



GATEWAY INSIGHTS

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12 Emotions and selling

An article in The New York Times published on 10th October this year entitled “When emotions move the markets”¹ pointed out that it is a self evident fact that investment markets are driven as much by emotion as by investment insight. And yet, emotion is not always considered when formulating a marketing or sales strategy for a fund management investment product.

In Gateway’s experience of dealing with numerous fund managers often selling quite different investment approaches in the same sector, the strategy of selling to the emotional as well as the rational side of the potential client’s brain is often overlooked. There is much to be written about this topic, too much for this Insight, but thought we’d cover off on some basic concepts around emotions and selling.

Marketing and sales strategies that do not consider emotion are at a disadvantage. Emotion is said to stimulate the mind 3000 times faster than rational thought.² Rational thought leads customers to be interested but it is emotion that sells. People are interested in attributes; but they really want to know if this product will suit their personality and preference for investment style.

But how do fund managers employ strategies that would make sales decisions more emotionally driven?

¹ <http://www.nytimes.com/2009/10/11/business/mutfund/11behavior.html>

² Frank Defino Jr. Emotional marketing triggers right response. In Encyclopedia Britannica Online.

Highlight the emotional satisfaction your clients will get

No matter what your business is, if you are serving people, you need to be able to tap into the emotions that motivate them. Can you describe what emotional gratification your clients will get from your services?

For example: Do your clients (could be financial planners or brokers for example) feel a sense of "confidence" that your organisation will provide better outcomes for their own clients in terms of investment performance or is it "security" that they will more easily meet their 'income' requirements? Or are you appealing to an emotion such as responsible investing?

The new market segment of sustainable investing has managed to have some success in this area. With more than 80 managed funds in Australia purporting to support sustainable investing, managing more than \$4.1 billion between them, there appears to be a fair amount of choice now for investors interested in this market segment³. This segment highlights the emotional satisfaction that investors will get from knowing that they are doing the right thing for the environment and the ongoing sustainability of the planet.

Use the right colors in your promotional materials

It's very important to know which emotions or symbolisations will trigger your target audience to buy your product or service. The use of the right colours in your investment marketing promotional materials – in your marketing brochures, your PDS or on your website – can actually increase your sales. When investors and consumers in general see certain colours they can change their emotions or they can symbolise things related to the colours. For example, green and brown colors represent money and strength, and bring out the emotion of greed and comfort respectively⁴. If you are promoting your products into the Asian market you need to be aware that colour is very important to this market.

Selling by coaching

Treat your prospective client or investor as a player who wants to achieve extraordinary results. You are there to overcome the fear of change and to help the client succeed. Words and emotions can be used to understand needs. This is where effective distribution is essential for fund managers looking to make significant inroads into the Australian market. Distribution can take several forms but in the retail landscape in Australia we are referring to face to face ie. BDM selling methods.

³ Sustainable investing, by Gillian Bullock, April 2007

⁴ [Psychological Impact of Color](#) by Diane Toops, News and Trends Editor, June 5, 2001. Food Business, Color Strategy, June 2001.

Make your customers enjoy the experience

Why would people want to invest with you or buy from you if they don't enjoy doing so? Making what you have to sell, fun to buy is simply taking the whole process one step further. A successful business should be enjoyable for you, and there's every reason why you should be able to communicate that sense of enjoyment to your investors.

Finally, the article in The New York Times goes on to say that "humans are emotional individuals...". If managers can take this into consideration when developing sales and marketing strategies this might just give them an edge.

About Gateway

Gateway Financial Marketing (Gateway) was established in February 2004 by Amanda Rethus and Edwina Best for the purpose of offering fund managers, other product providers and international new entrants, expert advice, services and assistance in negotiating entry into the Australian Retail Financial Services market. Use of Gateway's services provides the opportunity for clients to overcome the hurdles that can often confront fund managers when transitioning from institutional to retail and hence improve participation in retail funds flow. Prior to Gateway, Amanda and Edwina spent over 30 years combined with major institutions in the Retail Financial Services market.

Our qualifications

Amanda has over 20 years experience in the Financial Services industry and was formerly a Divisional Director in the Financial Services Group of Macquarie. Amanda managed investment portfolios for over 10 years, and has spent in excess of 10 years introducing investment products to the Australian Retail market.

Edwina has a Bachelor of Business from UTS majoring in Marketing and International Business. She has over 12 years experience in the financial services market, concentrating in relationship management, product management and marketing. They both have extensive contacts in the retail financial services market especially with key decision makers.

If you would like to confidentially discuss your current approach to the retail market or have any questions on the above please do not hesitate to contact us on – Edwina 0404 046 179 or Amanda or 0414 658 323.