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MEDIA EVOLUTION MEANS ADJUSTING COMMUNICATION, NOT COMPLETE CHANGE

Leeanne Bland and Claudia Pritchitt

In the past decade, the media serving financial services has changed almost as much as the financial services industry itself. Financial services changes have been regulatory as well as technology driven, while media change has been almost entirely the result of the introduction of new technology, coinciding with the decline in advertising support since the global financial crisis which saw many organisations slash marketing budgets.

The rise in 'new' media – generally describing social media such as Facebook and Twitter as well as the proliferation of online e-news and blogs – has been celebrated as a cost-effective and targeted way of communicating with key markets. And its rise as been seen by many as heralding the death of 'old', traditional media.

But effective communication in an era of rapid change, influenced by social media and the internet, doesn't mean discarding all previous communication approaches and starting again. Indeed, 'old' - or mass - media still has an important place in communications activities for financial services. At the same time, the need for ongoing and effective communications has never been more important for financial services.

Proven marketing approaches, including the influence of 'old' media, are still very effective – indeed essential – as it has a big impact on social media content and its ability to influence third parties. As such, we believe that reports of the death of old media have been greatly exaggerated.

Evolution in media

In many ways, the financial services industry is even better served than it was a decade ago in terms of communications channels with investors and influences, thanks to an extended quality specialist financial services media covering news about people and organisations, as well as professional and regulatory issues and developments and other areas of importance.

Little more than a decade ago there were just three or four publications targeting financial services professions. This has now doubled, not only with e-newsletters with the same titles as their established sister print publications, but also with new print and e-newsletter titles.

There are also a number of new mastheads covering areas of specialisation such as SMSF, retirement living and fintech. So while social media may have had an impact on traditional mass media and how news and commentary is delivered, financial services media is an example of not just how to cope with change, but how media can expand to meet demand.

The quote

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Social media shortcomings

While the influence of social media has undoubtedly been rapid and is still growing fast, it has yet to completely dominate communications, particularly for financial services organisations.

It still tends to reach those looking for re-affirmation of their own beliefs and values, and there is no real filter on what appears on social media. Debates on social media are also frequently led, or given extended coverage, by traditional media.

It is when an issue is picked up by mainstream media that it receives much wider penetration and influence, not always in a good way. So we would argue that social media has not yet reached the end of the beginning phase and traditional media still has major influence.

Use of social media

Another question is whether financial services organisations have truly grasped the opportunities presented by social media, or indeed are able to because of compliance and other constraints.

While increasing usage of the internet has, at face value, made communication with investors much easier, further investigation suggests that 'ease' should not be confused with 'effectiveness'. Indeed, it appears sometimes that fund managers are more attracted to the cost savings of such communications, rather than opportunities it provides for extra relationship building and improved information flow.

Generally speaking, social and digital communications by fund managers to investors and others tend to be very pedestrian and are not always written in a way that engages audiences.

While clear communication to investors about products and performance must be restrained for compliance, regulatory and disclosure requirements, fund managers could be doing more to ensure their electronic communications are more effective and have greater impact.

As it is, investors are now overwhelmed with information, much of it of little interest to them, but necessary because of disclosure regimes. Third party support of key announcement and initiatives, such as editorial, is still the most effective influence.

Future of old media?

But while it is still very influential, there is no doubt that reaching particular investor groups through traditional media channels has become more difficult. In particular, the number of specialist personal investment and business writers has dropped dramatically in the past decade and there has been a corresponding reduction in space in the mainstream media dedicated to personal finance and investment coverage.

In addition, much of the reduced space that does exist is given to contributors, some of whom are from the industry and have their own vested interests.

Gaining mainstream coverage is therefore much more difficult than it was a decade ago but is still achievable by specialist communicator advisers who know what they are doing, who are respected by journalists, have industry knowledge and a good understanding of the people they represent. We believe the influence of traditional media is as important as ever, if not more so, depending on the audiences being targeted.

It remains not only a prime source of independent, or third party, information for key audiences such as older Australians, but is a key influencer of what appears in social media and throughout the internet.

Stories online and in print by independent media outlets also have added importance in that they carry implicit third party endorsement. They are developed by a journalist who has no vested interest in an organisation and an independent outlet has then elected to use these views in a story.

This independent third party endorsement that traditional media coverage gives also expands message delivery to people an organisation might not otherwise influence. For financial services organisations this is particularly beneficial and should be used to both support, and be supported by, other communication techniques.

Company-originated social media approaches such as Twitter do not have this element of endorsement; indeed, they often have a strong element of boastfulness and self-promotion about things that are often more important to the originator than the audience. Such attributes do not always sit comfortably with the image of trust, competence and professionalism that those in financial services look for. Approaches using the internet ideally need to access third party sites, such as bloggers, to be effective.

Building trust

It has been well-documented over the past 10 years that many financial services organisations have lost the trust of the public. Reputations have been badly tarnished even for the largest and most established organisations. A social media campaign, or any other activity of self-sourced claims and boasts, is not by itself going to build trust. Third party endorsement and the support of influencers is needed.

Rightly perhaps, fund managers have been slow to embrace Twitter. It has proved to be a two-edged sword to the embarrassment of many users. And anyway, it would be hard to get a disclaimer into 280 characters, let alone any useful investment information! So there are many reasons why it is still too early to completely abandon traditional media in favour of yet unproven social media techniques.

Communications toolbox

However, with every well balanced communication strategy, a mix of many techniques, including social media, needs to be considered, incorporating pre-set evaluation benchmarks to assess the success and influence of each, as well as other activities.

It is also essential that while the internet and social me-

dia means new approaches must be taken into account, fund managers must still follow old discipline in developing communication strategies to be effective.

These include having answers to questions such as: who are we trying to reach? Who and what influences them? How do we want to be seen? What do we want to say?

With answers to essential questions such as these in place, meaningful communication approaches can be developed and implemented – with concepts of 'old' vs 'new' media becoming meaningless.

Unfortunately, these days, cost-cutting and the desire to be 'on trend' results in organisations seemingly more interested in the question: "How can we use social media to reach investors?" Any such one dimensional approach will inevitably result in a less effective program than using proven techniques to develop communication strategies. Apart from anything else, focusing on social media as a starting point prioritises one type of communication without considering the benefits of others.

So what should fund managers be doing to get the most out of their communication programs? There are some basic questions that need to be answered at the start of the process of developing a plan, before the communications channel itself is even considered.

Who are we trying to reach?

Different fund managers have different target audiences and distribution approaches and the starting point must be to document and prioritise these. It's not just the investor type, such as 'high net worth' or 'sophisticated' investors, although this is important. Are you trying to attract retirees, those approaching retirement, or millennials? Are you aiming at retail, institutional or wholesale markets? Who is most likely to be attracted to your products or services? Much of this is known to the principals of an organisation, but not always well communicated to others both inside and outside the organisation.

Who influences them?

It is also important to identify those who influence the groups you are targeting – gatekeepers, advisers, planners, consultants, bloggers, commentators, other investors and the like. To identify influencers relevant to your business, some research is required and a good starting point is often existing clients or investors giving third party endorsement.

How do we want to be seen?

It seems that everyone talks about their brand these days but not everyone knows what is involved in building or communicating a brand. While most financial services organisations have at some time defined how they want to be seen, often it hasn't been documented as a benchmark, then updated as an organisation evolves.

Crystal clear self-awareness is critical in building an image and gaining traction in communication activities. Defining the required image is a cornerstone activity in any communication strategy – some consistency is essential in the ever-changing world of the internet.

What do we want to say?

This should bring together all the elements above but must remain statements of fact, not corporate slogans or wish list. It must reflect the reality of the organisation and what it does, and developed in a way that is easily understandable by the target audience.

How to reach audiences with what we want them to know

This is the nub of any communication program and only by basing it on the answers to questions posed previously can effective marketing and communication strategies be developed. It is after doing so that the most useful approaches can be selected, whether it is media, seminars, road shows, intermediary and gatekeeper contact, and other techniques. Should you focus on the trade press to reach particular groups? As an example, advisers or industry influencers who can endorse your messages to others, or social media outlets to attract 'green' investors to a new, socially aware, investment product?

Effective decisions on how to reach certain types of investors can't be made unless it is known why a certain fund will appeal to them as well as what approach will reach them. Trying to use mainstream media if your priority is to reach millennials is probably less sensible than using social media. However mainstream media will be more effective if you are trying to reach retirees.

Regardless of the type of media being targeted, the basics of the communications approach are largely unchanged. When meaningful communication approaches are thoughtfully developed and implemented, the concepts of 'old' vs 'new' media become meaningless. FS