BRANDED

Fresh Thinking About
Branding And Marketing

Do All Investment Managers Tell the Same Story?

How Brand Differentiation Drives Growth

DeSantis Breindel

“We are committed to meeting client needs.”
“We have a culture of transparency and trust.”
“Our portfolio managers are highly experienced.”
“We have a unique investment philosophy and process.”

How often have asset managers made these points when presenting their credentials to potential clients? How many times do these statements appear on investment manager homepages, in marketing literature, on PowerPoint slides?
The answer: countless times.

How often to they truly resonate with prospects?
Rarely, if ever.

The Critical Need to Differentiate in Asset Management

Me-too brands just don’t cut it any more in the asset management arena. Plan sponsors and others are looking for a reason to believe.

For decades, asset management firms went to market with bland, undifferentiated messages that did little to create compelling impressions in the minds of their audiences, let alone lasting ones. And to a large extent they got away with this, because strong markets focused investor attention on results – it didn’t matter what these firms said, only what they delivered in year-over-year returns.

And then came the lackluster markets of the past decade, followed by the mortgage meltdown of 2008. Suddenly asset managers couldn’t fall back on results to create a differentiated position in the marketplace. Compounding the challenge was the erosion of trust due to well-publicized fraud and manager turnover and organizational change.

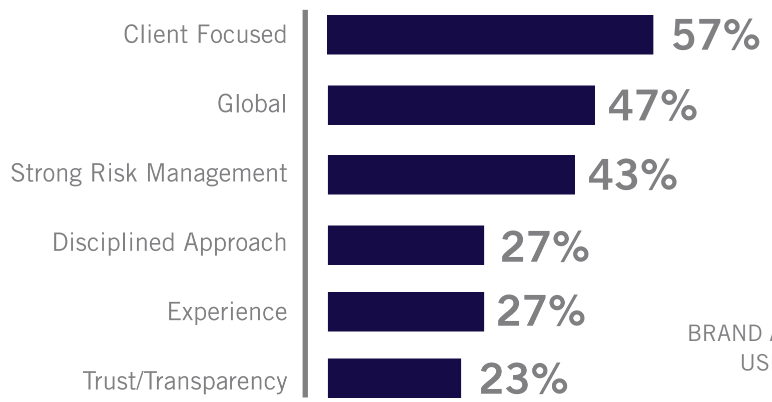
Me-too brands just don’t cut it any more in the asset management arena. Plan sponsors and others are looking for a reason to believe. When investment results are poor or even just mediocre, they need confidence and reassurance if they’re going to stick with an investment manager. This is where a strong, differentiated brand comes into play. A brand can’t disguise poor returns. But it can build and sustain goodwill to carry an asset manager over the inevitable rough patches.

Branding on Table Stakes: A look at the current asset management landscape

Recently, our firm was retained by a $15 billion institutional asset manager to develop a new brand. This firm had grown rapidly over the past several years, both in assets under management and in employees. Senior management was concerned that the plan sponsor marketplace – and its own people – lacked a clear idea of what the firm stood for and what made it different from the myriad of firms in the institutional space.

We began the branding process by taking a fresh look at branding across the asset management space. In doing so we were struck by how generically and blandly asset managers describe themselves. At a time when the need to differentiate is more critical than ever, asset managers by and large communicate the same anodyne messages and interchangeable attributes.

An analysis of the top 30 institutional asset managers (as defined by Hoovers.com) confirmed our initial impression – and demonstrated that the larger firms were no more successful at differentiating themselves than their smaller brethren.



BRAND ATTRIBUTES MOST COMMONLY USED BY THE 30 LARGEST ASSET MANAGERS (AS DEFINED BY HOOVERS.COM)

As this chart indicates, fifty-seven percent of the top firms described themselves as “client focused.” There is certainly nothing wrong with being focused on the client, but this doesn’t buy a firm much in the way of differentiation. After all, if a plan sponsor believed that a firm wasn’t focused on their needs (including the need for higher returns), would they even consider hiring that firm in the first place? Doubtful.

An analysis of the top 30 institutional asset managers demonstrated that, no matter the size, asset management firms communicate the same anodyne messages and interchangeable attributes.

The same is true for that perennial claim, “trust and transparency.” Never mind the fact that fully one-quarter of the top firms adopt this as top-line message; would a plan sponsor who didn’t believe a firm to be trustworthy and transparent hire that a firm?

These types of messages are what we call “table stakes.” They’re the must-haves – “jacks for openers,” to extend the poker metaphor. You need them just to be in the game, but they don’t ensure a winning hand.

Yet these are precisely the messages on which most asset managers build their brands. Even a meatier-sounding message, such as one having to do with risk management, buys little more than a seat at the table.

Building a Differentiated Brand: Where to Start

So, how can an institutional asset manager stand out? Is it possible to create a brand that will establish a distinctive and compelling position for the firm?

It is. And it starts with information, which is as important to branding as it is to stock selection. For the $15 billion asset manager client noted above, we conducted an extensive internal and external research process that began with in-depth interviews with senior management, portfolio managers, marketing professionals and even support staff. This firm had built its existing brand on its "unique" investment approach, the "deep" experience of its senior managers and its "exceptional" financial strength, which was based on being a public company – all table- stakes attributes widely communicated by their peers. Not surprisingly, when we asked interviewees to describe the firm and what set it apart, the responses tended to cluster around all-too-familiar attributes: experience, trust and relationships. But when we probed deeper, we began to uncover the seeds from which a brand might grow. Most significantly, a number of people noted that the firm's senior-most portfolio strategists had avoided investing in the financial sector, beginning a year or so before 2008, because of their concerns about the health of the mortgage security market. What's more, the firm had published whitepapers prior to 2008 that documented their point of view.

Does predicting the mortgage meltdown constitute a brand?

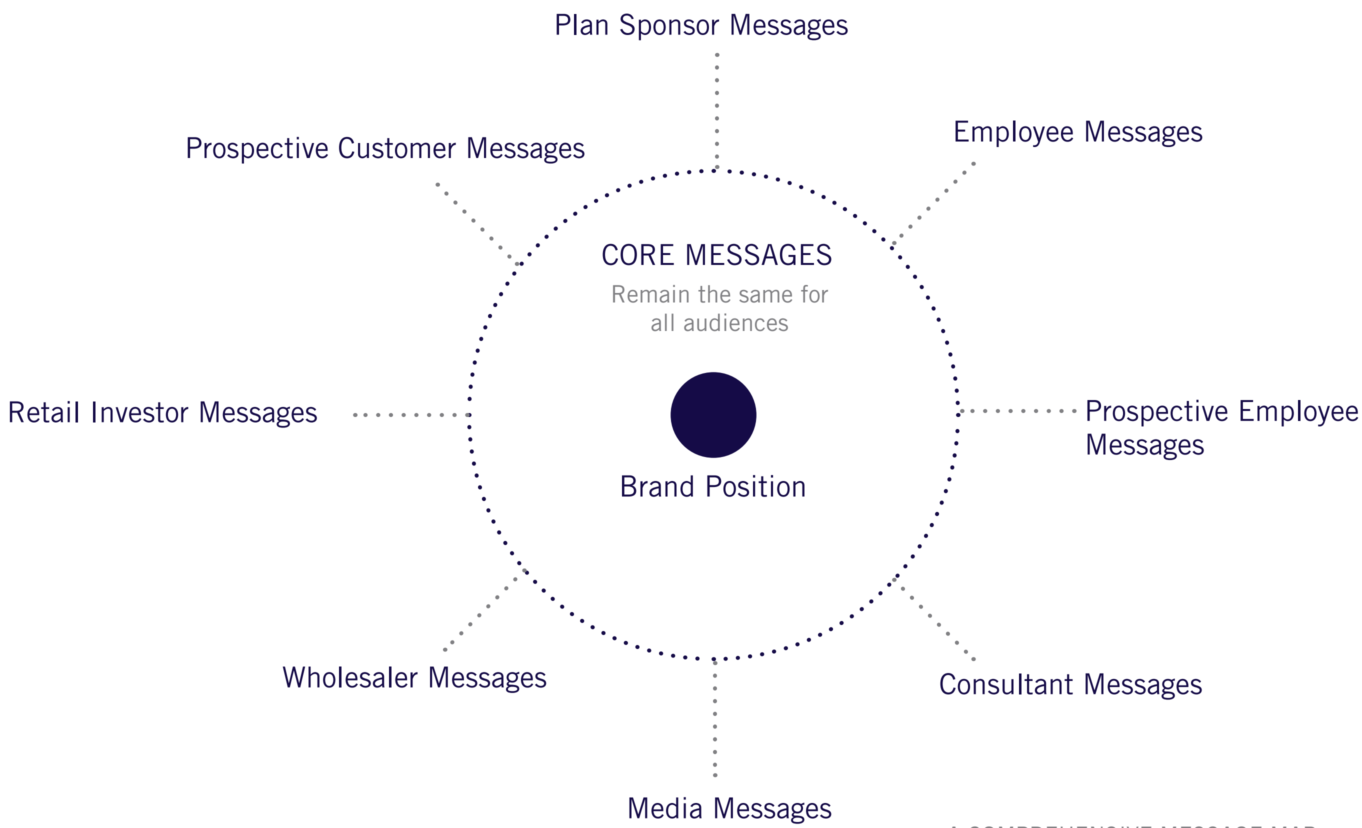
Of course not. But the willingness to stick one's neck out to take a then-unpopular position suggests a number of attributes that can form the building blocks of a brand: confidence, independence and vision.

A brand can't disguise poor returns. But it can build and sustain goodwill to carry an asset manager over the inevitable rough patches.

We extended our research to clients, prospective clients and consultants to gain external perspectives on the firm. Interestingly, they rarely mentioned the table-stakes attributes that even some of the firm's most senior executives talked about. Instead, they confirmed the notion that our client had a unique perspective on the markets and the willingness to communicate this perspective – and stick to it – even when it wasn't widely shared.

Based on this research, and the competitive analysis alluded to above, we were able to build a brand for our client based on vision and the confidence needed to take tough stands – and stick with them. It should be noted that vision and confidence were the pillars of the brand, not the brand itself, which we expressed through a unique tagline and a hard-hitting brand manifesto that positions the firm as uniquely able to uncover hidden value.

We developed a set of core messages that support the brand and then adapted them to specific audiences in a comprehensive message map. For example, for investors the message map focused on the firm's willingness to share insights – a new perspective on transparency. For consultants, messaging



A COMPREHENSIVE MESSAGE MAP HELPS ADAPT CORE BRAND MESSAGES TO SPECIFIC AUDIENCES.

focused on the firm's perspective on value, a way to help them understand how to fit the firm into the traditional value-growth-core framework.

Me-too brands just don't cut it anymore in the asset management arena.

We also expressed the brand in a visual system. For example, we established guidelines for photography that combined images of the firm's employees – the embodiment of their intellectual capital and source of their insights – with images of windows and doors. Often, the firm's people are seen through windows or open doors, offering the sense that the viewer is looking into a meeting from the outside, benefiting from the insights of the smart people in the room. This is precisely what the new brand is all about: unique insights shared with investors to promote transparency and build value.

The process of building a brand is far too complex to cover comprehensively in a single paper. However, the process always begins with in-depth research (as described above) to uncover a company's truly differentiating attributes, the ones that matter most to its most important audiences, including clients, prospective clients, investors, and employees.

Finding a unique brand position in a field as crowded and competitive as asset management isn't easy. It's tempting to fall back on safe ideas and tired claims. But in today's financial *climate, there's nothing "safe" about an undifferentiated brand. Me-too branding may secure a seat at the table. But only a truly unique brand will ensure a winning hand.*

About DeSantis Breindel

DeSantis Breindel is a B2B branding and marketing firm based in New York. At critical inflection points, we work with our clients to align brand strategy with business strategy—creating stories and experiences to engage customers, influence prospects, rally employees, inspire investors and build communities. To learn more go to www.desantisbreindel.com

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