROPY

Philanthropic services are now an important part of most firms' offering, ranging from the facilitation of tax-efficient giving to helping clients set up foundations. The shift in wealth towards females and younger clients means that philanthropic services are even higher on the agenda, as charitable giving resonates very strongly with these segments. But the importance of philanthropy goes beyond the management of client money, allowing wealth management firms to "humanise" their image and align themselves with clients' most deeply-held values.

IN FOCUS

Wealthy individuals dominate philanthropic space in the UK

Charitable giving by HNW individuals represented 60 per cent of the value of donations over £1 million made in the UK in 2009/2010, according to the latest *Coutts Million Pound Donor Report.*

The firm said that HNW individuals contributed £782 million of the £1.3 billion given in such donations over the period (other donors included trusts and companies).

As in previous years, the most frequent amount of money given to charity was exactly £1 million. One out of ten of these biggest gifts were larger than £10 million, and all "mega-gifts" were deposited into charitable trusts and foundations rather than given directly to operating charities.

The report showed that higher education remained donors' preferred cause, while international development saw the biggest surge in popularity.

As previously discussed, engaging with clients and prospects is about tapping into their concerns and passions, and the contributors to this report were unified in their belief that philanthropy is an ideal means through which to achieve this.

The majority of wealth management firms appear to already recognise the importance of philanthropy, as 62 per cent of the survey respondents said that philanthropy formed part of their firm's branding and marketing strategy (28 per cent said that it did not, and 10 per cent did not know). However, such is the power of philanthropic activity to raise profiles and create positive brand associations that it should arguably be a focus for all wealth managers – particularly given that many HNW individuals are prolific donors themselves.

Corporate Social Responsibility goals

Since philanthropy is a priority for many HNW clients, it is important for wealth managers to demonstrate that they share these values, said Scott Tangney, executive vice president at Makovsky + Company. Firms should therefore go beyond assisting clients with the financial technicalities of philanthropy and rather embed it within their own corporate culture.

Of course, many firms already do this as part of their CSR strategy – donating not only funds, but also the time and expertise of their workforce. Not only does this create positive brand associations, but it can also significantly impact profitability, said Tangney. "Corporate giving is a core strategy of any sophisticated business and its mission and values. Philanthropic programmes are an investment in both the longevity of the business and in the communities in which they operate," he said. "Recent studies have shown that community involvement – grants, in-kind donations and employee volunteerism – helps companies achieve business objectives and contribute to the bottom line."

Firms can choose to support global initiatives - such as Standard Chartered's Seeing is Believing initiative with the International Agency for Prevention of Blindness – or use philanthropy as a way to demonstrate their commitment to the local community as well as wider CSR goals. An example of the latter choice is Santander Private Banking in Jersey, which was lead sponsor of the December 2011 Wild at Art charity auction in aid of the Durrell Wildlife Conservation Trust. In addition to the bank's financial support, in 2011 over 600 voluntary staff hours were spent clearing and renovating the Durrell organic farm, which is an international charity working towards saving species from extinction.

Joining forces

Philanthropy also provides firms with an ideal platform through which to deepen existing client relationships, and to reach out to prospects through sponsorships, and educational and networking events. Crucially, events centred around philanthropy represent another no-pressure environment where a relationship which goes beyond wealth management issues can be developed.

Studies suggest that clients are taking an increasingly strategic approach to their charitable giving, and firms which are able to support this and help form philanthropic networks will be able to profit from deeper and wider relationships with the HNW community, as well as highly favourable brand associations.

CASE STUDY

Standard Chartered Private Bank Brings Together Leading Female Philanthropists In Asia

In October 2011 Standard Chartered Private Bank held its first roundtable discussion in Asia on the changing role of women in philanthropy, bringing together three figures at the forefront of philanthropy in the region.

Kavita Ramdas, previous president and CEO of the Global Fund For Women, Jennie Chua, chairman of Community Chest, and Claire Chiang, chairperson of Banyan Tree Global Foundation and senior vice president of Banyan Tree Holdings, met to discuss their experiences of philanthropy and to share best practice ideas, with the session led by Judy Hsu, global head of wealth management at Standard Chartered.

The bank said the event provided attendees with the opportunity to network with like-minded peers, as well as engage with high-profile leaders in the field of philanthropy.

Topics of discussion included drivers of a successful giving policy, the role women play in philanthropy in Asia, barriers female philanthropists might face, and future trends for female philanthropists. ■

"Since philanthropy is a priority for many HNW clients, it is important for wealth managers to demonstrate that they share these values"

Segmentation

As ever, firms need to keep segmentation issues front of mind when formulating their philanthropy strategy because clients' attitudes towards charitable giving can be dependent on age, gender and culture, among other factors. Leveraging local expertise is therefore as important to firms' philanthropic strategies as it is in other areas of the marketing mix.

IN FOCUS

Asian philanthropists keep their giving hush-hush

Asia's wealthy philanthropists give more to charity than they let on, according to an October 2011 study by HSBC Private Bank and The Economist Intelligence Unit.

Philanthropic giving in Asia is probably under-reported, according to the study, entitled *Something's Gotta Give: The State of Philanthropy in Asia*. For cultural reasons, charitable giving in the region has traditionally been carried out informally and often anonymously. Philanthropy is often conceptualised as a duty and as such donors can be reluctant to create a fanfare around their giving. They may also be wary of revealing the full extent of their wealth and drawing unwanted interest into their financial affairs. As a result, data on charitable donations in Asia is likely to underestimate actual levels of giving, the report said.

"Asians are becoming increasingly affluent and international and, as a result, philanthropy is now firmly on the agenda. Across the region, where there are various approaches to giving – from formal foundation grant-making to market-oriented solutions – philanthropy is evolving into a visionary and strategic endeavour with an increasing need for it to be managed professionally," said Russell Prior, head of philanthropy at HSBC Private Bank UK.

Giving strategically also seems to be on the up in the region. According to the study, a number of leading Asian philanthropists are starting to incorporate innovation, scale and measurable results into the execution of their charitable activities, with the aim of making a long-term impact on the region's social issues.

Philanthropic activity in Asia remains low compared to the West, but the study shows that charitable contributions have increased steadily in the past few years. When asked about the reasons why they choose to give, humble upbringings and a desire to enact positive change in society emerged as the key drivers for philanthropic giving. Tax initiatives are providing another incentive, as is the fact that it is becoming easier to set up charities in countries such as China.

The report also highlighted the emergence of several role models, including Putera Sampoerna in Indonesia and John Gokongwei in the Philippines, who are spurring on other would-be philanthropists, said the report.

IN FOCUS

HNW women call the shots in US philanthropy

With regards to charitable giving, women make almost all or at least half of the decisions in US HNW households, according to the Bank of America Merrill Lynch 2011 *Study of High Net Worth Women's Philanthropy*.

Nearly 90 per cent of HNW women are either the sole decision-maker or are an equal partner in charitable giving, the paper said.

The report identified several traits characteristic of HNW female philanthropists:

- Women are more strategic in their charitable giving, with 78 per cent creating an annual giving strategy and/or budget, compared to 72 per cent of men
- Women spend more time than men on due diligence before deciding on which charities to support
- Women expect a higher level of communication with their favoured charities
- Women want to be actively involved in what the organisation does and prefer a deeper, more collaborative relationship
- Women are more likely to stop supporting an institution they had previously supported

When making decisions on charitable donations, personal experience of the organisation was more important for women than for men (82 per cent of women said this, versus 73 per cent of men), as was the organisation's ability to communicate the positive impact of the gift (women, 45 per cent; men, 26 per cent). Third-party ratings of an organisation were also cited as a factor by 23 per cent of females, versus only 16 per cent of males.

Additionally, when making a gift, 80 per cent of women said they expect that the organisation would honour a request for how the gift is used, versus 68 per cent of men.

The report was specifically concerned with women involved in giving networks, finding that such individuals are more intentional about their gifts of time and money. They also have a greater awareness of the needs of the community and are more confident in the ability of non-profits and individuals to solve societal and global problems, the report's authors said.

[SECTION 5]

Return On Investment - Getting The Most From Branding And Marketing Spend

"If you look at any other sector including more mainstream areas of financial services but particularly sectors like FMCG and retail, marketing analytics are at the core of their planning" - Alastair Waldron, director of specialist marketing agency Fundamentals

"Assessing the success of branding and marketing efforts is 'both and art and a science', necessitating an evaluation firstly of whether the brand message has reached the client as intended, and secondly of whether it has resonated well with them"

While the wealth management industry may be waking up to the impact that branding and marketing strategy can have on business growth, there is still a long way to go before these functions are given the weighting they merit, the contributors to this report and survey respondents agreed.

Overwhelmingly, the survey's participants had faith that branding and marketing efforts have a real impact on the bottom line: 56 per cent of respondents said this impact was "significant", while 44 per cent viewed branding and marketing's contribution as "moderately significant".

The respondents to the survey were however almost evenly split on whether the wealth management industry invests enough in branding and marketing, with 48 per cent saying that it does and 52 saying that it does not.

According to the contributors to this report, part of the reason why opinion is divided on whether wealth managers invest enough in their branding and marketing efforts is that the industry is not as yet very good at systematically evaluating the ROI which these efforts produce.

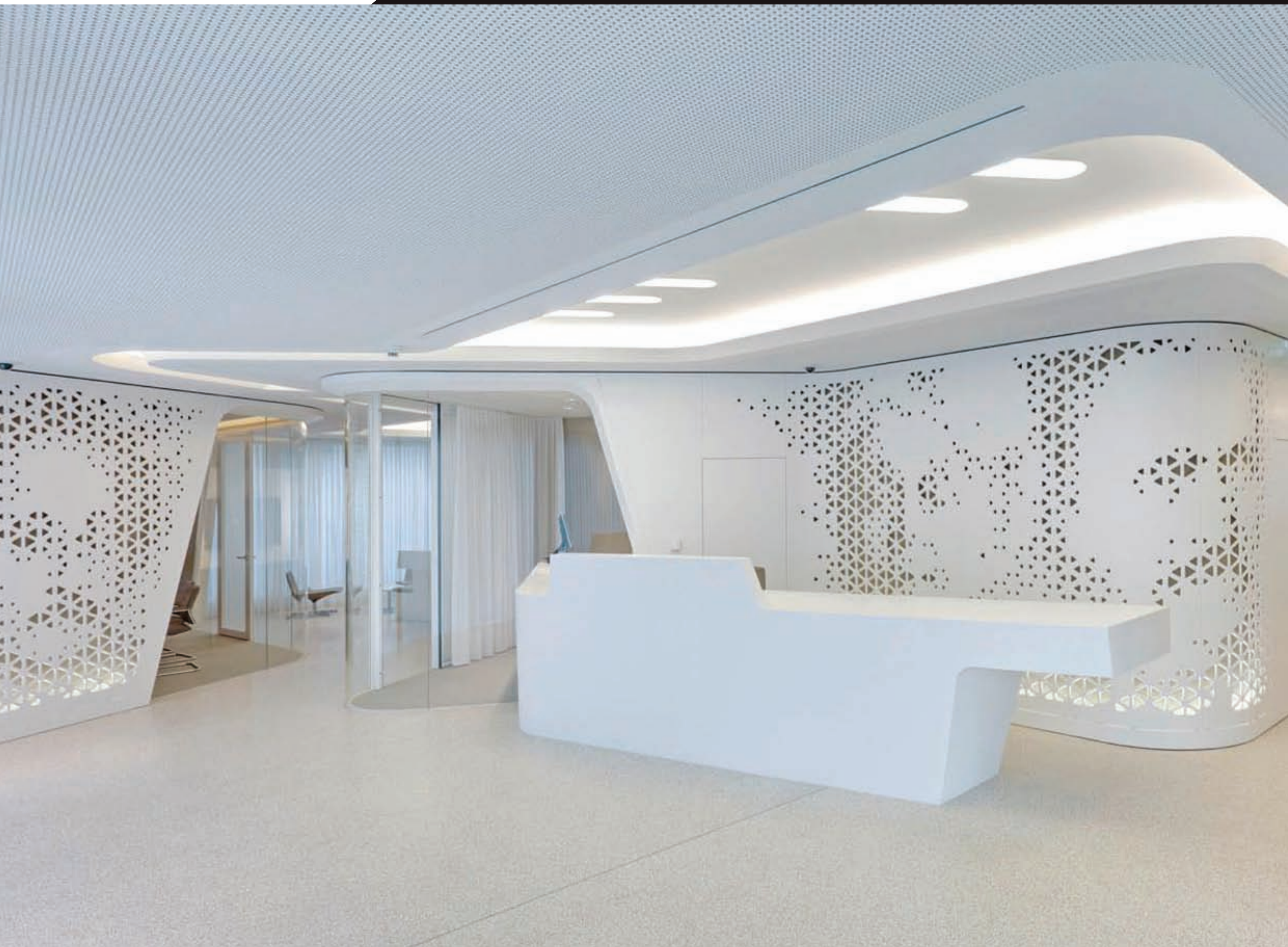
A recognition of this came through very strongly in the reader survey: when asked if they thought that the ROI from branding and marketing activities is effectively evaluated by the industry in general an overwhelming 84 per cent of respondents replied in the negative.

Catching up with other sectors

According to Alastair Waldron, director of specialist marketing agency Fundamentals, the wealth management industry has a long way to go in catching up with other sectors - and even other parts of the financial services industry - in taking a systematic approach. "If you look at any other sector including more mainstream areas of financial services but particularly sectors like FMCG and retail, marketing analytics are at the core of their planning," he said.

This sentiment was echoed by Ian Woodhouse, director within PwC's EMEA private banking and wealth management team, who noted that "the industry is still relatively immature in terms of branding and marketing compared to other industries." He also observed that going forward it would be less about the size of the branding and marketing spend and more about the effectiveness of the

Image: Open Lounge (Prototype of a new type of bank) - Raiffeisen Schweiz, Niederlassung Zurich



"Going forward it would be less about the size of the branding and marketing spend and more about the effectiveness of the spend - which needs to be directed to creating client impact and loyalty" spend - which needs to be directed to creating client impact and loyalty. He also identified that wealth managers have not yet capitalised on the digital agenda with clients, which he believes offers major future opportunities to implement more cost-effective and better-differentiated value propositions.

Tony Joyce, global head of marketing for HSBC Private Bank, agreed that broadly the industry is not good at assessing ROI from branding and marketing, but pointed out that this is an area of focus for many firms going forwards. "It [ROI assessment] is getting better...it has to," he said.

According to Waldron, the problem lies in the fact that "many wealth management and private banking businesses see marketing in a subsidiary role to business development, rather than a business driver, and as such this sort of analysis is not common." In his view, marketing needs to be taken more seriously at the highest levels and seen as a strategic issue. Ian Ewart, head of products, services and marketing at Coutts, agreed that branding and marketing tend to be treated in a silo. "Best practice is common sense but not common practice... the only purpose of marketing is to drive revenue growth and it must be integrated as such," he said.

That branding and marketing should be taken more seriously at the highest organisational level was borne out by the survey results. When asked if branding and marketing functions should be represented at executive committee level, 90 per cent of respondents said that it should. Such a finding in itself represents a big step forward in the profession's appreciation of the impact of branding and marketing, the contributors to this report said, several of whom pointed out that as mathematically-orientated people bankers might need extra convincing of its importance.

Underinvestment?

According to Seb Dovey, managing partner at Scorpio Partnership, there is chronic underinvestment in branding and marketing in the wealth management industry. In his view the size of firms' marketing departments relative to their sales forces speaks for itself, the proportion typically being in the range of twenty-to-one in favour of sales.

As previously mentioned, the wealth management professionals involved in the reader survey were nearly evenly split on whether the industry spends enough on branding and marketing. However, the experts involved in the compilation of this report are convinced that the industry is broadly guilty of underinvestment in branding and marketing – although the extent to which firms need to spend is somewhat more contentious.

According to Scorpio's research, few wealth management firms are investing in branding and marketing at levels commensurate with other consumer sectors. According to Dovey, at best wealth managers are allocating 5 per cent of revenue to their branding and marketing efforts – far short of the 10 per cent spending levels common in other consumer sectors, particularly FMCG.

For Ewart, a branding and marketing spend of 10 per cent of revenues may be somewhat high. In his view a spend of 4-5 per cent is "ideal" but he concedes that for a newer brand seeking to establish itself this figure will need to be more in the region of 7-8 per cent.

Flexibility

Although it was broadly felt that wealth managers should be investing more in their branding and marketing efforts, the contributors to this report pointed out that there has to be a *flexible* deployment of funds and that sticking too rigidly to a certain level of spend as a proportion of revenues is impractical. Firms have to spend on branding and marketing in a way which suits their particular needs at a particular juncture, while also taking into account business model factors.

"The importance of marketing to support the growth of the business is well recognised at Butterfield," said Esther Hanes, director of marketing and communications. "As a private bank, our marketing is discreet and therefore doesn't often take the form of advertising. Instead we like to build and nurture personal relations and do this through exclusive and prestigious events," she continued.

As an example of the type of exclusive event that Butterfield is investing in, the bank was the headline sponsor of Maria Grachvogel's Spring/Summer 2012 London Fashion Week show – an event which Butterfield views as an ideal platform through which to raise the bank's profile to women (*see pages 69 & 70 for more*).

Focus

While marketers have to be able to deploy branding and marketing spend flexibly, their decisions have be backed by a clear rationale which facilitates the assessment of ROI, the contributors to this report agreed. Just how to carry this assessment out is however a thornier issue.

The first point to note is that it's difficult to know when branding and marketing efforts will yield results in terms of business growth, and so a long-term view is sometimes necessary. At Barclays the success of client events is measured in part by an assessment of the amount of new business that is generated and the impact on the advocacy of those clients who have attended, explained Lisa Worley, head of marketing for the wealth and investment management division of Barclays. However, one has to bear in mind that this ROI "doesn't materialise immediately and the impact of events must be considered over the longer term," she said.

A similar approach is taken by Standard Chartered Private Bank in its assessment of the success of its educational programmes, whereby attendance of the programmes, asset levels and the asset class mix are assessed. However, like Worley, Standard Chartered Private Bank's group head of marketing and philanthropy, Jacqui Brabazon, agreed that it's difficult to know when the goodwill generated by educational and hospitality events will monetise. Standard Chartered Private Bank is however convinced that it is getting real results from its Next Gen and business strategy masterclass programmes, as previously mentioned.

When it comes to assessing the success of advertising campaigns it would seem that the systematic assessment of ROI is somewhat easier, and firms have several methodologies at their disposal here. These assessments of ROI are taken very seriously at Barclays, explained Worley. Barclays carries out regular research both pre- and post-campaign, tracking awareness and consideration as key metrics of how clients and prospects respond to the firm's communications and its brand.

A similar approach is taken by Coutts, with advertising campaigns assessed both before and after execution with focus group assessments and other evaluations carried out by a third party, said Ewart.

An art *and* a science

But while it might be comforting (particularly to numerically-minded bankers) to attach hard figures to an assessment of the ROI from branding and marketing, the contributors to this report highlighted the fact that firms cannot rely on numbers alone. Communications with existing and potential clients must be judged both qualitatively and quantitatively - and this is a judgement which is based on experience and common sense rather solely numerical analysis, senior executives said.

Ewart said that the problem is that while assessing ROI from branding and marketing spend is a must, much of what needs to be measured – like goodwill or brand perception – is intangible. As such, in the words of Worley, assessing the success of branding and marketing efforts is "both and art and a science", necessitating an evaluation firstly of whether the brand message has reached the client as intended, and secondly of whether it has resonated well with them.

As a "high touch" approach is probably sensible, Ewart points out that firms shouldn't feel that they have to get too granular when assessing ROI. Comparing the number of invitees to an event with conversions is one simple methodology, he said, as is correlating spend to revenue growth. One advantage presented by today's tough business climate and pressure on margins is that any such uplift in revenues will be noticed pretty quickly: according to PwCs' 2011 *Global Private Banking and Wealth Management Survey*, only 9 per cent of firms achieved both superior revenue growth and profitability performance over the preceding year.

A word of caution

Despite the desirability of systematically assessing the ROI from branding and marketing efforts, the contributors to this report warned against "making it the clients' problem", as it were.

"We do not want to burden our clients with our own needs to assess the impact of our branding and marketing efforts, by involving them in large frequent surveys. Our clients value their privacy and it is up to the service provider to work hard in understanding clients' preferences and needs," said Linda van der Sluis, head of marketing at ABN AMRO Private Banking.

Instead, the firm gathers qualitative data on its branding and marketing efforts via client boards. These are small roundtable sessions with ten or so clients which are carried out at a local or even branch level. In addition, the firm tracks its marketing and branding efforts through online statistics. The executives who contributed to this report seemed to agree that effectively evaluating the ROI from branding and marketing efforts rests on a constant dialogue with the client base, but that this needs to be approached carefully and without taxing clients' patience. "It's all about conversations… no-one likes to feel harassed; it's a constant dialogue, but it's how you have that dialogue which is important," one executive said.

In conclusion, qualitative and quantitative assessment both in-house and by third parties such as branding consultancies and market research firms are all essential when assessing ROI – and while it is certainly a difficult task it is one that firms are approaching increasingly systematically as they fully embed branding and marketing in business strategy. Moreover, senior executives who are not themselves marketing specialists are now fully recognising the value of such assessments. As Pablo Garnica, head of EMEA at JP Morgan Private Bank, said: "Evaluating branding and marketing activity is difficult and time-consuming, but worthwhile…we think you need to be able to measure success."

"Best practice is common sense but not common practice… the only purpose of marketing is to drive revenue growth and it must be integrated as such" - Ian Ewart, head of products, services and marketing, Coutts

[CONCLUSION]

"The ultimate marketing tool is to communicate that you are the Berkshire Hathaway of the investment world" - David Haigh, chief executive, BrandFinance

"Banks and bankers themselves tend to be very into emphasising individual ingenuity, rather than a centralised process of coordinating and standardising the expression of brand values. Client-centricity doesn't necessarily mean you have to operate as a one-to-one business"

This report is based on in-depth interviews with senior executives at the world's leading wealth management firms and consultancies, along with the insights of front-line wealth management professionals based all over the globe. All these contributors were in agreement on many key points, indicating that as an industry we are starting to arrive at a consensus view of what constitutes best practice when it comes to branding and marketing strategy. Why then is best practice so often not yet *in* practice?

Barriers to best practice

According to the experts involved in this report, many factors act as barriers to best practice when it comes to branding and marketing strategy. The first of these is lack of insight into clients' perceptions, although the proliferation of studies investigating this should help matters going forward. The second was a lack of investment in branding and marketing, although as previously discussed it is not simply a case of firms needing to "throw money at the problem" (or, indeed, additional staff); rather, investment into branding and marketing needs to be made in an intelligent way. As the old saying goes, "half of marketing budgets are wasted, the problem is knowing *which* half" – although improvements to ROI assessment are helping to address this.

The other barriers to best practice seem to be cultural. Several executives cited "fear of change" as stifling branding and marketing efforts, while yet more said that the industry – by its "hard numbers" nature – is somewhat sceptical of these functions. As previously addressed, executive committees tend to be overweight mathematicians rather than leaders focused on branding and marketing or client insight. These professionals tend to be picked as the "eleventh member of the team", said one executive, adding that they need to be less of an "afterthought" in recognition of their importance. Change is however already underway: as the reader survey showed, wealth management professionals show a great appreciation of branding and marketing's contribution to business growth and profitability, and most think that the function should be represented at the highest levels of management.

"Brand love"

As discussed at length, wealth management firms face many branding and marketing challenges due to the intrinsic nature of the industry. What wealth management is selling is basically intangible and is unlikely to inspire the same level of excitement as consumer goods, luxury or otherwise; financial services isn't generally a subject which inspires passion and wealth management brands will arguably find it harder to forge an emotional connection with clients than firms which produce tangible products, which stand out for being beautiful or cutting-edge. Moreover, the HNW are a notoriously hard-to-reach segment which is increasingly diverse. Added to these factors are ongoing pressure on margins, a never-ending tide of regulatory change, and a "hangover" loss of faith in the financial services industry stemming from the global crisis.

IN FOCUS

Brand love: from courtship to commitment... and beyond

In its January 2012 *Future Wealth Report* Scorpio Partnership delved into the "love affairs" that HNW clients enter into with organisations associated with "big ticket" spends including jewellers, art galleries and car manufacturers as well as financial institutions, assessing whether they are built on passion, intimacy or commitment.

The consultancy found that wealthy clients look for all three attributes when forming a long-term relationship with a provider and that the leading firms achieve a balance of intimacy, passion and commitment in their interactions with clients. On a 100-point scale, the leading luxury brands scored an average of 58 for intimacy, 52 for passion and 38 for commitment. However, the report's authors noted that passion (i.e. excitement) is what wealthy clients really prize and that inspiring excitement quickly pushes a firm up the brand love index.

Importantly, Scorpio looked beyond the initial "wooing" stage of clients' relationships with brands and mapped the entire customer journey for a whole range of expenditures, including buying a car and making a charitable donation as well as initiating a wealth management relationship. As might be expected, clients have very different expectations of the customer journey for different types of experience. For example, while brand strength and reputation are given very high importance across the board, clients expect much less in terms of ongoing contact from car manufacturers but much more from the charities to which they donate.

Excellence at every stage

But while other types of organisation are more able to focus their efforts on certain stages of the customer journey, the "bad news" for wealth managers is that their clients expect outstanding service at virtually every stage of the relationship.

The report's authors warned that even at the "tail-end" of the customer journey wealth managers still need to evince excellent service, through ongoing contact and "customer treats" (see Section 4 for more on client hospitality).

Scorpio advises that wealth managers might look to the charities sector to learn lessons in the "post-sale" phase as charities have to be especially strong on this element of the journey to encourage ongoing donations. The report found that broadly charities are delivering a standard of donor care that is well beyond clients' expectations, reinforcing the idea that strong relationships are built on proactive ongoing communications.

Wealth managers certainly face challenges in the current environment, but it is also one of opportunities, and this is reflected in the fact that numerous firms are now redoubling their branding and marketing efforts in a bid to carve out their place within a rapidly changing landscape. The ways and means firms are using to go about this are as varied as the world's wealth management firms themselves, and of course what works for one particular institution within one particular market or segment will not necessarily work for another. While certainly not an exhaustive list, one of the aims of this report is to provide firms with ideas to help them formulate and refine an approach which suits their own business models and values, at both the current time and in the future.

One size does *not* fit all

During the writing of this report, a number of wealth management brands emerged as being particularly admired, for a variety of reasons. The following comments have been anonymised, but they reveal some very interesting insights into the plethora of different approaches which may be taken towards branding and marketing. The wealth management industry is a highly variegated one and every firm has its own "DNA" - and as such we can expect branding and marketing strategy to be an equally "broad church."

BRANDS WHICH ARE PARTICULARLY ADMIRED WITHIN THE INDUSTRY

(Please note that the following comments from executives may come from interviews which are not necessarily cited in this report)

- C Hoare & Co, the venerable UK private bank, was lauded as a "strong, very successful and serious" brand and an interesting case since it "doesn't really seem to actively market itself".

- HSBC Private Bank was praised for its use of multicultural references and graphic devices such as a red door in its advertising. "Investors are looking for banks to open doors for them... HSBC Private Bank is very good at conveying that it provides opportunities on a global basis," one senior executive said.

- The top US brands tend to be multi-family offices like Atlantic Trust, Glenmede, Rockefeller Financial and Bessemer Trust, said another senior executive. "These firms already have a "leg-up" in terms of brand as they have a client-centric culture... if they can scale up and preserve these values they can have great success," it was said.

- UBS was regarded as a particularly strong brand. "The resilience of the brand's strength is a testament to its building...the bank essentially had 'stock in the bank'," remarked one executive.

- Barclays' "Wealth. What's it to you?" brand campaign was praised as it "showed very clearly that the question is in the hands of the client" and is therefore very engaging as a concept.

- At a group level, Credit Suisse's longstanding association with Roger Federer was admired by several interviews, who pointed to the shared brand values of the bank and the superstar tennis player. In its own literature, the Swiss banking giant highlights these as "Swiss roots, a commitment to quality, the pursuit of excellence, and an outstanding reputation at home and abroad." In addition to Federer's sporting prowess, Credit Suisse also cites his background as making him an ideal ambassador, making particular note of the fact that he grew up near the German border and that his mother is a South Afri can – making him a "globally-minded individual", in addition to being a household name worldwide.

- Citigold and Saxobank were cited as "ones to watch" at the lower end of the wealth scale due to their "accessibility."

FUTURE-PROOFING BRANDING AND MARKETING STRATEGY

Cultivate lifelong relationships

Seb Dovey, managing partner at Scorpio Partnership, urges firms to look to the example of companies such as BMW which look at the lifetime value of the client rather than focusing on a single "sale". Such firms focus on exceeding client expectations at every touchpoint on an ongoing basis, taking a "you're in" approach, he says. As previously outlined, wealth managers should also look to start a conversation with the next generation of wealth-holders as soon as possible, and establish themselves as part of their lives through Next Gen programmes which are not necessarily predicated solely on wealth management issues.

A big part of cultivating lifelong relationships with clients is to keep communicating with them in a true dialogue – one which taps into their concerns and passions and embeds the institution in the totality of their lives. And while it is no easy task, this approach needs to be followed through right across the branding and marketing mix, from brand positioning to reporting, and from hospitality and educational events to philanthropic offerings. Thankfully, advances in information technology are helping firms make great strides in this regard.

Fully leverage technology

It may have historically been the case that wealth managers and private banks took rather a dim view of using information technology in client relationship management, seeing it as going against the industry's emphasis on personal relationships. However, the tide is now turning as firms recognise that there is a lot to be learnt from other sectors which fully leverage technology to enhance client experience through data capture systems and social media, for example.

Dovey views such developments as definitely the way forward and argues that there needs to be a shift towards delivering client-centric service through greater standardisation – an approach which is far more efficient and cost-effective than relying solely on the individual banker's store of knowledge, not to mention one which lessens key man risk.

"Banks and bankers themselves tend to be very into emphasising individual ingenuity, rather than a centralised process of coordinating and standardising the expression of brand values. Client-centricity doesn't necessarily mean you have to operate as a one-to-one business," he said.

Facilitate self-customisation

As wealth managers try to balance treating each client as a "segment of one", yet also try to increase operational efficiency through standardisation they will welcome opportunities for clients to effectively "self-customise" their offering. Here again, technology is key in delivering a client-centric service cost-effectively. At a very basic level, implementing enhanced reporting systems which allow clients to fully customise how they want to see their reports is a start, allowing them to dictate the level of detail and facilitating more meaningful conversations with bankers. Social media is of course also an extremely useful client engagement tool which can be used right across the piece to deliver (and gather) information to the mutual benefit of both client and firm. Some wealth managers are even seizing the initiative and creating "closed-community" social media offerings, apps and web portals on everything from philanthropy to entrepreneurialism. As such, technology allows clients to choose where their wealth manager fits in with their lives – a subtle method of promoting "brand love" which also crucially further empowers the client rather than being intrusive.

One particularly interesting development in this space is the lifestyle web portal *Little Book of Wonders* launched by the wealth and investment management division of Barclays in March 2012. The "wonders" of the portal's name refer to a range of exclusive, pre-vetted events and experiences across 16 lifestyle themes. The service is a departure from the typical concierge-type service because it proactively sources opportunities for clients to browse and select rather than executing ideas which they have already come up with. Created in collaboration with high-end brand partners such as Rolls-Royce, Boucheron and Hassleblad, *Little Book of Wonders* effectively allows clients to tailor-make their own hospitality and networking programme. The new service has met with considerable interest across the industry and we can probably expect comparable offerings from other firms soon, not least because of the invaluable information on clients' interests which will accrue to the providers of such services.

Finally, let the numbers do the talking

Faced with a constantly evolving industry landscape and a client base which has higher expectations than ever, wealth management firms are developing new branding and marketing strategies to take them into the future. Many are trying to leave old paradigms behind and forge an identity which really differentiates their brand – and these bold moves must continue, branding and marketing experts say.

Although wealth managers seem to be reluctant to do so, many of the industry figures who contributed to this report suggested that firms should not rely on their institution's illustrious heritage as their main "selling point" as this rather backwards-looking approach lacks relevance for the HNW client base of today (which is of course getting younger). Additionally, as previously discussed, so many firms emphasise their longevity or lineage that this does little in the way of differentiation.

While it is understandable that firms want to emphasise that they have been around a long time and therefore have stability and significant intellectual capital, wealth managers should really be looking to emphasise what it is they can do for their clients today and in the future.

It may be somewhat a statement of the obvious, but arguably the ultimate positioning difference is whether products and firms actually do what people want them to – and in the case of wealth management that is undeniably to preserve and *increase* clients' wealth. As such, those wealth managers that are very good at what they do might be really missing a trick in not making more of their investment management performance, according to David Haigh, chief executive of Brand Finance.

Haigh's company produces various league tables assessing the value of brands – ranging from financial services firms to countries themselves – and he is adamant that, while it may be difficult because of confidentiality concerns, creating a fanfare over performance may be the key to true differentiation in a crowded market.

From a branding and marketing perspective, wealth managers find it hard to really stand out from their peers, but for Haigh one "no-brainer" is to make it easy for clients to pick out the winners by comparing a typical portfolio's performance to that of the markets. In his words, for clients "comparison is critical", and while service quality and the luxe touches the industry sets so much store by are an invaluable part of the mix, he believes at the end of the day it is hard numbers which really count.

That wealth managers tend to be somewhat coy when it comes to disclosing fees and performance figures is well known, but while this may historically have been the status quo, firms are increasingly waking up to the reality that the tide of greater transparency over fees and performance cannot be turned back. Since the crisis many clients want to delve more into the "nuts and bolts" of their money management; they want to know what they are getting for their money and what value their wealth manager is really adding. The way that the internet and social media are now so embedded in daily life has also arguably engendered an information-hungry and investigative client mindset where people want to compare fee and performance data for themselves.

So far, however, this demand for transparency doesn't appear to be being met very well, although it should be noted that most wealth managers will provide fact-sheets on their basic fee structure on request. That there is a lack of transparency over fees is of course in some part due to "the nature of the beast" as fees have a number of different elements, such as fund managers' charges, administration fees and advisor fees. Also, wealth management clients vary hugely in terms of the services and business lines they will need to access as part of their unique "package" and so it is extremely difficult to facilitate a meaningful like-for-like comparison on fees between providers.

But while it may be the case that like-for-like comparisons are difficult to make, wealth managers who cling to this as a reason for drawing a veil over their fee structures will not escape increased scrutiny and negotiation – particularly from younger, entrepreneurial clients (the numbers of whom are exploding in the Asia-Pacific region). "Private banking is not necessarily a very privileged service with oil paintings and meetings in expensive restaurants in Geneva; some clients now see it more as a standardised service – somewhat like a mobile phone service," said Steffen Binder, co-founder and managing director of MyPrivateBanking. His organisation, which advocates improved client service, advises clients that they can typically push any private bank today to lower its fees, to somewhere between 30 to 70 per cent, from their list price.

So, if fees are difficult to compare and subject to negotiation, making them therefore hard to "hang" a firm's USP on, might it not be better to focus on end results, i.e. portfolio performance against the markets?

Haigh makes the salient point that a firm could powerfully differentiate itself simply by being upfront about its relative performance as this is so rare, but he concedes that this is as much a product of client confidentiality as it is the frankly lacklustre portfolio gains most firms will have posted over the past few years. "Discretion means there isn't a lot of comparative performance data, which makes it difficult to differentiate an offering," he said. This is certainly the case for clients looking to compare providers via their websites: the MyPrivateBanking survey previously mentioned found that just 10 per cent of firms' websites offered performance data for a typical portfolio.

A lack of hard portfolio performance data puts clients in a difficult position and essentially in the dark, according to Haigh. "As a consumer you're going on trust that the firm is good... how do you compare whether a firm is doing a good job?" he said. There are of course benchmarks available to use in such comparisons, but whether firms use them to showcase their prowess effectively enough is another question.

Of course, reluctance to use comparative data may be rooted in the fact that performance hasn't actually been that good recently, but for those firms which can boast of outperformance it can be the most powerful hook with which to entice potential clients. As Haigh puts it: "The ultimate marketing tool is to communicate that you are the Berkshire Hathaway of the investment world."

This however, is obviously an option open only to relatively few firms, and so, according to Haigh, "the question firms need to ask themselves is 'do we deliver?'". If they can answer "yes" then, in his opinion, the way for such wealth managers to differentiate themselves is clear. If a firm's investment management performance was impressive enough clients "almost wouldn't care about the brand positioning", he argues.

In Haigh's view, the most powerful brand position would be something along the lines of "we're winners, we are a bank for winners" – and those firms which can convey this convincingly are the ones which will streak ahead in brand strength.

So there we have it, in today's wealth management milieu, firms need to be looking to move away from well-trodden paths when it comes to their branding and marketing strategy. Trust, transparency, relevance and performance are key to a strong brand, and these values need to be backed up at every stage of the client experience. Exceeding the expectations of the HNW might well be a tough task, but it is firms which seize opportunities to consistently outperform at all touchpoints which will be the winners of tomorrow. It will be very interesting to see who those winners will be. ■

"In today's wealth management milieu, firms need to be looking to move away from well-trodden paths when it comes to their branding and marketing strategy"

ClearView Financial Media would like to thank all those involved in the production of this report, especially those directly quoted but also of course the readers who took the time to share their views in the reader survey – their support and insights have been invaluable and it is hoped that they, and the industry as a whole, will find the report to be a useful resource.

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