

Branding Your Financial Advisory Practice

Text by Kimberly A. Branch, CFP®, CLTC, Vice President of Marketing Strategy, American Portfolios Financial Services, Inc.
—an Independent Broker/Dealer

Imagine a business where the pool of the most highly valued customers has shrunk, even as the number of companies serving that market has grown. It sounds like a recipe for lower margins, higher marketing costs and an eventual industry shake out.

This scenario describes the investment advisory business. Consider that the number of American households with more than \$500,000 in investable assets has decreased by more than 1 million since 2007,¹ while the number of registered investment advisors (RIAs) has increased by nearly 20 percent since 2012.²

Perhaps the most effective way for advisors to meet this challenge is to create a brand with a distinctive presence that allows them to stand out in a crowded and noisy marketplace.

In this white paper, *Branding Your Financial Advisory Practice*, we discuss what a brand is (and is not), why branding is important and how advisors can create a meaningful brand in their communities.



Brand Recognition

Can you guess these brands by their logos? (answers below)



1



2



3



4



5



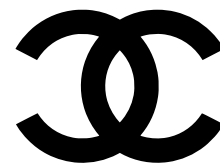
6



7



8



9



10



11



12

BRAND RECOGNITION ANSWERS

- 1) AirBnB 2) Beats by Dr. Dre 3) Apple
4) Toyota 5) Nike 6) Xbox
7) Snapchat 8) Westinghouse 9) Chanel
10) LG 11) Unilever 12) Twitter

Sources:

- <https://www.cnbc.com/id/100552951>
- <https://www.statista.com/statistics/614815/number-of-riias-employed-usa/>



What is a Brand?

Ask most Americans their definition of a brand and they might point to a company's logo (e.g., McDonald's yellow arches or the Nike swoosh) or a tagline—"Think Different" (Apple) or "A Diamond is Forever" (DeBeers).

A brand, however, is much more than a logo or tagline, or even a product or personality. It's something far more complex. A brand articulates a promise; it's how consumers perceive a company and the products or services it offers. It communicates to the public what makes a company special and what they can expect from it.

When consumers see those yellow arches, they expect a predictable, satisfactory eating

experience. The three-pointed star of Mercedes Benz communicates luxury and superior engineering.



Brands can communicate many different things: quality, innovation, excellent customer service, specialized expertise, honesty and ethical behavior, or even a passion.

Above all, though, a brand is a measure of emotion. It's how individuals feel about a company that defines what that brand means. It's why people choose to pay a higher price for a product or service, or stay loyal to a company.



Why Branding is Important

As the competition for investor dollars has sharpened and the commoditization of investment management has spread, growing a client base or retaining pricing power becomes an increasingly formidable task.

In this environment, branding can help advisors by:

1 Creating Competitive Distinction

Offering individuals the same investment products every other advisor offers or planning services that are indistinguishable from the competition will not create distinction in the marketplace. A "wealth manager" is commonplace; a "retirement income specialist" distinguishes an advisor from the pack, and tells the public how an advisor can help them solve their specific needs.

2 Generating New Business

A well-regarded brand can generate new business by appealing to investors within the practice's relevant market niche, as well as from referrals provided by loyal clients.

3 Protecting Pricing Power

A full-service advisor will never be able to compete with robo-advisors or low-cost providers on the basis of price. A strong brand serves to protect an advisor from competing on price by offering something more highly prized by investors—a bond created around intangible benefits, such as shared values, specialization or personalized service.

5 Increasing Practice Value

A practice that is built on a strong, well-respected brand will have stickier client relationships that should live well past the principal's retirement, making any prospective buyer willing to pay more for that practice.

4 Elevating an Advisory Practice

A brand can keep a business focused on its centralizing mission. It can engender employee pride, which can increase employee retention, raise service quality standards and lower turnover costs.



How to Create a Brand

There are three basic steps advisors need to take in creating a brand in their local communities.

1

Telling a Human Story

Most advisors are good at presenting a rational case for why individuals should work with them, usually citing degrees, certificates and years of experience as evidence of their competency to manage wealth. Though it may establish a level of advisor expertise with an individual investor, and that is an important start, it doesn't differentiate the advisor, nor connect with individuals on a deeper level.

Sharing with clients and prospects who you are, and why you do what you do, allows individuals to better understand and relate to an advisor in a way that no recitation of professional credentials ever could.

Telling that story begins with self-reflection:



My grandparents moved to the Ohio valley at the turn of the 20th century to start a family. As a third generation member of this community (and raising a fourth generation—two boys, one girl!), I love this community and the wonderful neighbors that make it so special.

Among the many reasons I owe my parents so much are the values of hard work, honesty, family and community involvement they instilled in me. They taught me that there are no short cuts to success. It requires a plan, disciplined execution and unrelenting effort. These simple, but timeless principles continue to guide me in how I help my clients achieve their financial success.

2

Framing the Practice

The next step in the branding process is for advisors to identify key attributes of personality and philosophy that define their practice. The following questions may serve as a good starting point for developing this narrative:

What client needs do I satisfy?

.....

What is the nature of the client experience when working with me?

.....

Who do I serve?

.....

What value do I bring to my clients?

.....

What makes working with me remarkable?

.....

How do my business beliefs convert into behaviors?

Once this core narrative has been developed, it can serve as the basis for every component in a comprehensive branding strategy, ensuring a continuity of messaging and increasing its effectiveness.



through a business profile

Every advisor has developed an overview about their advisory practice. Typically this involves language along these lines:

"At Blue Sky Advisors, we start by listening to you. We work together with you to develop a plan that will help you meet your important retirement and college funding goals."

The advisor who brings him or herself through the questions articulated to the left can arrive at a much more meaningful and distinctive positioning. For instance:

At Blue Sky Advisors, we specialize in helping near-retirees and retirees to meet the financial, health care and emotional challenges they face in retirement. Our dynamic retirement income strategy is designed to mitigate the risks of running out of money and strive towards providing financial peace of mind throughout retirement. We also assist our clients with generational wealth transfer and legacy planning, as well as offer ongoing education to help our clients achieve an emotionally satisfying and enriching retirement.

through a business name

In the investment advisory business, many practices adopt the name of the founding principal (e.g., Kullen Financial Services). Naming a practice after the founder makes a certain amount of sense, especially if he or she will be the brand.

The eponymous practice, however, comes with several disadvantages. It doesn't necessarily distinguish the practice in the mind of the investing public, nor communicate precisely what the practice does. Moreover, a practice built on the brand of the individual is unlikely to command the practice's full value when it comes time to sell it.

Thus, if an advisor's focus is retirement, consider a more descriptive approach, such as:



OR



through a logo and tagline

Logos and taglines exist to make companies memorable. An apple with a bite taken out of it or a simple swoosh are iconic symbols that most people find immediately identifiable. The same can be said for taglines. In fact, they can remain in our memory long after they've been retired: "Where's the beef?" or "I can't believe I ate the whole thing."

Recognizing the power of a logo and tagline to communicate, advisors should make sure theirs is specific to their branding and resonates with the target market. Below are some examples.

If an advisor's specialization is retirement, a tagline should communicate it...



OR

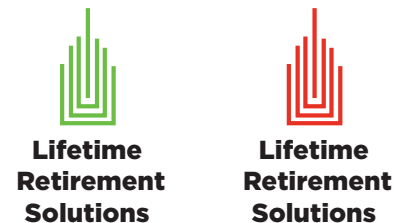
If an advisor's specialization is sustainable investing, then...



through colors and images

Colors establish primitive and subliminal connections with people. They can communicate a sense of calm or authority. Consequently, the color palette an advisor chooses should align with the brand he or she is attempting to create. For example, blue conveys trust and peace, which might reinforce a branding position of creating a secure financial future, while green and brown may be useful for a brand associated with sustainable investing. (As a side note, to learn more about the psychology of color, read *The Psychology of Color* at American Portfolios' FREE Web publication, blog.americanportfolios.com.)

Images are equally impactful and should reflect the branding. Thus, if an advisor's branding is middle market investors, images should reflect that marketplace and shy away from disconnected imagery, such as blue-blood portrayals of old wealth.



3

Executing the Branding Strategy

A brand is ultimately defined by the public. However, an advisor can do many things to help shape public perception. Developing a well-respected and trustworthy brand always begins with ethical behavior and treating customers respectfully and fairly. Absent that, all other efforts will fail.



There are two key prerequisites to a successful execution of a branding strategy:

- 1 A consistency of message that reaches across all communication platforms, from Web site to social media, and from brochures to educational content
- 2 A continual effort to nurture the brand over time

A brand is founded in community where individuals engage with an advisor in a purposeful and relevant way. To achieve this, an advisor must:



Build a community through social media platforms, advertising, e-mail lists and other forms of outreach



Feed the community regularly with interesting and useful content (it need not always be investment oriented); for instance, you can provide content of the psychological adjustment to retirement or how to prepare a child for college



Establish a public presence through a YouTube channel, public speaking roles, media exposure and public seminars; advisors may even want to consider writing a book or volunteering to write a weekly column in a local paper

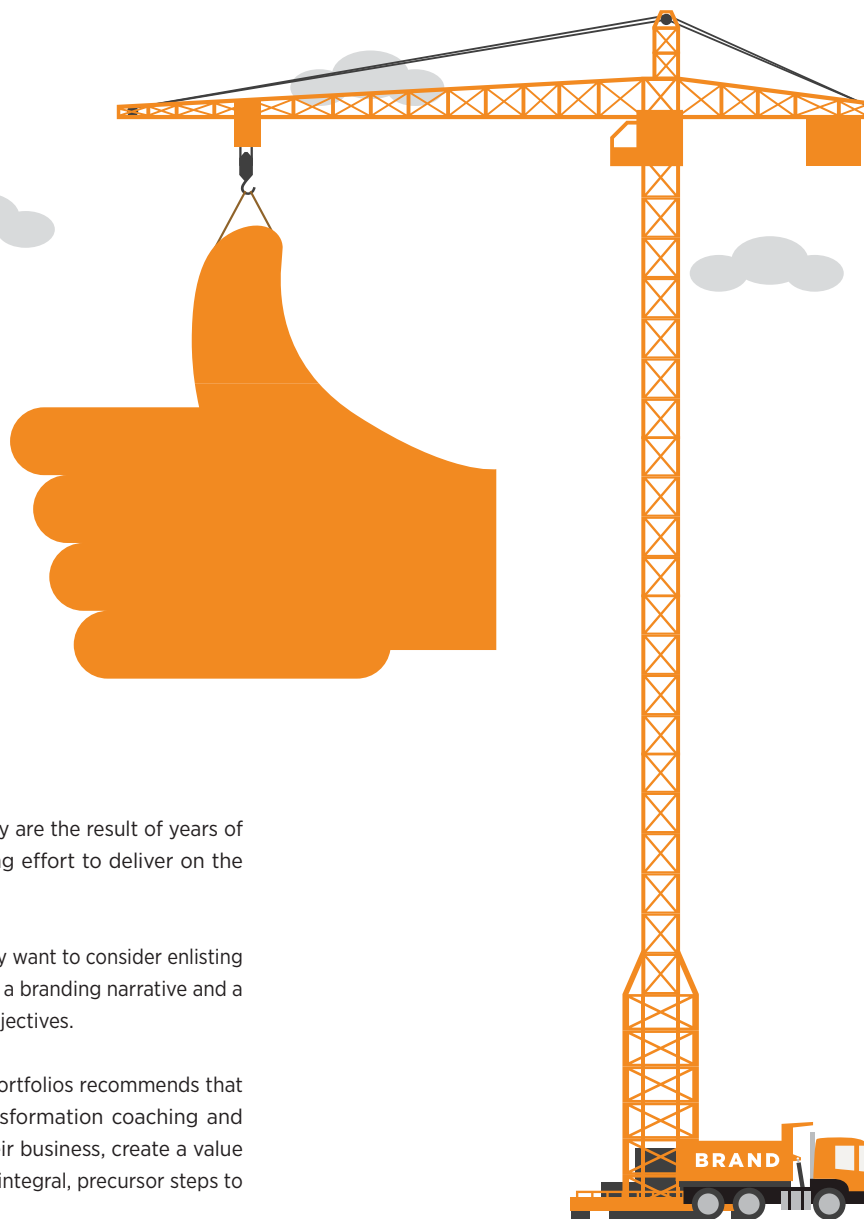
Advisors are best served when they play to their strengths. They shouldn't feel compelled to utilize all the possible social media platforms and approaches for building visibility, but focus on those that fit their personality and comfort level. It is far better to execute well on a few approaches than do all of them sub-optimally.

To learn more about building a community, read *Digitally Connecting to Clients* at American Portfolios' FREE Web publication, blog.americanportfolios.com.



Taking the First Step

Make no mistake, creating a brand is no easy task.



The brands that we recognize and connect with today are the result of years of hard work, persistent advertising and an unrelenting effort to deliver on the promise of that brand.

As advisors embark on their branding journey, they may want to consider enlisting marketing professionals to work with them to develop a branding narrative and a look that aligns with their personality and business objectives.

Before beginning any branding initiative, American Portfolios recommends that advisors consider participating in its Practice Transformation coaching and mentoring program, which helps advisors define their business, create a value proposition, design a business plan and set goals—all integral, precursor steps to brand development.

If you have any questions or would like to speak with us about our services, please contact:

Kimberly A. Branch, CFP®, CLTC, Vice President of Marketing Strategy, American Portfolios Financial Services, Inc.

631.439.4630 | kbranch@americanportfolios.com

About American Portfolios

Headquartered in Holbrook, N.Y., American Portfolios Financial Services, Inc. (APFS) is a full-service, independent broker/dealer and member firm of FINRA and SIPC, offering a complete range of financial services, including personal financial and retirement planning, securities trading, mutual funds, access to investment research, long-term care planning, insurance products and tax-free investing. Fee-based asset management is offered through its sister subsidiary, American Portfolios Advisors, Inc. (APA), an SEC Registered

Investment Advisor. Both entities, along with technology entity American Portfolios Advisory Solutions, LLC, collectively reside under the legal entity American Portfolios Holdings, Inc. (APH). Full-service securities brokerage is available through a clearing firm relationship with Pershing, LLC, a BNY Mellon firm, the securities of which are held on a fully disclosed basis. The company currently serves 834 independent investment professionals located in 386 branch locations throughout the nation. It was named Broker-Dealer

of the Year* (Division III) by Investment Advisor magazine in 2015, 2016, 2017 and 2018, as well as one of the top 10 Best Companies to Work for in the state of New York for 2016, 2017 and 2018 by the New York State Society for Human Resources Management (NYS-SHRM) and the Best Companies Group (BCG).

*Based on a poll of registered representatives conducted by Investment Advisor magazine. Broker/dealers rated highest by their representatives are awarded "Broker/Dealer (B/D) of the Year."

FOR INVESTMENT PROFESSIONAL USE ONLY

