



## GATEWAY INSIGHTS

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### # 20 Knowing your competitors - why it's important for fund managers...

For those of you reading this that have worked with Gateway, you would know that we are always emphasising how important it is to 'know your competitors'. At Gateway we firmly believe in order to position yourself successfully in the Australian funds management landscape, you need to know who you are competing against.

For many fund managers competitor analysis is an often neglected aspect of their marketing efforts. There is no doubt that superior investment processes and professional marketing material are important selling tools but there is no point in having a new fund if your competitor/s have a similar one and it happens to be more competitive on fees and/or other product features.

This Insight looks at why keeping abreast of your competitors is important and offers a simple checklist on how to get started.

#### **Why is competitor analysis important?**

Growing a successful funds management business isn't about getting rid of the competition or winning at all costs. In the financial services industry in Australia we see time and time again successful fund managers ie. competitors who tend to meet on common ground at different times - they may be collaborating on behalf of the industry one day and pitching against each other for an institutional mandate the next. In our view the key to winning market share is to differentiate your organisation by providing funds or investment solutions that your potential investors will find more appealing than what's offered by your closest competitors.

Another aspect that we encourage our clients to consider is that there may be more than one group of competitor products. We call these “in-direct” competitors. For example:

- Is the competitor universe for a Resources Fund other Resources Funds or does it also include exposure via direct equities (BHP and Rio), maybe ETFs or even Absolute Return Resource Funds?
- Should Term Deposits be included as a potential competitor to Fixed Income Products?
- Are long only Australian Equity Funds now competing against Absolute Return Funds that can allocate between cash and equity? Or competing against Funds in the long/short universe? Or neither, or both?

It is important for fund managers to analyse their direct competitor universe but also to look at other products out there that can offer similar exposure, are cheaper and easier to use therefore act as a proxy. It's not hard; it just involves taking time to think outside the square. It is important because these Funds and products may potentially be taking your market share. Your marketing messages need to address the issues they are raising.

### **Where do we start?**

Subscribing to sophisticated databases is out of reach for many boutique or smaller fund managers, however there are plenty of useful sources of publically available competitor information behaviour:

- Trade/finance media
- Conferences
- Public offer documents
- Contacts

Gateway has put together some simple steps that you can follow to begin completing a simple competitor analysis. This will help you uncover the information you need, to effectively differentiate your funds from the other funds in your sector, and beyond, based on your business's and fund's own unique selling points.

1. *Decide what you are* ie. how you are investing and how you have structured your fund, therefore what you are offering and in which sector. It may be as simple as a Listed Property Trust (LPT) or it may be an Australian Equity Absolute Return Fund with no fixed mandate, or a 130/30 fund, or a Fixed Income Hybrid offering.
2. *Next step - do some homework.* The first step in a competitive analysis is to review your competitors' marketing tools and materials. Once you know which type of fund you are

offering and in which space, you can look at competitor web pages and print advertising, and articles in which they may have been mentioned. You can normally get most of this online which cuts down research time considerably.

3. *Evaluate "in-direct" competitors* (discussed in the last section). In almost all cases, chances are, you have a lot more competitors than you think. In addition to direct competitors, evaluate the marketing tools and materials of any other funds or investment products investors may perceive as offering a similar return outcome.
4. *Focus on the message*. Once you've summarised the information, the next step is to make sense and analyse what's being communicated and how. Identify the tag lines or key outcomes being made by your competitors. You might find the majority of your competitors have similar messages, with hardly anyone showing strong points of differentiation. After reviewing a few of these it will be more obvious what is the most effective messaging. What format is working for these managers? You should now be able to make a call on whether your fund marketing is above or below industry benchmarks.
5. You are now in the position to *create your own competitive positioning* – you have all the info and have summarised the key messages of your real and perceived competitors. How does your fund/s meet your investors needs in a way that is both unique and compelling?

### **Finally.....the earlier the better**

Once businesses and funds are set up and the focus is on the investment markets and how alpha is being created, changing the course of your marketing pitch and other efforts mid-stream isn't always straightforward, and may mean a break in focus and momentum. Although these distractions are usually short lived.

But to avoid that short term pain and distraction Gateway recommend that you do your competitor research up front, so you don't have to change course later and waste valuable time. Your commitment to undertaking competitor analysis will help you stay on top of who your competitors are and what they are doing, as well as what is, or isn't effective. This information will be able to be used going forward by your business many times as your business grows and you further develop your marketing efforts or create spin off products.

All fund managers operating in the Australia market would agree it's a highly competitive marketplace with many successful and emerging players garnering significant market share. Managers should not underestimate the breadth of potential competitors - commitment to competitor analysis will enable you to always be one step ahead.

## 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.