

The Financial Advice Marketing Mix



The Sweet Smell of Success in the Financial Advice Marketing Mix

Liquorice allsorts and dolly mixtures spring to mind, but I hasten to reassure you that neither teeth nor waistlines were harmed in the writing of this guide. It explores the individual ingredients that make up a good marketing mix for a service, as opposed to a more tangible product.

Focusing on Mischievous Marketing's own specialism in the Independent Financial Adviser (IFA) niche, we take a look at the variety of aspects that organisations need to factor into their marketing plans to ensure nothing is overlooked.

The foundations of any marketing mix stem from a time when the economy was more product based, at which point the traditional marketing mix comprised Product, Price, Place and Promotion. It was later extended into a more complete services marketing mix, incorporating additional elements so that important decisions relevant to service industries were also covered - People, Process and Physical Evidence.



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Product

This is a useful starting point because although financial advice is essentially a service industry, what's on offer is an advice and research service which may include recommendations to use a set of financial 'products' even if you can't physically touch them. So for the services marketing mix the terms products and services are sometimes used interchangeably. It's important to understand the nature of the service your customers want and also consider how many service propositions should make up your repertoire. Too few and the choice may be too narrow and not meet your clients' requirements, but too many and it may become confusing and difficult to manage.

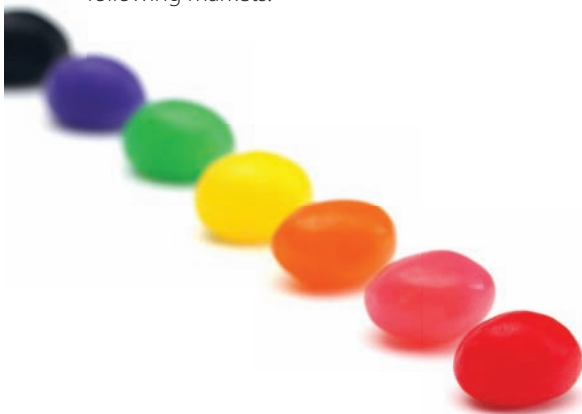
In order to understand what the offering should be you firstly need to understand more about your customers. This segmentation exercise will involve drawing up coherent and clearly defined service propositions. Be more specific than just focusing on a single factor, such as a particular location or 'people nearing retirement', so that your targeting is focused and more effective. For example IFAs could design solutions for the following markets:

1. GPs running their own practice as a partnership with children under the age of 10
2. Chartered surveyors, members of RICS, working in an organisation of between 25-50 staff and attending CPD events at least 4 times a year

There are several advantages to being crystal clear about your services. It creates transparency in respect of the Financial Conduct Authority (FCA), making IFAs more easily auditable as it becomes more obvious exactly what they're providing for their clients. It's helpful within your existing team as well as for potential new advisers, ensuring consistency and a greater sense of collective endeavour. If there's been a tendency for colleagues to do their own thing, pinpointing service propositions is a helpful mechanism to bring everyone back into line and this in turn informs consistency in fees and processes.

Crucially, clarity in your offering is the best way to educate clients about what they'll get from you, and key to successfully managing their expectations. In cases where you gain new clients through acquisitions, having clearly defined service propositions will make for more streamlined and painless transition because good communication fosters confidence.

Once you have created and agreed your service propositions, you need to think about how and where to communicate them, as these are also vital ingredients in the mix.



Pricing

This isn't just about making a batch of goodies in your kitchen, after all, you're running a business, not a hobby. Therefore it's vital to get your fee levels right: how much is charged and for what proposition? This has become especially important of late due to reforms within the IFA industry, as the Financial Conduct Authority (FCA) sets great store on the transparency of pricing structures.

Think of the logic of ensuring value for money for a service well delivered. Your clients need to feel they're getting a good, fair deal. But you'll also want to ensure continuity of service so it needs to be pitched at a viable level; there's no point making your offering so cheap that you risk going out of business. Clarity also makes for greater consistency in the rates offered by the different advisers within your team and avoids unhelpful discounting.

The financial viability of your agreed pricing structure needs to link back to your product. Different products will entail varying amounts of contact time, for example. If a fee of, say, £750 offers the client one face-to-face visit per year, twice that amount may offer two visits, amongst the other benefits within your service. Making it clear will help the client determine the service level which is right for them.

There will be additional challenges if you find yourself in a position of acquiring clients by taking over retiring IFAs' portfolios. Sometimes these ventures have been run as more of an interesting hobby than a true cost-effective money-making concern. Over time you will need a plan to communicate fully so that raising fees is seen to be fair and acceptable - more a spoonful of sugar than a bitter pill.



Place

Now you have your product and price sorted out, where are you going to deliver the goods - or, in this context, service? In the world of financial advice, historically this has often been in the client's own home. Taking into account the whole of the marketing mix, place is the one aspect which may most be affected by technological innovation, since home visits could now be replaced by Skype calls, for example. You may even be considering adding Robo advice to your service offering, although advisers have found even with online provisions clients may request some additional advice.

But a variety of options remain: face-to-face reviews, phone, Skype, as well as the lightest level of contact through email or postal reviews. Even Skype and phone reviews still take time to prepare, deliver and follow up, so the only cost saving is travel time and mileage. It's therefore important to accurately build in relevant costs, even when conducting business via new technologies.

For those clients whom you don't meet face-to-face for their reviews, it may be worth holding some events for them to network with each other and with your team. This is an effective way of making sure their relationship isn't simply with one person, which could be risky should their adviser leave.

We worked with one IFA firm to research the preferences of their clients with £300-500K investment portfolios, in terms of contact with the firm.



They wanted one to two visits per year as long as this was supplemented by other means of communication and the knowledge that if they had any questions they'd get a prompt and well informed response.

On the other side of the coin, think about whether clients visit your office. If so, **put yourself in their shoes and trace their journey to ensure every touch point is a pleasant one.** You may wish to offer an exceptional personalised service: a car parking space with the client's name on, preferred drink offered on arrival. If this goes hand in hand with excellent advice the results are solid relationships that often lead to secure referrals.

Promotion

We've already talked about the potential for personal recommendation and referrals if you've got the previous Ps right, but not all your business will fall into your lap in this way and nor will it happen by magic! Promotion is all about raising your profile so that you can generate new business. If you show off in the right way, people will stop and look!

The key is to find the right ways that work for you, as there are plenty of different techniques.

Advertising may first spring to mind, but it's expensive so you need to think about whether it'll be cost-effective. Somewhat ironically, because it's paid for there's also the problem that your target audience may find it less credible. Advertising requires considerable thought in terms of what to say and where to say it, with your audience always at the centre of those considerations.

Public relations can play a very useful role if handled well, and tends to carry more credibility than advertising. PR experts will be well versed in the need to tell compelling stories on your behalf that capture your audience's attention, as well as having the expertise to pinpoint the best media to raise your profile and fly your flag. Clearly this also carries a cost and results are not guaranteed, but the likelihood of exposure that converts to business is much greater. Do be careful about keeping a solid grip on what you expect of your PR firm and don't let them get away with running 'easy' stories but rather insist on showcasing the heart of your business to its best advantage.

Social Media – this is an engagement tool and similar to networking. There are a variety of platforms and our recommendation would be to choose wisely and then be proactive with an integrated campaign. By understanding the subtle differences between each media your messages and engagement will vary.

A rather proactive promotion tool would be to put on a **seminar** about something topical such as pension reforms. This gives you the opportunity to raise awareness and maybe plant the seed in people's minds that they should pay more attention to this area than they perhaps had hitherto. Crucially it lets them view you and your team as experts in your field so that they become interested in taking up your services. In order to get such an event off the ground, this in itself requires some marketing, through PR, advertising or direct mail.

Direct marketing involves selecting and targeting a specific sector of people, by profiling the characteristics of your ideal clients and locating them. This can be done by renting a list, comprising, say, owners of homes valued over £350K, in a certain location, aged 55-65. Once identified, they could be invited to a pension seminar or a personal no-cost initial financial review. This approach may reach less people than traditional advertising but because the message is much more focused on the target's specific circumstances and needs, it's much more likely to deliver positive results.

Process

On the face of it, your processes may not naturally be seen as part of your marketing effort. But you do need to have the processes right so that your service quality is underpinned - otherwise you might find that all the energy poured into marketing comes to nothing as it turns out you can't deliver what you promise. It's all about the systems you have in place for delivery of your service. If your business operates like a well-oiled and efficient machine, it's more likely to build customer confidence and loyalty.

Personnel. Basically it's a case of everybody knowing what to do and how to do it. Are the members of your team sufficiently trained so that they understand their roles and how to fulfil them? It may be helpful to standardise processes and even formalise them in a written handbook, physical or online. Ongoing development of staff is also important so everyone keeps up to speed and avoids bad habits creeping in - this would normally fall within the remit of the compliance/training officer.

Infrastructure. Nothing ever stands still in the modern business world, so it's important to keep up with systems, software and other IT developments, or before you know it you've been left behind. It can be costly but absolutely essential for scaling up the business. This aspect needs constant review to check that the right investments are being channelled into growing your technological infrastructure.

Change management. When one of your team members leaves, this often signals a suitable time to review processes with a view to greater efficiencies. You could consider whether a direct replacement is necessary or whether it's a good chance to take advantage of advances in technology. Their role, for example, could perhaps be cost-effectively outsourced.

However you manage them, your processes need to be sweetness and light if they're going to work in harmony with your marketing mix.



People

If you're an IFA, your product and pricing is all about facts and figures and your processes are the nuts and bolts of how they are delivered. But who delivers them? Your people! People are an essential ingredient in getting the mix right. In an industry dealing with intangibles and virtuals, people are one of the few elements that customers can actually see and interact with, and they can make or break your business.

Great customer service boils down to the commitment of your team. In Jim Collins' research into great organisations he states '...to build a successful organization and team you must get the right people on the bus.'

Once you've got great people in place, treat them well and they'll remain loyal and become a true asset. This could include **training and empowerment** and this may be doubly effective if qualifications gained help your firm achieve Chartered status. Encouragement of interpersonal skills, aptitude and service knowledge will equip your people to represent your organisation to good effect. It makes good sense from a self-esteem perspective and that all-important spirit of collective endeavour.

It's worth looking at the **psychological contract**, which is all to do with the perceptions of the two parties, employer and employee, of what their mutual obligations are towards one another.

Due to the changing landscape, what was discussed at recruitment interview may over time no longer hold true, and this could result in feelings of distrust or frustration. This psychological contract, dealing with promises versus expectations, tends to be more influential than any legal contract in day-to-day behaviour. It's important to have regular, honest and open one-to-ones with your team to ensure that both sets of expectations continue to be well matched in times of change.



Do ensure you're consistent in your messages both internally within your team and externally to people who may make referrals, so that your proposition, unique selling point and values are clear to everyone who could come into contact with potential clients.

Echoing the Process element of the marketing mix, it's an idea to invite people to events to facilitate connections with more than just their own personal adviser. This is especially helpful in case a time comes when that adviser leaves. Similarly, there could be a culture of support personnel developing helpful working relationships with clients through phone contact. That way, the client feels they have a relationship with the firm as a whole rather than just one individual.

Physical Evidence

In contrast with the rather intangible nature of your service offering, the physical evidence is literally something that your customers can get hold of. So along with the earlier ingredients within the marketing mix, do formulate a strategy in respect of your concrete 'stuff' and don't allow any room for your physical evidence to put customers off!

Think logo, business card, website, brochures, client propositions, office signage, in other words anything on which people will form an impression about your firm - and remember that you only get one chance to make a first impression. If what you're portraying isn't right for them, people will walk away even before trying the service.

You need to capture a solid, consistent and easily recognisable message that somehow encompasses your essence and core values. It's about building trust, whether in creating that all-important first impression or in forming long-lasting relationships with people who may only see you once or twice a year but who still need to feel they are experiencing good value.

There are lots of creative ideas for implementing innovations in terms of personalised physical evidence.

A good starting point is a client welcome pack including their personalised information and photographs and introductions to relevant individuals that they'll deal with. This is particularly useful as far as support staff are concerned, as the clients are less likely to meet them but that rapport is still important to establish.

A personalised 'next of kin' handover document is an extra reassuring touch, should anything happen to your client. In fact, understanding all potential stages in the client journey is a good way for you to identify the kinds of physical evidence that might come into play at any given time.

Just like pictures, physical evidence can paint a thousand words, so keep it eloquent and sweet.



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