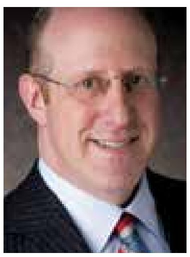
A better sense of storytelling

Despite regulatory restrictions, financial services companies are taking a more proactive approach to PR and marketing.

By Matthew Schwartz

When Peppercomm's senior PR executives initially met with financial services clients not too long ago they often would run into the same situation: Clients' marketing departments were siloed. Social media was separate from SEO or media relations was detached from digital marketing or — most worrying — IR from PR. It didn't exactly play into the integrated communications model that Peppercomm encouraged.

Rob Berick, Senior VP and Managing Director at Falls Communications, whose clients include several publicly traded companies, came across similar challenges.

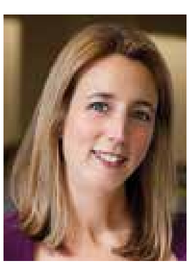

Rob Berick

"IR folks in-house often don't have at their fingertips multiple examples of their company's growth initiatives in action, which are the success stories," he said. "As a result, it can be a bit of a scramble for these companies to put their results in proper context for investors."

But in the last year or so, financial services brands and organizations have started to change their tune when it comes to PR and marketing communications.

"I'm definitely seeing the market evolving very quickly," said Jackie Kolek, Partner and Managing Director of Peppercomm, whose clients include Capital One, EY and Travelers.

"In many instances, companies are starting to break down silos and look across a paid, earned and owned marketing strategy."


Jackie Kolek

Peppercomm now offers workshops, boot camps and other programs designed to educate financial services clients and IR executives how to optimize their message across multiple platforms, and stay within regulatory bounds. Clients have also started to ramp up investments for pilot campaigns, which don't eat up a lot of budget.

The trend is translating into additional business. Peppercomm generated $6.1 million in finance-related net fees in 2016, with an expected 15 increase this year.

"C-level executives want to know how to create a more integrated infrastructure internally, so we can drive more integrated brand messaging externally," Kolek said. "They're looking for guidance, and trying to understand the best communications practices in a regulated environment."

More storytelling

Whether it's Federal regulations such as Regulatory Fair Disclosure or Sarbanes-Oxley — not to mention a slew of institutional rules that financial service companies must adhere to — IR executives have to contend with more guardrails than brands operating in less regulated markets.

In addition, digital technologies continue to have a dramatic effect on how investors gather and evaluate financial-related information, which, in turn, has led companies to sharpen their focus on compliance.

Despite the restrictions, IR/PR executives understand they must engage stakeholders or risk having their brand messages get lost in the shuffle or conceded marketshare.

PR agencies can demonstrate increasing value to financial services clients by helping them to connect the dots for constituents.

"There's more storytelling and education that needs to be done for investors about the distinctive or disruptive qualities a company has that will fuel growth," Berick said. "Investors need the context behind the results [and] companies often need someone on the agency side to integrate and curate those works streams."

Distinct messaging

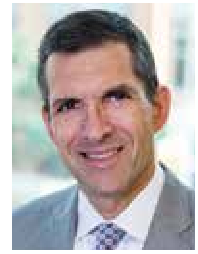
Dukas Linden Public Relations has worked on behalf of Eaton Vance for the past few years to help the asset management company to distinguish its message with the investment community and boost its visibility in the business media.

When DLPR was hired in November 2014, Eaton wanted to extend its foothold within the retail marketplace by appealing directly to the top concerns of financial advisors.

Through periodic research of the advisory community, EV determined that these concerns were: income, volatility and taxes, or what the company dubbed, "IVT."

DLPR rolled out a comprehensive PR plan positioning EV as an industry leader for generating income; navigating market volatility; and effectively managing taxes, while simultaneously working to boost interest among financial advisors for EV's line of mutual funds.

A key campaign component was providing EV's top executives with media coaching for how to most easily communicate their message and explain in everyday language the benefits of EV's funds, said Richard Dukas, Chairman and CEO of DLPR. "They needed to go out and talk about how smart they are and why it makes sense to invest in their company," Dukas said.


Richard Dukas

Since DLPR came on in 2014, there's been a 15 percent increase in advisors who recognize Eaton Vance as a leader in IVT, largely attributed to a regular (and ongoing) string of media coverage from Bloomberg Television, CNBC and Fox Business, among major business media venues.

"The EV brand is much better known today than it was three years ago," Dukas said. "Clients generally are looking to market through all the different media channels and need to be where investors are, whether that's reading the *Wall Street Journal*, taking part in a LinkedIn group or reading a financial website."

DLPR generated more than $5.1 million in finance-related net fees in 2016, and is on track for at least a 10 percent hike in such fees this year.

"There's been an acceleration of interest in our services from financial services companies due to the increasingly competitive market for investment vehicles of all kinds," Dukas said. "And that's true both on the institutional and retail sides of the ledger."

Follow the investor

Financial services companies are also bringing in PR firms to expand their reach into the burgeoning environmental, social and governance market, which caters to socially conscious investors.


Ron Loch

With investors taking a sharper look at companies' environmental and labor practices, for example, PR agencies are making sure nothing gets lost in the

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Financial services communications post-crisis

Ten years after the subprime mortgage meltdown pulverized markets and brought about the Great Recession, it isn't just the financial services industry that has fundamentally changed. How financial services PR firms communicate, who they communicate to, and the tools they now use to do it have evolved as well.

By Jackie Kolek

Even with markets now reaching all-time highs, uncertainty regarding how long the prosperity will last continues to loom. Knowing the customer, the audience and how the media landscape has changed is a key to rebuilding the areas of the financial services industry's reputation that haven't come all the way back.

Landscape changed

In the aftermath of the Great Recession, regulators imposed rules on banks and other financial services firms designed to prevent the risky practices that many believe led to the crisis. Stripped of their ability to trade on their own behalf, dole out high-risk loans, or hold hard-to-value securities, most firms have had to cut costs while also fighting a credibility gap with a public that is sometimes still bitter about the past. Exacerbating that trust problem right now is a major demographic shift, in which millennials are stepping into the shoes of retiring boomers as the target customer for financial services firms.

Trust and credibility

The challenge for financial services firms in communicating with Millennials is partly about trust and credibility. While most banks and financial services firms have recovered financially and then some, they've been slower to rebuild their reputations with Millennials. In fact, 71 percent of Millennials would rather go to the dentist than listen to their banks, according to the Millennial Disruption Index. In turn, many Millennials do as much of their banking as possible with start-up fintech firms, not only because of their lack of trust of the traditional players but also their propensity to do everything online.

Financial services firms have thus turned their attention to using social media to engage with their customers more and more, according to several recent surveys.

Talent, talent, talent

The trust and credibility gap isn't just about customers, it's also about talent. Smart financial services firms also understand the lingering effects of the Great Recession on recruiting, retention and employee satisfaction. A Quantum Workplace study shows disengaged employees make 100 times more mistakes than other employees in financial services.

To that end, many firms have beefed up their employee communications, with social media being a major tool in that increase.

Telling the broader story

FS firms clearly realize that their bottom lines came back much quicker than their reputations, especially in the financial press. However, most studies and surveys show that among Millennial customers and employees, loyalty is harder to build and easier to lose. The ones that understand the proliferation of digital channels, and how to get their message out to potential customers, employees and the media, are the ones that will be most successful in fully rebuilding their reputations, which have never fully recovered from the crisis.

It's not enough for financial services firms to have good earnings reports anymore. With so much increased competition from both fintechs and each other, they need to go a step further and show they're willing to engage with and empower the Millennial audience that is starting to rule the world.

Jackie Kolek

Jackie Kolek is Partner and Managing Director at Peppercomm.

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translation and investors are fully informed.

"We're looking for gaps within — and inconsistencies about — a company's energy and labor policies and how that is being communicated in its CSR reports and financial disclosures," said Ron Loch, Principal and Managing Director of Sustainability Consulting at G&S Business Communications. "Investors are taking in all sorts of information about a company and if the overall message is not consistent from one marketing channel to another it connotes investor risk."

G&S, which reported 2016 net fees of $1.6 million from financial accounts, is helping clients to create "scorecards" to stay on top of all the disparate issues encompassing sustainability, such as carbon emissions or alternative energies.

"Companies are just waking up to the fact that institutional investors in the U.S. care about these [environmental and social issues] and understand they need to break down the silos," Loch said. "The feeling previously was that IR has investors' needs taken care of, but now there's more impetus to involve IR with PR and marketing."

Matthew Schwartz is Editorial Director at Gould+Partners.

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must work its way past emotion, which can impact morale and, therefore, the execution that needs to occur for a successful integration. Frankness, transparency, acknowledging that questions might come faster than answers, giving audiences a feedback channel and committing to regular updates on progress as the organizations come together can help them move through the emotion that surfaces with impending change.

On the deal team, on day one

The excitement around a large transaction is palpable. But you don't measure the success of a transaction on the day you announce it, or the day you close it. You measure it three years down the road — even five years — when your employees, customers, partners, investors and other audiences have embraced it and are reflecting the potential you believed possible. That's all a function of engagement, and effective communications drives it. The role of corporate communications is one of the most strategic and indispensable factors that turn deal risk into return and it belongs on the deal team, on day one.

Dave Heinsch is Vice President/Corporate and Investor Relations Lead at Padilla.