



Opportunistic Fund Firms Seize on Dearth of Ads

By [Andrew Greene](#)

While the majority of fund groups have significantly cut back on advertising, some firms are bucking that trend. With lower advertising rates and fewer ads cluttering magazine pages and airwaves, those firms say now is an ideal time to advertise.

Several factors are making it easier for smaller, lesser-known firms to advertise their message, marketing executives say. Most notably, there are fewer ads competing for potential investors' attention.

In fact, Competitrack, a New York-based firm that tracks fund advertisements, found that fund companies spent 70% less on advertising in the first quarter compared to the same period last year.

As a result, there are fewer fund companies vying for premium space in magazines and on television, says Jim Atkinson of **Orbis Marketing**. Funds will pay less for ad space and find that there are few competitors' ads appearing alongside of theirs.

"The clutter factor is down," he says.

That's largely because belt-tightening measures have slashed advertising budgets at many fund groups, says John Picard, a principal with fund marketing firm **Picard & Co**. Many groups are dropping print and television advertising and turning to e-mail campaigns and online marketing, he says. Plus, poor performance has forced many fund groups to shift their focus to customer retention efforts, Picard says.

That has pushed advertising rates down, says Mike Dukmejian, the publisher of *Mutual Funds* magazine.

Lower rates have spurred some smaller groups to advertise. For example, **Schwartz Investment Counsel**, the advisor to the Ave Maria Catholic Values Fund, recently launched an ad campaign around the fund's one-year anniversary.

The firm first advertised the fund when it launched, but expanded the campaign partly because ad rates have dropped, says Bob Schwartz, president and CEO of Schwartz Distributors.

For the socially responsible **Pax World Funds**, lower rates meant the firm did not have to cut advertising even though it faced tighter budgets, says Mariann Murphy, vice president in charge of marketing and communications. That was important because the firm generates a significant portion of its new clients from activist-oriented publications like *Mother Jones* and *Sierra*, she says.

Meanwhile, investors' loyalty to some fund groups is being tested by the prolonged market downturn, says Atkinson. Some may be ready for a change to a new and different fund group, he says.

That situation provided the creative drive behind **Fifth Third Bancorp's** recent ad campaign for its line of mutual funds, says Jeni Wehrmeyer, a vice president in charge of investment marketing with the bank.

The firm's \$3 million ad campaign featured the Midwestern bank's line of 31 funds and included television and print ads.

"We think the opportunity is there because people are questioning the expertise of their advisors and a lot of money managers have stayed quiet and haven't reached out," she says. "We think that opens a door."

Known more for its banking services, Midwestern raised the profile of its funds with the campaign, and the ads helped the bank garner \$600 million in new assets, Wehrmeyer says.

Fewer fund advertisements, coupled with strong performance, helped level the playing field for the **Buffalo Funds** of Kansas City. The fund group's distributor, **Jones & Babson**, used the Buffalo Small Cap Fund's strong performance to launch a first-quarter ad campaign.

Mike Filing, a products marketing specialist with Jones & Babson, says that the firm saw an opportunity to gain market share because so many firms were pulling back on their advertising. That situation encouraged it to compete in its own backyard against goliath **American Century**.

The firm's local campaign consisted of advertisements in the *Kansas City Star* and the city's monthly magazine, he says. In addition, the Buffalo Funds sponsored a couple of sporting events and also advertised on a billboard.

"Kansas City is not a real big city, so it's pretty easy to gain brand awareness. Previously it was harder because of the other, larger fund company here," he says. "It was harder to shine through everything they do, but we thought we had a good story to tell and thought people would respond, and they have."