



AllianceBernstein Gears Up for Retail Push

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AllianceBernstein, best known for its institutional business, is planning a major effort to raise its profile in the retail space.

The strategy is intended to bolster awareness among retail advisors and investors and will include new products, marketing campaigns and a renewed focus on bringing institutional-style products to the masses.

The push to boost the proportion of retail assets comes as the shop slogs through a spell marked by outflows, cutbacks and the loss of institutional clients.

“It’s a matter of coming back to our retail roots, and a recognition that we had lost our way in recent years,” says Harold Hughes, senior managing director and head of the firm’s U.S. retail business.

It also jibes with the objectives laid out last month by CEO Peter Kraus in the firm’s second-quarter earnings [presentation](#). Kraus called for diversifying the business across channels and geographies; developing new products and services to meet changing client needs; improving investment performance and restoring client confidence; and achieving more robust financial results.

As of the end of June, retail assets globally represented about \$129.4 billion, or 28% of the firm’s overall assets under management, with institutional representing \$254.5 billion, or 55%, and high-net-worth investors in the firm’s private client group representing about \$77 billion, or 17%.

In the U.S., AllianceBernstein managed about \$53 billion across its open-end stock and bond mutual funds as of the end of July, according to data from **Morningstar**.

Hughes says that the convergence of institutional and retail markets has provided AllianceBernstein with an opportunity to reorganize its approach and respond directly to the changing needs of the retail marketplace. In the past 18 months the firm has streamlined its product development process with a newly created head of product position. Before, product development responsibilities had been shared by the investment and distribution groups, and the process could be sluggish. Now, the firm can be quicker to market and more responsive to client needs, bringing products initially designed for institutional investors to the retail market, says Hughes.

Since the start of 2009, the firm has launched 47 new products globally, including four mutual funds in the U.S. The firm expects to register more than a dozen new U.S. mutual fund products before the end of the year, says Hughes. The new funds the firm is considering include the types of volatility-dampening and downside-risk-control products the firm has [launched](#) in other markets. For example, in the variable annuity market, the firm has seen strong momentum around its dynamic asset allocation portfolios.

That strategy dovetails with retail advisors' growing adoption of investment philosophies that mimic institutional strategies. For example, the forthcoming 2011 Advisor Brandscape report from **Cogent Research** shows that among more than 1,600 advisors across all channels surveyed between April and May, 57% say that their primary objective is to manage client risk. That compares to 15% who say that their primary objective is beating the benchmark.

Such shifts in advisor thinking also play to AllianceBernstien's reputation as a provider of research. The firm has developed a reputation for its "black books," tomes often running to more than 100 pages that became popular among attorneys and accountants serving high-net-worth individuals but that devoured resources to create. Through a recent reorganization of its marketing group, the firm plans to erase the division between institutional and retail marketing efforts. Although the firm will continue to develop deeper research pieces for certain clients, it will deliver pithier versions to the retail marketplace, says Robert Keith, Jr., executive managing director and co-head of global distribution.