

SURVEY

**DIGITAL MARKETING PRACTICES
AT ASSET MANAGEMENT FIRMS**

SUMMER 2015

EXECUTIVE SUMMARY

Introduction

In 2012, Kurtosys conducted a survey amongst investors to determine their preferences regarding online access to fund marketing data, fund reporting services and mobile accessibility. At the time, “digital marketing” was just starting to become a trend in the asset management world, primarily driven by demand from investors.

Three years later, we decided to survey digital marketers at asset management firms to determine how they’re dealing with this changing landscape. Not surprisingly, we’re now seeing that digital marketing has come to the fore and is driving much of the marketing efforts of fund and wealth management firms worldwide.

Objectives for the 2015 study were to determine:

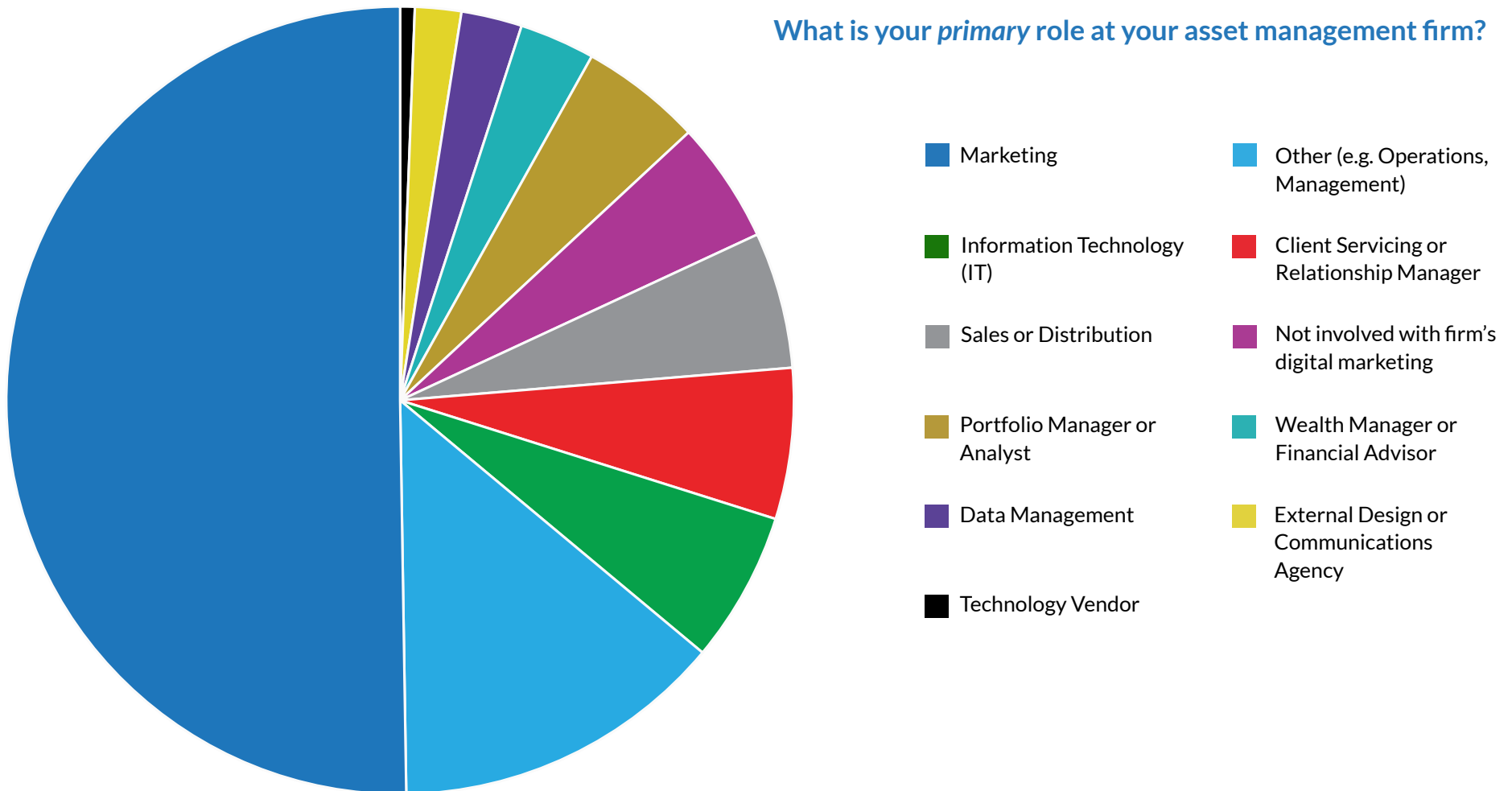
- Goals and priorities for digital marketing programs at asset management firms
- The importance – and effectiveness – of various digital marketing channels, including the website
- Criteria used to measure marketing effectiveness
- Challenges to marketing going forward
- Trends in digital marketing technology investments



Study Methodology

In June 2015, Kurtosys invited its community of digital marketing executives at asset management firms worldwide to complete a nine-question online survey via SurveyMonkey. Nearly 200 qualified respondents completed the survey, representing a range of fund and wealth management firms of all sizes. Over 50% of the respondents identified their primary role as “Marketing” and another 15% identified themselves as Operations with responsibilities related to marketing or client reporting.

What is your *primary* role at your asset management firm?



KEY FINDINGS

Asset management marketing is shifting from a role of supporting sales and distribution to actively engaging clients and targeting investors.

Asset management marketers today have an arsenal of digital tools to directly target and engage with prospects and clients. They're now focused on enhancing the user experience, and measure their performance through client satisfaction. We'll continue to see an expanding role for marketing as competition for investing dollars increases and the dominance of traditional distribution channels decreases.

The website has become the indispensable hub of the digital marketing program – and a key way to improve client service and extend distribution.

With increasing numbers of proactive and digitally-savvy investors, the website is becoming the primary channel for fund information and even for direct investment. Although survey respondents ranked fund descriptions and fund factsheets as the most valuable section of their websites, we continue to see far too few asset managers using interactive performance data or fund widgets to engage users.

Content marketing has finally arrived in asset management and is a big driver of the digital marketing effort.

Nearly 40% of the respondents said that content marketing has produced the best results for their firms, with email marketing not far

behind. At the same time, they claim that one of their biggest challenges is determining the ROI of their marketing efforts, which can be difficult to measure without integrated digital marketing platforms.

Manually creating documents, such as fund factsheets and client reports, continues to be a tremendous pain point for the digital marketer.

Nearly 40% of the respondents said they plan to invest in a documents automation platform, which is their top-ranked technology investment for the coming year.

With less time spent on manual processes, asset management marketers will increasingly take advantage of the next wave of digital marketing technologies, including CRM systems, new websites with dynamic content and marketing automation platforms.

This triumvirate of marketing technologies will enable the digital marketer to not only improve their ability to interact with clients and prospects, but also deliver measurable results for their firms.



DETAILED SURVEY RESULTS

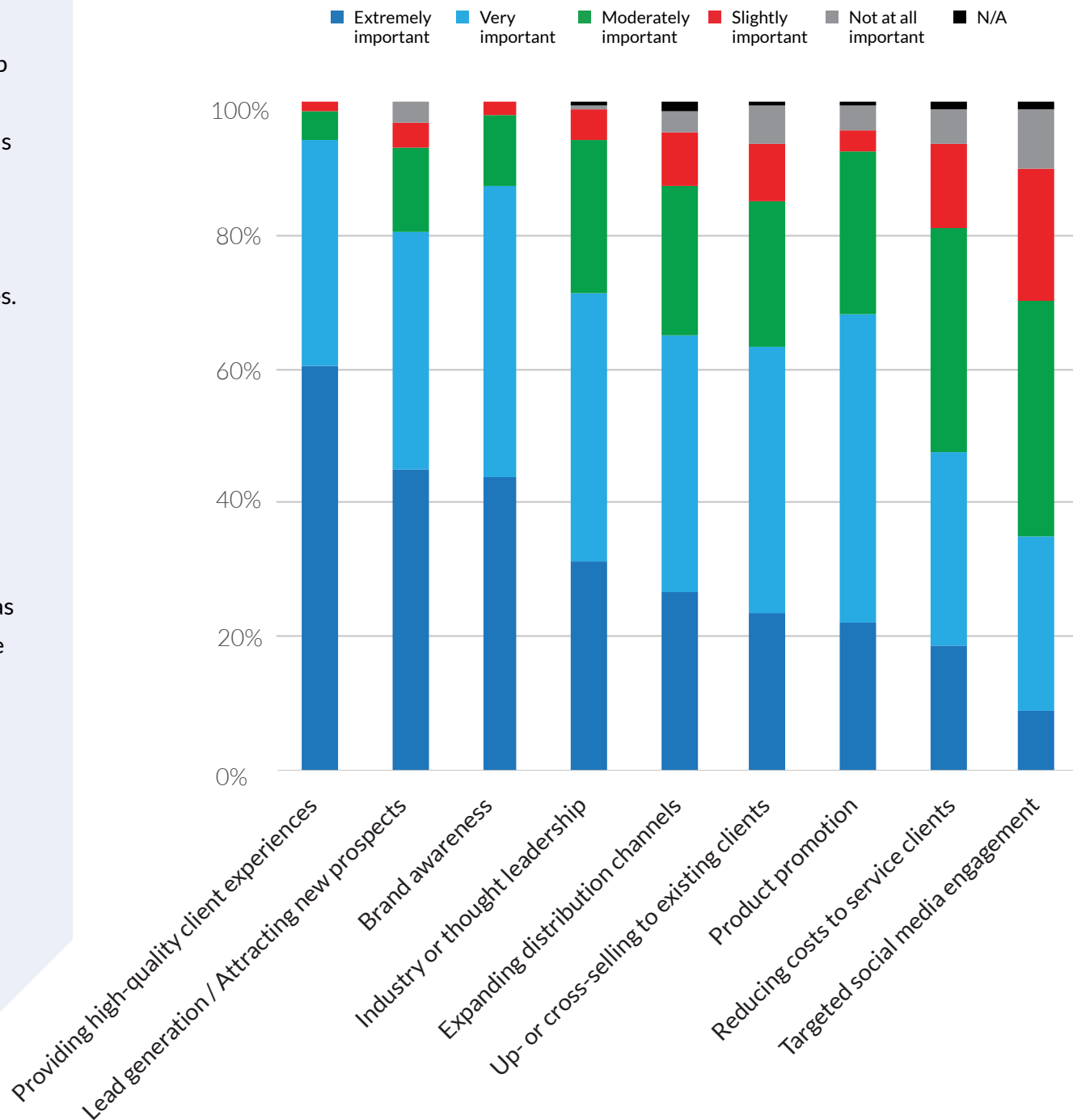


Thinking about your asset management firm’s objectives for your digital marketing programs, how important is each of the following?

1. Marketing Objective Priorities

Asset management marketing has traditionally focused on brand awareness, thought leadership and product support, leaving prospecting and client servicing to the sales and distribution arms of the business. But with increased pressure to deliver measurable results and more self-directed investors who rely on their digital devices, today’s fund marketer has new priorities.

Over 60% of the respondents in our study state that the most important objective for their program is “providing high-quality client experiences” and nearly 50% rate “attracting new prospects” as extremely important. The ability to use digital channels to target, interact, inform and engage with prospects and clients has changed the game forever. While amplifying the brand is still very high on the agenda, it is now a means to the end.



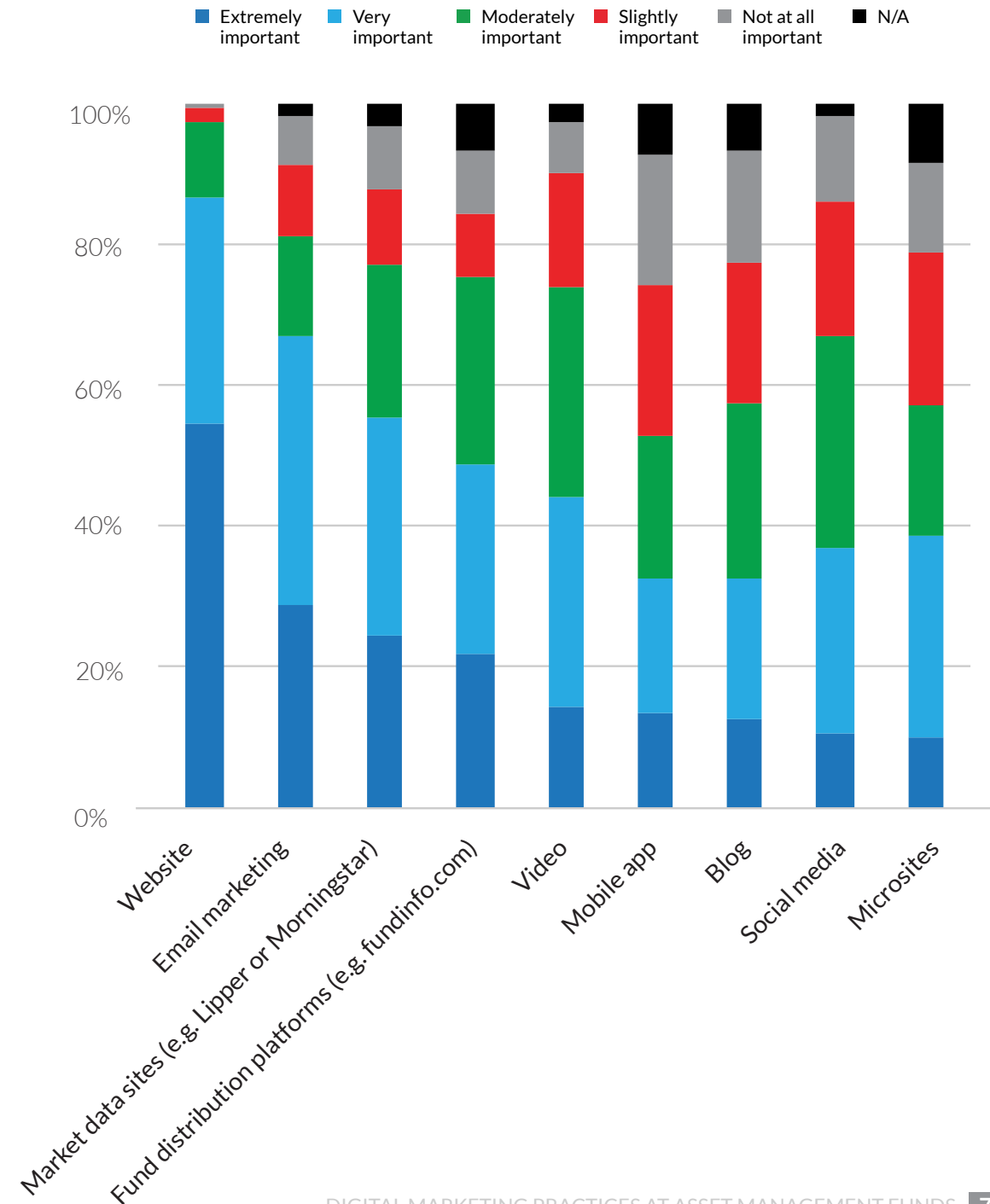
2. Digital Marketing Channels

Not surprisingly, a firm's website is seen by nearly 90% of the respondents as being extremely or very important to their efforts. They see the website as a key way of improving client service and growing their distribution reach.

Email marketing is still considered a very strong channel for disseminating information and creating engagement with clients and prospects. Email provides the ability to directly communicate with investors and deliver specific content. On the other hand, while microsities can be an effective way to target and customize content for specific markets, few respondents seem to be making the most of this channel.

And while everyone talks about having a social media or blog presence, the resources needed to do it right preclude a lot of firms from making it a significant part of their marketing efforts.

How important is each of the following channels in your digital marketing efforts?

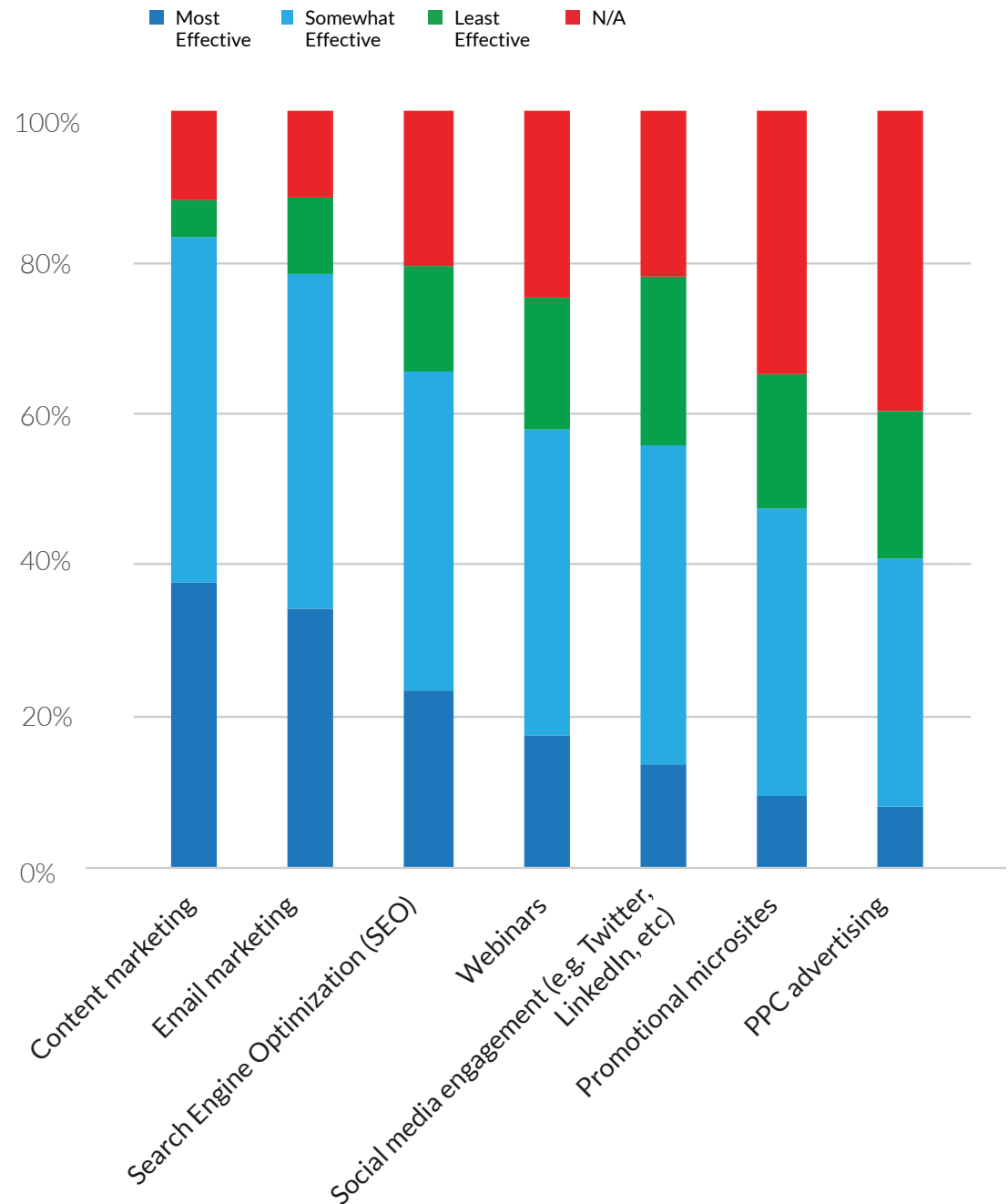


3. Effectiveness of Various Marketing Strategies

Nearly 40% of the respondents said that content marketing has produced the best results for their firms, with email marketing not far behind (34%). While content marketing has been the buzzword in the consumer marketing world for the past few years, it seems to have finally arrived in the asset management world and is seen as a big – and successful – driver of client and prospect engagement.

Despite the fact that over 90% see their websites as the most important channel for the marketing, respondents don't seem to be reaping as great a reward from SEO and SEM. This might indicate a need to optimize their sites and better synchronize with their content marketing efforts.

Please rate the following digital marketing strategies in terms of which have produced the best measurable results for your firm?

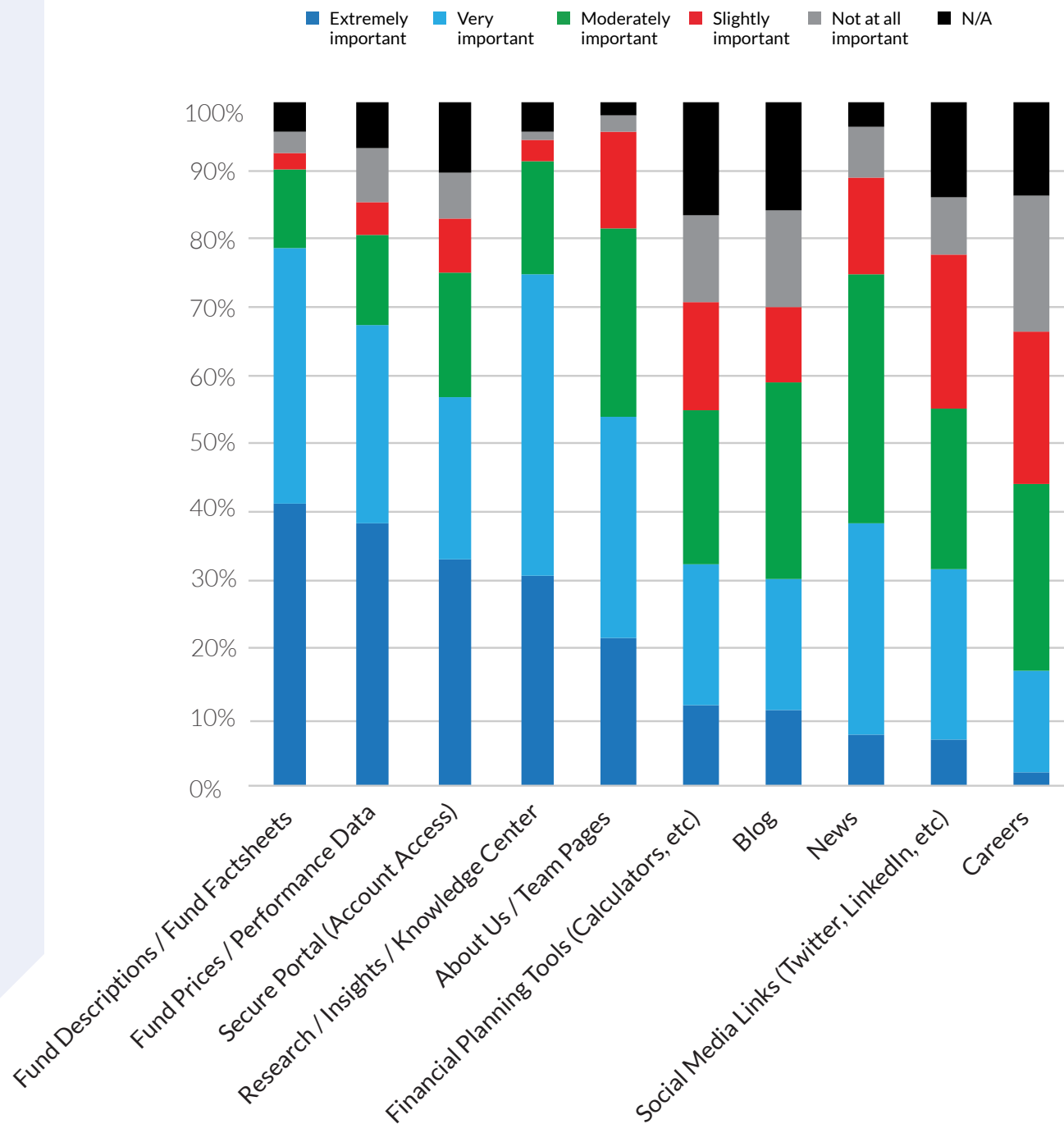


How important is each of these sections of your firm's website in terms of achieving your digital marketing goals?

4. Importance of Website Content

In our 2012 investor survey, the majority of investor respondents (53%) said that they visit a fund manager's website primarily for the online reporting portal. Nearly 45% of the investors said they visit to view factsheets and fund prices.

Despite investor demand, only one-third of digital marketers rate the Secure Portal as an extremely important section of their website. Nearly 80% of marketers see Fund Descriptions and Fund Factsheets as the most valuable section, probably because their web analytics indicate that it's still the most visited section. "Research/Knowledge Center" is rated not far behind (75% of respondents) in terms of being an extremely or very important section for achieving digital marketing goals. In an age of content-driven marketing, fund descriptions and data may be the drivers of web traffic but research and insights are what keep visitors there.

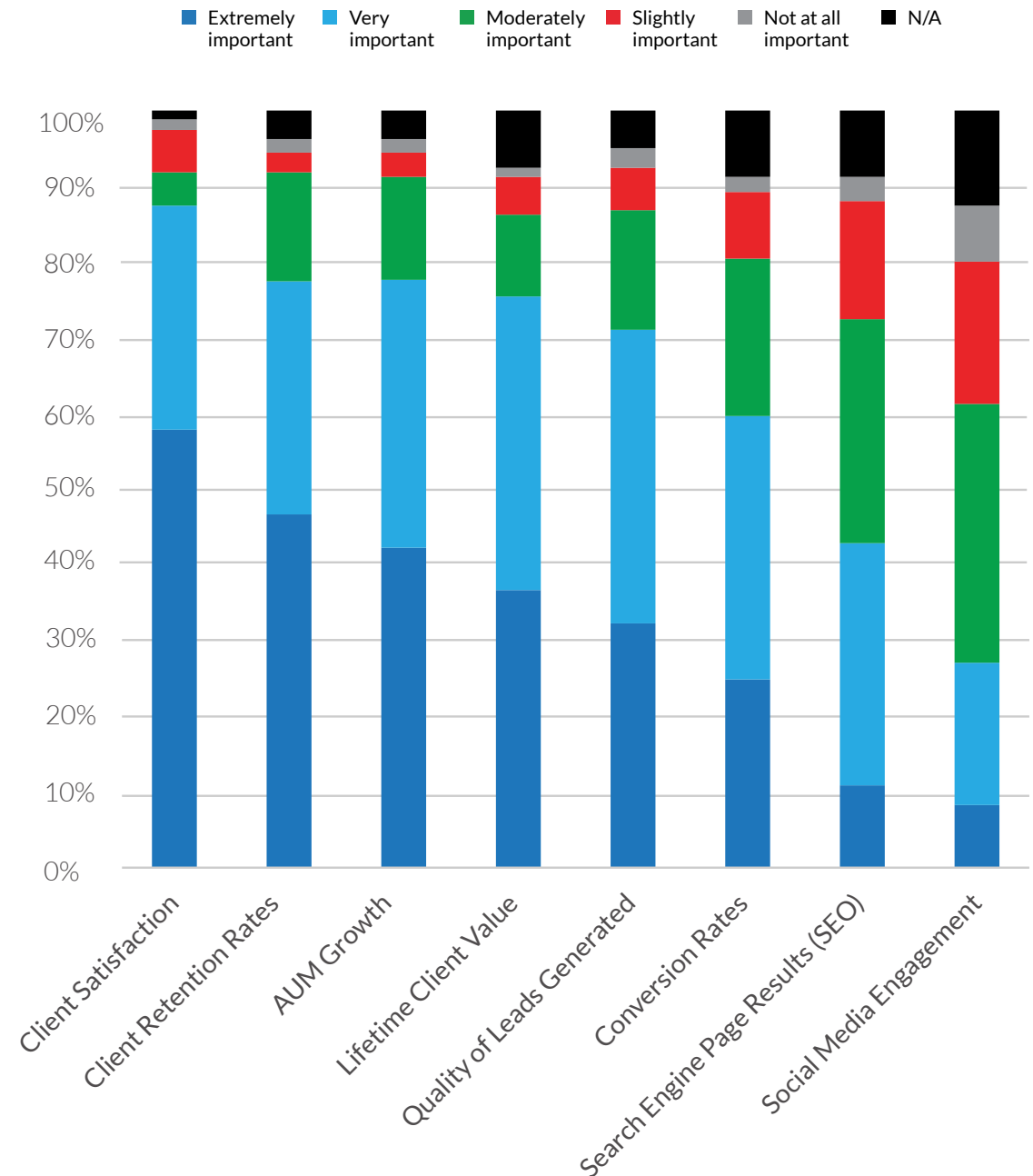


5. Marketing Performance Metrics

Since respondents rated “providing high-quality client experiences” as the top objective for their marketing programs, it’s no surprise that “Client Satisfaction” is deemed to be the most important metric for measuring digital marketing performance. We’re not sure how they’re measuring client satisfaction, but presumably it’s through proprietary studies and client retention rates.

From these results, it would seem that digital marketers are tasked mainly with client retention and existing client growth rather than prospecting or lead generation. We anticipate the balance might shift slightly as they adopt new marketing technologies, enabling their websites to become lead gen machines and dynamic distribution channels.

Please rate how important each of the following criteria is when measuring your digital marketing efforts?



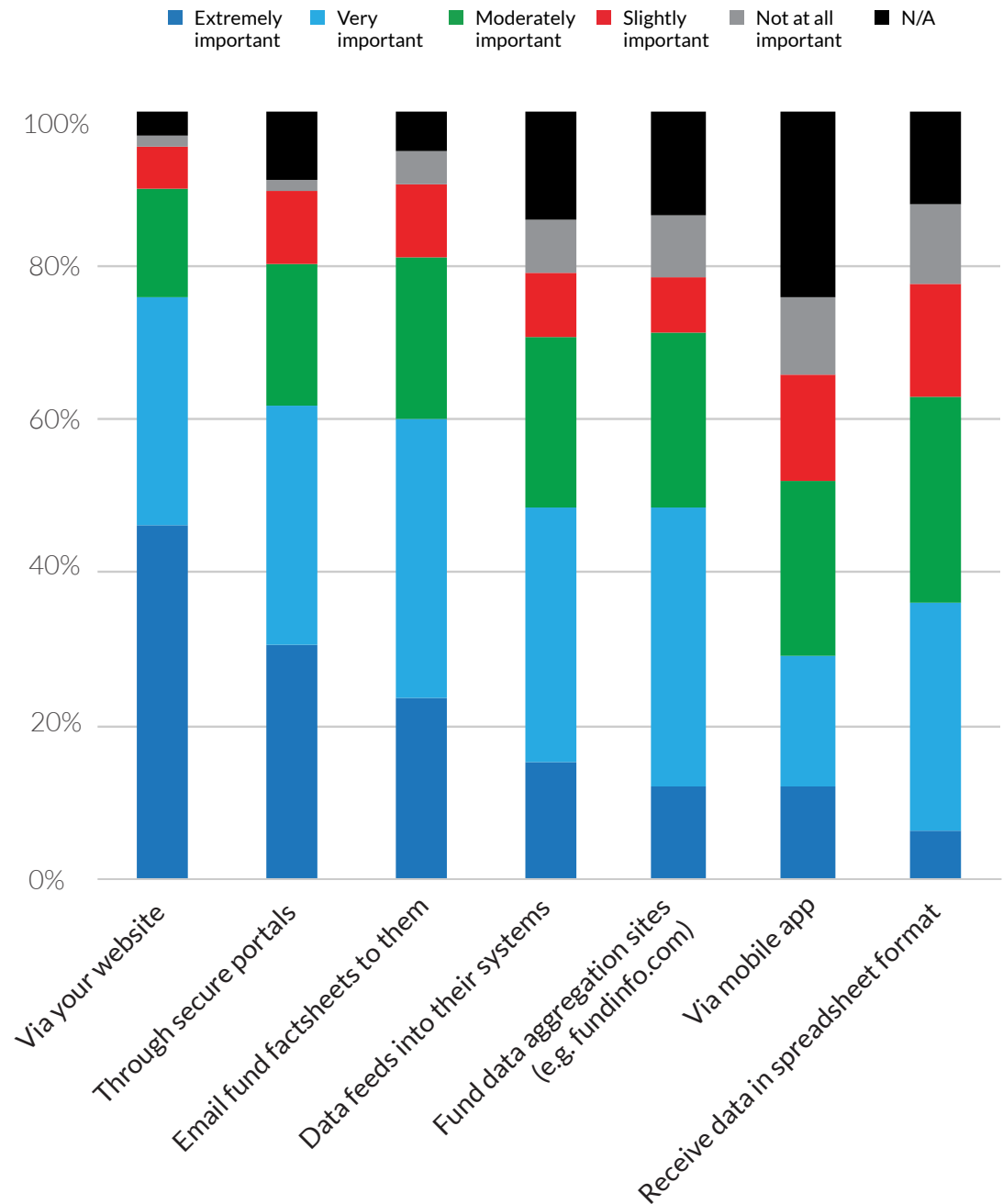
Please rate how important each distribution method is for enabling clients, prospects and intermediaries to access your firm's fund data.

6. Investor Interaction Method Preferences

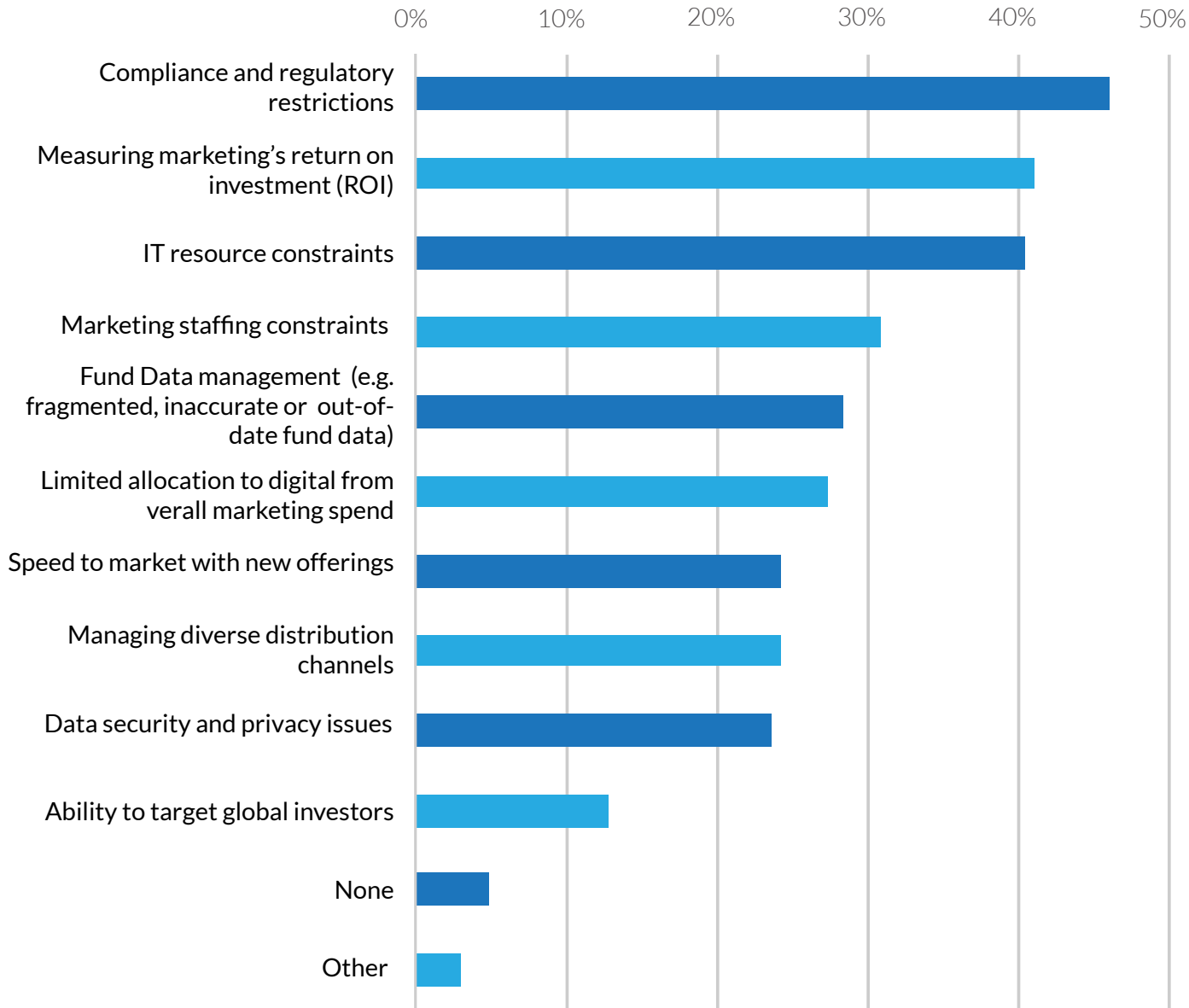
In our 2012 investor survey, we asked investors how they preferred to access and analyze fund data. In rank order, they said: 1) Data sheets emailed to them, 2) Interactive fund websites/ Internet fund portals, 3) Data feeds into their own systems and 4) Mobile apps for an iPad or tablet.

Today, the majority of respondents in our digital marketing survey feel that their website is the most important distribution channel, with only 24% saying that email is extremely important. Even though digital marketers rely on their website as the primary means for enabling investors to access their fund data, we're surprised at how few of them provide robust and interactive fund tools on their sites to make it easier for investors.

Mobile apps continue to be low on the priority list of methods to access data, perhaps because more fund marketers are creating mobile-ready websites using responsive design.



What do you see as your biggest challenges to your digital marketing efforts over the next year? (multiple responses accepted)

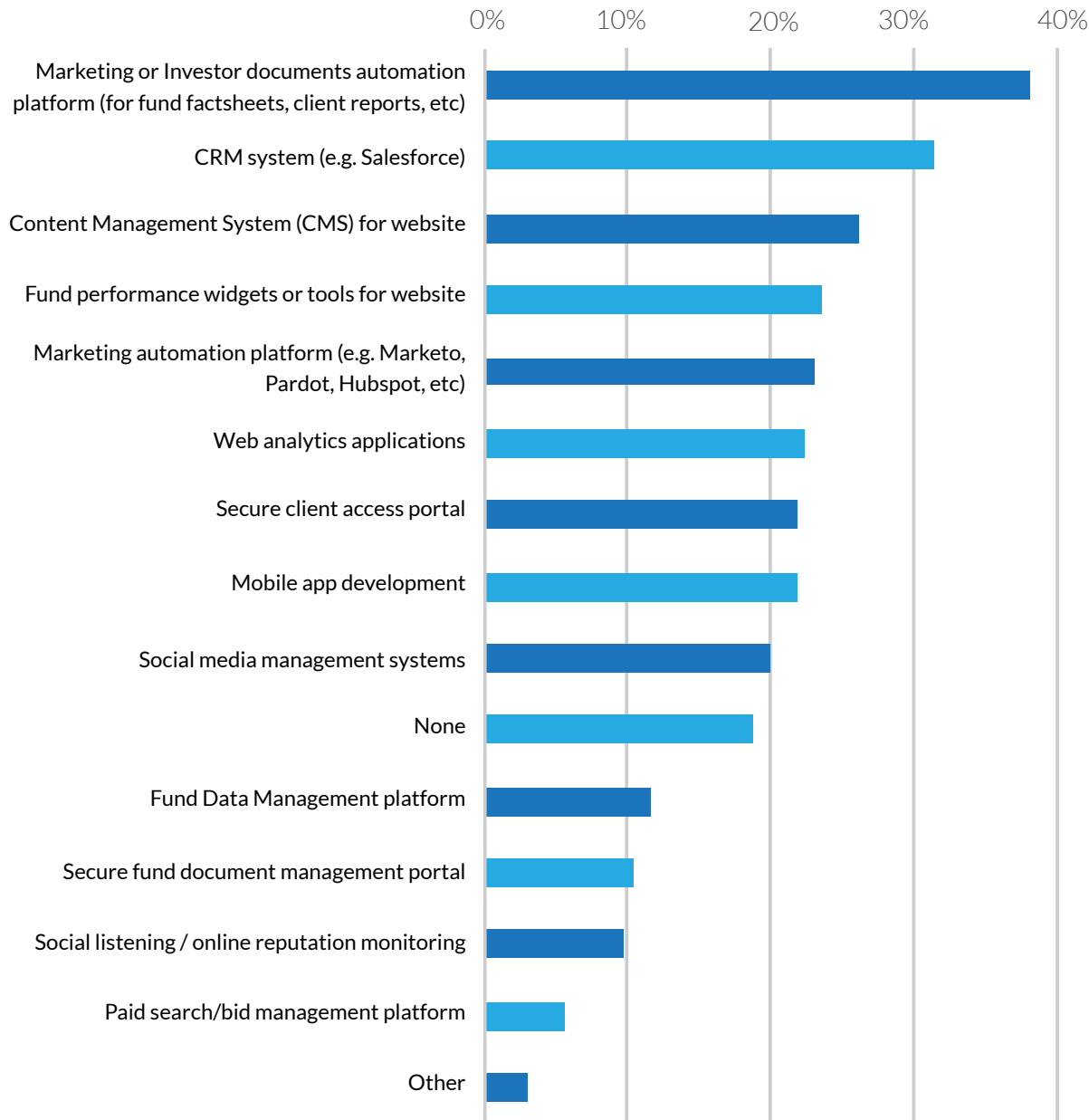


7. Digital Marketing Challenges

Despite some easing of regulations on social media and the marketing of investment products, nearly 50% of respondents still see compliance and regulatory restrictions as their greatest hurdle. On the other hand, only 24% said that data security and privacy issues are of concern. Perhaps it's the difficulty with maintaining compliance or the lack of automated processes to keep records that's presenting the challenge.

Measuring marketing's ROI is not far behind as a concern, with 41% of the respondents saying it's one of their biggest challenges. Although few deny the effectiveness and potential of digital marketing, it seems that asset management marketers – as with all digital marketers – are finding it difficult to tell which part is working. Things have not changed much from the days when traditional marketers declared, "Half the money I spend on advertising is wasted; the trouble is I don't know which half." Hopefully, we'll see this concern abate as marketing and data analytics technology become more sophisticated. On the other hand, with anticipated IT and marketing resource constraints, it's likely to be a challenge for a while.

In which types of digital marketing technology will you be increasing your firm's investment over the next year? (multiple responses accepted)



8. Digital Marketing Technology Investment

We recently noticed (through our marketing automation platform Pardot) that a prospect at a large asset management firm had searched the phrase: “why do we need to produce fund factsheets.” Obviously, the time-consuming and manual process of creating factsheets – and client reports – is a pain point for marketers, yet it’s still a required task for fund marketing and client servicing teams. This explains why nearly 40% of the respondents said they plan to invest in a documents automation platform in the coming year, knowing their time can be better spent elsewhere.

Although asset management has traditionally been a business run from the Rolodex, nearly a third of the respondents realize that they won’t be able to optimize their digital marketing efforts without a CRM system, such as Salesforce. Next and nearly tied in terms of priority are investments in a CMS system for a new website, fund data tools for the website and a marketing automation platform. These technologies all seem to work hand in hand to deliver targeted – and valuable – content to investors, thus ensuring future success for the digital marketer.

ABOUT US

Kurtosys is a global provider of digital marketing and client reporting tools that help asset managers attract and retain investor assets. Since 2002, our team of industry experts has been using digital media to transform the way that financial information is presented, shared and consumed.

Kurtosys offers a broad range of fund marketing and investor servicing solutions – from Fund Websites and Fund Tools to Client Reporting and Secure Portals. We help brands connect with their clients using the power of online and mobile communications. Our robust infrastructure and outsourcing services help eliminate unnecessary workflows and reduce costs; and our design services are dedicated to making financial data beautiful.

Headquartered in New York, Kurtosys has regional offices in London, Cape Town, Reno and Gurgaon (India). Our presence spans four continents and our clients include some of the world's largest asset managers. We believe that a digital revolution is changing financial services and that technological advantage, operational efficiency and outstanding communication are the keys to success.

For more information, contact:

UNITED KINGDOM

25 Wellington Street, 3rd Floor
London WC2E 7DA
Tel: +44 (0)20 7836 3476

UNITED STATES

134 Fifth Avenue, 3rd Floor,
New York, NY 10011
Tel: +1 (646) 380 3877



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