

# Financial Marketing ● SEPTEMBER 2003

# Perspectives

## THIS ISSUE:

- ▶ Distribution planning ensures that a firm's products and services are leveraged across channels and that money is used efficiently. *"Maximizing Marketing Dollars with Distribution Planning"* offers advice in crafting or refining your firm's plan. **-page 1**
  
- ▶ Just as financial services products have grown more sophisticated, so has the search for qualified leads. In *"Financial Services Firms Discover the Power of Search Engine Marketing"* learn about the latest techniques. **-page 2**
  
- ▶ Industry and consumer groups are constantly seeking new ways to attract and retain members. Offering financial services is a popular one, but is it right for your group? *"Considerations for Associations Planning Financial Services Offerings"* may help you find the answer. **-page 2**
  
- ▶ A year ago the SIA announced investor trust was at an all time low. What's a financial services firm to do? *"Starting to Restore Investor Confidence"* provides a few suggestions. **-page 4**



## Maximize Marketing Dollars with Distribution Planning

**I**f in fact the bear really has been trapped, and the markets are slowly working toward recovery, financial services firms will be opening their marketing purses once again. As early as 1999 firms began pulling back, and for the last few years firms have been operating with lean marketing teams, doing the minimum required to stay up and running.

As a result, many firms have pent up demand for sales and service collateral, websites and online initiatives, and new marketing programs. Marketing executives are faced with both products and channels that need attention, and at the same time are concerned about moving too fast if the recovery is short lived. Where to start?

Reassessing the firm's distribution plan is a great way to begin because it insures new marketing dollars will be applied to the right products and channels. Distribution planning entails:

**Mapping products to target audiences.** Knowing that all clients aren't equal, firms should focus on the segments that are the most profitable and most important to the institution's future growth. Then line up the products and services against them. Look for products that can serve more than one channel.

**Addressing investor priorities and concerns.** Does a firm have the right products and services for its target audiences? Management can ask the bankers or brokers that work in the channel, take a look at the competition, review the market research, or survey their clients if they're not sure.

**Consolidating and eliminating products.** Redundant products, those that have outlived their usefulness, or those that have been replaced by newer models should not take time, money and attention away from the starting line-up. Keeping in mind customer comfort, a plan should be put in place to clean shop. If it's not clear where to begin, a profitability analysis may be required first.

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# Financial Services Firms Discover the Power of Search Engine Marketing



Finding your corporate website on major search engines has become more challenging than ever, now that more and more sites are jockeying for favorable position among leading searching engines. One financial services firm recently found its site had slipped from 2nd to 87th in its category without fanfare. It's a fact: the science of search engine placement has grown up. Not only has web-

site marketing become an industry separate and apart from web design, but commercial search is the fastest growing segment in internet advertising.

That fact was confirmed as recently as mid July, when Yahoo announced the acquisition of Overture for \$1.63 billion. Overture is a pioneer in connecting commercial websites with

customers searching for your products and services. The pay-for-placement player Overture lists websites in search results across the Web for enhanced visibility and expanded traffic.

But pay-for-placement is not the only way to improve your search engine visibility. There are three factors in design that can effect your placement: key word text and descriptions, links to and from your site, and the overall popularity of your site. Researching key words and key phrases that are most commonly used to access similar sites is an important step in improving site rankings. Design techniques that maximize important key words will rank sites higher and should be explored in search engine marketing programs. Popularity – that is the sheer number of visitors to a site – gives large players an enormous advantage over small firms in favorable placement. You may also need help in covering how and where to submit your site for best results on major search engines.

The Internet advertising market may have sputtered in search of a profitable business model, but the focus has turned to the fastest growing segment of commercial search. Piper Jaffray

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## Considerations for Associations Planning Financial Services Offerings

New financial services platforms continue to interest associations serving industry groups and consumers as they explore ways to differentiate offerings to their members. Industry associations and consumer groups are looking for any competitive edge to stand out from the competition. At the same time, the lure of bolstering non-dues revenue and leveraging member relationships combine to make financial services attractive. Often the vision is two-sided: associations want to provide their members with access to products and services for which they have the need, and together they benefit from negotiating leverage.

### Here are five things to consider:

#### 1. Why Financial Services?

The mandate to explore financial services begins with a Board mandate. Explore the Board's objectives, revenue expectations, willingness to commit capital and tolerance for risk.

#### 2. Build vs. Buy

From one end of the Build versus Buy continuum to the other, there are a range of options from complete outsourcing to originating your own broker-dealer. All but the largest associations will find it attractive to outsource part or all of the administrative and regulatory burden of running a trading desk, broker-dealer or management firm to those with the experience and organizational infrastructure already in place.

#### 3. Find the right partner.

Partnering with and outsourcing to one vendor or more with

high brand awareness for financial services and a serious track record for performance and service can enhance your organization's reputation. Evaluate potential partners in terms of current and future needs. Consider the long haul as well as how your association will be central to staying involved. Complete outsourcing can offer a downside. When your "farm out" leads to an offsite vendor who custodies accounts, processes transactions and reports back on aggregate activity, how can you preserve your organization's stake in the financial services business?

#### 4. Construct the right product offering.

Surveying members ensures that if the association makes the investment to build it, they will come. The marketplace is crowded, and each new entrant must claim extraordinary product classes or features, pricing innovation, or some other distinction. Don't be drawn into settling for another "me too" set of financial offerings.

#### 5. Develop an effective rollout strategy.

Don't substitute a few ads in the association newsletter for a carefully conceived rollout strategy. Develop a market launch plan that positions your offering, describes the customer interface and experience, defines the marketing mix, and specifies revenue targets. Investing in a solid launch will get the effort off to a good start and will build pride and buzz among the membership. Existing communication channels make for ideal vehicles for getting the word out. They should be employed as well as other means to draw volume for new financial services offerings.

## Looking toward the Fall



Geraldine Leder

The private client head at Alex. Brown in the 1990s always presented an annual “*Sand out of the Sneakers*” speech, where he validated the restorative effect of time spent at rest and with families, while he marked the official end of summer and return to work. He told the several hundred professionals listening from San Francisco to Boston to “shake the sand out of your sneakers and turn your attention” to client work and professional pursuits. The offices looked forward to it every year. It’s as natural as sending the kids back to school, to take stock, gear up, and move ahead this time of year.

There is more to look forward to in the financial services industry this fall than perhaps the last couple. The equity markets have recovered and interest rates are rising. Marketing initiatives that had been postponed are being dusted off and



Libby Dubick

revisited. Crains reports that New York City hotel occupancy and room rates are recovering too. We are enjoying a sense of optimism that is only mildly reflected in economic signals.

One of the things we are both looking forward to this Fall is working together. This issue is a notable step in our professional collaboration. A New York based consultant to the financial services industry, Libby has extensive experience in investment product strategy, marketing, and distribution. Prior to starting her own firm in 1997, Libby worked at Dean Witter, Citibank and Goldman Sachs where she developed mutual funds, wrap fee and asset allocation programs. In addition to her extensive work with proprietary funds, she has worked in the institutional, bank, broker-dealer and investment advisor channels.

Gerri created LederMark Communications four years ago after serving in senior marketing roles at DB Alex. Brown and Legg Mason, where she worked closely with the private client sales forces in the rollout of products and other initiatives. She provides marketing strategy and specialized communications services through product rollouts and promotional campaigns and directs thoughtful strategy to effect organizational change.

Together we are a strong team. We often say that Libby helps firms decide which products to sell and where, while Gerri rolls them out and helps to sell them better. As always, we enjoy hearing from our readers and colleagues about your interests, so please give us a call any time to explore your marketing challenges or to learn more about our collaboration.

Sincerely,

Geraldine D. Leder  
410-832-7337  
leder@ledermark.com

Libby Dubick  
212-371-7226  
dubick@aol.com

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**Leveraging products across channels.** Institutions should continue to move away from a silo mentality and look for product synergies across markets, like separate account programs that are being offered to both trust and brokerage clients. Sometimes a product successful in one channel can be elevated, or simplified, to work well in another. And when products or services are identified as multi-channel, marketing efforts can be leveraged accordingly.

**Utilizing private labeling.** Firms don't have to have it all to do it all. Partnerships are making it possible for companies to fill out a product offering or extend their brand without actually manufacturing the product. The trick here is to think through the customer experience, so the client isn't left wondering which firm they are really doing business with.

**Packaging products.** Few financial advisors sell a single mutual fund; instead they put a package together to meet the client's goals. Bankers rarely open a checking account without selling overdraft protection. Look for these opportunities within the institution's product set to lower marketing costs and increase account size.

In the past new product development has been one of the key ways firms grew their businesses, but it has often been a “me too” exercise. Given the regulatory, training, and marketing costs involved there has to be a better way, and there is. With distribution planning firms will be able to better assess the potential of a new product, be assured its benefits and features meet channel needs, and maximize their marketing and delivery dollars.

## Starting to Restore Investor Confidence

This month the Securities Industry Association will be conducting their annual survey of investors' attitudes toward their brokers, brokerage firms and securities industry as a whole. We are not looking forward to the results.

Last year—before the SEC settlement or recent revelations about after-hours trading at mutual funds—investor attitudes toward the securities industry and their brokers was at an all time low. Unaided, 41% of investors said the main issue facing the securities industry was dishonesty.

At a speech before the SIA last April, SEC Commissioner Paul Atkins said, "Winning back the trust of individual investors is a long, expensive and hard process." We agree, and all the more reason to get started, but since then we have not seen many initiatives to combat this problem.

We're not suggesting a "Checkers" speech (though in some cases that might not be a bad idea). Rather, like branding, it's doing the right thing for the customer day after day that will rebuild trust. How to jumpstart the process? Here are a few places to start:

- Most investors believe their brokers are giving them good investment advice, but they also know when they are being handed the stock or product de jour. Nearly 60% of the investors surveyed by the SIA said brokers or firms putting their own interests ahead of investor's interests is a "big problem." Advisors need to redouble their efforts to put clients interests first.
- An overwhelming number of those surveyed—82% —want their brokers to help educate them. This is harder than selling, because it means giving them all the information and then making the sales case. Whether this takes the form of better-written collateral, more information on the website, or explaining how corporate governance impacts a company's numbers, companies need to find out what their clients want to learn, how they want to learn it and develop a plan to make it happen.
- And remember the Golden Rule applies. Not "He Who Makes the Gold Makes the Rules" but the other one about doing unto others. If you don't like being solicited over the phone, advertising that over-promises, or being caught in voice response limbo, neither do your clients.

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estimates the worldwide commercial search segment will grow at a compound annual rate of 35% through 2006 from approximately \$2 billion by year-end 2003. The intriguing part of commercial search is that it drives pre-qualified leads to your site in fairly predictable streams at the time the visitor is interested in buying. Consumers welcome the ability to navigate more efficiently to find what they need. In contrast, the peripatetic pop-up ads and banner ads that charge for even casual click-thrus have been as welcome to consumers as Spam.

It may be time to revisit how your prospects and clients are finding your site through search sites and take steps to improve your performance. For those with a special interest in this topic, we recommend the book, *Search Engine Visibility*, by Shari Thurow, which provides a state-of-the-art snapshot and informative overview of the science of search engine optimization that favors some sites over others in the financial services business.

**LederMark Communications**  
502 Washington Ave. Suite 101  
Baltimore, MD 21204  
www.ledermark.com  
410.832.7337  
410.832.2866 fax