

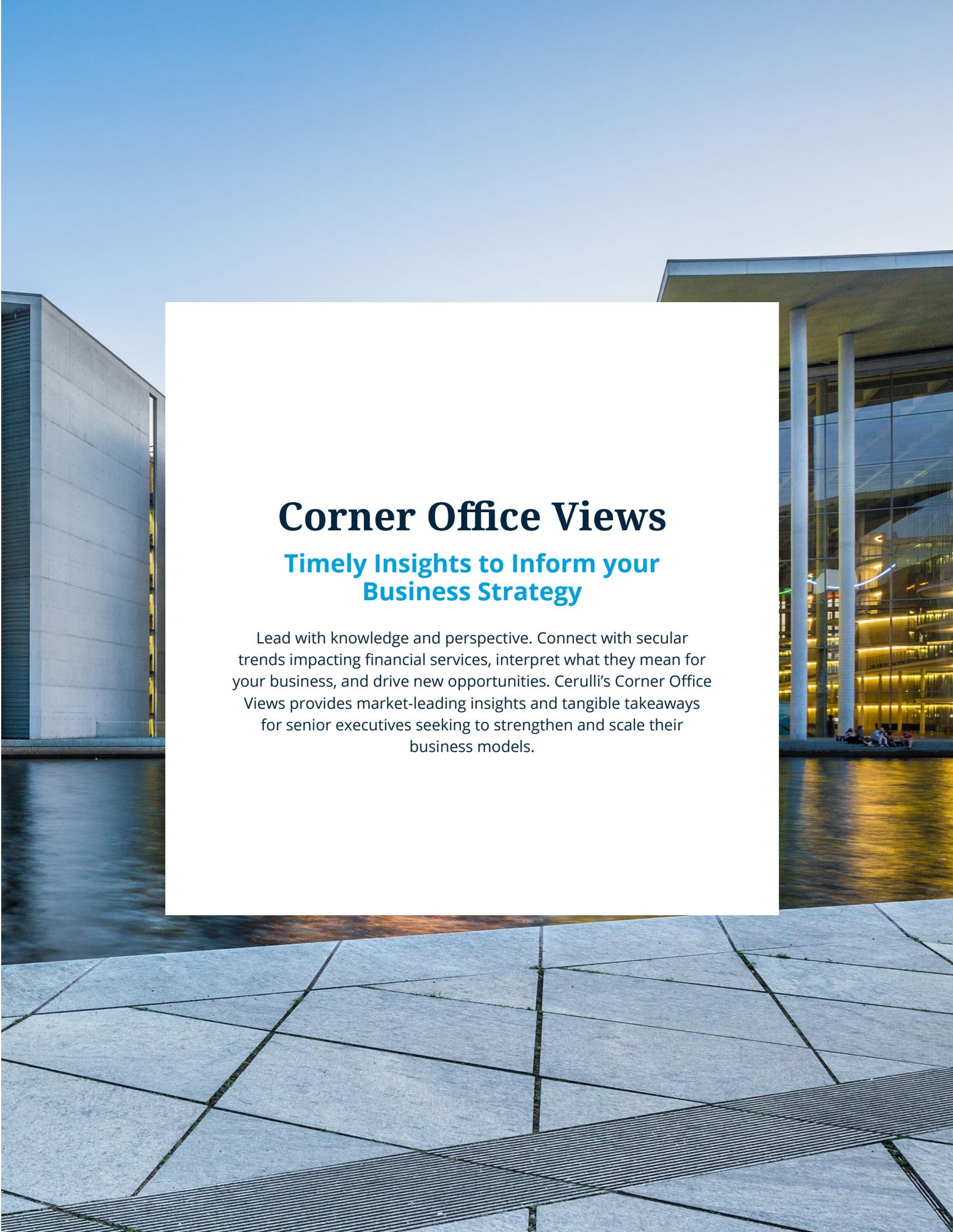
A photograph of the Reichstag building in Berlin at dusk. The building is illuminated, and the German flag flies from the top. A large crowd of people is sitting on the steps in front of the building. The sky is a clear blue. A dark blue rectangular box is overlaid on the center of the image, containing the text 'Corner Office Views'.

Corner Office Views



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A photograph of a modern building at dusk, featuring a large glass facade and a concrete structure. The building is reflected in a body of water in the foreground. The sky is a clear, deep blue. The foreground shows a paved area with a grid pattern and a metal grate.

Corner Office Views

Timely Insights to Inform your Business Strategy

Lead with knowledge and perspective. Connect with secular trends impacting financial services, interpret what they mean for your business, and drive new opportunities. Cerulli's Corner Office Views provides market-leading insights and tangible takeaways for senior executives seeking to strengthen and scale their business models.

About the Author



Fabrizio Zumbo

Associate Director,
European Asset and Wealth
Management Research

Fabrizio leads the European Retail/Wholesale Asset Management research practice, which focuses on analyzing asset management product development trends, investment, operational and marketing strategies, market and distribution dynamics, regulatory changes, and performing market and competitive intelligence in the United Kingdom, Continental Europe, and the Nordics.

Prior to joining Cerulli, Fabrizio served as a Lead Industry Analyst at State Street in London and as a Senior Analyst & Research Editor for the PwC's Global Market Research Centre in Luxembourg. Previously, he carried out several field-based research projects in emerging and frontier markets for international market research and economic consulting firms, spending almost five years performing economic and industry analyses in several countries in Latin America, Africa, and the Middle East.

Education

- Warwick Business School, UK
MBA Candidate
- University of Bologna, Italy
M.Sc. Development Economics, magna cum laude
- University of Bologna, Italy
B.Sc. International Relations

Areas of Expertise

- Data, market, and competitive intelligence on different segments of the asset and wealth management industry in the United Kingdom, Continental Europe, and the Nordics
- Market trends and dynamics of mainstream and alternative asset classes, exchange-traded funds (ETFs), environmental, social, and governance (ESG), and responsible investing
- Strategic consulting, focusing on market-entry strategies, product-viability analysis, investors' and intermediaries' behaviors, competitive benchmarking, customized industry research, and thought leadership
- Private banking and wealth management segments
- Global markets, macroeconomics, and geopolitics

Recent Project Work

- Market-entry strategy for a large U.S.-based asset manager willing to launch new products in selected European markets
- Competitive analysis, product, and market assessment for a large Europe-based asset manager
- Brand assessment analysis in several European countries for a large Europe-based asset manager
- Several white papers and thought leadership reports for large international asset managers



The Rising Importance of Brand in Europe

Marketing budgets are rising in 2022

Key Points

- Marketing budgets are set to rise in 2022, whereas last year, 56% of the managers we surveyed expected their marketing budgets to remain flat.
- Of asset managers surveyed in Europe, 52% intend to recruit brand specialists.
- Cerulli's research shows that marketing departments at asset management firms throughout the region see brand specialism as an area of expertise they want to build over the next two years.

Marketing evolves

The coronavirus pandemic has had a significant impact on marketing departments across many industries. In the asset management sector, the switch to remote working forced firms to use technology to prevent any major break in commercial activity. This allowed marketing staff to experiment with how best to capture the attention of investors, both old and new—something that became more important as lockdowns dragged on. Today, marketing teams are still fine-tuning their approaches and seeking to ready themselves for life after COVID-19. Marketing budgets are set to rise in 2022, whereas last year, 56% of the managers we surveyed expected their marketing budgets to remain flat. This shift suggests that uncertainty is fading and optimism is increasing.

Of asset managers Cerulli surveyed in Europe, 34% expect social media to be the main focus of their marketing activities over the next two years.

Social media is set to be the biggest beneficiary of increased marketing budgets: 34% of the asset managers Cerulli surveyed in Europe expect social media to be the main focus of their marketing activities over the next two years. In addition, 52% intend to recruit brand specialists. The proliferation and commoditization of investment products in recent years has made it increasingly difficult for asset managers to compete on price or product alone. It has also demonstrated the increased importance of brand perception in the industry. Although brand plays a relatively minor role in asset management compared to industries such as fashion, in a highly competitive environment where the differentiation of value propositions is becoming more challenging, brand is gathering momentum.

Brand perception

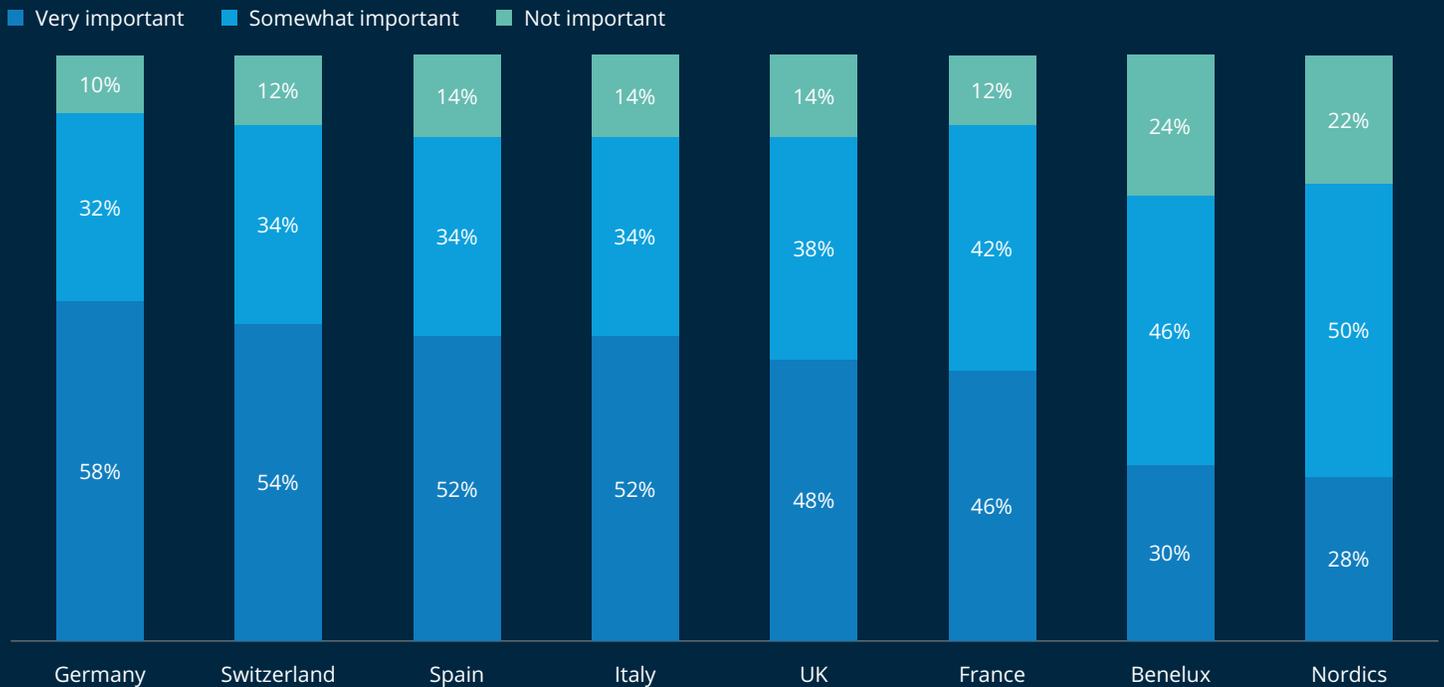
Cerulli's survey of asset managers operating in Europe found that 46% of respondents consider brand a very important element of sales and 15% consider it not important. The importance of brand also varies across Europe. As the exhibit below shows, 58% of the asset managers Cerulli surveyed consider brand a very important element of enabling sales in Germany, compared to only 28% of respondents in the Nordic region. In addition, 46% of the managers we surveyed believe brand is very important in France, compared to 30% in the Benelux market.

Despite the differences across Europe, Cerulli's research shows that marketing departments at asset management firms throughout the region see brand specialism as an area of expertise they want to build over the next two years. Several of the managers we interviewed said that brand has become strategically important when building partnerships with external distributors. In addition, 32% of the managers we surveyed identified brand awareness as a very high priority for their marketing teams over the next 12 to 24 months.

Brand perception remains difficult to define and even more difficult to quantify. Cerulli uses five main components when assessing an individual asset manager's brand. We called them the "five Ps" of a brand: product and services, people, processes, price, and promotion. As the exhibit below shows, each category has multiple subcomponents. These include the stability of performance, investment strategies and product suite, the stability of the investment team, risk management, value for money, and thought leadership.

Some brand subcomponents are more important than others to investors when they are deciding whether to work with an asset manager. For example, 54% of the asset managers Cerulli surveyed believe that the quality of relationship management is highly valued by institutional investors. In addition, 48% of respondents believe that risk management is important to such investors and 46% believe they value the quality of client service. In the retail sector, the scenario is broadly similar, but some differences exist. For instance, although 48% of the managers Cerulli surveyed believe the quality of relationship management and client services is of high value to retail investors, respondents believe such investors also prioritize the stability of performance.

Asset Managers' Views on the Importance of Brand in Enabling New Sales in Selected Markets, 2021



Source: Cerulli Associates | Analyst Note: Managers were asked how important their organization's brand is in enabling new sales in selected markets.

The Five Components of Brand



Products and Services

- Strong investment product and solution offering
- Having innovative products
- Responsible investment approach
- Stability of performance



People

- Stability of the firm and investment team
- Quality of relationship management
- Quality of client service
- Workforce expertise



Promotion

- Thought leadership offering
- Digital access and content



Price

- Providing value for money (competitive fees)



Process

- State-of-the-art systems and technology infrastructure
- Risk management

Source: Cerulli Associates

Asset Managers' Views on the Value of Selected Brand Subcomponents to Retail Investors, 2021

■ 5 ■ 4 ■ 3 ■ 2 ■ 1

Quality of relationship management



Quality of client service



Having innovative products



Stability of performance



Responsible investment approach



Source: Cerulli Associates | Analyst Note: Managers were asked the extent to which they think their retail clients value selected brand subcomponents when deciding whether to work with their organization. 1 = do not value, 5 = highly value.

The fund selectors' view

However, the fund selectors Cerulli surveyed have slightly different views to the asset managers we surveyed. Fund selector respondents identified the following as their top five subcomponents of asset manager brands: the robustness of investment products and solution offerings, (with a score of 4.1 out of 5), value for money (4.1), stability of performance (4.0), stability of the investment team (4.0), and quality of client service (4.0).

The strategies asset managers offer are becoming more sophisticated in line with their clients' needs. Managers are interacting more with distributors as fund selectors look at funds in increasing detail, which means they need timely and rich flows of information. The quality of managers' client service is therefore becoming an important element of the perception of their brand. A fund selector at a private bank in Italy told Cerulli that timely and meaningful interactions with managers' client service personnel help to establish trust. During due diligence, fund selectors tend to ask a series of questions about the investment process and how the investment team is structured (how many people are in the team, what expertise they have, how the portfolio manager is generating alpha, how performance is attributed, and so on). Managers that provide the required information smoothly are well placed to build trust and long-term relationships.

Private banks' fund selectors tend to attach more importance to cost, quality of client service, quality of relationship management, digital access and content, and manager's responsible approach.

advisors look at value for money, stability of performance, and managers' investment products and solutions. Asset managers should tailor their brand awareness efforts, taking into account the different requirements in different markets and channels.

Although the fund selectors Cerulli surveyed believe managers' responsible investment approach is still not a key subcomponent of their brand, it has become more important over the past two years. Many of the fund selectors we spoke to said that, in the future, managers that do not have strong, diversified, and clearly disclosed responsible investment credentials will be at a disadvantage. Third-party fund selection is also gradually changing and fund selectors in Europe are increasingly taking into account less tangible elements of an asset manager's value proposition (such as the quality of its relationship management and client service) alongside traditional quantitative metrics (such as risk-adjusted returns, multi-year track record, and cost). There is no one-size-fits-all approach and many fund selectors told Cerulli that brand perception and the value attached to different intangible elements are evolving—and can differ substantially by country and investor channel.

What fund selectors want most varies by market and channel. For example, the three brand subcomponents that fund selectors operating in the UK value most in asset manager brands are strong investment products, competitive fees, and stability of performance. In Germany, the top three subcomponents are the stability of the investment team, digital access and content, and strong investment products. In Italy, cost, stability of performance, and quality of client service are the top three; in Spain, fund managers focus on product strength, the stability of the investment team, and quality of client service.

Private banks' fund selectors tend to attach more importance to cost, quality of client service, quality of relationship management, digital access and content, and manager's responsible approach. In contrast, independent wealth managers' fund selectors pay more attention to managers' product ranges (because they are looking for highly specialized investment strategies to include in their clients' portfolios), the stability of the investment team, and innovation. Fund selectors at independent financial

Fund selectors at independent financial advisors look at value for money, stability of performance, and managers' investment products and solutions.





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For nearly 30 years, Cerulli has provided global asset and wealth management firms with unmatched, actionable insights.

Headquartered in Boston with fully staffed offices in London and Singapore, Cerulli Associates is a global research and consulting firm that provides financial institutions with guidance in strategic positioning and new business development. Our analysts blend industry knowledge, original research, and data analysis to bring perspective to current market conditions and forecasts for future developments.

Cerulli's research product line includes the Cerulli Report series, the Cerulli Edge series, and Cerulli Lodestar.

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