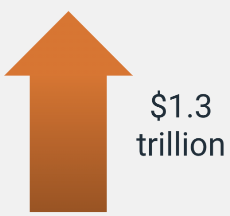
WENTWORTH
FINANCIAL COMMUNICATIONS

Marketing Alternatives to Retail Investors

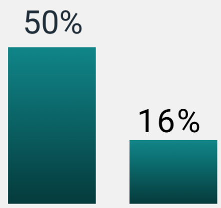
7 Pitfalls to Avoid

Delivering alternative investments to retail investors is a game-changing opportunity for asset managers—but the competition for gaining mindshare with advisors and their clients is intense. We've identified seven common pitfalls asset managers face when telling their alternatives story to a retail audience—and show how to turn these challenges into an edge.

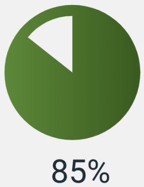
The alternatives opportunity is massive ...



Private markets will see massive inflows if individuals increase their allocations from 2% to 5% in 2025[1]



Individual investors hold roughly 50% of all assets globally but only 16% of the world's alternatives[2]



Nearly 9 in 10 advisors plan on increasing their clients' allocations to alternatives in 2024[3]

... but the marketing challenge is real


The Financial Times
January 2, 2024

Talent shortfall limits funds' ability to sell wealthy clients on "alts"

"Where I'm seeing the biggest resource constraints in the market is really along the marketing and sales function."

PAUL KELLY,
DWS GLOBAL HEAD OF ALTERNATIVES

Turn 7 common alts marketing pitfalls into an edge

Avoid these common mistakes when telling your alternatives story—and sharpen how you convey your firm's ability to help advisors harness the power of alternatives for their practices and their clients' portfolios.

1. Recycling institutional content, without reframing it

Don't assume that existing institutional marketing content can simply be reused for retail and intermediary audiences.

This approach doesn't work for traditional asset classes, and it's especially perilous for alternatives.

Solution: Use existing institutional content as a starting point and reframe it around the goals, barriers, and FAQs advisors and their clients have about alternatives.

In practice: Recast data such as Sharpe ratios and correlations as language and graphics that relate to how end-investors think about their objectives.

2. Speaking only to advisors, not investors

Creating content that speaks only to the advisor and isn't approved for individual investors misses the bigger picture.

Advisors are hungry for tools to initiate and guide conversations with clients.

Solution: Design and approve the content so advisors can use it in meetings with clients to describe why investing in alternatives is such a compelling opportunity.

In practice: Create simple, visual tools, along with talking points and answers to frequently asked questions that advisors can walk their clients through in less than 10 minutes.

3. Not segmenting the advisor community

Creating educational content about alternatives that aims for the midpoint of advisor sophistication risks being too simplistic for advisors who are experienced multi-asset portfolio managers—and too granular for advisors exploring alternatives for the first time.

Solution: Create several tiers of content—with different formats—designed for specific spots on the advisor sophistication spectrum.

In practice: Short videos, checklists, and infographics work well as primers; white papers, e-books, and webinars provide more space for deeper dives.

4. Missing the reallocation story

Focusing on the benefits of alternatives without explaining where the allocation to alternatives should come from overlooks a key consideration.

Asset allocation is a zero-sum game. It's important to not overlook how the decision around the source of funds for an alternatives allocation will impact the portfolios overall risk/reward profile.

Solution: For each alternative asset class, provide suggestions for how the rest of the portfolio should be rebalanced to fund the new allocation to alternatives.

In practice: Tables or heat maps can be effective ways to convey this information visually.

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5. Overlooking the operational barriers

Neglecting to help advisors overcome the operational barriers to using alternatives for their clients ignores an important issue.

Advisors prioritize operational efficiency. If they believe using alternatives will create unforeseen onboarding and reporting challenges, it may be a non-starter.

Solution: Create user-friendly guides that walk advisors through the operational aspects of adding alternatives to client portfolios, recognizing that advisors have different learning styles.

In practice: Use a range of mediums—not just detailed instructions, but also videos, checklists, and infographics—to make it as easy for advisors to navigate the onboarding process.

6. Ignoring the end-client experience

Failing to explain how the experience of investing in alternatives can be different than what their clients are used to may put advisors in a tough spot.

In addition to potential liquidity constraints, clients may receive new disclosure documents and face more complicated tax-reporting requirements.

Solution: Rather than ignoring these potentially unpleasant aspects for advisors' clients, tackle them head on.

In practice: Create content that explains how to minimize the potential burdens for clients and emphasizes that the benefits of alternatives outweigh these potential drawbacks.

7. Relying on traditional marketing playbooks

Don't assume that the same marketing resources and expertise that worked for traditional asset classes will be effective with alternatives.

The characteristics of alternatives that make them valuable for retail investors require a new marketing approach.

Solution: Rather than repurposing your existing marketing playbook, use this as an opportunity to get creative and imagine new approaches.

In practice: In your brainstorming, stay laser-focused on the specific challenges your marketing content needs to solve and be willing to try new media.

Looking for an alternative perspective for your content?

Wentworth Financial Communications is a premier content strategy and execution agency, focused exclusively on financial services. Our writers and content strategists are passionate about helping leading firms across asset management, investment banking, wealth management, and consulting articulate their expertise and strengthen their brands. Learn more about how we can help you design, refine, or execute your alts content strategy.

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info@wentworthwriting.com

(312) 513-2174

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1 McKinsey, US Wealth Management: A Growth Agenda for the Coming Decade
2 Bain, Why Private Equity is Targeting Individual Investors
3 CAIS Group, CAIS-Mercer Survey Finds Advisor Demand Accelerating for Alternative Investments