



# American Funds, iShares Best at Reaching Advisors: Survey

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For fund companies, when it comes to establishing personal connections with advisors, sometimes less is more.

Three firms that have figured that out are **American Funds, Prudential** and **iShares**. Those firms ranked as the best-in-class communicators in a new study published today by **Cogent Research**.

Financial advisors, on average, have relationships with 14 fund companies and variable annuity providers. That translates into more than 100 e-mails, phone calls and mailings per month, according to the study, "Advisor Touchpoints 2009."

And while consistency and frequency can help raise brand awareness, equally important to an effective strategy is the quality of each contact. What advisors want — and what they will tolerate — depends upon the type of product, and the means of communication, according to Carrie Merrick, senior analyst at Cogent and author of the report. "It would be a mistake to simply deploy a traditional communication strategy with this group," says Merrick.

For its study, Cogent surveyed 1,529 advisors with \$5 million or more under management. Advisors were asked about eight different strategies used by 35 different mutual fund, exchange-traded fund and variable annuity providers. Cogent asked about eight different common strategies, and the impact of each in generating advisors' brand loyalty. Those strategies included in-person wholesaler visits, phone calls from internal wholesalers, e-mails, print mailings, webinar invitations, mass media advertising campaigns and public relations outreach.

Quality Over Quantity		
Best-in-class communicators		
Mutual Funds (%selected)	ETF Providers	VA Providers
American Funds 24%	iShares 35%	Prudential Financial 14%
Franklin Templeton 7%	PowerShares 11%	Jackson National Life 11%
Pimco 6%	Vanguard 4%	MetLife 8%
Fidelity 5%		The Hartford 8%
The Hartford 5%		
Russell Investments 4%		

Source: Cogent Research, Advisor Touch Points 2009

The average mutual fund company sends a wholesaler knocking on advisors' doors 4.3 times a year. Advisors say they need to see them twice, at most, Cogent found. That means that firms should be sure that when wholesalers do plan to visit, they are well-armed with the information advisors seek most: specific product knowledge and ideas about how to generate new clients. Firms may also want to

consider sending product specialists in the field to talk with advisors about portfolio construction, says Meunier.

Advisors prefer e-mail and other electronic communication to phone calls or visits. Webinars that cover new product information or business-building ideas also resonate with the advisor channel, Cogent found.

The most effective support can come in the form of white papers or research notes, according to the Cogent report. "Sophisticated advisors really want to understand the leading-edge issues, about how products can be used and combined," says John Meunier, a principal with Cogent. The more complex the product, the more open advisors typically are to wholesalers visits, he says.

For example, the variable annuity provider rated highest by advisors, **Prudential**, communicates more than its competitors. While VA providers send on average 4.5 e-mails per month, Prudential sends 5.7. Prudential also invited advisors to 1.7 webinars each month, compared to 1.1 per month industrywide. However, when it comes to print mailings (1.6 per month), calls from the internal sales desk (1.2 per month) and in-person visits (4.8 per year), Prudential is in line with its VA counterparts, Cogent found.

On the other hand, American Funds, the mutual fund firm that ranked highest for providing a personal connection with its clients, communicates less overall. For example, while on average mutual fund providers send 3.6 e-mails per month, **American Funds** sends 2.2, according to the Cogent report. The firm also schedules webinars only once every other month, compared to twice as many by its peers. Internal wholesalers from American Funds call advisors 0.7 times per month, compared to 0.9 times industrywide, and externals visit on average 2.4 times per year, compared to 3.6 times for others in the industry, according to Cogent.

<b>Always Reaching Out</b>		
Cogent found that these firms communicate more than others with advisors who use their products		
<b>Company</b>	<b>Advisor Contacts/Month (Avg.)</b>	<b>YTD Est Net Flows* (\$M)</b>
<b>Mutual Funds</b> <b>Industry Average = 7</b>		
John Hancock Funds	16	178
Evergreen Investments	16	-1,268
BlackRock	13	3,340
Fidelity/Advisor	12	1,731
Putnam	12	-3,835
<b>ETF Providers</b> <b>Industry Average = 5</b>		
Rydex/SGI	11	800**
SPDRS/SSgA	5	-28,329**
iShares	5	29,222**
<b>Variable Annuity</b> <b>Industry Average = 9</b>		
Nationwide	12	N/A

*Source: Cogent Research, Morningstar. \*Mutual Funds flow data represents only long-term stock and bond mutual funds in non-proprietary channels through Sep. 30. \*\*ETF assets only.*

Blanketing advisors can help raise brand awareness and drive sales in small firms. But companies should recognize that advisors are being swamped with data, so they need to make each contact valuable and worthwhile to the advisor. "What is most effective is hitting on a piece of functionality that may be causing pain, such as proposal generation or portfolio construction, instead of 'updates on our firm,'"

says Neal Ringquist, COO of **Advisor Software**, a firm that provides portfolio management analytics and other software to a database of 17,000 advisors. The firm provides outreach to more than 17,000 advisors on behalf of platforms including **Schwab, iShares, SSgA, TD Ameritrade, ING, Russell** and **Fidelity**.

Building relationships takes a careful approach. "RIAs are loath to spend any time with a wholesaler in person," says Cogent's Meunier. Yet they will concede that the wholesaler can play a valuable role in explaining new product construction and how they may complement their own strategy.

"Advisors want real-time support that enables them to please their clients and prospects," says Margaret Rorick, senior VP and director of market research at **Financial Research Corp**. Electronic communication can help provide that. In its own survey of 1,500 advisors included in the Advisor Insight study out next month, FRC found that of those who have had contact with so-call hybrid wholesalers, 68% found the hybrids more effective than traditional external wholesalers, while 77% found them more effective than internals in providing support.