IGNITES All that's HOT in the mutual fund industry

Firms Look to Tweak Brands in Bear Market

By Suzanne McCoy

The weak markets, flagging investor confidence and increased competition have forced fund firms to become more strategic in their branding strategies.

In fact, some observers say that the bear's slow pace has led some firms to reassess their brands and tighten their image.

In March, **Alliance Capital** tightened its new brand by folding the **Bernstein** name into all of its funds, nearly three years after it bought the value-oriented shop. Last month, **Invesco Retirement** said it would use the moniker of parent company **Amvescap**.

Meanwhile, **UBS** is simplifying the name of its five brands, including its fund arm and brokerage unit, **PaineWebber**. Starting in July, all units will be christened UBS.

For some firms, this type of move is an effort to consolidate and shore up their brand in the face of low returns and steep competition, say observers. In many cases, they're launching the campaigns with fewer resources than in years past, but with greater attention to detail.

"People are using this period of fewer mergers to resolve problems they've had with their branding campaigns," says Dan Ross, president of financial services marketing firm **Wechsler Ross & Partners**.

At Invesco Retirement, the firm wanted a more brand-neutral name. An easy way to achieve that was to take the name of London-based parent company Amvescap Retirement, the firm says. In statements about its rebranding campaign, UBS says that a strong, simple brand name is the key to attracting new customers and presenting a unified image.

The trick to presenting a unified image, marketing consultants say, is having a comprehensive communication strategy to ensure all of your investors know the story behind your brand. That's even more important as the market slump drags on, they say.

For its part, UBS PaineWebber has launched a print ad campaign that describes UBS's five units, and tells readers that they'll be better served through their affiliation with Swiss bank UBS.

The ad aims to reassure clients that they'll still get the same level of service from their PaineWebber advisors.

Simultaneously, the firm is personally informing its clients about its change of name. The firm announced its rebranding plan last November, and its brokers are just now calling investors to tell them the story behind parent company UBS.

That's a smart tactic, says Stan Bornstein, president of advertising firm **DiBona, Bornstein & Random**.

"You should contact your close constituents and explain the change to them personally," says Bornstein. "If they're not prepared, it's more likely that the competition will be able to come in and lure your customers away."

Many consultants say that name changes aren't necessarily jarring to investors as long as they understand the firm's rationale. Further, by communicating news personally to an investor, you have a chance to reach them when they may be avoiding investments, some say. Even if the contact does not generate new assets, the communication is still worth the time and effort, says Bornstein.

“People who have an investment in you have a stake in the story you tell,” he says. “By telling them a cogent story that makes sense to them, you garner trust.”

While some firms are moving to consolidate their brands, others are electing to keep the names of acquired companies. But those decisions, too, are largely based on market strategy, say observers.

That’s the case at **Deutsche Asset Management**. The Scudder name remains almost two years after Deutsche purchased the firm. In fact, Deutsche has even rebranded its own retail funds under the Scudder name.

The firm says that decision was largely based on Scudder’s name recognition among retail investors.

“Research has shown that Scudder is still a viable brand,” says spokeswoman Judith Inosanto. “There is still a lot of equity in it.”

But even in cases where both brands remain intact after a merger, marketing consultants say fund firms are now paying closer attention to the value of the brand they’re acquiring.

For its part, Deutsche is still “reassessing how things are branded,” and “looking at all the implications of retail branding,” says Inosanto.

Another example of two brands being combined is Alliance Capital’s addition of the Bernstein name. When Alliance Capital purchased Bernstein in 2000, Alliance was known for its growth orientation, while Bernstein had a reputation as a strong value shop. After the merger, Alliance rebranded Bernstein’s value funds AllianceBernstein.

Over time, the firm launched blended funds, which also used the combined name. In March, the firm announced that the AllianceBernstein moniker would be used on all of its funds, says spokesman John Meyers.

Growth funds' fall in popularity since 2000 and value funds' rise has had no impact on the firm’s branding decisions, Meyers maintains.

“It was just time to make the shift,” says Meyers. “Both names carry brand equity, so the change was not related to anything about market conditions.”

Still, some observers say they see a strategic shift toward shoring up brands in response to weak returns and meager confidence.

Whether a firm rebrands over time or in one fell swoop, those campaigns can easily require seven-figure budgets, says John Picard, principal at marketing firm **Picard & Co.** With already tight budgets, that consideration has made fund firms even more cautious in their strategies.

“Some firms spend a lot of money on ads to announce their name change and to tell investors that they can expect the same service,” says Picard. “But when you call the firm that’s being merged away, you hear ‘We don’t know what’s going on.’”

That doesn’t bode well for investor trust, says Picard.

“All the money that firm spent on ads is then wasted,” he adds.

Those impressions stay with investors indefinitely, some say.

“There’s nothing more expensive than getting it wrong,” says Bornstein. “There’s only one window to do it right.”