Customers can’t buy toilet paper. Time for a new messaging framework.

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The exponential spread of COVID-19 and its impact on financial markets has resulted in substantial losses for investors in an unprecedentedly short time. Messaging from pension funds, wealth manager, platforms, and asset managers to their customers is for the most part behind the curve – we propose a framework to help you get on the front foot.

In just three months, COVID-19 has gone from an obscure news item from China, to sweeping the globe, laying waste to financial markets and subsequently economies, as nations have imposed shutdowns to slow the spread and give healthcare systems a chance to cope.

The impact on investors of all kinds has been severe. In this edition we consider the retail investors and DC pension fund members reacting now – sometime with shock, panic, or even anger. Call centres are hitting capacity and as outflows indicate, large numbers of investors are selling, redeeming, or switching their investments, particularly out of equities (but also bonds) into cash.

Such actions have a good chance of being destructive to their long-term outcomes. They are certainly destructive to the profitability, and even financial sustainability, of market participants, reinforcing the impact of greatly reduced asset values on revenues.

What you can do for customers now – get your messaging right

If you have customers who are in motion, which is typically the case for:

- Wealth managers
- Platforms
- DC pensions
- Asset managers

You need to get effective messaging to them now – accepting the speed of events, call volumes, FCA "drop" notifications, and dealing with your employees' issues, including transition to home working. For asset managers, this will often mean doing so via the platforms and advisers which hold the customer data.

The goal should be to help customers defer decisions which may be destructive – accepting that we know so little at present that current decisions are not much better than guesswork. Every week, will bring much more information about COVID-19 and its implications, allowing better decisions to be made with time.

Our scan of messaging last week indicated that the wealth industry is well behind the big retailers and banks. The most common response to investors, apart from silence, has been:

- Website based video message distributed by email to investors / pension fund members, and employers in the case of DC pensions.
- Typically presented by the CIO, but sometimes only by a mid-level investment professional (even in the case of some major pension funds).
- Poor quality video production values and delivery – one CIO was so obviously reading from a variety of differently placed cue cards that he looked disorientated.
- Messaging has been "we've seen this all before, we have it under control, you can leave this to us"; sometimes with a suggestion to consult a financial adviser (which is of limited help for the non-advised and workplace members).

In one example, a major pension fund opened their update last week with "What we are experiencing is not out of the ordinary". If your customers can't buy toilet paper and the supermarket shelves have been cleared of food, we can be confident that what they are experiencing is well and truly out of the ordinary.

Stabilising customers via the authority of your leaders

This represents a misunderstanding of what is going on in the mind of the customer. The messages which have been pulled out for reuse – essentially "time in the market, not timing" – are not working well. New messages are needed, delivered differently, to re-establish anchors for your customers to hold on to. This doesn't mean that the old messages are wrong. But if the customer can't hear them, they are ineffective now.

Below is a framework for getting your messaging to a better place, quickly:

1. **Stop treating this event principally, or solely, in investment terms.** This is socio-economic, not just an investment event. Customer behaviour shows that the survival / flight

instinct has kicked in; both personal and economic. You can’t talk pound / dollar cost averaging in these situations.

2. **Acknowledge the pain of perceived loss.** It’s amazing how many messages refer only to volatility, without acknowledging the losses customers have incurred, or even worse asserting that losses are incurred only if the customer sells (this is insulting). We all know customer psychology; losses hurt twice as much as profits bring pleasure, realised or not.
3. **Help them understand what is going on around them, but don’t pretend you have all the answers or know how this turns out.** If you think you do, you are probably suffering confirmation bias. There is no precedent: some issues are understood, if daunting; others are completely new. There’s an integrity to acknowledging this and how you will adapt to different scenarios. Update your customers rapidly as more is understood.
4. **Put your CEO up front in your messaging,** with the investment team to support. In a crisis, leaders need to be visible.
5. **Start thinking about messaging your contribution to the aftermath.** Pension funds in particular are storehouses of capital, the economy will need new investment and recapitalisation in vast quantities. How will you help the nation get back on its feet?
6. **Improve the production values,** whether video or otherwise. It’s important to look professional at this time.

Right messaging in a crisis helps build your brand

Marketing teams need to step up, recognising that the set piece messages don’t work in these periods. Getting the message as right as you can, with the relevant facts, empathy, leadership, and inspiration, delivered effectively, is the most important thing you can do right now to make a difference. Customers of all kinds need to make judgements, but have few of the relevant facts and data at present. Be the authority they can trust in relation to judgements about their investments.

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