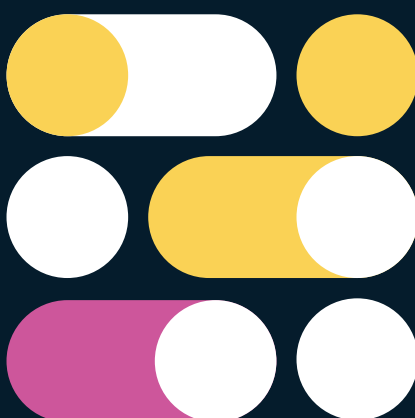
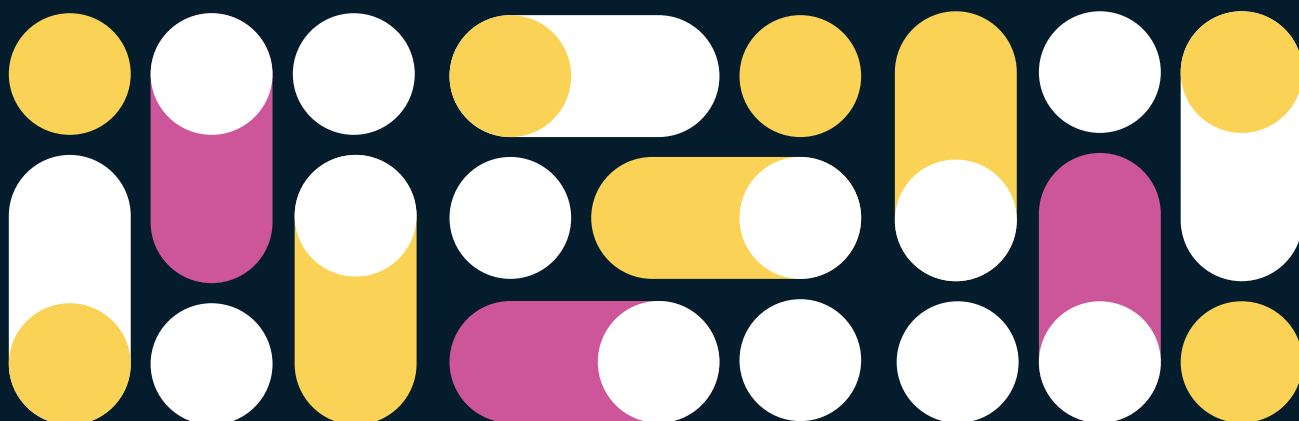
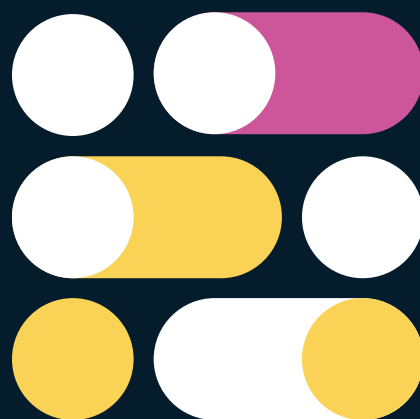
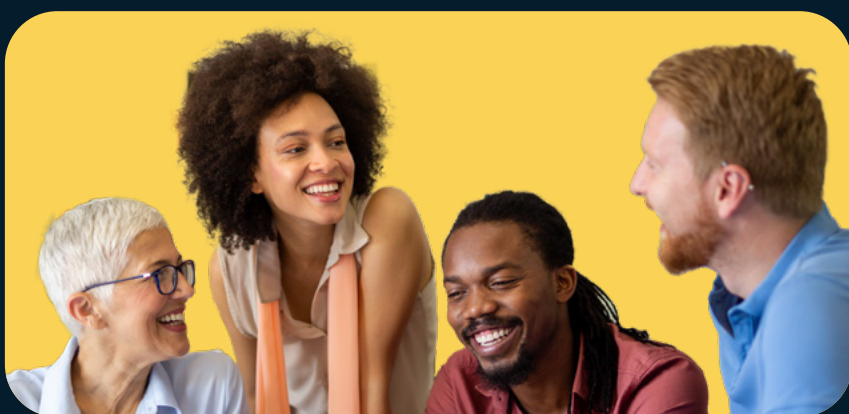


Marketing to a New Kind of Trader

(Without Alienating Your Main Audience)



Marketing to a New Kind of Trader

(Without Alienating Your Main Audience)

Retail investors were responsible for nearly 25% of the total trading volume in the equities market in 2021 - a significant increase from the 20% observed in 2020. Modern, smartphone wielding consumers can command a wide array of powerful digital tools for managing their finances and are increasingly using their digital freedom to trade. The barriers that once kept Wall St. contained to a single stretch of high-rise buildings, have now been lowered to allow in a new breed of trader. Frustrated retail traders rallied to put the squeeze on shorted stocks, culminating in some brokers freezing trades on 'meme stocks' and billions in losses for retrospectively complacent hedge funds in

2021. With this new type of trader rebelliously staking their claim, it is up to brokers to extend a hand - all while carefully avoiding alienating grassroots clients.

How do you effectively brand your business for demographics so seemingly at odds with one another? How do you manage different regulatory obligations between the two? Is it even cost effective to try to cater to such a large and yet relatively low flow clientele?

This entry in the Finalto Broker Series will discuss the fundamentals of marketing your brokerage business and how to articulate your place in this rapidly changing market.

Service available to professional clients only. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **65.3% of retail investor accounts lose money when trading spread bets and CFDs with this provider.** You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money.



The Fundamentals of Branding



SECTION 1

Branding is not as simple as just your logo, the colours you use on your website or the type of wording you use in communications – it is the culminative way people feel about your brand. The more elements you can conjure to consistently deliver a certain and strategically constructed tone, the greater the impression your marketing touch points are likely to make on your audience.

You must:

- Be deliberate
- Be consistent
- Be unique

Your brand is directly linked with your ability to build loyalty and advocacy for your business – it is the total sum of everything you present and represent in the public sphere.

How can you identify what your brand should look like?

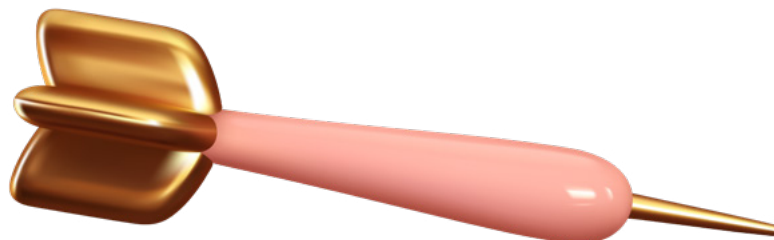
The heart of your brand should be a commitment to fulfil a certain goal. The people who benefit from the fulfilment of that goal are your customers. The strongest brands focus on why you provide a certain

good or service, not just the provision itself. If you are wanting to cultivate a brand that appeals to both larger institutions and individual retail customers, it's important to consider where the two have their interests aligned.

When constructing your brand, you should ask questions such as:

Do you want to be exclusive or accessible to everyone? Do you want to focus on those employing more complex strategies, or people who are new to CFD trading? Even as you find balance between broader groups like retail traders and bigger institutions there are plenty of niches to situate your brand. Identifying who you are aiming at, what type of product you are offering and what sets you apart from your industry competitors will help refine your brand.

Another useful exercise when branding is to look at what best practice is currently in the industry and, how you would like to fit into that space comparative to that. For instance, more traditional financial firms often use navy, black or white as their main brand colour and usually avoid very bright vibrant tones. When developing your brand, you could either lean



into this trend. Or you could avoid it – allowing you to stand out from competitors but risking that some potential consumers may not immediately understand what you’re selling.

What is Mission Vision Value?

Mission, Vision, Values is the core of your business and should inform your brand, so it is vital you tackle this element before considering colour schemes or whether your font should be serif or sans serif. This builds on the idea that why you pursue something is equally as important to your customers as what you pursue.

Without first creating these statements, it is easy to generate marketing that doesn’t convey the brand you want or fails to fulfil the business goals. Simply put, the Mission Statement outlines the purpose of the organisation, the Vision Statement explains what the business hopes to achieve, and the Values Statement lays out the company’s core principles and ethics. Put together, these statements should provide direction for a company by informing business strategy.

Constructing brand mission/vision/values to simultaneously appeal to different target audiences (Can we make this section into a graphic, venn diagram kind of thing?)

When marketing to two very different groups – in this instance, younger and less experienced retail traders versus more experienced, older, and higher-income traders – a trading broker can strategically employ

their mission, vision, and values to appeal to both audiences effectively. Below is how the elements of mission, vision, and values can be utilised in this context:



Mission: Championing Each Trader’s Journey

To Younger, Less Experienced Retail Traders: Highlight the commitment to support, education, and empowerment, helping them to confidently begin their trading journey. Prioritize messages focusing on a user-friendly platform, educational resources, and robust customer support.

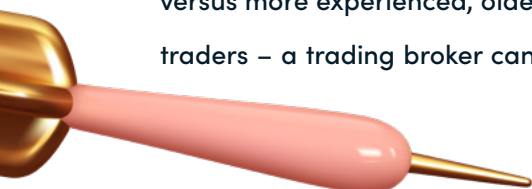
To Experienced, Older, Higher-Income Traders: Stress the company’s rich legacy and unwavering expertise in providing sophisticated tools and comprehensive analysis resources to navigate the trading world effectively.



Vision: Accessible, Secure, and Reliable Trading for All

To Younger, Less Experienced Retail Traders: Showcase the concerted effort to make trading comprehensible and accessible to everyone, demonstrating how the platform simplifies trading with user-friendly interfaces and educational content.

To Experienced, Older, Higher-Income Traders: Accentuate the long-term commitment to offering secure and steadfast trading solutions, highlighting the platform’s superior security features, proven track record, and stability.



Values: Inclusion, Innovation, Excellence, and Trust

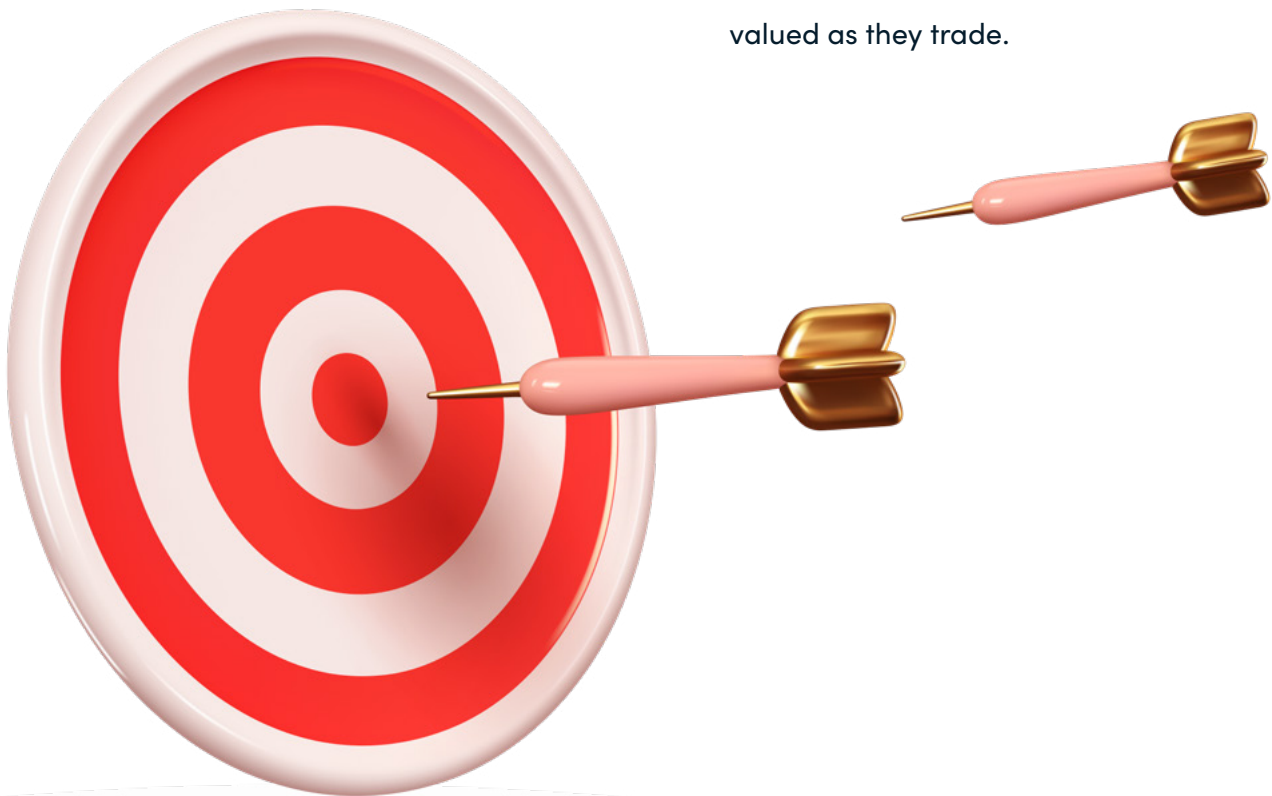
To Younger, Less Experienced Retail Traders: Emphasize values like inclusivity, innovation, and continuous learning to signify the welcoming and supportive nature of the platform.

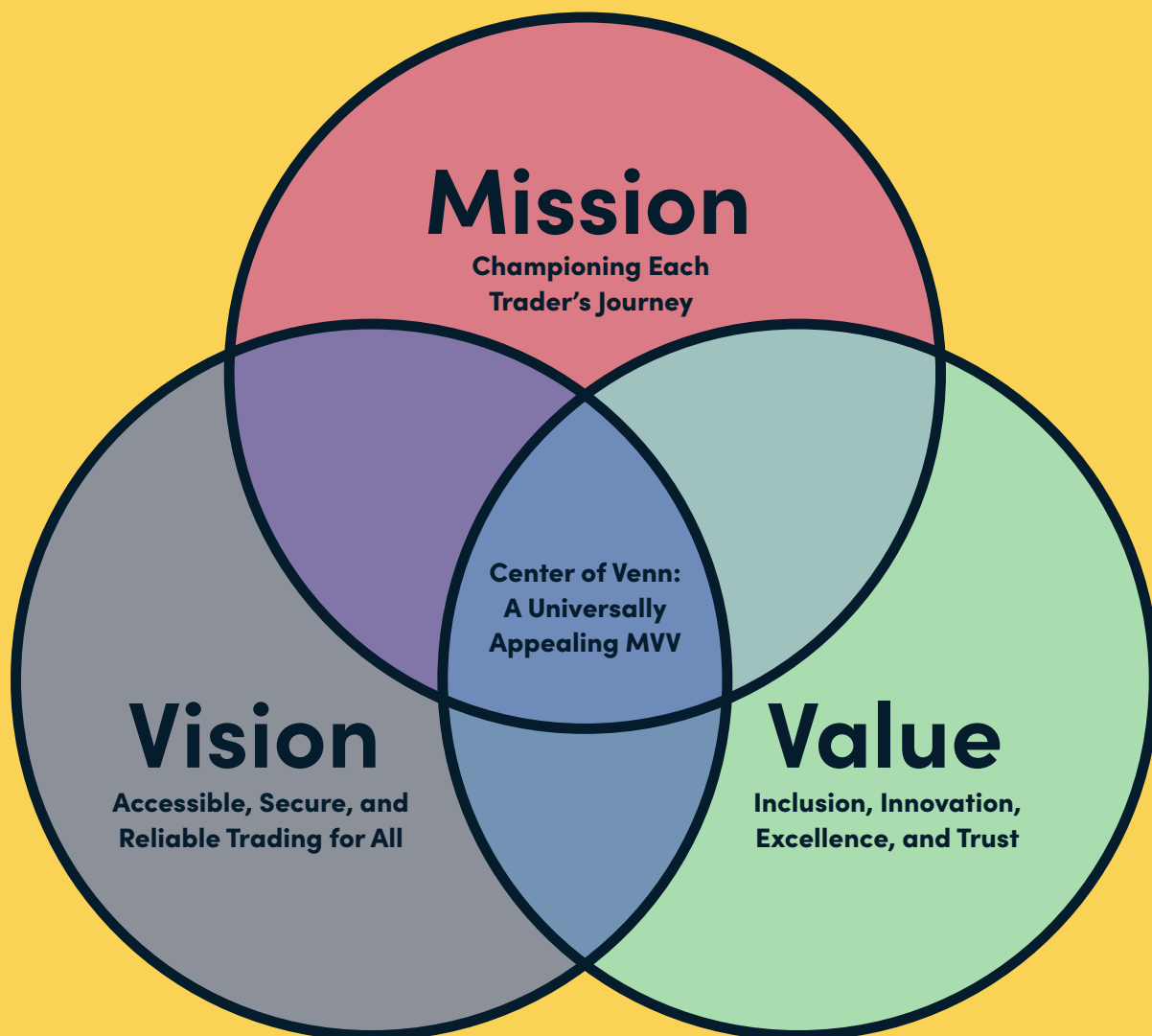
To Experienced, Older, Higher-Income Traders: Communicate a steadfast dedication to excellence, integrity, and trustworthiness, showcasing a strong reputation and endorsements from satisfied high-profile clients.

Center of Venn: A Universally Appealing MVV

“We are dedicated to empowering each trader’s unique journey. With a commitment to innovation, inclusion, excellence, and trust, we provide an accessible, secure, and reliable trading platform for all. Find tailored solutions and tools for all skill levels, extensive learning resources, and strong 24/7 customer support. Trading is for Everyone.”

This is an example of the kind of mission, vision, value statement can be used to appeal to both of the demographics we have identified. By embedding these elements in the brand’s core identity, a trading broker can seamlessly bridge the gap between the two distinct groups of traders, ensuring that both feel understood and valued as they trade.





Tone of Voice



SECTION 2

“Tone of voice” refers to the personality and emotion infused into a company’s communications. It encompasses everything from the words and language used, to the style and rhythm of the messaging. A consistent and relatable tone of voice can enhance brand perception, build trust, and reinforce a company’s mission, vision, and values in the minds of customers. It plays a significant role in how your audience perceives your brand and how they feel about it.

Your tone of voice is a mechanism to express your brand’s personality and values, helping to differentiate your brand in the marketplace. A relatable tone can create a stronger emotional connection with your audience, leading to better customer relationships. Consistency in tone across all communication channels reinforces brand identity and builds trust. A clear and distinct tone helps ensure that your message is understood, resonating with the audience in the intended manner.

TOV for the New Demographic of Traders

When addressing younger, less experienced retail traders, the tone of voice should embody

friendliness, clarity, and encouragement. This group is navigating the unfamiliar terrain of trading, potentially overwhelmed by the complexity and risks involved. The communication should be informal and approachable, making them feel supported and understood.

It’s about demystifying trading jargon, breaking down complex concepts into digestible, relatable information, and fostering a sense of community and shared learning. The tone should echo a companion who is there to guide and empower them on their trading journey, helping them build confidence and expertise step by step. It is important to remember that while a less experienced demographic of trader may be emerging, you have an obligation to make sure that your communications could not be perceived as misleading by your regulator; something particularly relevant to brokers subject to new Consumer Duty guidelines.

TOV for the Older Demographic of Traders

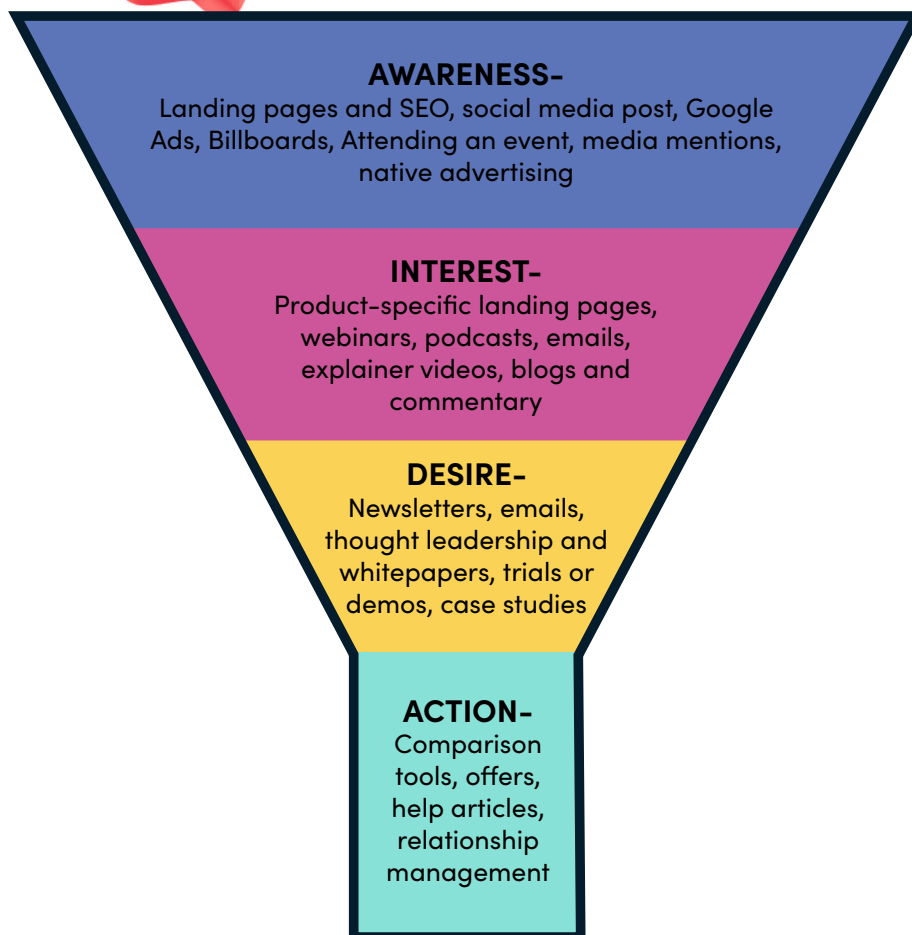
On the other hand, for more experienced, older, and higher-income traders, the tone of voice should convey professionalism, expertise, and



respect. This group comes with a wealth of experience and insight into trading. They expect communications to be direct, informative, and enriched with advanced insights and analyses. The language should reflect a deep understanding of the trading world, with a concise and clear presentation of valuable information. It's about acknowledging

their expertise, offering sophisticated tools and insights, and providing them with the level of service and support they seek for enhanced trading experiences. The tone should resonate with a knowledgeable advisor, presenting opportunities for them to further optimise and elevate their trading endeavours.

The Marketing



Leveraging Social Marketing

SECTION 3

Utilising social marketing for trading brokers involves the use of specialised strategies to approach both young, novice retail traders and more seasoned, affluent traders. Social platforms can be extraordinarily effective but must be adapted to the distinct preferences and expectations of each audience segment.

It is also crucial to understand the regulatory risks that come along with utilizing social media marketing. Brokers must ensure full disclosure of sponsored content on social media to

comply with regulatory standards. The FCA has stipulated that, 'any form of communication could be a financial promotion if it includes an invitation or inducement to investment activity, even when communicated through private social media channels, such as Discord or Telegram'. Failure to consider these standards could lead to serious consequences including legal action and loss of reputation.

Social Media Marketing for Younger, Less Experienced Retail Traders:



Platforms:

Focus on Instagram, TikTok, and Twitter.



Content:

Share educational and interactive posts that demystify trading.



Influencer Partnerships:

Work with influencers who resonate with younger audiences.

Social Media Marketing for More Experienced, Older, and Higher-Income Traders:



Platforms:

Focus on LinkedIn and Twitter.



Content:

Share in-depth market analyses and updates on advanced trading tools.



Professional Groups:

Engage in professional trading and investment groups.

Leveraging Affiliate Marketing



SECTION 4

Leveraging Affiliate Marketing

For trading brokers, tailoring strategies for younger and more experienced traders can be a tough line to walk. The association with affiliates on social media can lead to a lack of control over marketing actions, emphasizing the need for oversight and alignment with regulatory standards. The Financial Conduct Authority (FCA) has outlined guidelines for 'finfluencers' and how they should be utilised; be sure to be careful who you affiliate with, not just from a reputational perspective but from a legal perspective too.

The most important thing to consider when using

affiliate marketing, as with every component of your brand, is to ensure the brand message remains consistent across all platforms and partnerships. Utilise a diverse range of affiliate networks to reach various audiences with tailored offers and content. Regularly analyse the performance of social and affiliate marketing campaigns to optimize strategies based on gathered insights.

By structuring your strategies and considering how your affiliate voices are heard, it allows for the facility to appeal to both young, novice retail traders and more experienced, affluent traders simultaneously.

Affiliate Marketing for Younger, Less Experienced Retail Traders:



Partnerships:

Work with bloggers, vloggers, and finance-focused influencers.



Promotions:

Offer promotions or educational resources through affiliate links.

Affiliate Marketing for More Experienced, Older, and Higher-Income Traders:



Partnerships:

Collaborate with industry experts and professional trading platforms.



Value-Driven Offers:

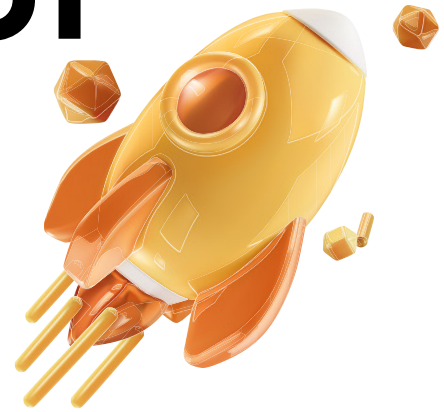
Provide exclusive offers or advanced resources.



Professional Groups:

Engage in professional trading and investment groups.

Promoting your Business Without Falling Foul of Regulations



SECTION 5

The regulatory environment significantly impacts how financial services firms can market their offerings. It requires a thorough understanding of the rules and a commitment to compliance. It is incredibly important for firms to guarantee that their marketing communications adhere rigorously to regulatory stipulations to maintain trust and avoid sanctions.

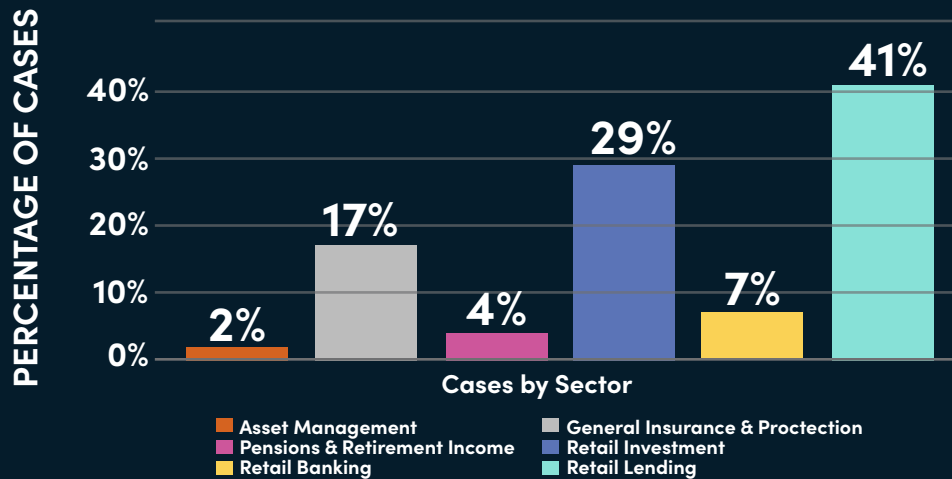
B2B Head of Regulatory Compliance at Finalto, Klelia Orphanidou comments, 'Compliance in marketing isn't just about ticking boxes and avoiding penalties. It's about building a culture of responsibility and fostering long-term relationships and brand loyalty'.

Particularly for the financial sector, due to the complex and sensitive nature of trading and investing, there is a blanket of strict

regulatory frameworks that govern marketing communications in the industry. For example, the FCA unveiled their new requirements for ad approvals in that even those using third party advertisers must be regulated themselves, with an emphasis on a duty to the consumer.

Sarah Pritchard, the Executive Director of Markets at the FCA, commented, "By introducing these new checks, we will ensure people approving adverts have the right skills and understanding they need to do so." This is just one example of how regulators are keeping a closer eye on financial promotions in general, but the data also shows us that retail investment firms are being especially scrutinised, making up nearly a third of all financial promotion cases in Q3 2023.

Financial promotions cases by sector 2023 Q2 data



Compliance with these regulations ensures that touchpoints are not misleading and that they adhere to the principles of fair and transparent communication. Marketing strategies must be orchestrated with an in-depth understanding of the regulatory landscapes, and often, a pre-emptive engagement with legal experts is advisable. To facilitate compliant marketing communications, companies must integrate meticulous compliance checks and balances to ensure every piece of communication aligns with the regulatory requirements. This can be done internally, or outsourced to a trusted third-party provider such as Finalto.

Misleading promotions or non-compliant communications in any part of your business can potentially result in severe consequences; heavy fines, reputational damage, and in extreme cases, even the revocation of your license. One example of this is where the Financial Conduct

Authority (FCA) fined three broker firms a total of £4.7 million for non-compliance with the Market Abuse Regulation (MAR). Misleading promotions can trigger sanctions, hence offers must be transparent, and all terms and conditions should be clearly stated, making sure to include any investment risks involved.

To deepen your understanding of regulatory adherence in this fast-evolving landscape, we invite you to explore 'The Future of Compliance: The Technology Behind the Brokerage of Tomorrow.' This resource will help you in executing compliance best practice as in keeping up with changing regulations as you market your service.

Equally, if you would like to find out more about how third-party providers like Finalto can help with your communications and regulatory compliance please contact the Finalto Sales Team.

From
Finalto



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