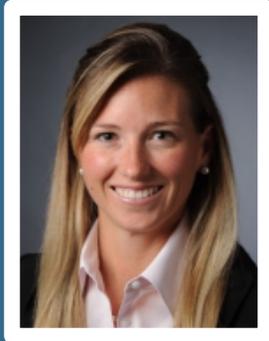


# Making Your Brand a Strategic Priority

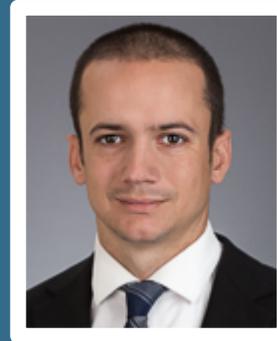
Best Practices for Institutional Asset Managers

**Helping You Make Smarter  
Business Decisions**

Webinar  
June 19, 2014



Sara Sikes  
Consultant  
Investment Management  
Greenwich Associates



Zach Houston  
Business Development Manager  
Investment Management  
Greenwich Associates

## Today's Presenters

# Greenwich ACCESS™

## Tap Into Greenwich Associates Research On Demand



Greenwich Associates is offering you access to the primary data, focused thought leadership pieces and best-practice information you need to validate your Asset Management business strategy, identify new growth opportunities and drive revenue.

### Primary Research

The most comprehensive online library of primary research derived from more than 60,000 annual interviews with key financial industry decision makers in 70 countries



### Thought Leadership

Knowledge on specific best practices and issues that matter through our quarterly reports, which include recommendations to help you grow your business



### Community

A community of Asset Managers and events. Subscriber driver research agenda with quarterly webinars and events.

# Agenda

Introduction

Forces at Work: Brand (Then & Now...)

Institutional Asset Management Versus Consumer Retail Branding

Developing a Differentiated Proposition

Summary and Q & A

# What Do You Think of When You Hear “Brand?”

**Logos?**

**Taglines?**

**Advertisements?**

**Mission Statements?**

**Marketing Agencies?**

For institutional asset management firms, the term “brand” means much more than an iconic logo or a catchy tagline. Instead, it must represent characteristics not typically linked to traditional retail marketing efforts...  
**and answer the question of “How?” – not simply “What?”**

# Today's Topics of Focus

## **Today's discussion will focus on...**

1. Key factors that are driving the increased focus on brand presence by institutional asset management firms
2. What can be learned from retail branding efforts – and pitfalls to avoid when translating to the institutional market
3. Steps to follow to develop and maintain a strong and differentiated reputation and value proposition
4. How to ensure the branding effort becomes a strategic priority and not just a marketing exercise

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# Forces at Work: Importance of Brand (Then...)

Historically, asset managers relied on two main factors to drive business, neither of which required a strong or particularly differentiated brand presence:

## 1) Performance/ability to generate alpha



- Investors cared most about a manager's ability to generate alpha
- Many investors viewed past performance as a strong indicator of future performance
- Asset management executives focused pitch books on performance and other investment-driven criteria

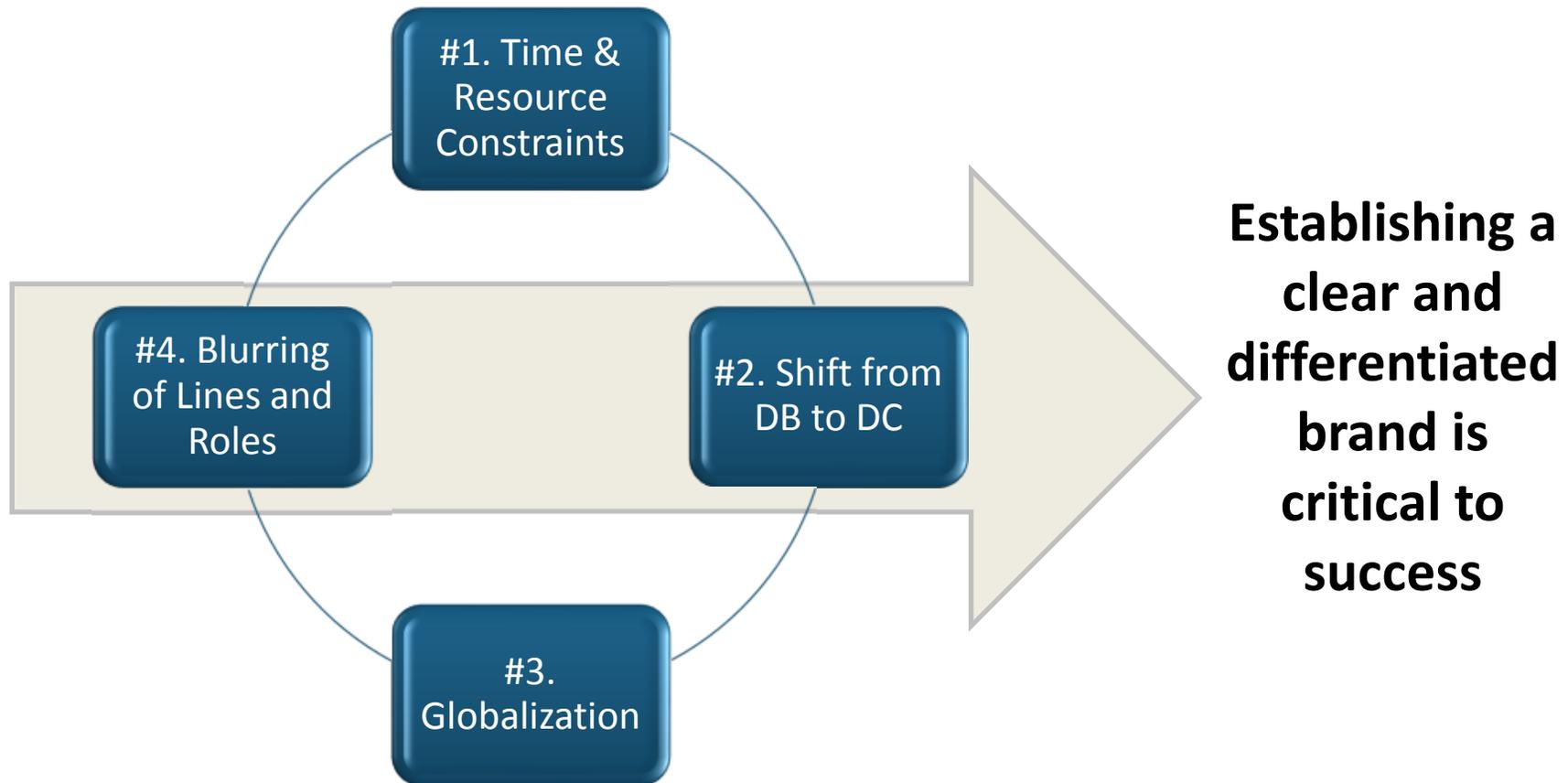
## 2) Recommendations by consultants



- Consultants advised on the majority of manager selection decisions
- Very few asset managers had strategies to sell "direct-to-investor"
- Consultants employed a rigorous evaluation of each manager, resulting in the generation of a very selective and highly critical "short list"

# Forces at Work: Importance of Brand (Now...)

Now, given the evolution of the asset management industry (especially post-2008), there are many new variables driving investment decisions, and establishing a strong brand is critical.



Source: Greenwich Associates 2014.

# Driving Force #1: Time & Resource Constraints

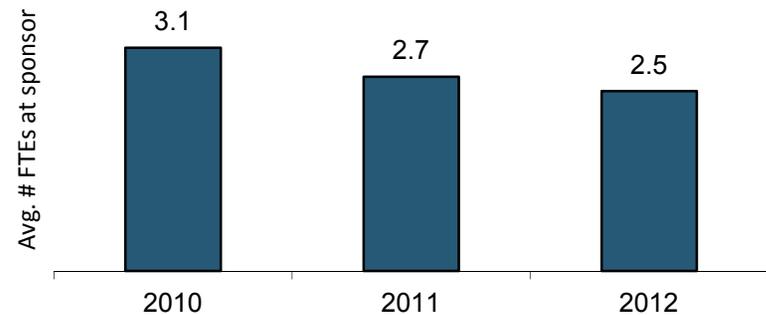
The asset management industry is more complex than ever before, and institutional investors are relying on fewer individuals to conduct due diligence and make selection decisions.

Spectrum of Products / Solutions



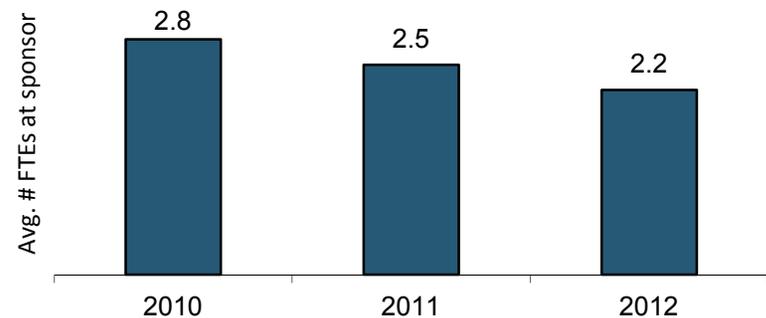
Source: Greenwich Associates 2013.

Selecting and Supervising External Managers



Source: Greenwich Associates 2011, U.S. IIF-12.

Investment Administrative Services

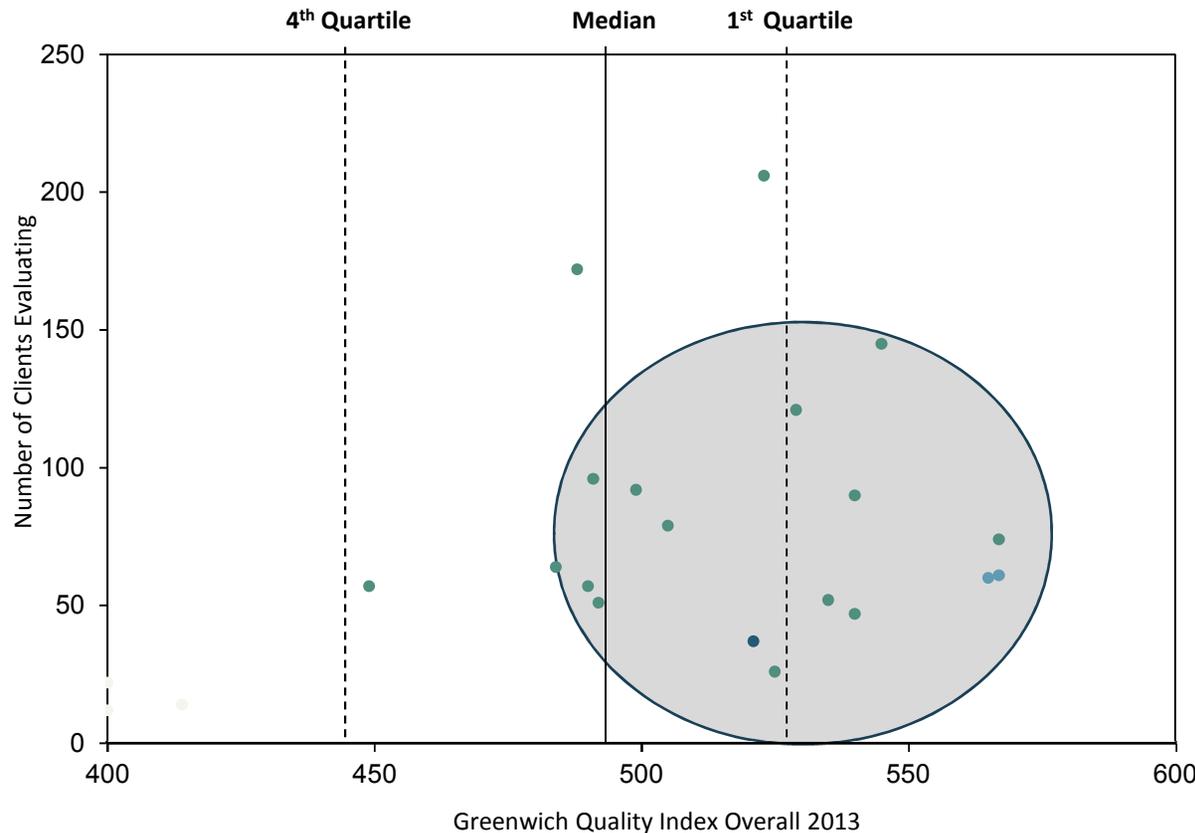


Source: Greenwich Associates 2011, U.S. IIF-12.

# Driving Force #1: Time & Resource Constraints

To add to the challenge, the asset management industry is very fragmented and competitive.

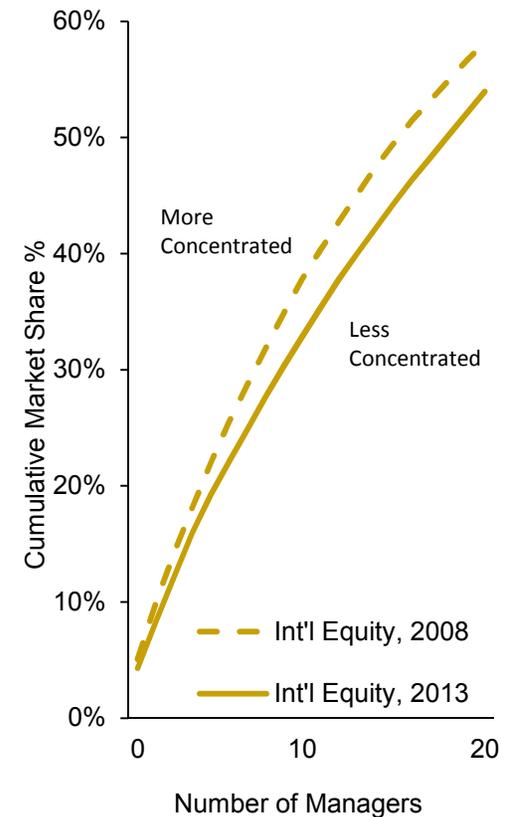
**Greenwich Quality Index Overall – U.S. Equity Management 2013**



Source: Greenwich Associates 2013, USII-USE-13.

Note: Results are based on 1,093 interviews with U.S. institutions in 2013. GQI scores for each evaluator range from 1,000="Excellent" to 0="Poor" with a population mean of 500. GQI Overall includes Investments and Service Scores. Quartiles are based on managers with 5 or more client evaluations.

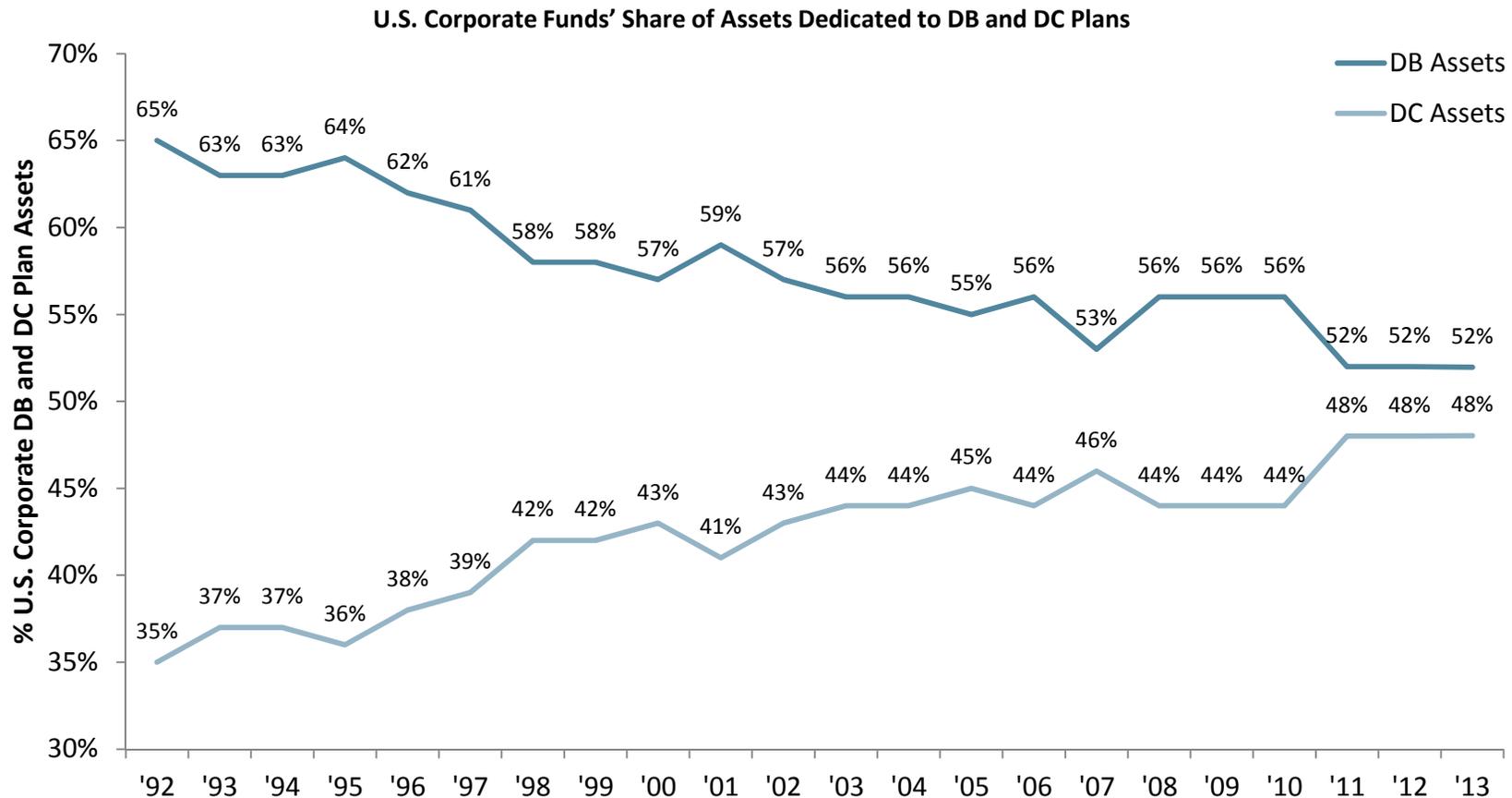
**Market Share Concentration – Int'l Equity Managers**



Source: Greenwich Associates USII-2008, USII-2013.

# Driving Force #2: Shift from DB to DC

As the mix of DB and DC assets begins to shift toward more employee-driven retirement savings plans, managers will need to adopt certain retail branding strategies.



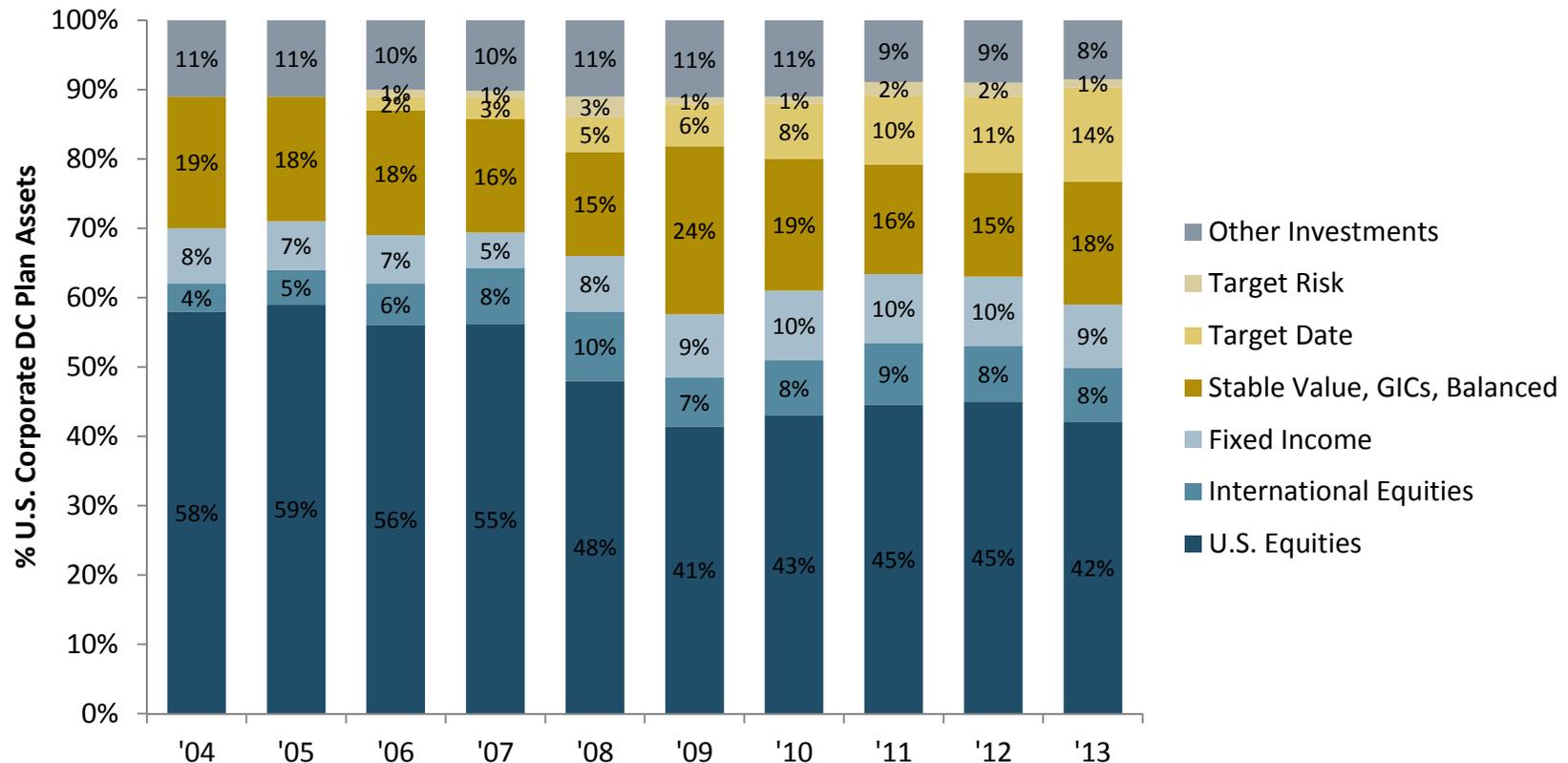
Source: Greenwich Associates 2013, USII-13.

Percentages are weighted in U.S. dollars and projected to the Greenwich Associates universe of U.S. institutional investors. Projections based only on the assets of institutions disclosing their specific asset allocation. Results are for corporate DB and DC plans.

## Driving Force #2: Shift from DB to DC

The growth of products such as target date funds and target risk funds suggests a growing importance of brand recognition and relevance to a new audience of investors.

U.S. Corporate Funds' Dollar-Weighted Asset Mix of Defined Contribution Plan Assets



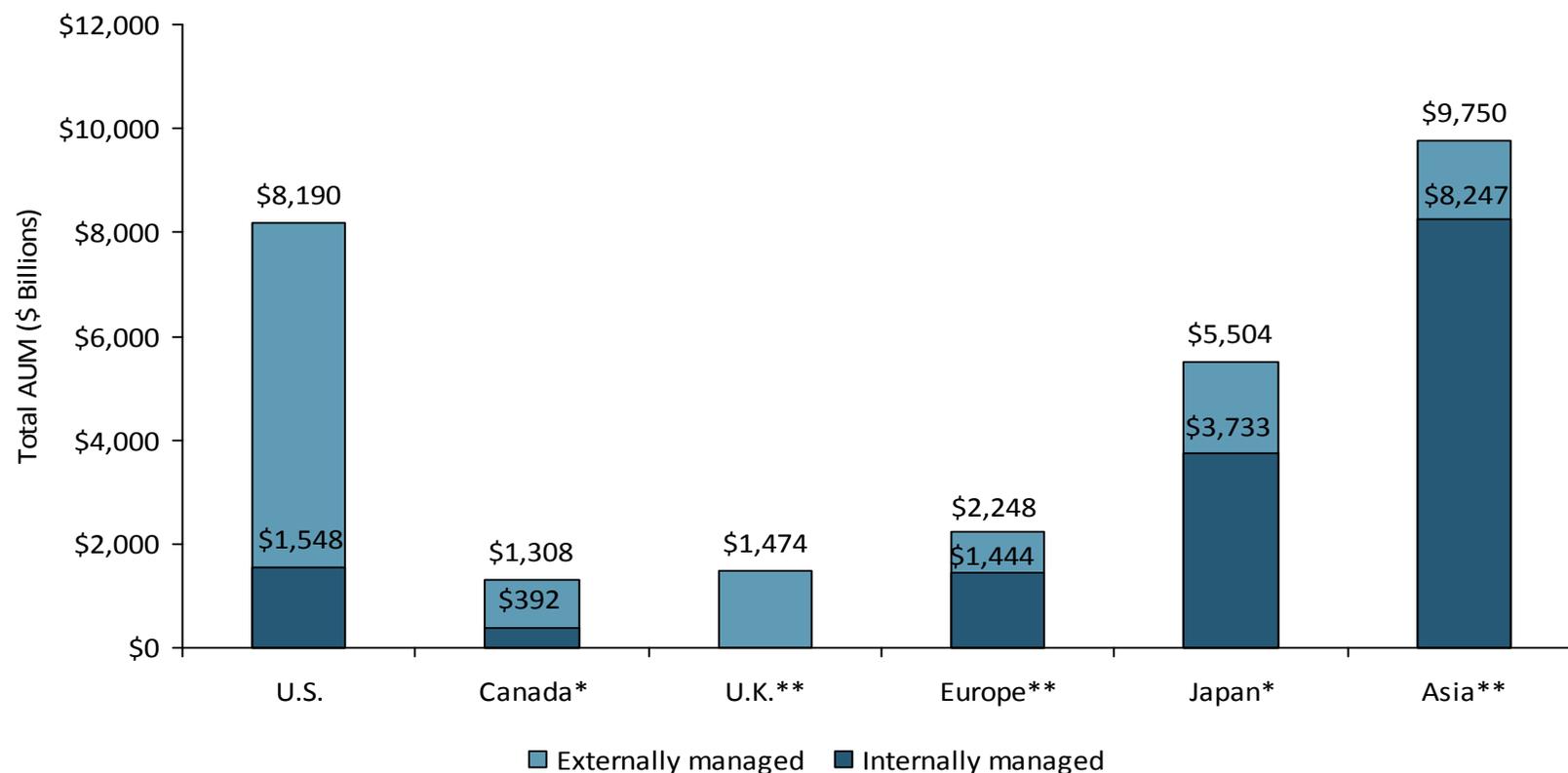
Source: Greenwich Associates 2013, USII-13.

Percentages are weighted in U.S. dollars and projected to the Greenwich Associates universe of U.S. institutional investors. Projections based only on the assets of institutions disclosing their specific asset allocation. Results are for corporate DC plans. Other investments include real estate and money market.

# Driving Force #3: Globalization

As externally-managed assets become more prevalent in all regions, managers with a historically domestic focus have begun to consider foreign expansion opportunities.

Global Institutional Assets Under Management (USD)



Source: Greenwich Associates 2012/2013 Global Investment Management research.

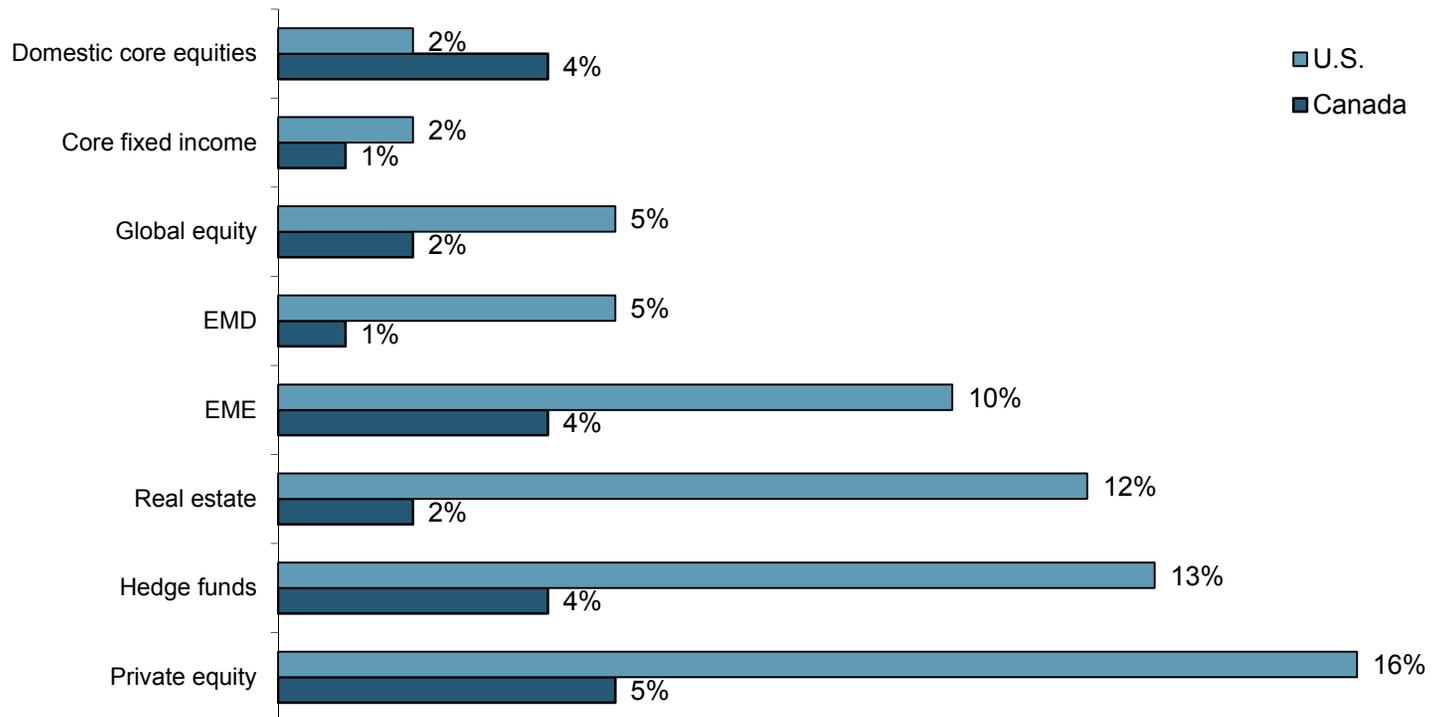
Note: UK internal / external asset management data not available. European, Japanese, and Asian assets not projected and thus underestimates total assets.

Conversion rates from Bloomberg L.P. as of 9/11/2013: USD/CAD 1.0318; GBP/USD 1.5824; EUR/USD 1.3311; USD/JPY 99.87. Asian figures recorded in USD.

# Driving Force #3: Globalization

In addition to the expansion of externally-managed assets, product preferences and hiring expectations suggest increased globalization over the next three years.

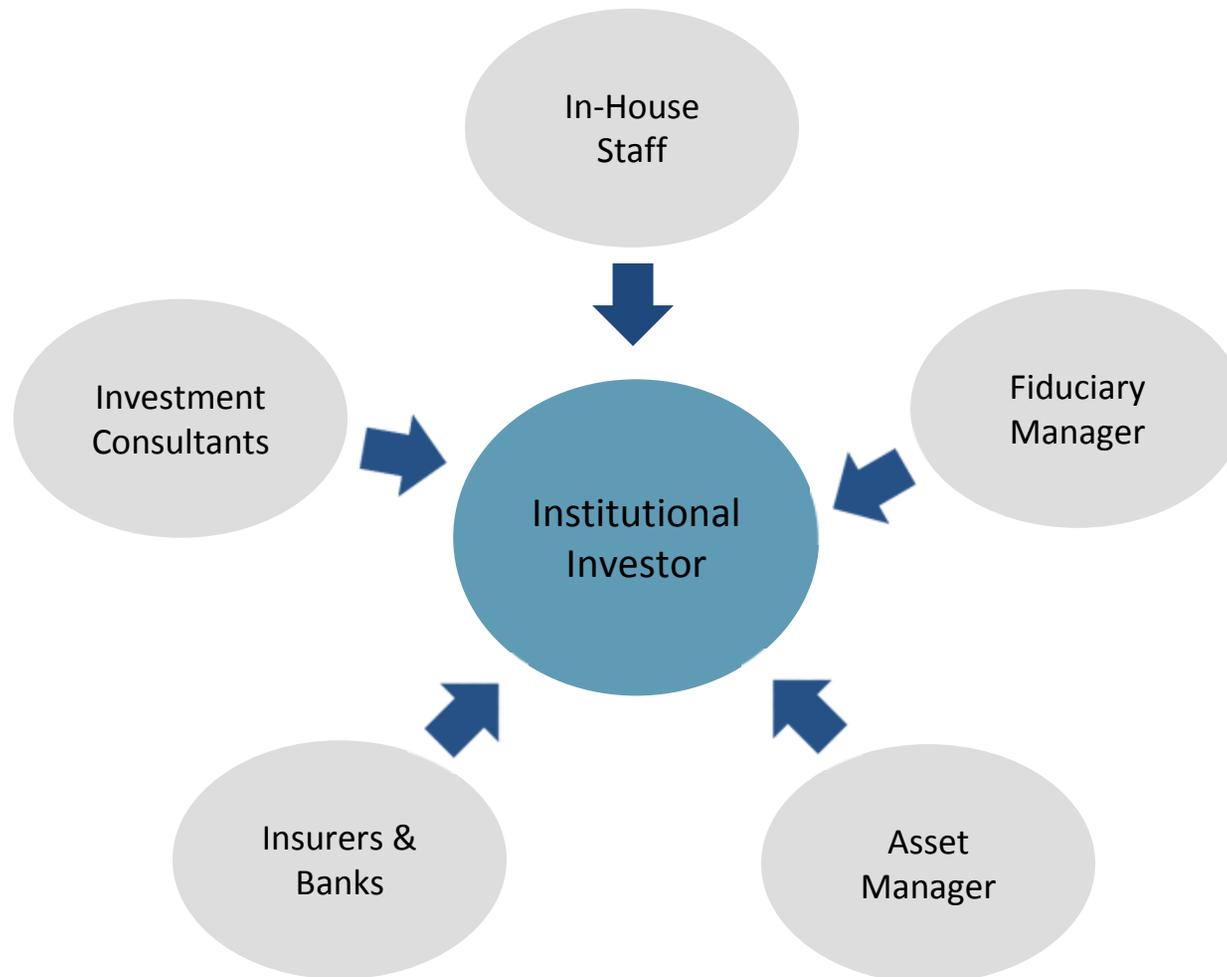
North American Institutional Investors Anticipated Hiring for Next 12 Months



Source: Greenwich Associates 2013, USIIF-13, CIIF-13.

## Driving Force #4: Blurring of Lines & Roles

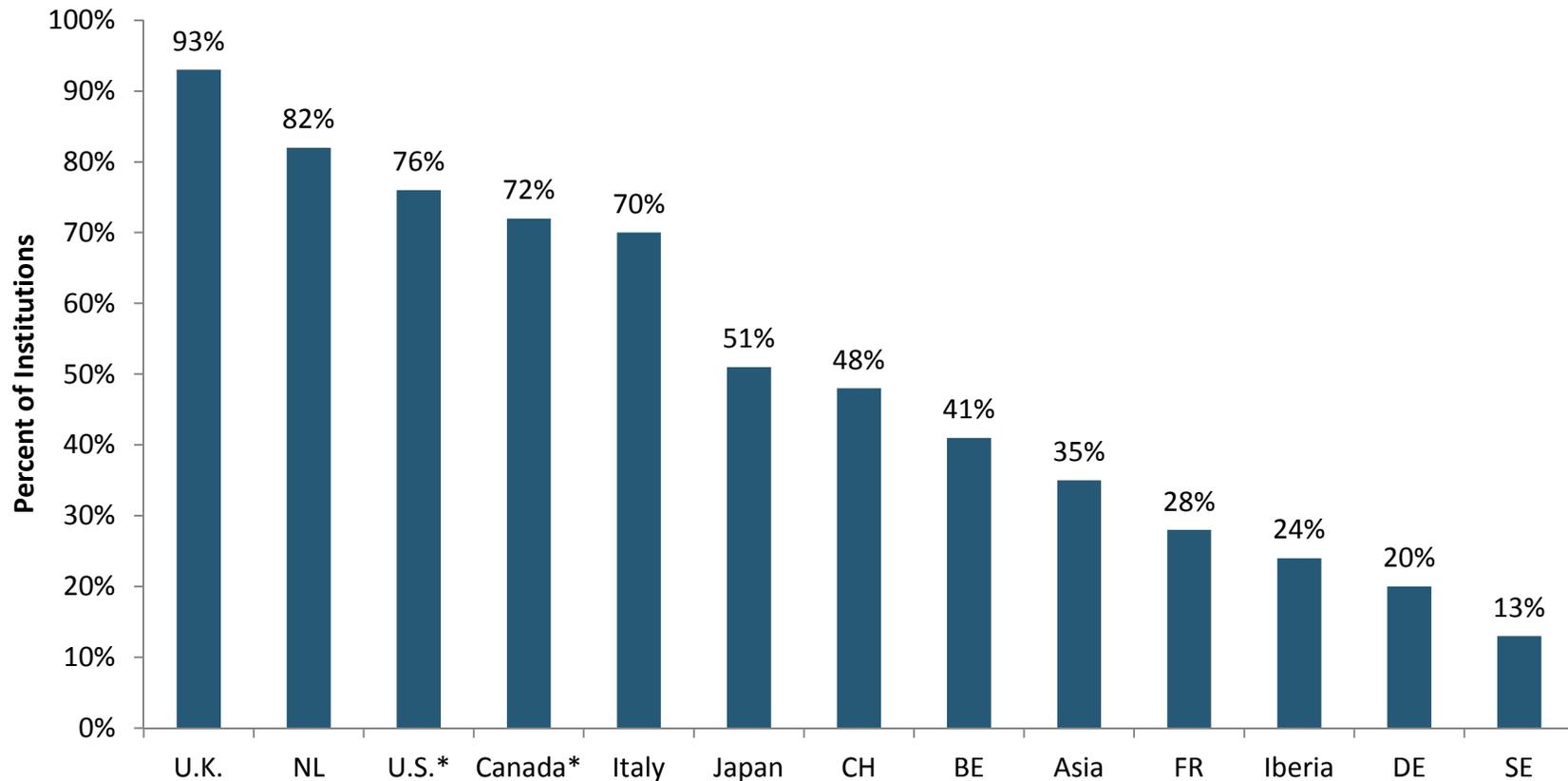
Competition for preferred partner designation is growing as the lines between advice providers for institutional investors are blurring.



## Driving Force #4: Blurring of Lines & Roles

Investment consultants remain a critical component of the asset management industry around the world, but their role is evolving due to outside forces in regions such as the U.S.

Use of Investment Consultants by Institutions for Advice on Investment Matters Across Regions 2012/2013



Source: Greenwich Associates 2012-2013, UKII-13, USIMF-12, CIMF-12, CEII-13, AII-13, JIMF-12  
\*U.S., Canadian, and Japanese figures displayed represent 2012 research results.

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# Consumer Retail v. Institutional Asset Management

Consumer retail branding is largely based on recognizable logos, catchy slogans, and advertising campaigns that push imagery to promote the company's brand characteristics.



Nike

Just do it.



Coca-Cola

Open happiness.



McDonald's

I'm lovin' it.



BMW

The ultimate driving machine.

Institutional asset management firms cannot simply rely on taglines and logos, as these tend to be too simple to adequately address the complexity of their business and the sophistication of their clients' needs.

**Companies like Fidelity have begun to bridge the gap with its "Green Line" campaign, but this is not perfect either.**



# What is an Asset Management Brand?

Greenwich Associates defines “brand” in asset management as follows:

***Communication of the firm’s value proposition to external and internal audiences.***

- Although the definition sounds simple, developing a brand that truly differentiates the firm from rivals is no easy task.
- When it comes to building a brand, asset management companies face a specific set of challenges and considerations.
- How do you ‘brand’ investment excellence – and a full service, needs-based proposition?
- Furthermore, how do you do so in a way that differentiates yourself from the hundreds of other managers looking to brand the same set of characteristics?

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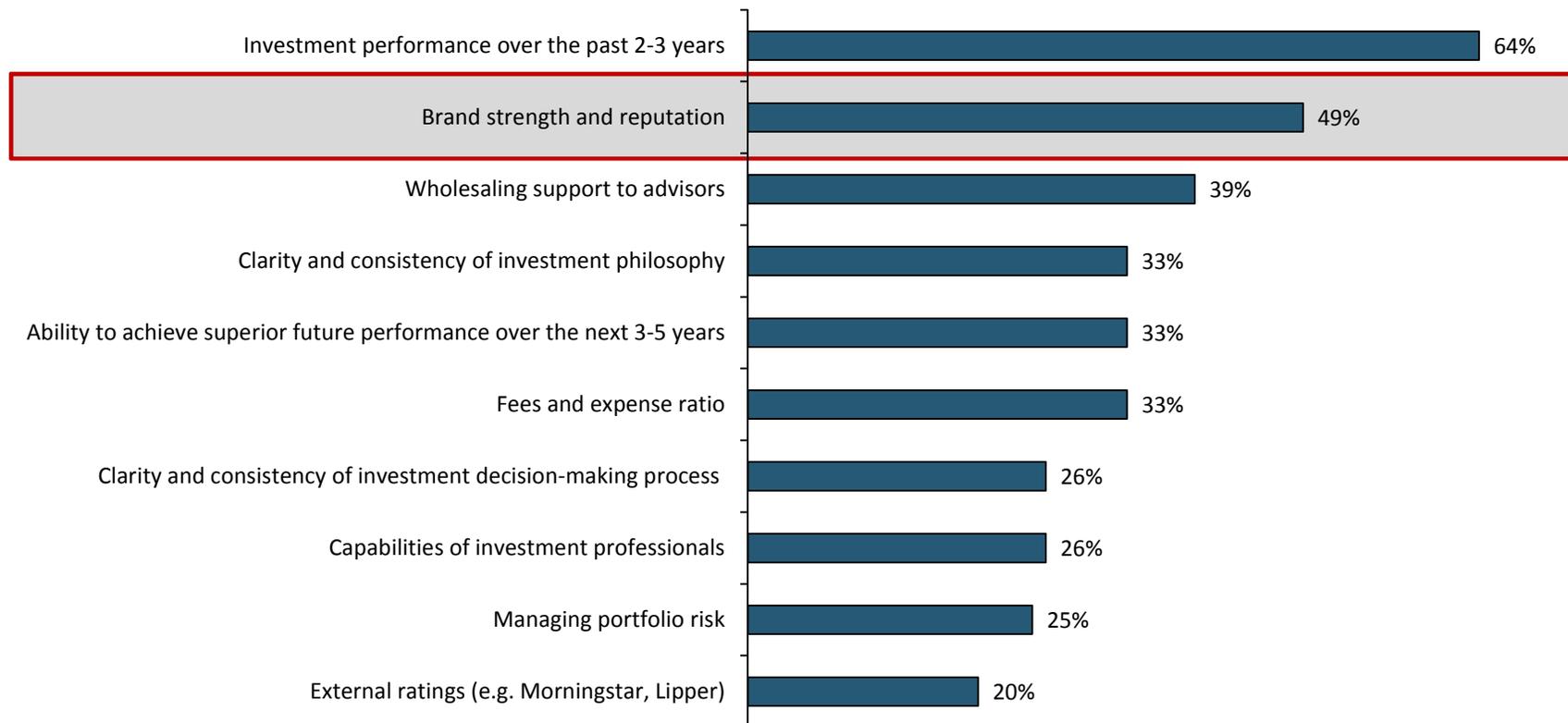
Developing a Differentiated Proposition

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# Key Drivers of Asset Growth

Intermediaries rank past performance (a perpetual top driver) and brand strength as the leading factors for attracting assets from their clients.

**Most Important Factors for Attracting Assets – U.S. Intermediary Market**



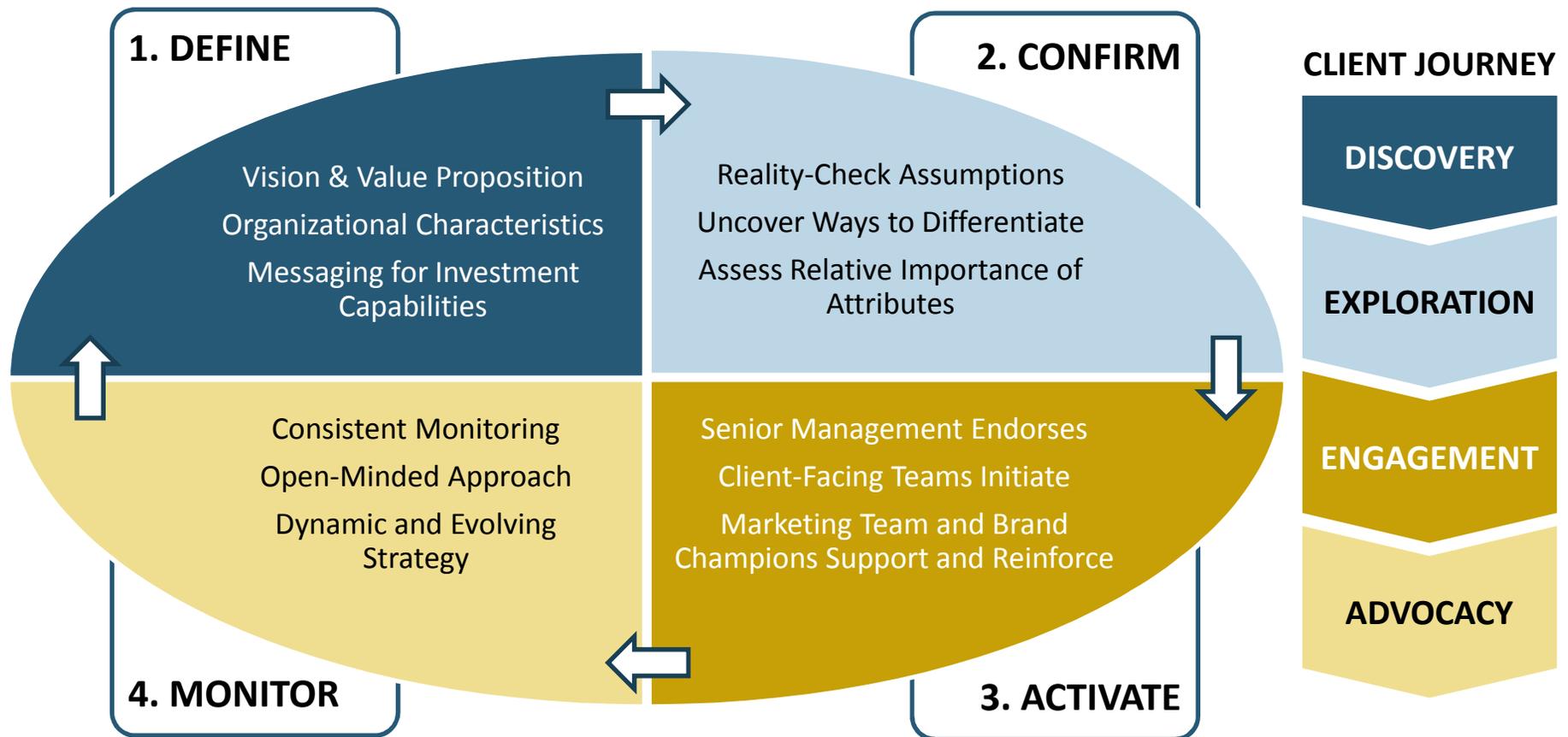
Base: (84)

Source: Greenwich Associates 2013, US IDF-13

Note: Percentages indicate proportion of respondents choosing each factor among the 5 criteria most important in attracting assets.

# Developing a Differentiated Proposition

Greenwich Associates uses a four stage-process for developing, implementing and maintaining an asset management brand.



# Step #1: Define the Brand

Before a brand can be defined, it is critical to understand a series of guiding principles that will be unique to every organization – and the “how,” not just the “what.”

## Vision

- Internally focused
- Answers the following:
  - What are we?
  - What do we do?
  - How do we do it?
  - Why are we here?

## Value Proposition

- Client focused
- Answers the following:
  - Who is our target audience?
  - What makes us different?
  - What are the key benefits?
  - Why should they buy from us?

## Organizational Characteristics

- Shape
- Orientation
- Culture
- Capabilities

## Messaging for Investment Capabilities

- Philosophy
- People
- Process
- Performance

## CLIENT JOURNEY

DISCOVERY

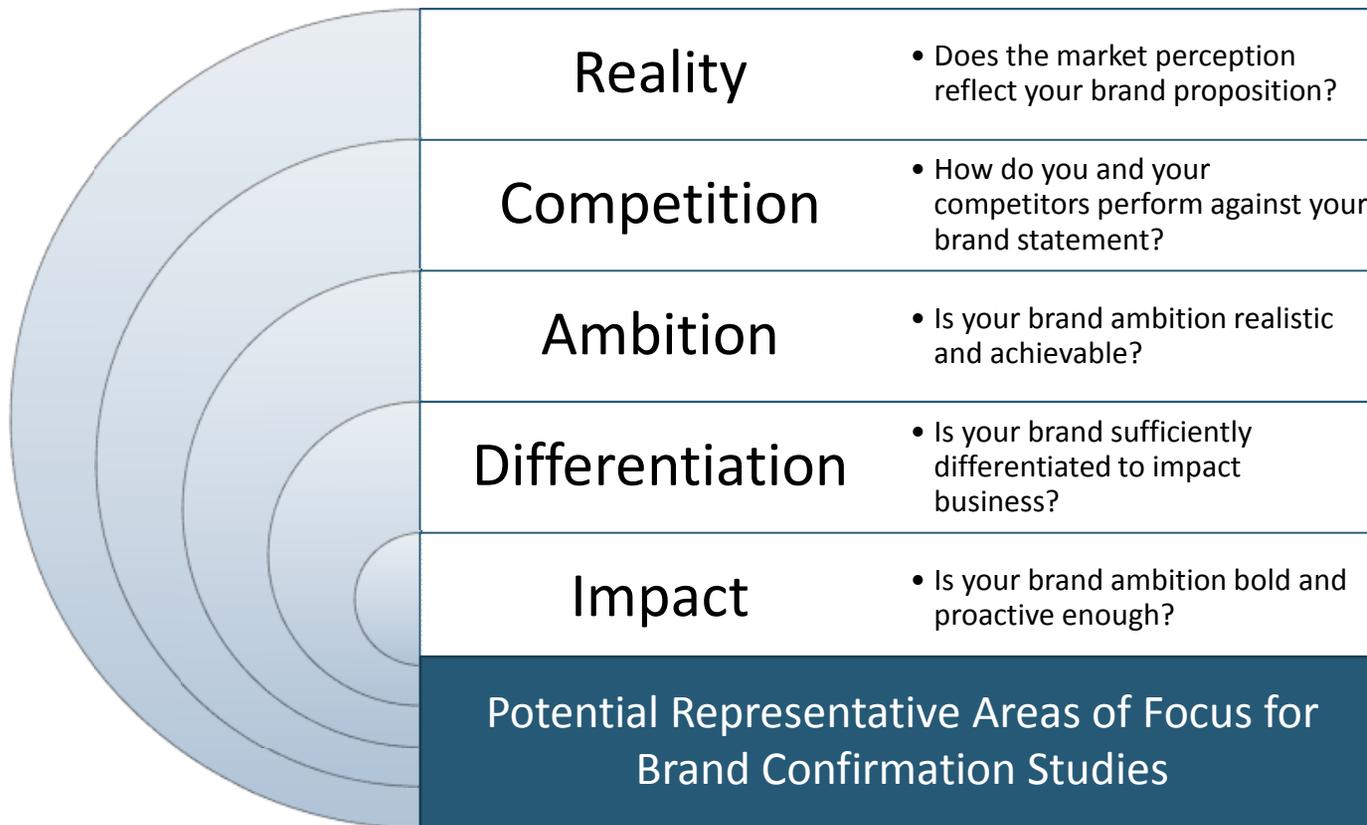
EXPLORATION

ENGAGEMENT

ADVOCACY

## Step #2: Confirm the Brand

Once a manager has a firm understanding of “who we are” and “who we want to be,” it must test these internal findings and assumptions with the market to validate the direction.



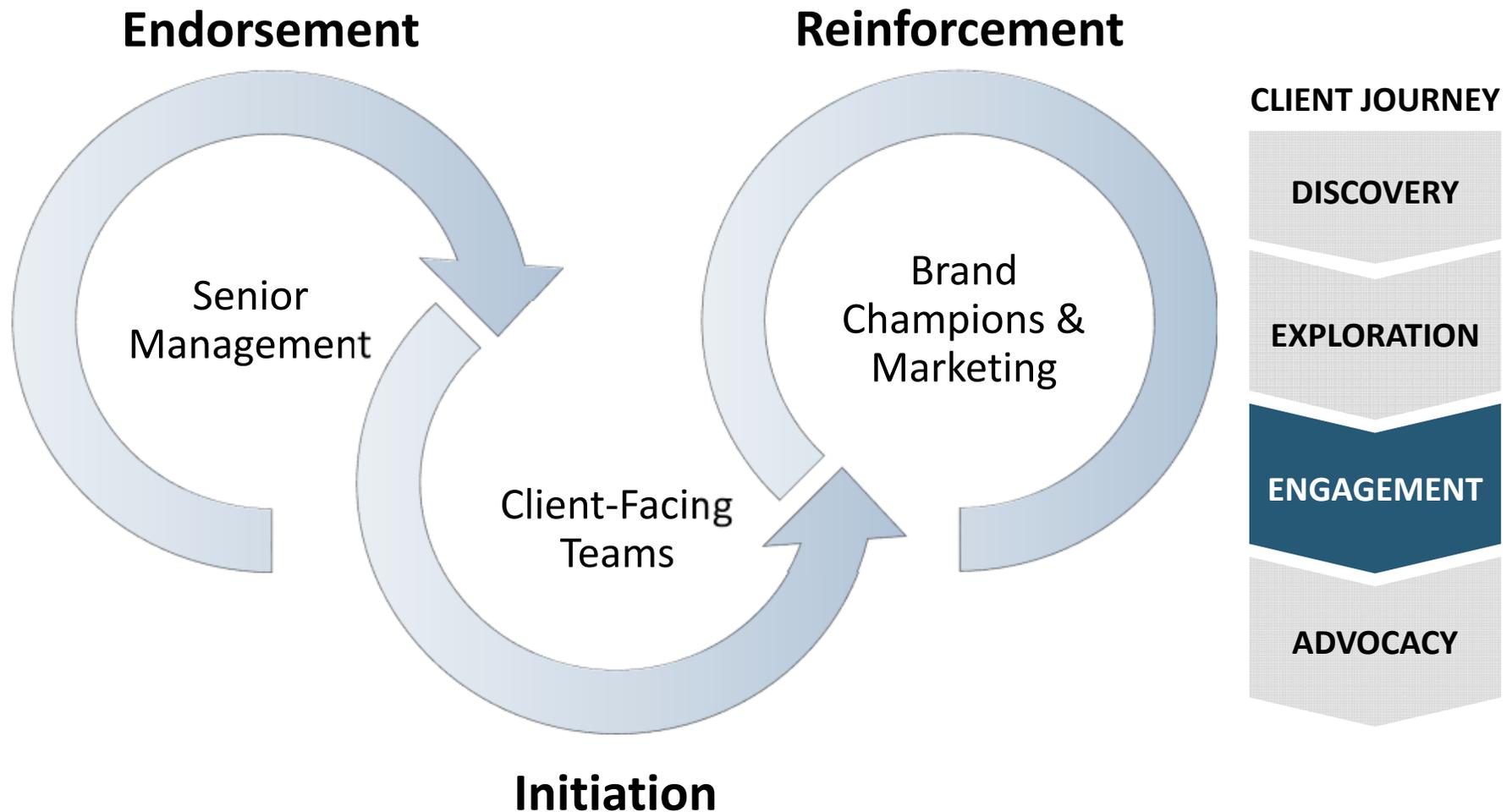
### CLIENT JOURNEY



For this step, an independent consultant can add significant value by saving time (past experience) and ensuring actionable, unbiased results.

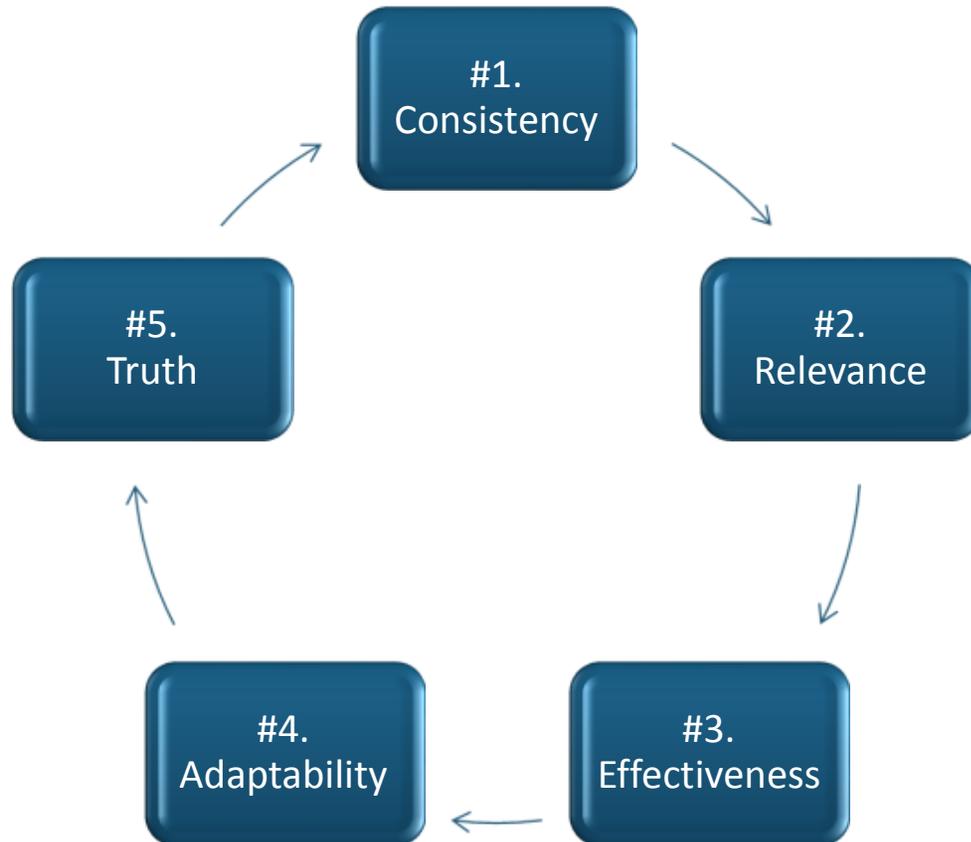
## Step #3: Activate the Brand

Many disappointing “branding initiatives” (the type that may convince senior leadership that branding is a waste of time) fail due to an incomplete implementation strategy.



# Step #4: Monitor the Brand

Branding is not a “one and done” exercise. Instead, in order to realize the full value of the effort and leverage the hard work done, the strategy must be monitored consistently.



## Key Questions

1. Has your messaging remained consistent via employees and materials?
2. Is your vision and value proposition still relevant to the market?
3. Is your brand driving intended results and promoting growth?
4. Is your brand flexible enough to meet changing client needs?
5. Does your brand accurately reflect your capabilities and mission?

## CLIENT JOURNEY



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# Summary of Best Practices

1. **Commit** to making your brand part of your strategic vision
2. **Understand** the factors at work in the industry to ensure appropriate positioning given your capabilities and vision
3. **Develop** a clear, truthful, and differentiated value proposition
4. **Establish** “brand champions” to encourage internal buy-in
5. **Define** the brand by aligning your vision, value proposition, perceptions of firm characteristics, and messaging objectives
6. **Confirm** proposed brand attributes by testing in the market
7. **Activate** your brand with a holistic implementation plan
8. **Monitor** the brand through structured reviews, maintaining flexibility to make changes on a rolling basis as needed

# Thank You

Thank you for taking the time to attend our webinar today

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**Please take a moment to let us know what you think (optional survey will appear).**

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