



Support vanishes into thin air

Two of the biggest sponsorship and marketing programs in the world will ease at the end of this year when both ING and Royal Bank of Scotland (RBS) withdraw their multi-million-dollar-a-year support from Formula motor racing.

The programs are very high-profile victims of the global financial crisis (GFC) - RBS's decision coming as it revealed a staggering Stg24 billion (\$52.7 billion) loss and admitted that it could end up being 95 per cent owned by the British taxpayer.

On a smaller scale, it's a story being repeated round the world, as the downturn trims sales and forces financial institutions to trim their sails. An obvious consequence of the cost cutting is that the brands and messages from institutions disappear from billboards, from the pages of newspapers and magazines and from television screens.

But their departure is also being noticed in the offices of financial planning firms across the country.

It's well acknowledged that one of the reasons institutions advertise to retail customers is so that when a planner recommends a product, the consumer is familiar with the brand and its perceived attributes. It helps make the planner's job easier.

The reverse is true too, and Sally Wells, principal of endgame communications, says one consequence of marketing programs being slashed is that it can have an adverse impact on conversations taking place in planning offices between planners and clients.

"Many planners, rather than being threatened by fund managers and providers actually getting their name out there, it really helps them in their advice process," Wells says.

"If they recommend a particular brand, then they do not have to go through that whole education process, and the brand itself has actually built some credibility and built some trust and a reputation already.

"When that goes away and disappears, I think the adviser doesn't have that support, not only

for recommending a [product], but for defending a recommendation they've already made. This is what we've been saying to some of our contacts in the industry who work with financial planners with their fund management products and their platform products."

Endgame and Investment Trends jointly released the results of research late last year that assessed the impact of institutions failing to communicate effectively with investors.

"Many [institutions] may feel that it's the planner's job to communicate directly with the investor at times like this, and certainly it's a huge responsibility that a planner has to educate their investors and talk to them about what's going on, but what the research suggests is that...of the investors who have actually spoken to a planner about what was going on, only a third of them actually stated that the planner was the main influence on their investment decisions at the moment," Wells says.

"And 'my own research on the internet' was also rated quite high among those investors who actually had a financial planner. So I think both the planner and the product provider need to be getting the message out to the investor.

"What the product providers can do, or what the fund managers can do, is help the advisers in the communication process. From the product provider's perspective, it's one thing to work with planners to help distribute product, but you can't then only rely on the planner to defend your brand when the times are tough, because the planner will do what their job is, which is, number one, to focus on looking after the client, and making sure clients are comfortable and that their needs are taken care of."

Wells says that "even in good times your brand is really at the mercy of its consumers".

"I mean, a brand may put out a proposition that it stands for something or other, but at the end of the day whether it really does or not is up to the consumer," she says.

"When times are tough, by not having a voice



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with the consumer, by removing the dialogue between the organisation and the consumer, and just leaving it purely at the consumer's discretion... you really are at risk of not having any participation



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in the conversation at all, and therefore it can go in a whole lot of different directions that you don't want it to.

"Abandoning your brand in tough times [takes] away the message, but the consumer is still left with all the touch points. So the consumer is still living and breathing the brand through things like your website, through your levels of service, through your actual product delivery, how you product is performing. They're still having a brand experience; you're just not having a conversation with them. If we relinquish all our conversations with them, it can be really risky, and it can be really damaging to a brand."

A constant message to investors, through thick and thin, is a hallmark of the successful companies, Wells says. Some are doing a good job now.

"A really good example where continuing a conversation has really helped a brand is BT," she says.

"BT had a period of quite poor performance and in the end it came apart for them for a while, and they have rebuilt since then. But I think outflows would have increased far more quickly had they not continued that ongoing investment in their brand. And the fact they've been able to rebuild the brand into another really strong performer is, again, because they continued to invest when times were tough.

"I think Colonial are doing a great job of it. MLC as well, at an educational level."

Wells says that in her recent research, Platinum Asset Management ranked "in the top five as rated by investors on 'Keeping me informed about what is going on at the moment', and they are certainly not in the top five by funds under management".

"They batted well above their weight in this communications research," Wells says.

"That's because, I believe, the communication with investors is and has always been incredibly straightforward. It's direct, straightforward, it does not insult their intelligence, it doesn't dumb it down. It's really smart stuff, but they have got the courage to be really straight-talking about what is going on. They've got the courage to talk about where they've made mistakes, and where they've made good calls as well.

"Investors are responding. Investors don't want all that fluff, and neither do advisers."

Liz Norman, investment services and communications manager at Platinum, says its approach to advertising and marketing is consistent with its approach to managing money. When the company committed to its latest schedule, it knew full well a downturn was coming.

"Yes we had expected a downturn," Norman says.

"Platinum has committed to a regular advertising schedule for a number of years. Despite a change in market conditions, Platinum's investment focus remains the same – one of utilising a consistent investment approach to deliver absolute returns for investors. Our advertising is designed to convey this approach."

Even though Platinum is experiencing a net outflow of funds at the moment, ditching its marketing was not an option.

"We wish to continue to convey a forward-thinking, thoughtful approach to investing. This has not changed despite the downturn. Moreover, our 'share of voice' will rise," Norman says.

In other words, the absence from the market of many of Platinum's competitors makes its advertising more effective.

"In essence, we are building a business," Norman says.

"We have had good relative returns the last two years and thus, at this stage, we are not cutting costs to this area. Our brand also assists financial planners when recommending products in their financial plans.

"Maintaining consistency of investment process, together with a proven track record, especially during a downturn, would be important for investors. Ultimately, however, we believe it is performance that is the true underpinning of your brand and reputation."

Wells says consumers have long memories. A brand damaged by inaction or dropping the "conversation" during the current economic downturn may struggle to win back investor confidence and trust.

"You can rebuild a damaged brand, because you



can find where the equity is in the brand, but you do at some point have to make an assessment of how damaged the brand is with your specific audience," she says.

"If your brand stands for service and perfor-

mance, and performance is just so damaged and there's just no equity left there, the equity that's left in service is something you could hang on to rebuild, but it does depend on how damaged." ■



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