

TRENDS IN Wealth Management

VOLUME 1, ISSUE 1

COMMUNICATIONS

Communication is critically important, and we haven't been doing enough of it. This may be the most important and lasting lesson that wealth managers learned from the recent financial crisis.

Earlier this year, we asked a sample of leading wealth managers who increased market share during the recession this question. Did you change your client contact schedule in response to the financial crisis?

The answer was unanimous. Yes, client contacts were significantly increased from normal levels during the crisis. Firms proactively contacted clients with far greater frequency to keep them abreast of the market and discuss the status of their portfolios. Firms also involved CIOs, economists and Heads of Wealth Management in open conference calls with front line advisors and end clients and increased written updates on the markets, allocation strategies and other relevant topics. All this in addition to responding to a spike in inbound calls from anxious clients.

The result of this enhanced communications effort, low attrition rates and increased customer loyalty. Usage of the information is up. Clients are demanding more detail about their accounts and their wealth

management strategy. And, to answer the usual question, clients are not annoyed about being contacted too often or being sent too much information.

Needless to say, the financial crisis was a special circumstance that demanded an aggressive response, but the lesson was clear — client communications could be critically important tools in retaining and building client relationships. The challenge going forward was how to manage communications to their maximum value through both the turbulent and calmer markets to come.

The Key Components of Wealth Manager Communications Programs

We recently took a look at the communications programs of selected wealth managers to see what leading firms in the space were doing in the new normal of the post-crisis period. The table on the next page identifies the key components that we found were common, and which of these communications components specific firms employed.

OPTIMA[®]

Optima Group, Inc.

www.optimagroupinc.com

203.255.1066

Optima Group, Inc. is the leading consulting firm specializing in helping wealth management organizations and asset managers build their business through consulting, research and marketing communications. For more information on how Optima Group can help your firm, please call our President, Ken Hoffman, at 203-255-1066.

Program Components	Northern Trust	BNY Mellon	Bessemer Trust	J.P. Morgan	Merrill Lynch
Market Commentary/Outlook	YES	YES	YES	YES	YES
Securities Analytics/Research	NO	NO	NO	YES	YES
Education/Product Specific	YES	YES	NO	YES	YES
Education/General Advisory	YES	YES	YES	YES	YES
Lifestyle Magazines	YES	NO	NO	NO	YES
Surveys/Demographics/ Wealth/Behavioral	YES	NO	NO	NO	YES

All the firms we looked at provided market commentaries and outlooks as well as libraries of educational materials that included guidance in areas of client interest. Relatively robust communications pieces in these two categories are essential to all programs. Traditional brokerage firms added securities research reports and related analytic information to the mix, while other leading firms created communications to build communities among clients.

A few detailed observations on wealth management communication components among industry leaders are as follows:

Market Commentary/Outlook

All the firms we looked at provided ongoing commentary on the economy and financial markets, but there were differences in the volume of information and the frequency of distribution. Northern Trust and Merrill Lynch make communications available from multiple sources on a daily, weekly, monthly and quarterly basis. Other firms, such as BNY Mellon and Bessemer, publish commentary on a less frequent monthly or quarterly schedule.

Securities Analytics/Research

Only Merrill Lynch and J.P. Morgan provide extensive securities analytic reports, analysis and commentary.

This reflects their core competencies as brokerage firms and supports value propositions that promise access to substantial investment management resources.

Education

All firms provide relatively extensive communications pieces that are educational or advisory in nature. These pieces typically offer guidance in areas such as taxes, retirement or financial planning, wealth transfer, philanthropy and other issues of concern to the affluent. Northern Trust and Merrill Lynch offer the widest selection of this communications genre, although Northern's subject matter and treatment is decidedly more upscale. Reflecting the traditional strengths of the firm, Merrill Lynch takes a more product-focused orientation and targets their pieces in tone and substance to a broader audience.

Lifestyle

Merrill Lynch and Northern Trust also share the distinction of being the two firms that publish full-color, glossy "lifestyle" magazines. Similar to newsstand fare, these sponsored publications have stories on varied, topical subject matter as well as regular features on such areas as new products or services or well-known clients. For Northern, this publication reflects the aspirational or real lifestyle

of its HNW clients and in so doing helps to build a sense of community and belonging among Northern clients. For Merrill, the tone and target of the publication is more retail and promotional, but the intent is the same, to create an identity between target customers and the services and culture of the firm.

Surveys/Demographics

Northern Trust also employs surveys of targeted constituencies that allow clients and prospects to relate their situations and concerns to those of similar status, again enhancing a sense of community and belonging.

Media Usage in Wealth Management Communications

Marshall McLuhan famously said, “the medium is the message.” In many ways, this is true. In wealth management, the breadth and immediacy of media options of a wealth management provider can send a message that the firm is available, responsive and service-oriented, and that its information and outlook is timely and current. Conversely, a firm dependent on more traditional media, mail, in-person meetings, etc. may suggest a more conservative view, with a longer range and more reflective notion of wealth management.

Clearly, there are choices in media that impact the message. The trick is to not fall out of synch with the way your firm’s key markets use and understand media and interpret its underlying message.

We looked at the media usage among leading wealth managers in the post-crisis period. We found that premier wealth management firms are beginning to more aggressively expand the media options they offer to prospects and clients for accessing information. While print and regular mail still play a significant role in information dissemination and marketing, the Internet and alternative forms of electronic communication have been growing in use and popularity.

In the table below, the media options above the bold line may be considered table stakes to compete with premier firms in disseminating information. All firms reviewed provided communications pieces in hardcopy by mail and PDF downloadable from Web sites or delivered via e-mail. Indeed, electronic rather than hardcopy transmission has become the preferred option of most firms.

Media	Northern Trust	BNY Mellon	Bessemer Trust	J.P. Morgan	Merrill Lynch
Print – Mail	YES	YES	YES	YES	YES
PDF Downloads – E-mail	YES	YES	YES	YES	YES
Password-Protected Web Site	YES	YES	YES	YES	YES
Podcasts	YES	NO	NO	YES	YES
Webcasts – Audio/Video	YES	NO	YES	YES	YES
Webinars	YES	NO	NO	YES	YES
Conference Calls – On Demand	YES	NO	YES	YES	YES

All firms also provided more or less robust, password-protected, client Web sites. These typically offered account reporting functionality as well as access to news, information and other communications.

The larger and more resource-rich firms have been quicker to adopt later developments in communications technology. Northern Trust, J.P. Morgan and Merrill Lynch all make healthy use of podcasts, webcasts and conference calls. Particularly at Merrill and Northern, efforts have been made to increase the availability and immediacy of information and to personalize the transmission.

In contrast, the more tradition-rich wealth managers such as Mellon and Bessemer, have yet to fully embrace some of the new technologies. Even though these firms employ some of these technologies, use tends to be more anecdotal and limited in scope.

The Look Ahead

It is clear that communications are becoming a more integral piece of a competitive wealth management offering, and that a well-designed communications program can make a significant contribution to client acquisition and retention.

Our findings suggest that leading wealth management firms realize this, and that they are working to build communications programs that are consistent with, and reflective of, their core competencies and brand promise. In doing so, electronic media options including podcasts, webinars, and even social media outlets are increasingly being used. And, content is also being expanded to include communications that go beyond financial issues to discuss the lifestyles, needs and goals of the affluent.