GFC (not the 'Global Financial Crisis') Podcast Episode 5: Interview with Patrick Ide and Alexandra von Kalnein about Digital Marketing (22/11/2020)

'For any discussion about digital marketing or customer engagement technology, the key starting point has to be a clear view of what you're trying to deliver to your customer'

Patrick Ide, Managing Partner of GrndWorX, and Alexandra von Kalnein of **Natango Invest** ***talk in this interview with 'GFC (not the 'Global Financial Crisis') Podcast' about the possibilities that the pandemic has opened for digital marketing of asset managers. Based on a recent survey, done by GrndWorX in co-operation with Nurture Agency in the UK, Patrick explains, which role change is currently taking place in the relationship between Marketing and Sales, why some social media channels are better suited than others and what ground-breaking regulation changes digital marketeers should be aware of in the coming months.***

The expression "digital marketing" is misleading: Every form of marketing is – in some shape of form – digital these day. Whether it's a PDF as an email, a website post, or any advertisement as an online banner. This is at least what Patrick Ide, Managing Partner of GrndWorX, says. GrndWorX are Dutch based digital engagement and marketing strategy experts.

Patrick and his team have – in partnership with Nurture Agency in UK – conducted the "Digital Marketing and Customer Engagement Survey" in Europe in spring/summer. Their goal was to find out more about marketing technologies, strategies and technologies used by European asset and wealth managers. A total of 56 respondents participated in the survey (predominantly from digital marketing, heads of marketing or regional heads of marketing), many of them from the UK, but also a strong representation from Continental Europe. "We had a very good spread across different sizes of asset managers, from small boutiques to multi-trillion-dollar asset managers. And as the survey period coincided with the first lockdown, it gives a good impression about marketing communication in the pandemic and how it thrived during Covid-19.

Patrick Ide: I think, one of the biggest boosts that we were seeing is that very, very few companies appear to be planning to reduce resourcing and investments on the marketing front. I think, this is one of the big lessons that asset managers have taken out of the previous crises which have hit.

Big lessons to keep communicating, big lessons to stay in touch with customers. And those are being heard loud and clear across the industry. And as a result, when we were hit with the lockdown in March, we did not see asset management houses or wealth managers going quiet on their customers – in fact, we saw the opposite: We saw an explosion of communication, and it was highly, highly appreciated to all intents and purposes across the industry.

But the longer the Coronavirus is having a grip on the economy, the more content got out via different digital channels, the more that changed.

Patrick Ide: If we go to the beginning of the crisis, it was all about communicating, getting a message out. Predominantly that was being done through social media, but also using email marketing quite extensively. I think, it got to a stage where the consumers of that content just became completely overloaded. We have seen over recent months that people have backed off.

The next big trend that we have seen, is that people have moved from volume to quality and that they are really doing the analysis in terms of what's working, what isn't working. They are listening to their customers, and they are now focusing on the quality of the content and not just the volume of it.

Speaking with clients and marketing teams in the AM industry, Patrick found that the Coronavirus, lack of new business, and lockdown have changed role of marketing departments in investment companies.

Patrick Ide: The pandemic has resulted in them taking on more responsibilities. It's accelerated transformation towards more digital tooling and expanding the digital toolbox (or what we call quite often the 'Martech stack'**,** the marketing technology stack), so that they have been on-boarding new tools, new applications. They have been expanding their use of those tools.

That has profound effect on relationship between Marketing and Sales, too:
Patrick Ide: I have been speaking with very senior marketers in the industry, who've been saying that they're taking on more and more of the type of activities that typically salespeople would have done in the past. Because those salespeople are not so much able to sit in front of their clients anymore. So, they are having to look at other ways of engaging. And as soon as you start doing that, then Marketing quite often becomes the best friend of the salesperson.

Alexandra von Kalnein confirms that. Alexandra is founder and Managing Director of Natango Invest, a Third Party-Marketeer in Frankfurt/Main. Alexandra has been consulting institutional investors – like pension funds, family offices and independent wealth managers – for more than two decades. Since 2014, with her own company Natango Invest, she is connecting those investors with niche asset managers, coming to the GER market. The lack of personal face-to-face contact with clients and asset managers is definitely affecting her business:

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Alexandra von Kalnein: The problem is getting to know new prospects, really cold prospects, is almost impossible without even seeing them. So, we expand on our existing network. We continue working on people we have known for a couple of years, but we get almost no brand-new contact, unless there is a real specific reason or outstanding performance. But that is the biggest challenge, is to expand that contact network.

Has the investment process among clients changed in any way?

Alexandra von Kalnein: I would say, it has changed again, such as any business over the last six months. It has become completely digital. What I see today when searches come up – I would say, 80 to 90 percent first do a quant-search for any type of databases. It can be e-vestment, it can be Morningstar screening … Any type of databases, that provide risk-and-return numbers as much as some information on the managers, are the No. 1 step that people do. If your product doesn't appear on any of these, you know, you have a real problem.

The push towards more data driven marketing is one finding from the GrndWorX /Nurture survey, as well, explains Patrick:

Patrick Ide: Distribution teams are continuing to invest in technology, which is going to help them with marketing and customer relationship management across digital platforms. We're seeing companies – if we look at the types of projects that they are focusing on – they're focusing on projects which will help them to gather data and intelligence and to connect with Customer Relationship Management (CRM) tooling.

But it's not only the lockdown that has changed direct communication, sales, and marketing with investors, according to Alexandra – it's a generational change, too:

Alexandra von Kalnein: In the past, people would rather see managers, would have one-on-ones with portfolio managers and look more into the qualitative side of the process and then, kind of assess internally, once they have seen a given number of managers.

As of now, first of all, decision makers are younger: There has been a generational change in many pension funds, in interprofessional pension funds, particularly. And in the absence of consultants – I mean, consultants are still active in Germany, but still at a lower level, much lower level than in Anglo-Saxon countries – but the digital data provision has, I would say, changed massively. Which basically changes our business model because meetings on site with clients do only make sense if your product passes the first hurdle. If you do not even appear on any of those first screens, it is not even worth having a meeting because you have nothing to sell. So that is the biggest change to me, which probably started a year ago already, and it has massively increased this year.

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Patrick speaks of a "tremendous evolution" in terms of asset managers using their own digital channels – from the website to social media and other forms of engagement:

Patrick Ide: In terms of the channels: Social media – especially LinkedIn, to a certain degree Twitter and you still have Xing in Germany (which is very specific to that market, but not as successful in any way, shape or form as LinkedIn). Companies have focused on developing those channels and creating engagement with them. And I think, probably the big thing to say is that it is part of an ecosystem.

So, LinkedIn on its own, or Twitter on its own is not going to be very effective. But when you connect it with your email marketing, when you connect it with good and engaging content on your website, when you connect it with your roundtable discussions and small group webinars – this all becomes highly effective at publicising what you're doing, publicising the opinions, getting your thought leadership across, and then helping your audience to engage with you on it.

Sales professional Alexandra sees a change in her own communication behaviour, too. So, what does she do if she can't sit together with an investor in person anymore? How does she communicate and engage with them?

Alexandra von Kalnein: I just use more the phone than I have before. I use probably LinkedIn much more than I have before. And I try to make information available for those who want, which is more a pull-approach rather than a push-approach. I think the typical push-approach in terms of: I feed information through a pipeline all the time and I push for meetings – it does not work anymore! It's something that even people are not willing to do anymore.

But what about new social media forms - Instagram being one example, video formats such as TikTok another?

Patrick Ide: If you look at it holistically like that and you understand really what it is you're trying to deliver across that value chain, then you can start to take a view of what are the right channels to use. So, if you come to things like TikTok or Instagram: They might have a purpose, they might have a role to play in engaging a certain type of audience. I think, though, if you look across the vast majority of the investment and asset management industry, these are channels which are really only going to work for the extreme retail end of the segment.

Certainly, in talking with various asset managers, if you mentioned things like Twitter, if you mentioned something like Facebook, then the discussion tends not to go very much further … There is also a very strong degree – and rightly so, probably – of conservatism. An institutional asset manager or investor is not going to go and look at TikTok to get an investment view at the moment.

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While everybody is saying: 'Content is king, content is most important', the key is to create relevant content for specific target groups.

Patrick Ide: Say you have an asset manager that is dealing for institutional clients and wholesale clients and they are doing so across, let's say, the UK and Germany and Italy and maybe France.

The way that that information is packaged, the interests of the different target audiences, especially from market to market, might vary dramatically. So, for instance, if you look at the interests of a German fixed-income investor compared to an Italian fixed-income investor, the notion of what return is attractive, is completely different. This is where it becomes tricky: It is about how do you adapt the content in the narrative, so it is attractive to different markets and different audiences?

From the data in our survey, we're seeing that many people are still struggling with that adaptation process. It adds time, it adds complexity, and it goes beyond translation, if it's going to be done well. And all of that is a great strain on marketing teams!

Instead of just doing their own thing, more and more asset manager, use distribution of content through external platforms for the asset management industry – while they cost money, they can certainly provide help in building brand awareness the number one goal of digital marketing according to the survey.

Patrick Ide: Third-party-platforms, content platforms such as **Bright Talk** for instance, I think they serve multiple purposes and create value at both ends of the value chain. For instance, if you take the **Savvy Investor** – a fantastic content platform, which has got very sophisticated content for institutional investors or professional investors – and they deliver the content sourced from across a broad range of companies.

So, it is a great way for investors to be able to dip into specific topics, see what the different companies are writing about, inform themselves about the opinions and trends across the industry. From their perspective, I think this is extremely valuable.

From the perspective of the fund manager, I think, it can also be very effective in terms of lead generation. Bright Talk, for instance, is extremely successful in doing this and has created a great platform for asset managers to get their video content out, in particular to get webinars out and to subscribe people who are interested in attending their webinars and being able to follow up with them afterwards to engage with them.

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Social media channels, third party-platforms and marketing technology can help improving brand awareness and lead generation. But they need to be part of a broader strategy.

Patrick Ide: So, I think, in any discussion about marketing technology or customer engagement technology, the key starting point at the very beginning has to be having a clear view of what you're trying to deliver to your customer. What is the engagement model you're trying to deliver to your customer? Which customers are you trying to deliver what kind of services to? And what role does technology play in that?

The next key question probably comes in terms of: Are our people going to have enough bandwidth to be able to manipulate and get the best out of that tooling? And do we have the skill set in-house in order that we can, as a company, get the best out of that technology?

Many asset managers need to look at it very, very realistically and consider whether they're better off trying to upgrade or up-resource internally *or* whether they need to actually look at external third parties who specialize in that area and who they could form strategic partnerships with in order to get the best out of the technology.

One thing that most asset managers and their marketing teams might not be aware is a major change in online regulation, affecting all digital marketeers.

Patrick Ide: There is a big area which is going to disrupt tremendously digital marketing. It is coming in the next 18 months or so, which is the change of regulation around cookies and in particular the major browsers abandoning third-party cookie driven tracking by the end of 2021. Third-party cookies are going to be blocked.

Firefox and Safari, which are about 30 percent of all web traffic today, already automatically block third-party cookies. And Chrome has announced that by the end of 2021 they are also going to do that. So, that means that around 90 percent of all traffic is going to block third-party cookies.

At the moment, it's not clear what the technology is going to be to replace it. So, that's a dramatic change, which is really going to have an impact on a lot of this digital marketing, especially on the trackability of viewership and engagement. It is going to be very, very interesting to see where that goes. As I say, at the moment there is no clear solution or route forward. But I expect that in the next 12 to 18 months, we will see things changing in this space.

(Umfang: 2.597 Wörter, 15.524 Zeichen inkl. Leerstellen ohne Überschrift – Länge Interview: 16:12 min.)