The Future of Adviser Marketing

London, 19th April 2017

Panacea Adviser

A Panacea provider event hosted by

Schroders

Panacea Adviser

Happy 10th Birthday!

•Panacea was created to close the resource and support gap that smaller DA firms were having imposed upon them.
•Launched in 2007 with a community of 100 advisers & 6 supporting firms.
•Ten years on, the total community is around 24,000 with the Bento bulleting sent to 17,000 financial intermediaries and supported by some 40 firms.

Changing face of intermediated distribution - then

•Limited qualifications
•Commission based product solutions
•Less regulation
•Clearly defined entry process for 'brokers' or advisers
• Lower capital adequacy as most were sole trader or partnership based firms.

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Changing face of intermediated distribution - then

The main methods of provider distribution were either:

- Own direct sales force such as Allied Dunbar, Abbey Life (all commission based)
- Door to door agency such as Prudential, Royal London (commission and small salary based)
- 'Broker' or IFA
- Tied agency (remember that) & network

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When did it start to go wrong?

"Moral hazard is when they take your money and then are not responsible for what they do with it." G Gekko

‘Outcomes’ from Big Bang

•Product driven ‘sales’ process
•Compensation culture started with Pension and endowment miss-selling

Then moved on to:
•PPI
•Banking ‘misdemeanors’ various

Products designed and engineered by provider firms, sold on by adviser channels satisfied a consumer need or created a greed.

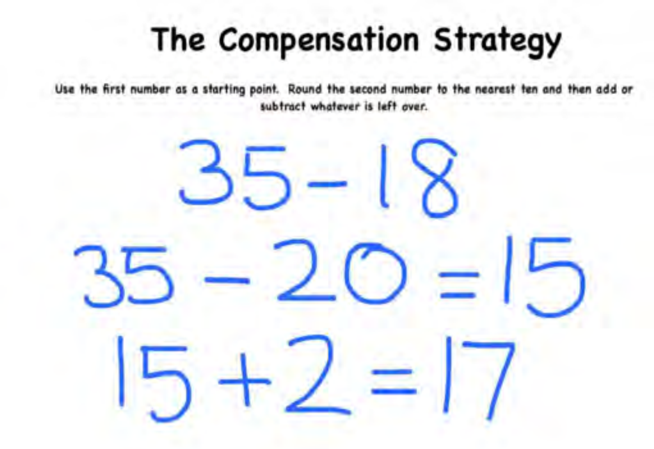
It ended with a payout

Compensation is a way of UK governments assuaging their regulatory failings guilt.

And as Billy Bennett's old music hall song goes *"It's the poor that gets the blame".*

Compensation was paid by the intermediated distributor for, in many cases, the failings of the manufacturer. Either by design or marketing.

Very many years could have passed from the date of the 'advice' to the complaint and it's resolution.



Was it really all so wrong?

•The need to promote a mass culture of savings, protection and planning for the future was satisfied by a sales process, not an advice one, not always perfect.

•In return, a mostly commission based reward was the payback for the 'enlightener'.

•In a post RDR world, the distribution channel is predominately intermediated and fee based.

•But the capacity to provide advice is limited to some 10% of the population. Not perfect either.

•Not the intention of RDR.

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Is there a future in intermediated distribution?

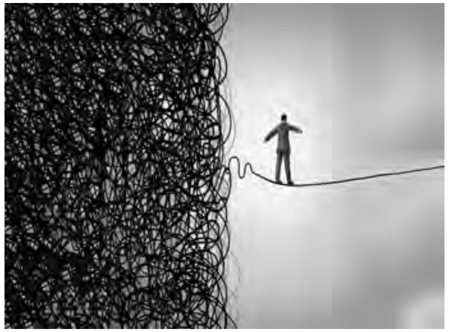
•The preferred method of provider distribution is for the time being intermediated.

•'Robo'?????

•Intermediated reduces costs on those firms' in every imaginable way and reduces liability for sure.

•But in doing so does 'pre RDR' thinking prevail?

Is there a fear of not getting market share?



Fear is demonstrated with statements like this from a major asset management company':

"key for networks for us is their CIP and the direct influence that has over the flow to us - especially as many of them are mandatory".

Yet as at end 2016:

✓there were 6,650 CF30s in Networks

✓around 25% of active advisers after removing Asset Managers/ Providers

✓networks account for less than 8% of Annual Premium Equivalent

*figures based on Equifax Touchstone Annual Premium Equivalent

2016 Market Sales split

Directly Authorised
£13,546,686,736
92.63%

Networks (18 Networks)
£1,077,085,904
7.37%

Grand total
£14,623,772,639
100%

*figures based on Equifax Touchstone Annual Premium Equivalent

The importance of market share

In Q4 2016 an average adviser firm with the Panacea community:

•writes 2.6 times more business than a firm that isn't part of the Panacea community.

•control 53% of the total business on platforms.

•writes 51.5% of all business written across group pensions, individual pensions, individual protection and investments.

Networks account for less than 8% of market volume, so why is so much resource still devoted to such a small a market share?

Source: Community facts provided by Equifax Touchstone. Q4 2016

Why is today's event important?

•The Financial Advisers role has evolved over the last 10 years since Panacea Adviser launched and most significantly, post-RDR.

•Networks should no longer be the only/main focus of intermediated distribution resource support

•Client needs and demands have also shifted over the last decade. In a recent poll by Panacea in response to key industry developments, 92% of advisers said the pension freedoms had resulted in the most significant change in client behavior.

• HMRC also recently revealed £9.2bn have been accessed by savers since the reforms were first announced.

•In today's new digital world how can Financial Services marketers maximise their ROI's and help advisers grow their businesses?

Today's agenda

THE FUTURE OF DATA

Richard Howells, Head of Wealth Life & Pensions, UK & Ireland, Experian

Richard has over 20 years' experience in senior roles in both distribution and manufacturing. He joined Experian from Zurich Financial Services where he was the UK Retail Sales Director.

THE PAST AND FUTURE OF DIGITAL

Paul Holland, CEO & founder, Beyond Encryption

Paul also manages Runpath Digital, a Fintech innovation firm and founded 'Webline' one of the world's first internet comparison websites and online intermediary quotation platforms.

Today's agenda

THE FUTURE OF CONTENT

Roger Edwards, Roger Edwards Marketing

Roger set up his own marketing consultancy following many years as Marketing Director of several UK financial services brands including Scottish Provident and Bright Grey.

experian™

The new world of advice,
guidance and information

What is the problem ?

- Customers are looking for different things at different times delivered in different ways : the common threads are that they are looking for both ‘**value**’ and ‘**value for money**’

- Specialism is positive but invites competition
- The Intermediated sector continues to change :
  - It is understandably targeting those customer segments that value advice enough to pay for it
  - Vertical integration is creating risk for manufacturers concerned about lock out, placing existing distribution strategies under strain

- As a market, do we really know our customers ?

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Three Considerations

Data Savvy Consumers

1

•Legislative change is driving the opening and democratisation of data to the rightful owners and is propelling customers into the centre of markets

•Pre populated 'data passports' will empower the customer to leverage the value of their aggregated personal data

Challenger Organisations

2

- Data is being used as a strategic asset and will enable market entry
- Remember what Richard Burton said ‘ they watched our world with envious eyes..slowly and surely they drew their plans against us ‘
- Those that have consumer trust will win

3

Achieving Value

- How does your customer engagement strategy monetise ?
- Is it dependant on a fee for advice/service or the manufacturing margin of a product ?
- If so, does this cloud your approach ?

Omni channel distribution – key deliverables

Is this the model of the future ?

- The answer ………. It is not far off !!
  - Convenience
  - Completely personalised delivery of the right products and services
  - A relationship of trust
  - Feeling part of the neighbourhood
- Technology will solve the one remaining problem – Scalability !

The Omni Channel Approach

Data & Engagement Strategy

Channel Options:
- Face to Face
- Remote
- Online
- Combination of the above

Service Options :
- Information
- Guidance/Help
- Advice
- Buy
- Compare
- Customer Benefits

Relationship Controller :
- Direct
- Partnership
- Complementor

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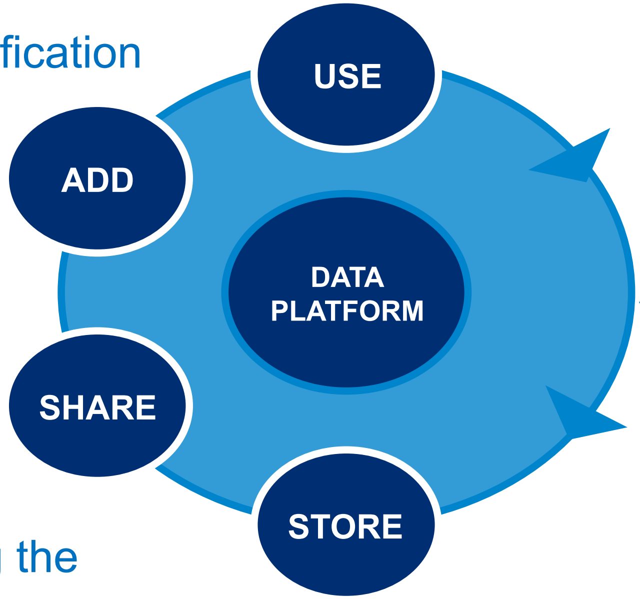
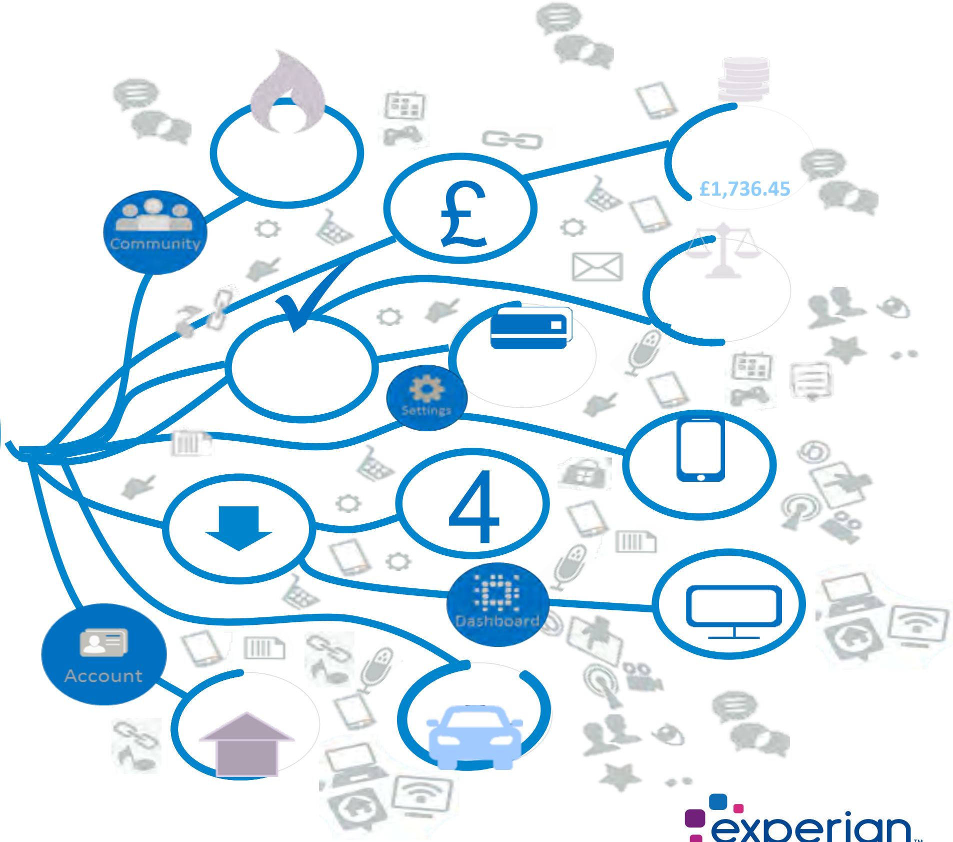
Data Strategy – The Trusted Data Custodian

Immediate value
v
Deferred gratification





Controlling the primary customer relationship

Engagement fundamentals

- The engagement model must seek to be able to replicate face to face interaction through the initiation of highly relevant client interactions on a scalable basis : its no longer ‘people like you ‘ its just ‘you’
- Using data analytics your engagement strategy should be able to predict customer behaviours :
  - What someone likes to buy ?
  - When they like to buy ?
  - At what price someone will buy ?
  - Through what channel they prefer to buy ?
  - Why they buy ?
- Enable frictionless on-boarding to certify your brand quality and establish a meaningful digital relationship between your firm and customer

On going Service

- Delivery of a slick digital customer experience increases engagement and delivers :
  - Upsell and cross sell opportunities
  - Reduced manual and swivel chair weak points in customer journeys
  - Streamlined paper document exchange
  - Facilitates digital self-serve on the most common customer update requests EG/ Change of address
  - Reduces direct costs such as postage, through implementation of customer accepted digital alternative
- Protect your customers from cyber crime, scams and fraud targeting by utilising :
  - Clever questioning
  - Device recognition
  - Biometric data
- Using data analytics to establish :
  - Pre -cancellation behaviour
  - Price or contribution elasticity
  - Pre qualified affordability

Five Takeaways

"Good players play where the puck is ……. great players play where the puck is going to be "

1. The Life & Pensions market is learning from other more developed markets
2. Advisers will remain an important part of the market, Robots cannot currently give advice
3. Customers now hold the power
4. The logical first step is to understand your customer engagement strategy
5. You are in competition !

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THE PAST AND FUTURE OF DIGITAL

Paul Holland
Founder & CEO

Panacea Adviser

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Guglielmo Marconi

Italian inventor / electrical engineer known for:

- Pioneering work on long-distance radio transmission
- Development of Marconi's law
- Radio telegraph system

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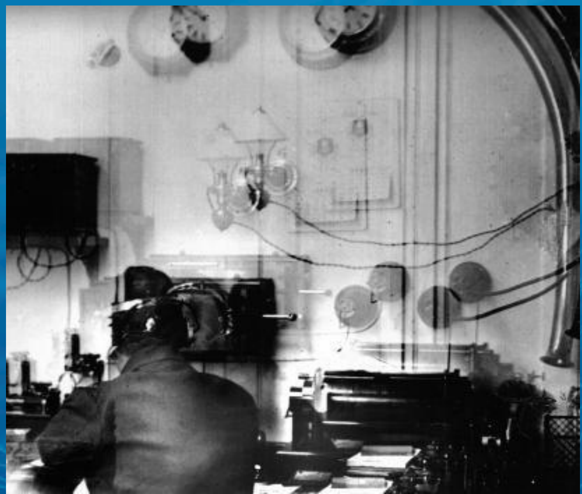

Marconi

Marconi

Space & Defence Systems Limited.

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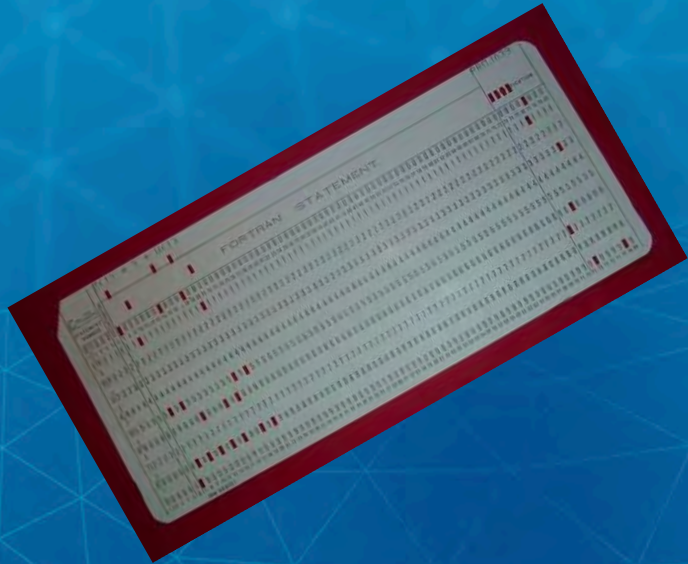

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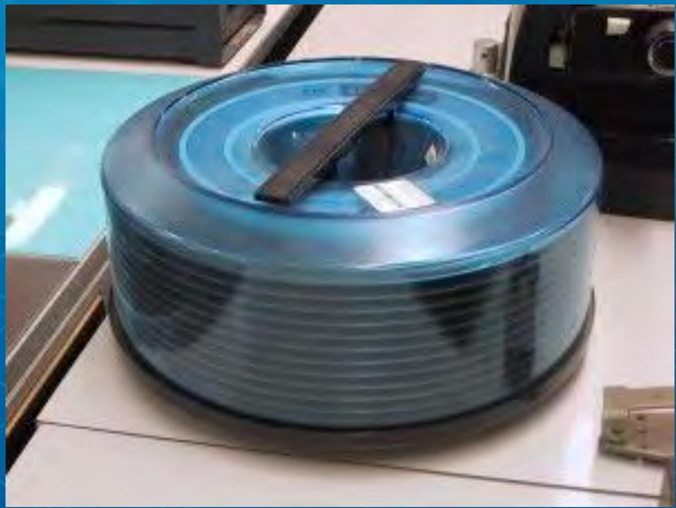

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Digital vs Analogue

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- CEEFAX

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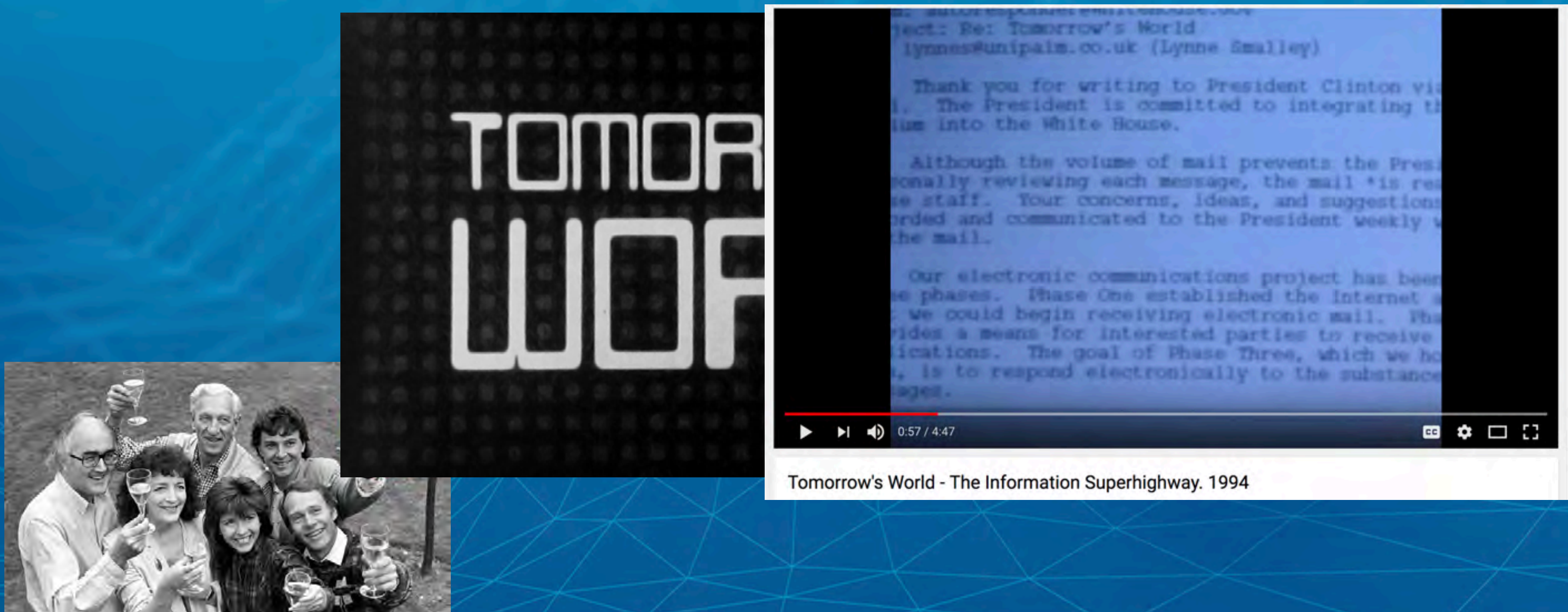

Tomorrow's World - The Information Superhighway. 1994

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Online Activity Ranking

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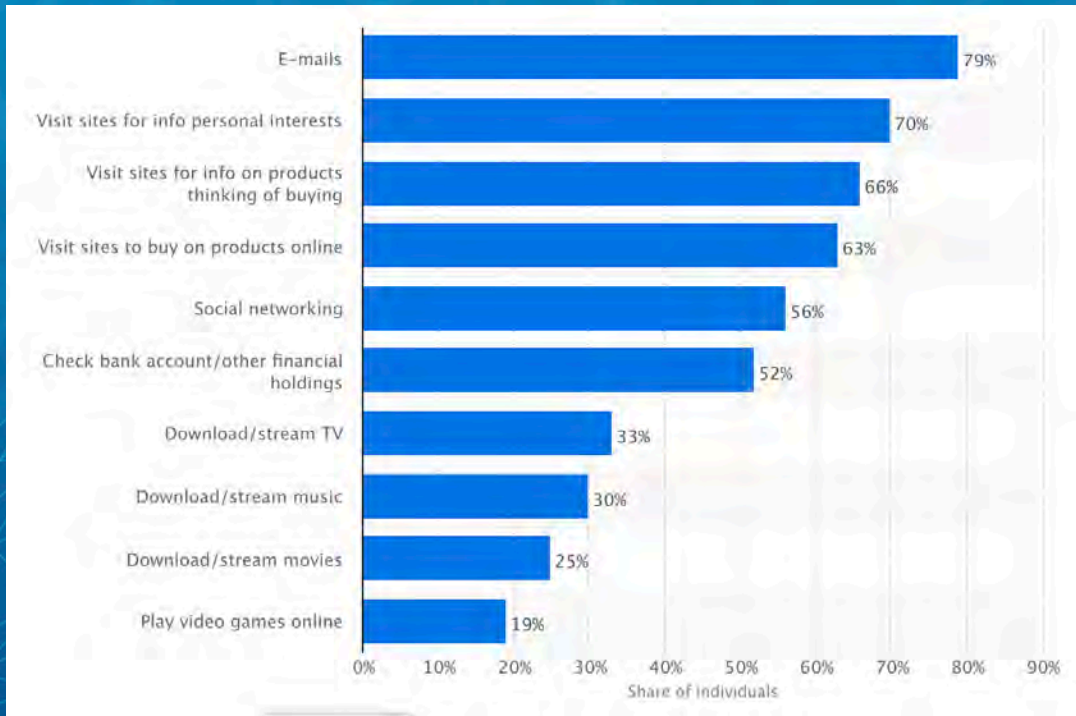
Regular usage penetration Great Britain

– July 2016

Source: Statista



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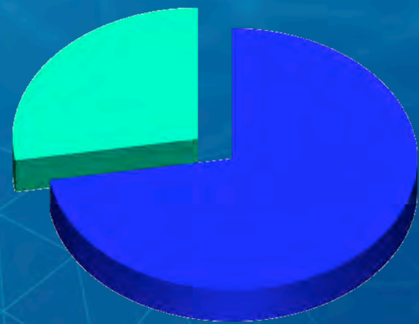
All done in the best possible taste !



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Evolve or Die

- Encyclopedia Britannica

"The only book, except the Bible, which has followed the Anglo - Saxon around the world."

In Australia

In Africa

In India

The New

Encyclopaedia Britannica

(11th Edition)

(Published by the Press of the University of Cambridge, England)

"The Most Successful Book of Our Time"

Wherever the English language is spoken—and this means in all civilized countries—the New Encyclopaedia Britannica found a ready market on the first announcement of its publication. It was recognized by scholars and by book-buyers generally that a new edition of this standard work of reference had become an imperative need of the day.

The sale within a few months leaped into thousands and then into tens of thousands of sets. It was seen that ordinary publishing methods could not suffice to cope with so extraordinary a demand. Then it became necessary *not to sell* copies of the Encyclopaedia, but to concentrate attention merely on the manufacture of enough copies to deliver to those who had already subscribed.

The present announcement marks the beginning of the second period of the sale. Of the unprecedented first printing (40,000 sets, 1,160,000 volumes) less than 10 per cent. remain unsold. These sets are offered at 40 per cent. less than the standard price of the previous edition—a price made possible only by large economies due to wholesale manufacturing orders for paper, binding materials, and printing.

How this Encyclopaedia differs from all others:

The oldest and the newest book of universal reference.

The only book which is a new and original survey of existing knowledge.

The largest encyclopaedia.

The most authoritative work.

Produced at the greatest expense.

Built upon the most scientific and practical plan.

Printed on Real India Paper (Imported)

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Adobe

amazon

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facebook

Google

SAMSUNG

Microsoft

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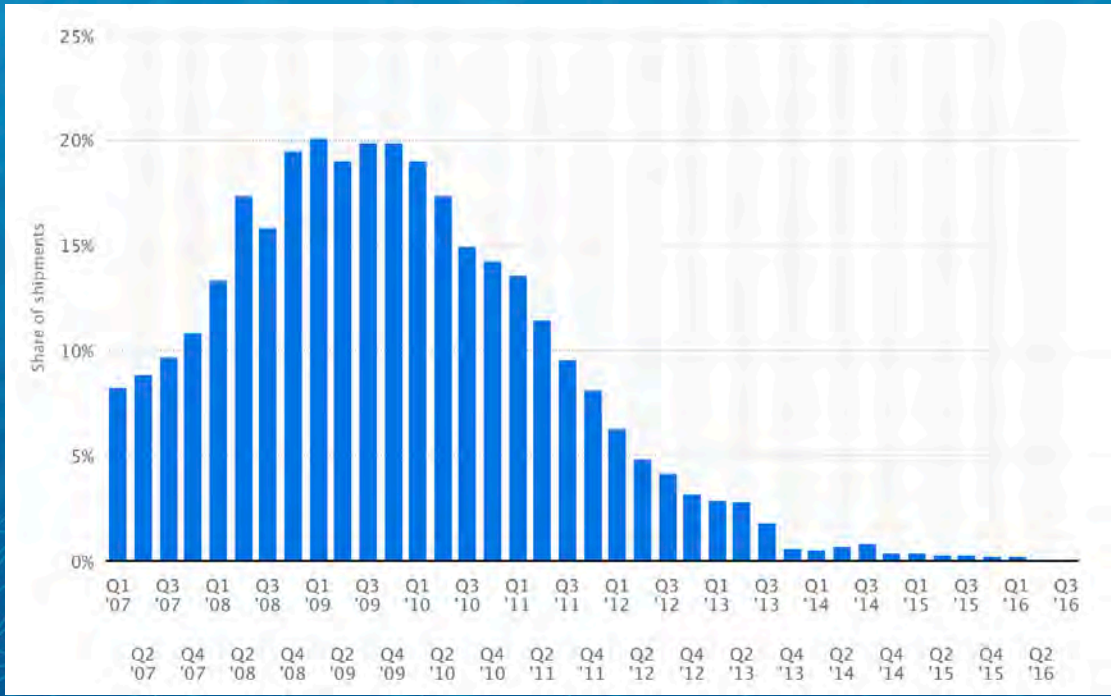
- Mobile telephony



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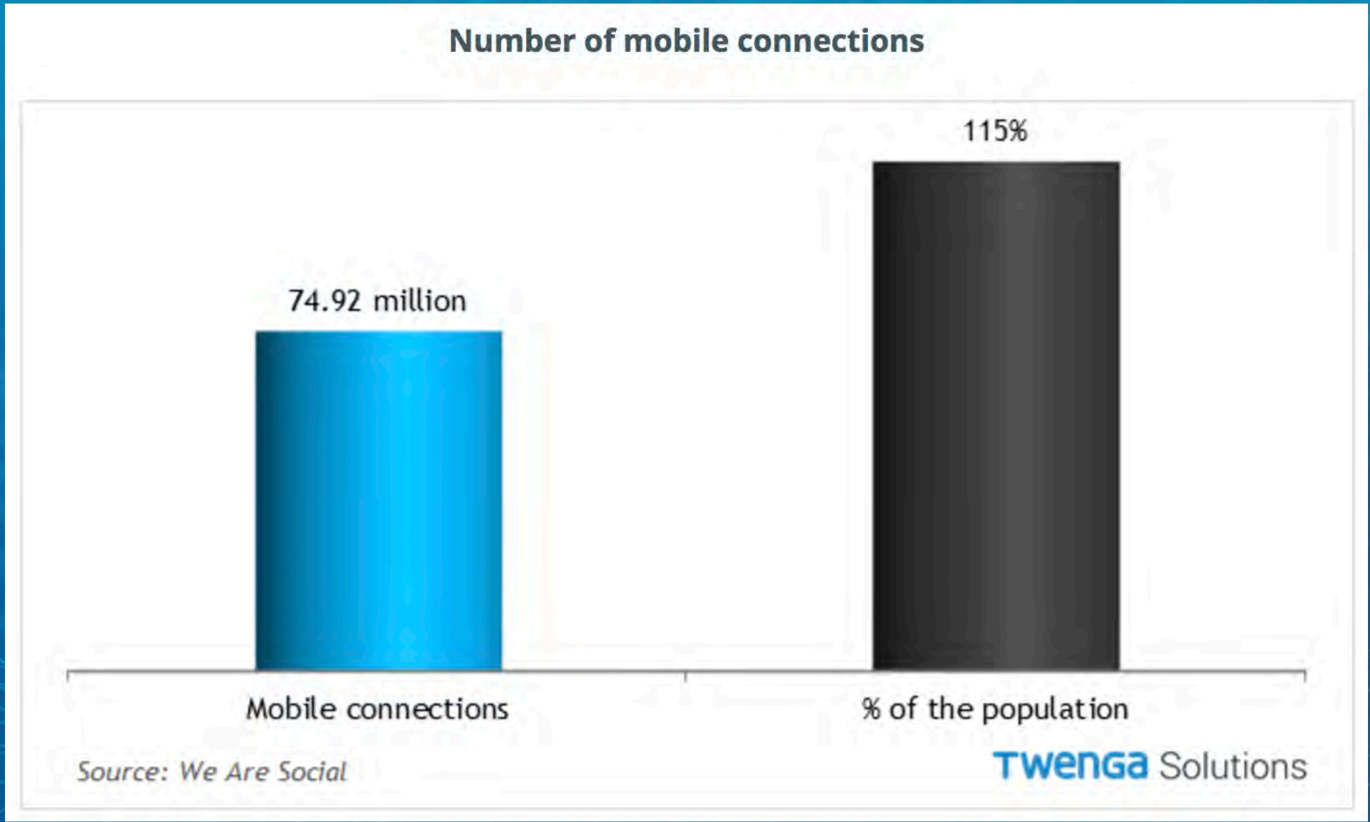

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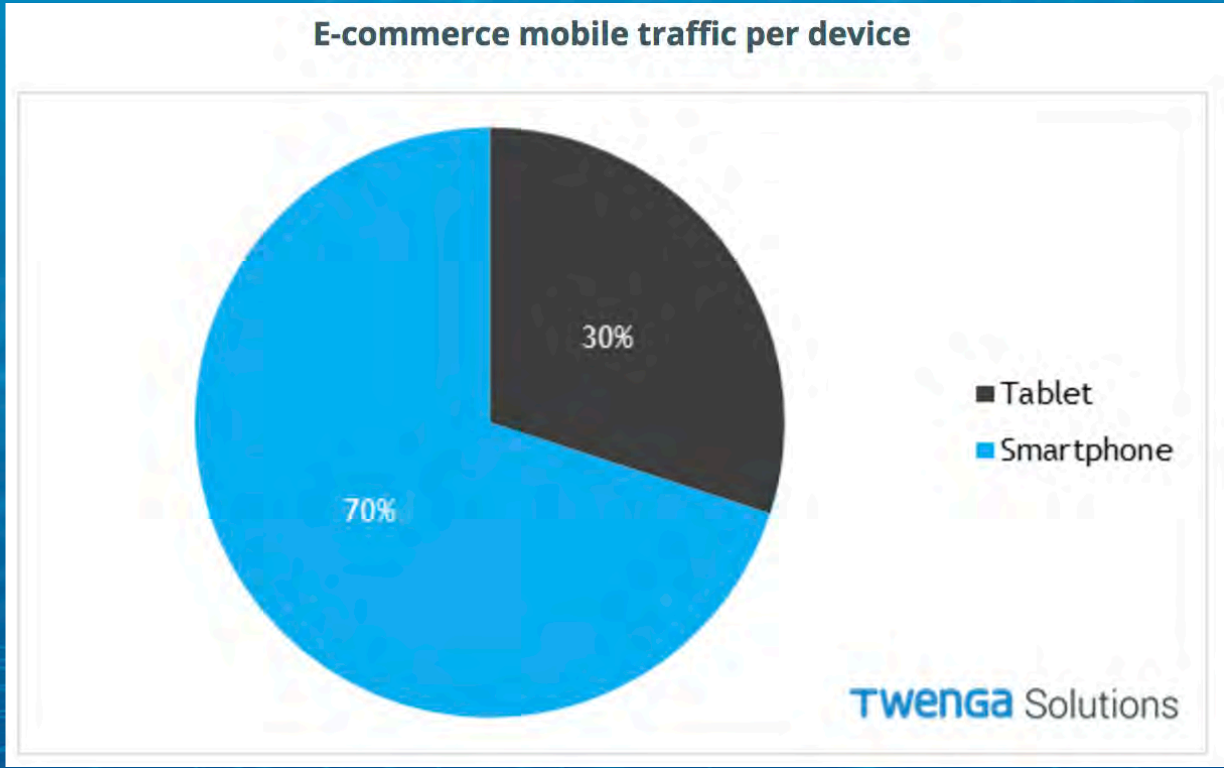

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Internet Usage

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- Information Super Highway
- Worldwide Web
- Cyberspace
- Internet

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Internet Usage

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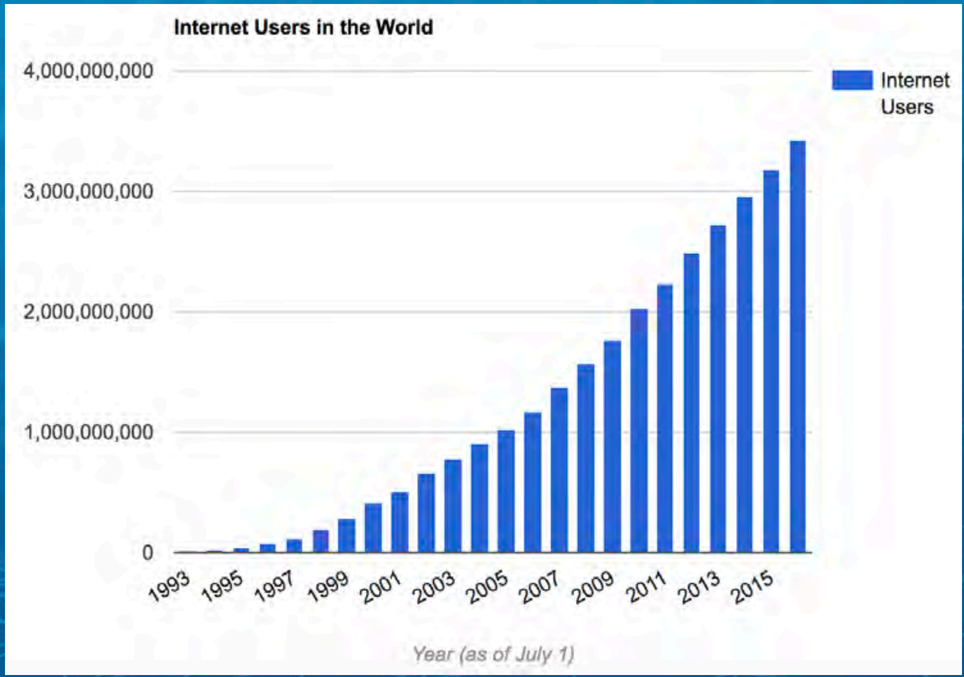

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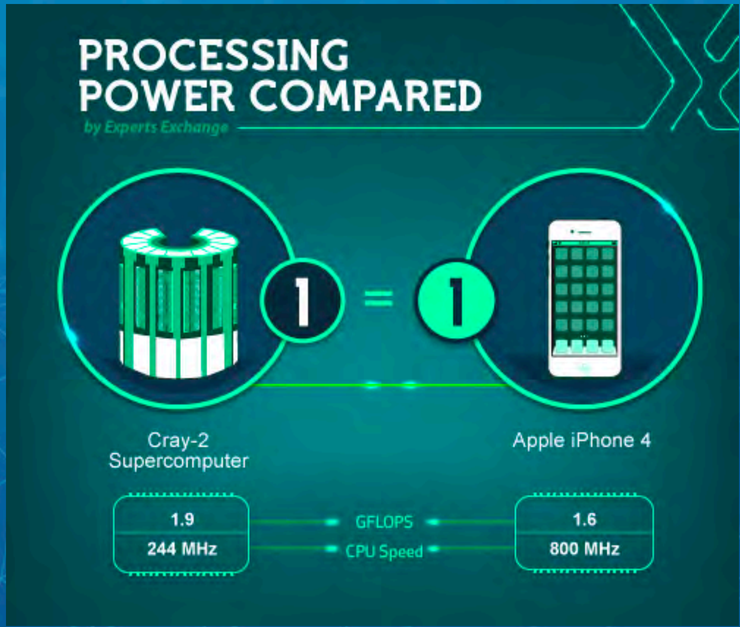
Computing Power

- Moore's Law



Computing Power

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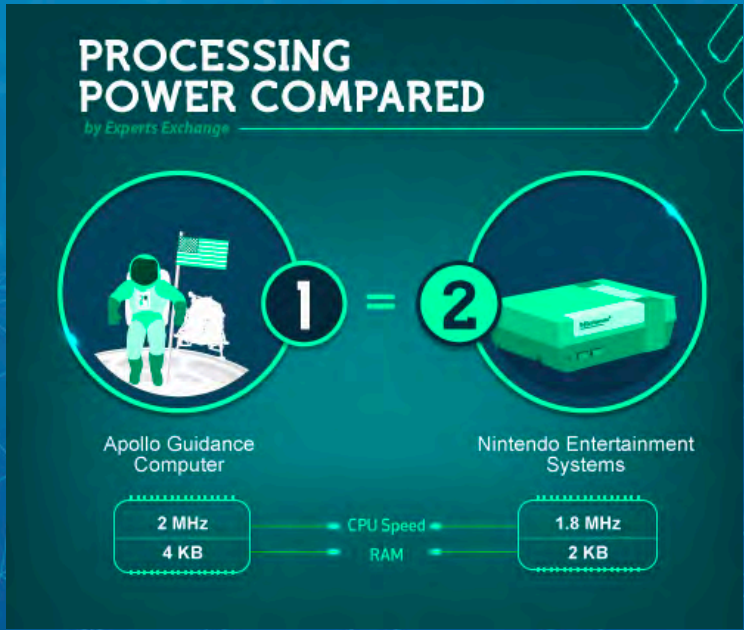

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Artificial Intelligence

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- Self Learning

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Artificial Intelligence

IBM Watson

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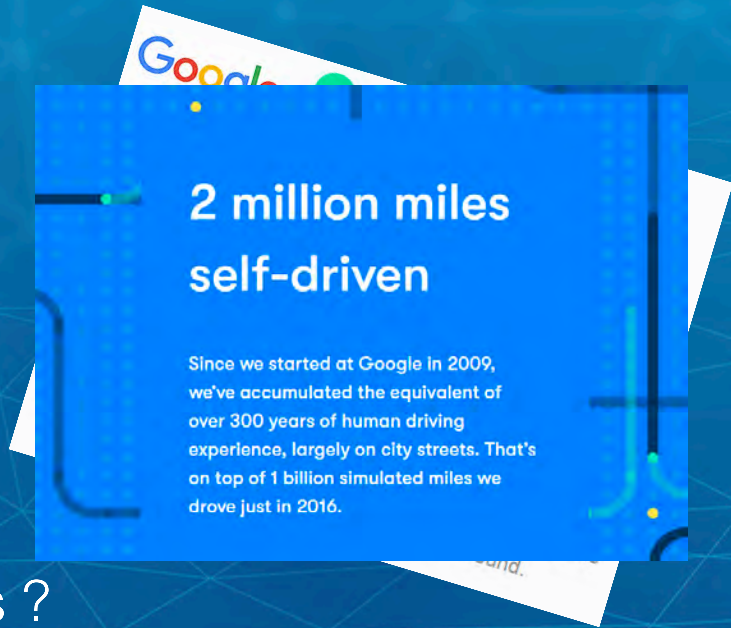
Autonomy



- The Knock on effects ?

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Online Shopping

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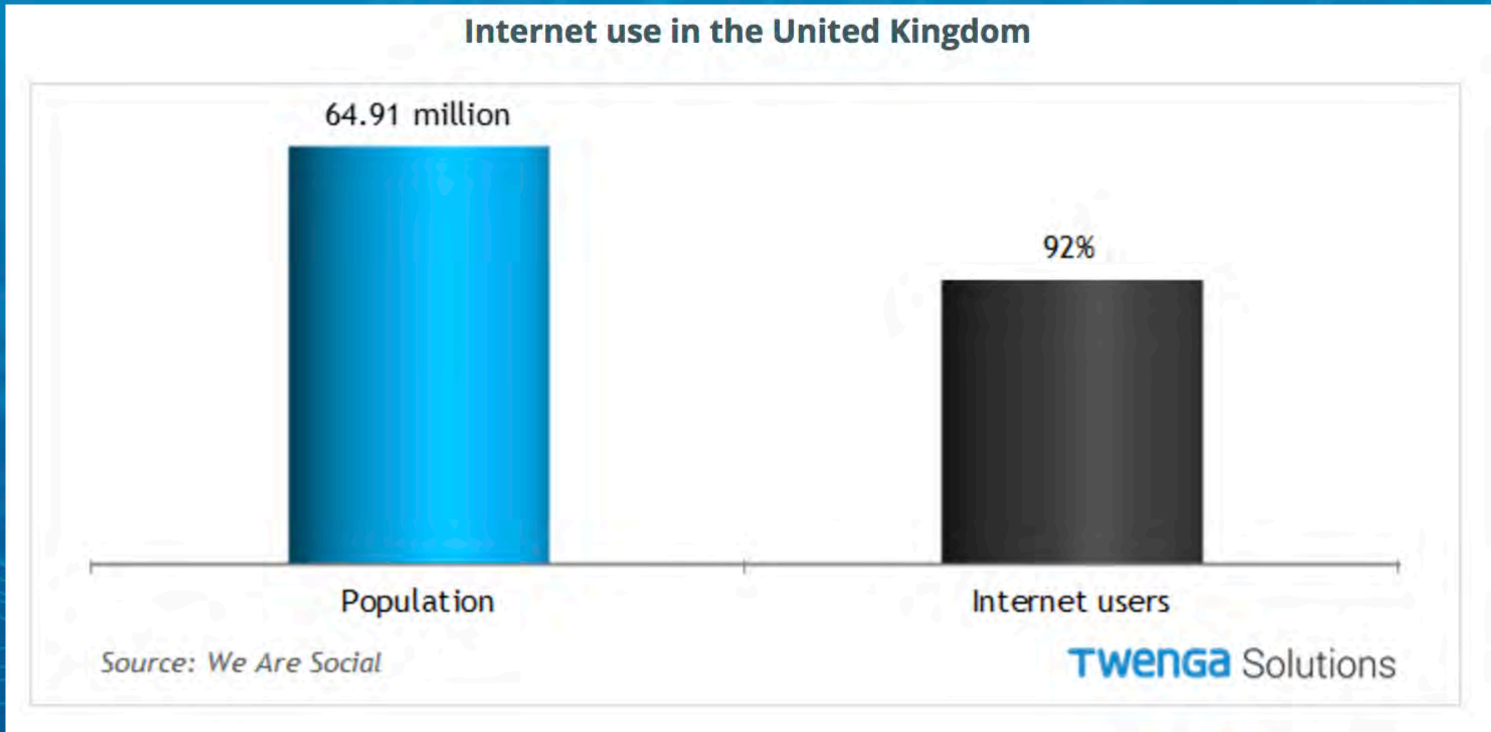

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Online Shopping

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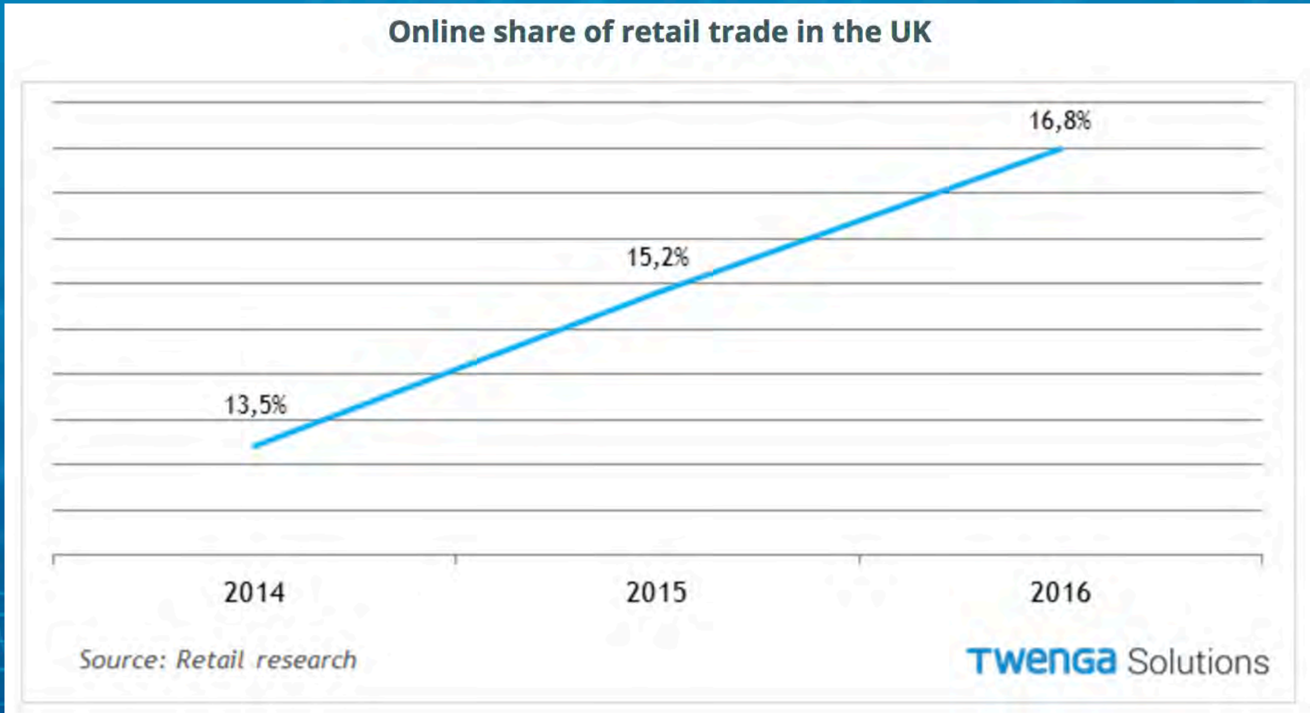

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Top 10 e-commerce sites in the UK

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Retailer	Category
ebay	General Merchandise
amazon.co.uk	General Merchandise
TESCO	Shopping
Argos	General Merchandise
asos	Clothing
next	Clothing
John Lewis	General Merchandise
Marks & Spencer	General Merchandise
IKEA	Furniture
B&Q	Home & Garden

The Internet

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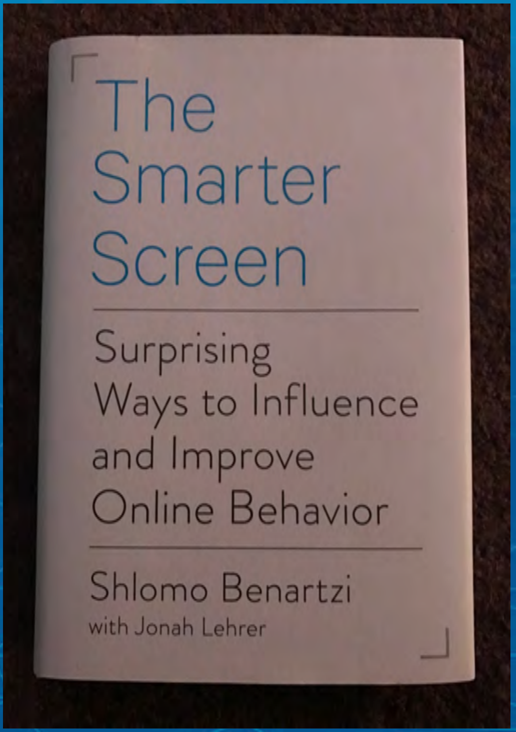
The Most precious commodity online . . . .

. . . . . . ATTENTION . . . . . . engagement



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Data

- Using data to refine engagement
- Regulatory / Compliance Obligations
  - DPA
  - GDPR

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FCA – Data Security

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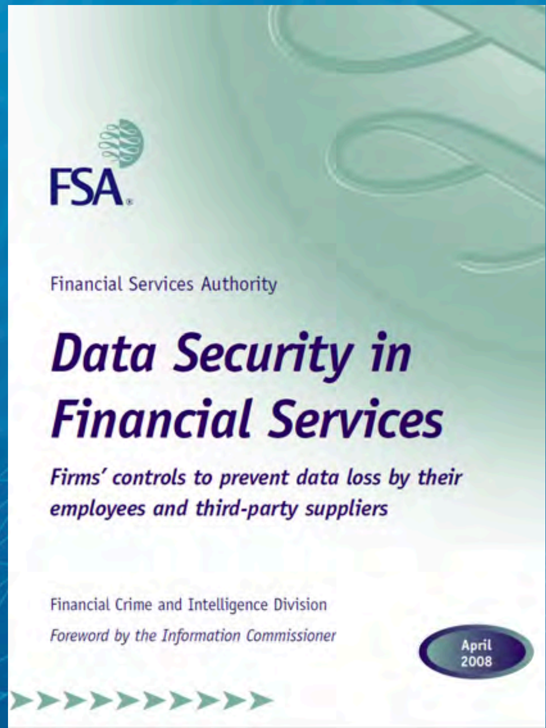
FSA
Financial Services Authority
Data Security in Financial Services
Firms' controls to prevent data loss by their employees and third-party suppliers
Financial Crime and Intelligence Division
Foreword by the Information Commissioner
April 2008

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FCA – Data Security

FCA

Business Plan
2017/18

Our priority work for the year ahead

Our cross-sector priorities

Firms' culture and governance

- Consult on the accountability regime for all FSMA firms
- Continue to review our regulatory framework that governs remuneration

Financial crime and anti-money laundering (AML)

- Prepare to take on responsibility for reviewing the quality of professional bodies' AML supervision
- Investigate how new technology can improve the efficiency of AML processes
- Roll out a further ScamSmart campaign warning of investment fraud

Promoting competition and innovation

- Publish resources to help firms developing 'robo-advice' services
- Engage with regional and Scottish FinTech hubs
- Investigate how near and real-time compliance monitoring can reduce the regulatory burden

Technological change and resilience

- Establish cyber co-ordination groups across five sectors to share experiences and foster innovation
- Undertake technology and cyber-capability assessment on all firms considered 'high impact'
- Analyse resilience risks in major initiatives, including ring fencing and the Payment Services Directive II

Treatment of existing customers

- Analyse the effect of wake-up packs on consumers' decisions at the point of retirement
- Look at how firms treat borrowers whose interest-only mortgages are approaching maturity

Consumer vulnerability and access

- Publish our 'Consumer Approach' to define our overarching approach to addressing UK consumers' needs
- Continue our work in the consumer credit sector, including our continued focus on high-cost credit and overdraft

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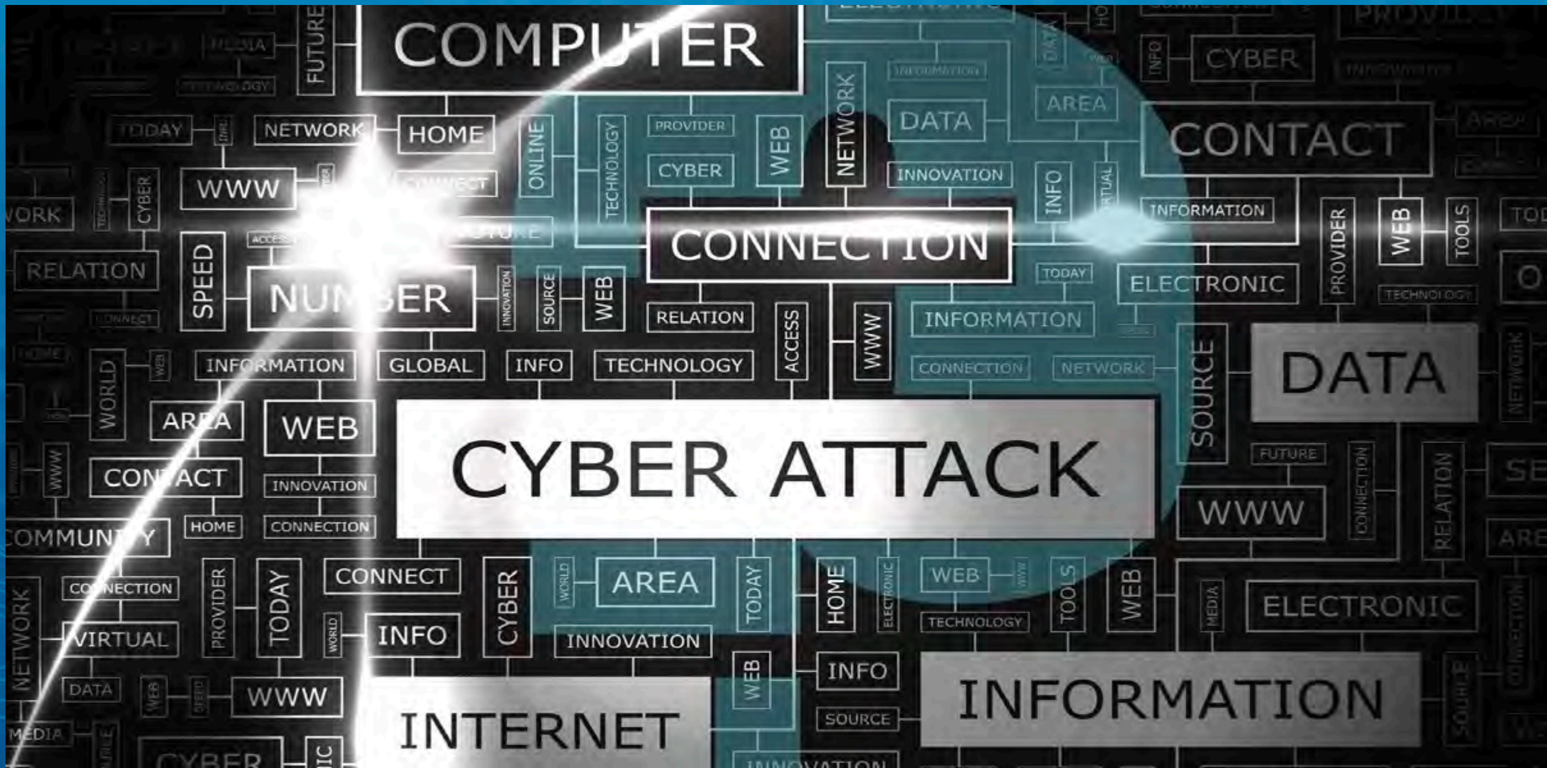
The Rise in Cyber-Crime



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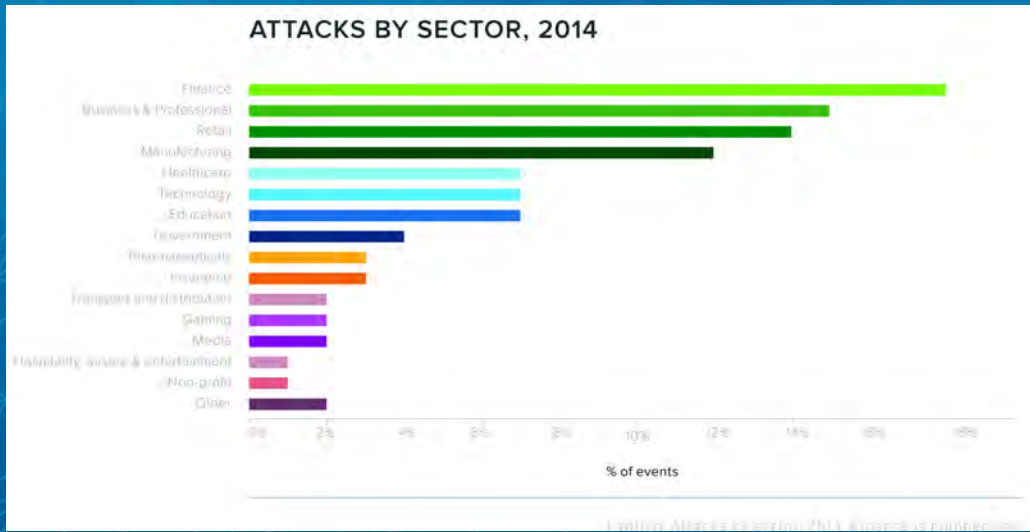
cyber-attacked industries 2015:

- 1. Healthcare
- 2. Manufacturing
- 3. Financial Services
- 4. Government
- 5. Transportation



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The Telegraph
TalkTalk
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Talktalk Telecom Group PLC
LON: TALK - 27 Nov 08:55 GMT
252.24 2.24 (0.90%)
1 day 5 day 1 month 3 months 1 year 5 years max
BT chief warns over damage to broadband industry from Talktalk security crisis
250
BT has warned that the cyber security crisis at rival TalkTalk has damaged the whole telecoms industry by undermining customer trust.
High 254.00 P/E ratio 47.33
Low 248.90 Div yield 5.77%
Google Finance - AOL Money - Yahoo Finance
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Fighting Cybercrime

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- Encryption
  - In cryptography, **encryption** is the process of encoding a message or information in such a way that only authorised parties can access it.
- Applications
  - Online banking / shopping / browsing
  - Digital Communication
    - Email messaging - Beyond Encryption® - Digital Recorded Delivery®

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Digital Evolution Index

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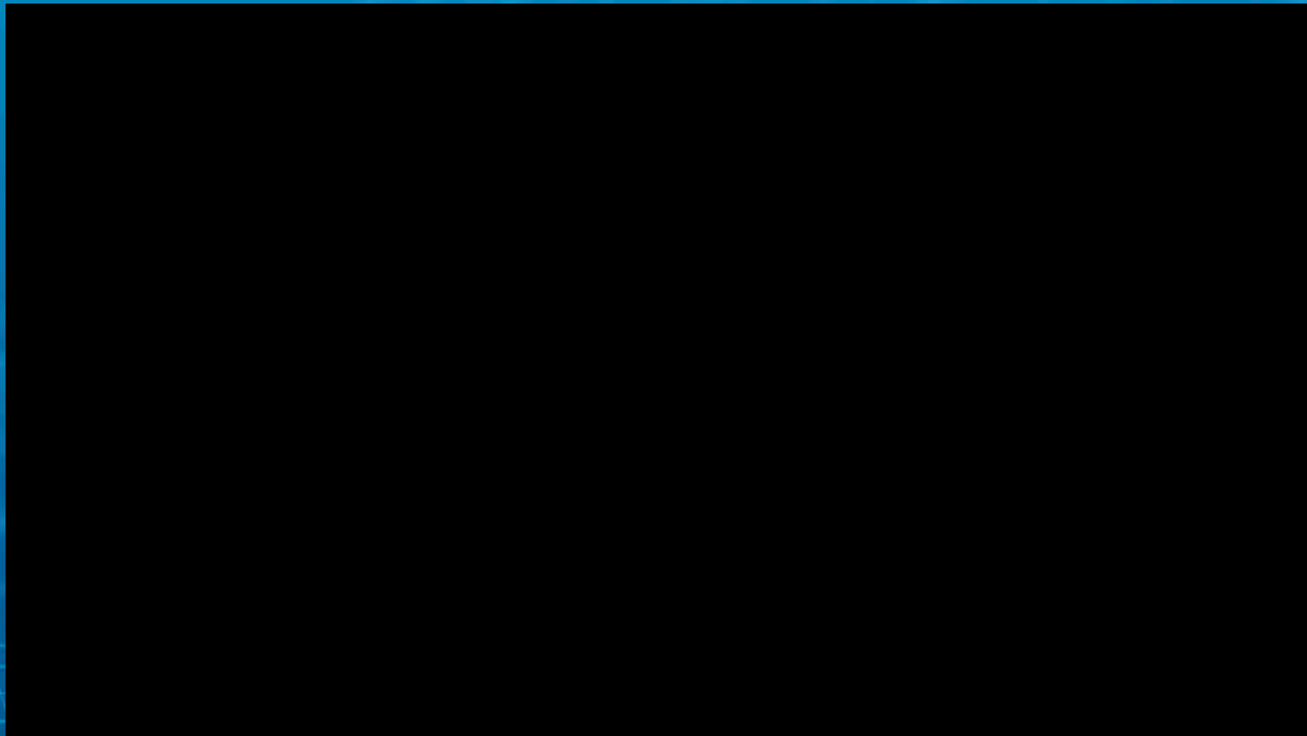

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Digital Evolution Index

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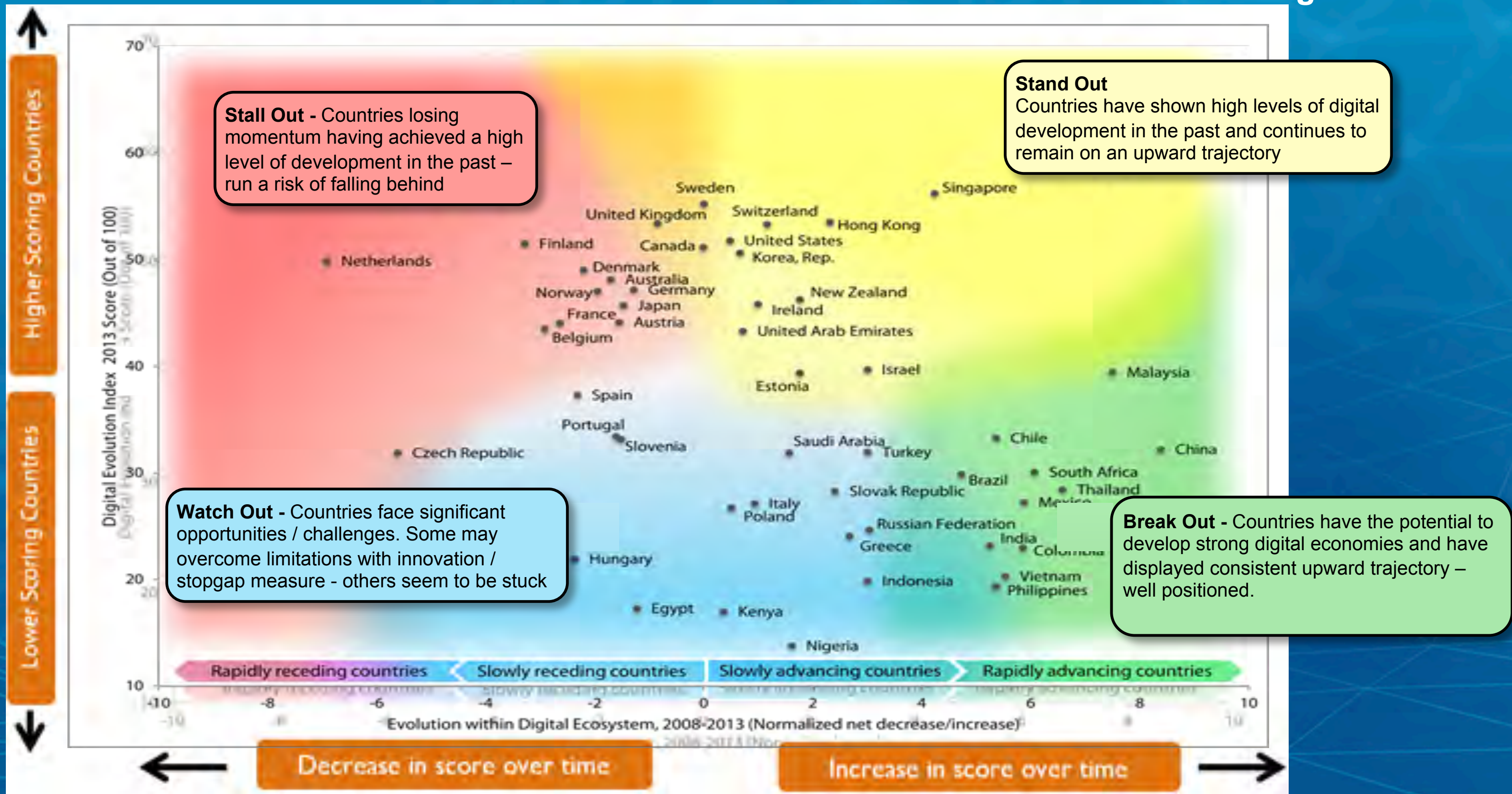

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Which zone are you in ????

Will you be a Digital Winner . . . .

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Thank you for your attention

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The Future of Content

Roger Edwards

Roger Edwards Marketing

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“Making stuff that teaches, entertains and inspires people to know like and trust you enough to do business with you”

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Google

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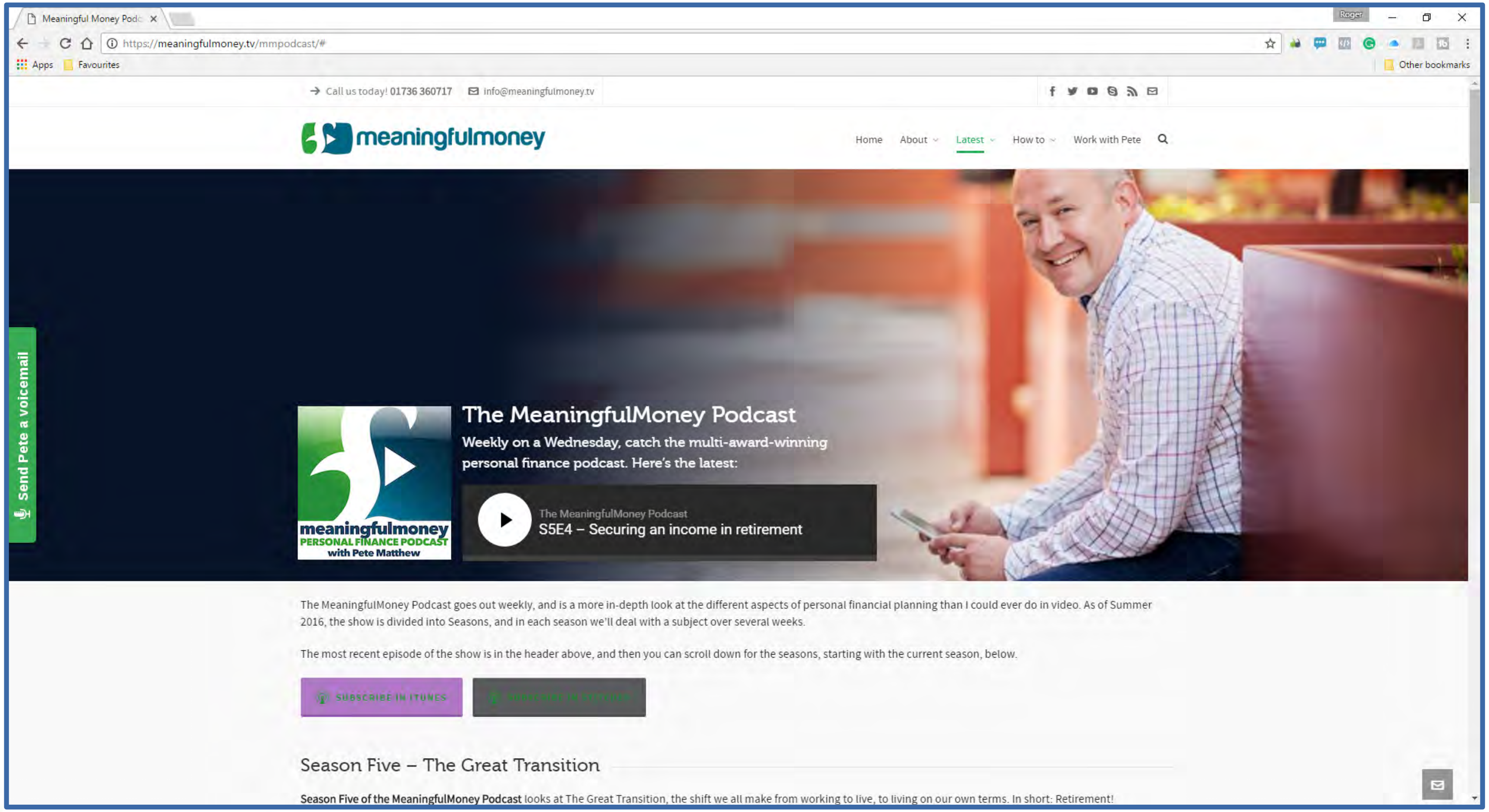

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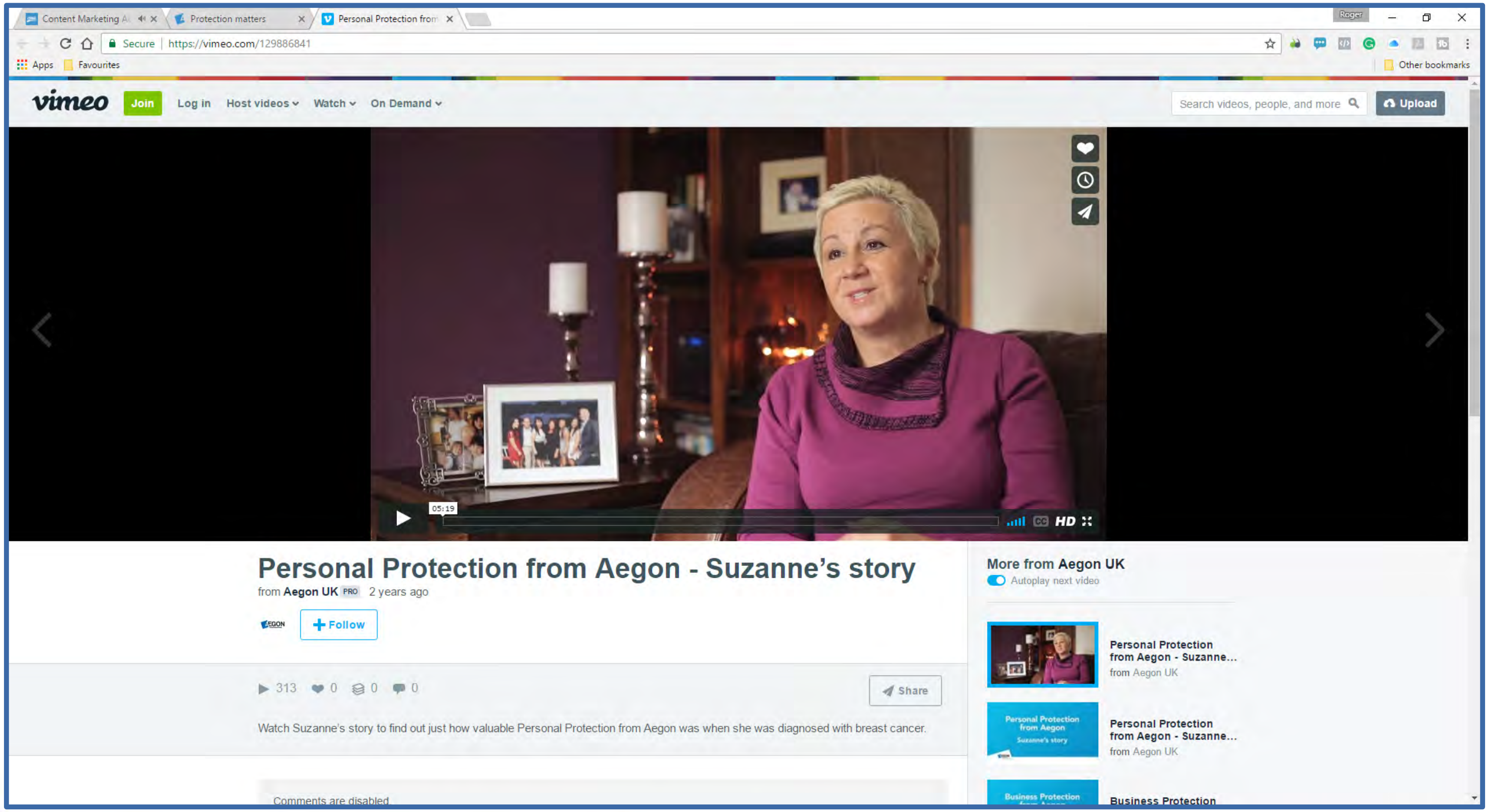

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Component
Client Profiles
Content Statement
Adviser Asks We Answer
Types of Content
Content Hub and Calendar
Call to Action
Social Media
Measurement

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Client Profile

- Example using the MAF Podcast
- Professional financial adviser
- One man band or running a small firm of 20 or so people
- Eager to embrace digital technology
- Looking to develop their business
- Wanting to learn about marketing, social media, business development and best practice

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Content Statement

- **Core Target Audience:** The Adviser Client Profile above.
- **What Content?:** Answers to the questions they have about marketing social media, business development and best practice. Giving ideas and inspiration that they can use to develop their business.
- **Call to Action:** Confidence in Roger Edwards Marketing Ltd as a partner to work with further on marketing strategy, content marketing and social media. Potential clients get in touch to discuss potential projects.
- **Tone of Voice:** Interview style. Clear language. Chatty. No jargon. One or two take away ideas per 30 minute audio show.

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Adviser Asks We Answer

Category	Questions
Cost/Price	
Problems	
Comparisons	
Reviews	
Best of/Top 10	

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Component
Client Profiles
Content Statement
Adviser Asks We Answer
Types of Content
Content Hub and Calendar
Call to Action
Social Media
Measurement

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@Roger_Edwards

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Bento Bulletin analysis from 2016

•2m bento bulletins (up to 12 issues per month)
•885k solus mails (56 in total)

•Bento average open rate of 14%
•Highest bento open rate was 21%
•Highest click through rate was 10%

•Solus average open rate of 19%
•Highest solus open rate was 31%,
•Highest click through rate was 15%

http://www.panaceapartners.co.uk/BentoBulletinAnalysis.pdf
•interesting insights into how the UK adviser market is receiving & responding to email marketing

Virtual Event

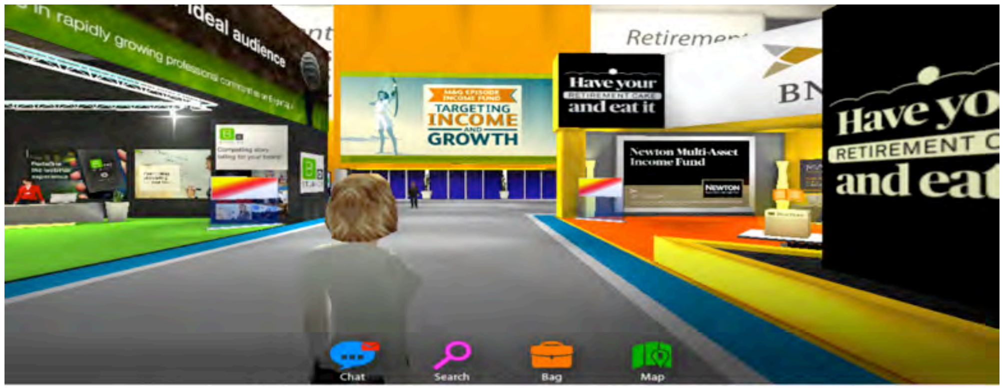
- In February 2016 we ran the UK's first ever Financial Services virtual event

- 342 registered & 114 attended on the day – not bad for an industry first!

- Looking to run another either late 2017 or early 2018 if there is enough appetite

- [Download the post event analysis]

Retirement Choices 2016
by Panacea Adviser



Virtual Event

Thank you and be careful out there.

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