
Advisors want more 'value-add' support: Practical Perspectives

By Editor Test Thu, May 30, 2013

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The heavy investment that broker-dealers, asset managers, and insurance companies make on value-add support is impacting financial advisor attitudes and behaviors, but there is significant room to enhance these programs and tools to make them more helpful to practitioners.

So says a new report from Practical Perspectives, an independent consulting, competitive intelligence, and research firm working with wealth management providers and distributors.

The 76-page report, "Value Add Support to Financial Advisors - Insights and Opportunities 2013," examines the types of value add support currently provided to financial advisors by product manufacturers and distributors. BlackRock/iShares is by far the most frequently listed provider of useful value-add support, followed by American Funds, JP Morgan, MFS, Jackson, and Fidelity.

The report is based on input from over 600 financial advisors gathered through an on-line survey conducted in May 2013. Those surveyed include full service brokers, independent brokers, financial planners, Registered Investment Advisors (RIAs), and bank representatives.

Scant advisor interest in social media

The analysis reviews what influence these programs have on advisor perceptions and behaviors, which firms offer the most useful value add support, and what enhancements advisors desire for value add support. It also examines the topics for support that are of most interest to advisors in the next 12 to 24 months.

Most advisors use value-add support in some form and find it helpful to running a practice. Yet satisfaction with these value add programs is modest, at best, and advisors desire more programs and tools that can be used directly with investors and which are implementation oriented rather than theoretical or academic.

"Product providers are spending tens of millions of dollars on these programs each year to build awareness, loyalty, and sales. Many advisors indicate these programs do influence key factors such as their willingness to consider a particular provider or their loyalty to a provider. The challenge for firms is to differentiate and evolve their programs so advisors will take advantage of the support offered," said Howard Schneider, president of Practical Perspectives and author of the report, in a release.

Highlights

Other findings of the report include:

- Most advisors perceive value-add programs and tools to be useful and rate these programs highly, relative to other forms of sales support.
- Nearly 1 in 3 advisors (31%) find value-add support to be very useful and roughly 1 in 2 advisors (46%) find it to be somewhat useful.
- At least 3 in 4 advisors indicate that these programs and tools impact their practice, including 28% who believe it has a significant impact.
- More than 2 in 3 advisors (69%) perceive value add programs as influencing their overall impression of a provider, including 1 in 4 who rate the impact as significant.
- Advisors are divided on the type of value-add support that is most critical in the next 12 to 24 months. Investment, economic, and product issues (32%) and client engagement and development (30%) are of greatest interest.
- Most advisors do not perceive receiving help using social media to be important.

The report is available for purchase by contacting: howard.schneider@practicalperspectives.com