IGNITES

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Firms Give Websites User-Friendly Overhaul: Study

By Beagan Wilcox Volz November 30, 2011

Fund groups are dumping password-protected sections en masse in an effort to make their websites more streamlined and easy to navigate.

As part of the push to improve end users’ online experience, firms are also reducing the number of clicks necessary to get to an array of information. Yet firms are moving more slowly to optimize their websites for mobile devices, although that seems destined to change soon, given the steep increase in the use of such devices.

That’s according to a review of the websites of 117 fund firms during 2010 and 2011, conducted by **Sugarspun**, a website development and design company that works with financial services firms. The firm looked at a cross section of fund firms: 41 small firms (with less than $18 billion in assets under management); 37 midsize firms (from $18 billion to $180 billion in AUM); and 39 large firms (with more than $180 billion in AUM).

Sugarspun found that there’s been a significant drop in password-protected sections on fund firms’ websites in recent years. The percentage of large firms with such sections dropped from 50% in 2010 to 31% in 2011; midsize firms’ use of the sections went from 55% to 23%; and small firms’ use declined from 53% to 15%.

There are probably several reasons for this trend, says Paul Leibowitz, president and managing partner at Sugarspun. For one, having two content streams — one with material for public consumption and one for financial advisors only — entails more work. In addition, it seems many financial advisors are interested in materials tailored for them, but are tired of having an account for every financial services firm with which they work. Advisors want to feel special, but they also want to see what their clients see, says Leibowitz.

“[Firms] may have a section of the site that is for financial advisors, but they don’t necessarily have to jump through the password hoop to get there,” says Allister Klingensmith, managing partner at Sugarspun.

Many firms are trying to provide thought leadership, and password-protected sections often don't square with that goal, says Tony Ferreira, managing director with **Cogent Research**. Dropping password-protected screens allows readier access to such information for a broader swath of the market, he says.

While it's becoming more popular to segment users through channeling — that is, requiring users to identify the type of investor they are when they first land on a firm's website (i.e., institutional, retail or financial advisor) — half of the firms included in the review are still not forcing a choice. Firms are moving away from the idea of forcing website users to designate the type of investor they are, and are instead focusing on fostering that choice, say Sugarspun's Leibowitz and Klingensmith.

A marked increase in the use of drop-down menus shows that firms are moving toward simpler structures for their websites, the study found. Forty-four percent of large firms used drop-down menus in 2010, versus 58% in 2011; midsize firms increased their use from 53% to 59% during that period, and small firms went from 28% to 40%.

There's been a flattening of website hierarchies, and users can now generally get to just about everything on a fund firm's site with three or four clicks. "That's probably in response to not wanting users to have to dig so deep," says Klingensmith.

Certainly, website architecture can't be underestimated, especially when it comes to getting prices and learning fund attributes, says Dave Swanson, founder and managing principal with **SwanDog Strategic Marketing**. But his firm believes the biggest driver of a site's effectiveness is the quality of content. "If your content is valuable, advisors will find their way to you," he writes in an e-mail response to questions.

While firms are making many changes to their websites, fewer than 20 of the 117 firms tracked have optimized them for mobile devices. Smaller fund firms with less content to manage are finding it easier than larger firms to do so, according to Sugarspun.

The turning point for larger fund firms will be when they realize that mobile sites are not desktop sites and that each should be true to the device that it's built for. An advisor on the road is not doing the same things as when he's at his desk. He's probably doing more superficial things, like looking at commentary and prices, not downloading prospectuses or opening new accounts, says Leibowitz.

Other experts agree with Sugarspun that many firms will be focusing on developing mobile capabilities in the short term, particularly given the substantial increase in the number of users of mobile devices in recent years.

"That's going to be a developing story," says Greg Cherry, senior analyst at **Aite Group**. Numerous firms are taking a "hard and heavy" look at this area and plan to build out their capabilities, he adds.

Another website trend for some firms is greater use of short-format video and audio, says

Anu Heda, partner at **Naissance**. “Asset managers have finally understood after many years of trial and error that video and audio must be five minutes or shorter to get anybody to watch them,” says Heda.

Sugarspun found that the smallest fund firms have most dramatically increased their use of video, with 14% of the firms tracked using video in 2010 and 34% using it in 2011. Midsize and large firms have slightly cut back on their use of video. About 25% of midsize firms used video in 2010, and 24% did so in 2011; similarly, 31% of large firms used video in 2010, compared to 29% this year.