Brand ambitions: RIAs bid to become household names

by Ian Wenik for Citywire

Can major advertising campaigns help RIAs break through to a mainstream audience – or do they risk becoming an endless drain on revenue?

If you were glued to the couch during the first few weekends of the NCAA Men's Division 1 Basketball Tournament, you may have noticed an interesting advertisement or two nestled between the usual mind-numbing spots imploring you to eat Reese's and drink orange vanilla-flavored Coca-Cola.

In one, a doctor tries to prescribe his wary patient a bottle of his proprietary elixir. In another, a waiter tries to push a 'sardine surprise' at a ritzy restaurant, telling his bemused customers that the restaurant gets a hefty commission with every sardine dish sold.

The ads were the creation of Creative Planning, a $37 billion RIA based in Overland Park, Kansas. They aired scores of times across four TV networks and represented an unprecedented investment in nationwide marketing from a fee-only RIA. A single commercial during the first two weekends of the tournament cost roughly $121,500 to air, according to analysis of data from iSpot.tv.

Taking to the airwaves

Seeing Creative Planning on one of the biggest stages in television caught a number of industry figures by surprise.

'There are firms like Carson Group, Savant and Mariner that have taken the opportunity to build out their brands,' said RIA consultant John Furey, who serves as the managing member of the Alliance for RIAs (aRIA), a consortium of seven large firms. 'But what's different about this – and most larger RIAs have been shy about it – is that it's safe to say Creative Planning is almost the first RIA to deploy a national, traditional consumer advertising campaign.'

Linear and cable TV ads have traditionally been the preserve of the large discount brokerages, with one big exception: $107 billion Fisher Investments. Ken Fisher's firm has been a staple on cable television at all hours of the day and night, on top of sending out millions of direct mail solicitations every year.

But Fisher's firm, with its call centers and in-house funds, doesn't bear a whole lot of resemblance to the traditional vision of an RIA. A spokesman for Fisher Investments declined to make any executives available for interview.

'What Fisher gets right is picking a channel, picking a strategy and then repeating it,' Furey said. 'The numbers don't lie, right? Fisher is a huge firm and it continues to grow very rapidly. Of course it's an RIA, but even more so, it's a marketing firm, if you think about it.'

Stark raving m-ad?

The question is, then: Can Creative Planning's TV blitz generate enough new client assets? And if it works, can other RIAs use it as a model?

RIAs that hope to rival the Fidelitys and Merrill Lynchs of this world may do better to keep dreaming, argued Ric Edelman, co-founder of the world's largest independent RIA, Edelman Financial Engines. Although Edelman manages $202 billion through his company, he prefers to focus his marketing efforts on investor education. He hosts his own radio show and has his own public television series.

'I don't believe that going head-to-head in a traditional marketing campaign against the major companies in our space is a viable strategy, and the simple reason is advertising budget,' Edelman said. 'Fidelity, I've heard, spends $100 million a year just on its digital marketing campaign. Forget about the rest of the marketing budget. It can do this because it has trillions in assets under management. It's difficult and probably impossible for an investment advisor with $5 billion, $10 billion or $20 billion in assets to have the resources to be able to spend dollar-for-dollar against Fidelity, Vanguard, Merrill Lynch or Wells Fargo.'

What's helpful for RIAs as a whole is that well-heeled organizations have been willing to put down the dough to get the word out on the differences between advisors and brokers. Charles Schwab, one of the discount brokerage heavyweights, launched a national advertising campaign on CNBC and Fox Business in 2017 and increased its efforts last year to include spots on The Golf Channel and Bloomberg TV.

Susan Forman, a senior vice president of institutional services marketing at Schwab, has noticed the results coming through.

'Since launching the campaign, we have had more than 1.9 million visitors to the Independent Advisor Learning Center [a database of advisors that Schwab maintains] and more than 181,000 searches in the advisor directory, with 73% of searches leading to a click, call or email to an advisor in the directory,' she said.

The Certified Financial Planner (CFP) Board has also started to run its own awareness campaigns. Starting in September 2018, it spent $11.7 million on an integrated multi-channel campaign across multiple cable networks – including CNN and ESPN – as well as on radio and in print. It launched its latest public awareness campaign in February.

However, neither of those firms are fully aligned with RIAs. Schwab spends plenty of money advertising its own discount brokerage service, and a significant chunk of the 83,000 or so advisors with CFP designations work with broker-dealers.

Size matters

As it stands now, the deck may be stacked against RIAs becoming national brands, but that doesn't mean that it's an impossible task.

Furey suggested one possible path to national prominence for RIAs – but it's probably not a route that people in the industry have in mind. As he sees it, an RIA with the same marketing clout as the Merrills of this world simply wouldn't look like the kind of independent firm that most people associate with the RIA channel. They'll need to use other, more guerrilla marketing channels such as social media.

‘One of the beauties of the RIA channel is the entrepreneurial mindset. We talk about the benefits of scale in the industry, but once you achieve scale, what’s the next iteration? I think if firms grow and grow, they run the risk of losing that entrepreneurial identity. The firm gets to the point where it’s so large, maybe it becomes more top-down,’ he said. ‘That’s why I think there’s a limit to the number of firms that can get really big like an Edelman, a Fisher or some of these emerging firms out there.’