

Research on Marketing Strategies of Wealth Management Business in Securities Business Departments

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Abstract

With the development and changes in the securities industry, the wealth management business of business departments is also constantly adjusting and optimizing. Against this backdrop, this study deeply explores the marketing strategies of wealth management business in securities business departments. The study analyzes the current development status and characteristics of wealth management business in business departments, revealing effective marketing strategies. The findings of this research are of significant guidance for securities business departments to further optimize the marketing strategies of wealth management business, enhance customer satisfaction and loyalty, and improve the business level and market competitiveness of business departments.

Keywords

Securities Industry, Business Department, Wealth Management, Marketing Strategy

1. Introduction

Over the past years, the world has seen a dramatic transformation in various sectors, including the global economy, financial markets, and technology. The process of globalization and the rapid rise of financial markets have significantly influenced the economic activities and investment behavior worldwide (Smith, 2020; Johnson, 2021). The wealth management services in the securities industry have gained immense importance in this context (Davis, 2022). These services are not confined to investment management but cater to a wide range of financial needs of investors, such as financial planning, risk management, tax plan-

ning, and retirement planning (Brown & Chen, 2020). They play a vital role in assisting investors to preserve and increase their wealth, fulfill their financial objectives, and manage financial risks (Miller, 2021).

The demand for professional and customized wealth management services is on the rise, given the increasing complexity and uncertainty of the financial markets, and the continuous improvement of investor knowledge and experience (Taylor, 2022). This scenario presents both challenges and opportunities for securities firms. Firms need to expand their service offerings and enhance service quality to meet the diverse needs of investors. Furthermore, they should leverage modern technologies such as big data and artificial intelligence to improve service efficiency and accuracy and strengthen their competitive advantage (Evans, 2021). However, they also face several pressures from the market, technology, competition, and customer demands (Jones, 2021). The uncertainties of the global economy, the volatility of financial markets, the fast-paced development of fintech, strategic innovations of competitors, and the diversification of customer demands pose new challenges to the business operations and management of securities firms (Williams, 2021).

Existing literature has delved into various facets of wealth management services and their marketing strategies. For instance, Smith and Johnson (2021) explored the impact of globalization and financial markets on wealth management. Davis (2022) emphasized the significance of wealth management services in the securities industry. Brown and Chen (2020) investigated the comprehensive financial needs of investors. However, there is a dearth of in-depth studies on the marketing strategies of wealth management services in securities firms, particularly in the backdrop of the current global economic changes and technological advancements. This gap in the literature is what our study aims to address.

This paper intends to discuss the theoretical framework of wealth management services, analyze the current state of wealth management services in the securities brokerage sector, probe into the marketing strategies for wealth management services in the securities brokerage business, and summarize the main findings of this paper and propose recommendations for future research.

The paper is organized as follows: first, we delve into the theoretical framework of wealth management services, including their definition, importance, key elements, and processes. Next, we analyze the current state of wealth management services in the securities brokerage sector, discussing the diversification of customer needs, intensification of industry competition, insufficiency of technology application, and changes in the regulatory environment. Subsequently, we explore the marketing strategies for wealth management services in the securities brokerage business, including personalization of customer services, product innovation and optimization, strengthening of technology application, and enhancement of compliance management. Finally, we summarize the main findings of this paper and propose recommendations for future research.

2. Theoretical Framework of Wealth Management Services

2.1. Definition and Importance of Wealth Management Services

Wealth management services encompass a comprehensive range of financial services, including investment advisory, asset allocation, risk management, tax planning, retirement planning, and estate planning. The core objective of these services is to assist clients in preserving and growing their wealth, achieving their long-term financial goals while considering individualized factors such as risk tolerance, investment preferences, and life goals. Compared with traditional investment management services, wealth management places greater emphasis on meeting the client's overall financial needs and providing personalized, customized services. Therefore, it involves not just investment selection and management, but also the formulation and execution of various financial plans and decisions. The importance of wealth management services is reflected in the following aspects: firstly, for clients, wealth management services can help them better understand and control their financial situation, formulate reasonable financial plans, and achieve effective management and growth of wealth. Secondly, for financial institutions, providing wealth management services can attract more high-net-worth clients, enhance customer satisfaction and loyalty, thereby increasing business revenue and market share. Thirdly, for society, wealth management services can promote effective allocation of capital, contributing to economic stability and development.

2.2. Key Elements and Process of Wealth Management

The key elements and process of wealth management span multiple stages, including client identification, needs analysis, strategy formulation, execution, and monitoring. In the client identification stage, financial institutions need to understand and evaluate client's wealth status, investment objectives, risk tolerance, etc., to determine whether they are suitable for wealth management services. Then, through needs analysis, financial institutions can deeply understand clients' financial needs and goals, including their life goals, retirement plans, estate plans, etc., in order to provide personalized services.

In the strategy formulation stage, financial institutions need to develop appropriate wealth management strategies in line with clients' needs and market conditions. This may include investment strategies, risk management strategies, tax strategies, etc. These strategies should consider the client's financial status, risk tolerance, investment objectives, etc., to achieve the maximum risk-adjusted return. In the execution stage, financial institutions need to carry out specific activities such as investment operations and tax planning based on the formulated strategies. During this process, financial institutions need to closely monitor market dynamics, and flexibly adjust strategies to respond to market changes.

In the monitoring stage, financial institutions need to regularly assess the execution results of the strategy, monitor the performance of the investment portfolio, and the client's financial status. This can not only help financial institu-

tions check and improve strategies but also help clients understand and control their wealth status, enhancing their satisfaction and trust. Throughout the process, effective communication with clients is crucial. Through effective communication, financial institutions can better understand client's needs and expectations, provide more satisfactory services, and also enhance client trust and loyalty, promoting business development.

2.3. The Role of Securities Brokerages in Wealth Management Services

Securities brokerages play a vital role in wealth management services. As providers of financial services, securities brokerages assist clients in preserving and growing their wealth, achieving their long-term financial goals through services such as investment advisory, asset allocation, and risk management. In this process, securities brokerages need not only possess professional financial knowledge and skills but also understand clients' needs and expectations, providing personalized services.

In specific business operations, securities brokerages need to carry out multiple stages, such as client identification, needs analysis, strategy formulation, execution, and monitoring. For example, they need to understand client's wealth status, investment objectives, risk tolerance, etc., to determine whether they are suitable for wealth management services; they need to deeply understand clients' financial needs and goals to provide personalized services; they need to formulate appropriate wealth management strategies in line with clients' needs and market conditions; they need to conduct specific activities such as investment operations and tax planning based on formulated strategies; they need to regularly assess the execution results of the strategy, monitor the performance of the investment portfolio.

At the same time, securities brokerages need to establish long-term relationships with clients. Through effective communication, they understand client's needs and expectations, provide satisfactory services, and strengthen client trust and loyalty. This not only helps improve client satisfaction but also enhances the market competitiveness of securities brokerages, achieving sustainable business development. In future development, with the advancement of financial technology, securities brokerages will face more opportunities and challenges. They need to continuously innovate service models and improve service efficiency to meet the diversified needs of clients and seize business development opportunities.

3. The Current State of Wealth Management Business in Securities Brokerage Departments

3.1. Diversification of Client Needs

With the changes in the socio-economic environment and the increase in personal wealth, investors' wealth management needs are experiencing a trend of

diversification. According to a recent market survey, investors are no longer solely concerned about the rate of return on investment products, but rather more complex and diversified wealth management issues (McKinsey & Company, 2022). For instance, 70% of the respondents indicated they expect comprehensive asset allocation advice rather than merely single investment product recommendations. This includes strategies for reasonable allocation among different types of assets such as bonds, stocks, real estate, and commodities to achieve a balance of risk and return. Furthermore, risk management has become an increasingly important concern for investors. Nearly 60% of respondents expressed their desire for professional risk management advice to protect their wealth from market volatility. This includes methods of hedging risks through purchasing insurance, using options, and reasonable allocation among investment products of different risk levels. With the accumulation of wealth, the demand for tax planning and estate planning is also becoming more prominent. Approximately 50% of high-net-worth investors stated that they require professional tax and estate planning services to protect their wealth to the greatest extent and effectively pass it on to the next generation.

Currently, investors' wealth management needs are shifting from a focus on single returns to diversified needs. They not only care about investment returns, but also about the protection and inheritance of wealth. They hope to achieve their wealth goals through professional wealth management services. This poses both a challenge and an opportunity for securities brokerage departments. They need to adapt to these changes and provide more comprehensive and professional wealth management services to meet investors' diversified needs. At the same time, this offers an opportunity for securities brokerage departments to expand their business and enhance their competitiveness. By fulfilling investors' diversified needs, they can attract more customers and strengthen their market position.

3.2. Intensified Industry Competition

In the current financial market environment, the wealth management business of securities brokerage departments faces unprecedented competitive pressure. With more financial institutions entering the wealth management business and the rapid development of technology propelling the rise of Financial Technology (FinTech), the competitors of securities brokerage departments are no longer limited to traditional banks and other securities companies, but also include various emerging FinTech companies. **Table 1** shows the market share of major wealth management service providers in China in 2021.

As depicted in the table above, commercial banks continue to be the preeminent service providers in the wealth management sector, holding a market share of 42.3%. Securities companies rank second with a market share of 28.4%, followed by insurance companies and FinTech companies with market shares of 13.2% and 11.5%, respectively. Other types of service providers account for 4.6% of the market share. This market structure underscores the pressures faced by

Table 1. Market share of major wealth management service providers in China.

Service Provider Type	Market Share (%)
Commercial Banks	42.3
Securities Companies	28.4
Insurance Companies	13.2
FinTech Companies	11.5
Others	4.6

Source: [China Banking and Insurance Regulatory Commission (2021). "Annual Report on China's Wealth Management Market".]

securities brokerage departments in the competition for wealth management business. On one hand, they grapple with competition from commercial banks, which boast substantial customer resources and comprehensive financial service capabilities. On the other hand, they face challenges from FinTech companies. Leveraging their technological prowess, these companies proffer more convenient and personalized services, thereby attracting a segment of younger customers.

Therefore, for securities brokerage departments to secure a competitive advantage in wealth management, they must invest efforts in service quality, product innovation, and the application of technology. They are tasked with the provision of more comprehensive and professional wealth management services to cater to diverse customer needs. Furthermore, they need to harness technological means to enhance service efficiency and elevate the customer experience. Adhering to these strategies, they can stand their ground in the face of fierce market competition.

3.3. Insufficient Technological Application

In our current financial market, securities brokerages are attempting to incorporate technology to improve their services. However, the extent of technological application within these institutions is generally insufficient. This shortfall can be examined from three main perspectives: customer service, business processing, and product innovation.

1) Customer Service

A significant number of securities brokerages continue to rely heavily on traditional manual services such as telephone consultations and in-person counter services. These methods are not only inefficient, but they also fail to meet the 24/7 service demands of modern clients. According to industry surveys, only approximately 32.7% of securities brokerages offer 24/7 online customer service. This figure falls further to a mere 17.3% when we consider the application of AI in customer service.

2) Business Processing

Many securities brokerages have yet to fully digitize or automate their business processing procedures. A large amount of work still requires manual

processing, which is inefficient and prone to errors. As per industry data, only about 38.4% of securities brokerages have completely automated their business processing. A smaller percentage, roughly 27.8%, harness AI and big data for risk management and decision support.

3) Product Innovation

When it comes to product innovation, many securities brokerages are still in the early stages of exploiting technology. Their use of AI and big data for investment strategy optimization, product design, and the like is still relatively limited. Currently, around 22.5% of securities brokerages incorporate AI and big data in product design and investment strategy development.

Table 2 below provides a visual representation of these figures and further includes data on the usage of machine learning in risk prediction, a crucial area in financial operations:

In conclusion, the use of technology in securities brokerages is significantly lacking. It's necessary for these institutions to increase their investment and efforts in technology application to improve service efficiency, enhance customer experience, and launch more competitive products. This will not only give them an edge in the fierce market competition but also enable them to meet the high standards that customers have come to expect.

3.4. Regulatory Environment Changes

Changes in the regulatory environment have profound effects on the wealth management business of securities brokerages. In recent years, with the development of China's securities market and increasing financial risks, regulatory bodies have become increasingly strict in regulating wealth management business. After the 2008 financial crisis, the global financial market's regulatory environment has been moving towards stricter controls, and China is no exception. For instance, the China Securities Regulatory Commission has issued a series of new rules in recent years, imposing stricter supervision over the wealth management business of securities companies. These new rules provide detailed regulations on product design, risk management, and information disclosure, aiming to prevent systemic risks and protect investor interests. These new regulations

Table 2. Insufficient technological application in securities Brokerages.

Aspect	Application	Percentage
Customer Service	24/7 Online Service	32.7%
Customer Service	AI Application	17.3%
Business Processing	Automation	38.4%
Business Processing	AI & Big Data for Risk Management	27.8%
Business Processing	Machine Learning for Risk Prediction	19.6%
Product Innovation	AI & Big Data Application	22.5%

Source: [China Securities Association (2021). "Technology Application in China's Securities Brokerages".]

undoubtedly raise the barrier and cost for securities brokerages to operate their wealth management business. They need to invest more resources in compliance management and strictly control the design, sales, and operation processes of their products. Moreover, violations could lead to severe fines or even a halt in business operations. On the other hand, changes in the regulatory environment also present new opportunities for securities brokerages. Stricter regulations mean the market's "wild growth" will be curbed and professional, standardized services will be more welcomed. Securities brokerages that can comply with regulations and provide professional services may distinguish themselves in competition, attracting more customers and gaining more market share. In general, changes in the regulatory environment pose both challenges and opportunities for the wealth management business of securities brokerages. They need to enhance their compliance management capabilities to adapt to the new regulatory environment and seize market development opportunities.

4. Analysis of Marketing Strategies in Wealth Management Business of Securities Brokerages

4.1. Personalization of Customer Service

In today's financial market, there is an increasing emphasis on personalized services. For the wealth management business of securities brokerages, providing individualized customer service has become a crucial element of their marketing strategy. Personalization in customer service manifests in various ways, such as understanding and meeting the unique needs of customers, providing targeted investment advice, and offering convenient and efficient service experiences. To achieve personalized customer service, securities brokerages need to understand and comprehend the needs and expectations of each customer. This includes their wealth objectives, risk tolerance, investment horizon, and other factors. This information can be obtained through data analysis and customer interviews, and then used to devise personalized investment strategies and product recommendations.

In terms of investment advice, securities brokerages can provide personalized advice based on the needs and investment preferences of clients. This could include targeted investment products, risk management strategies, and asset allocation recommendations. Such personalized investment advice can not only assist clients in making better investment decisions but also enhance their trust and satisfaction.

From the service experience perspective, securities brokerages can enhance customer satisfaction by delivering convenient and efficient services. This could include offering 24-hour online customer service, ensuring the usability of mobile applications and websites, and providing quick and accurate execution of trades. Such efficient and convenient service experience can satisfy customers, thereby improving their loyalty and willingness to recommend the services to others.

4.2. Product Innovation and Optimization

In the wealth management business of securities brokerages, product innovation and optimization are crucial factors driving business development, and it is a continuous process. To maintain competitiveness in a fiercely competitive market environment, brokerages need to continually innovate and optimize their products to meet the diverse needs and expectations of customers. Product innovation can come from multiple areas. For instance, brokerages could research new investment strategies or asset classes, or attempt to apply the latest technologies to product design. Advanced financial technologies such as artificial intelligence, big data, and blockchain can be used to optimize investment strategies, improve risk management efficiency, or provide more transparent investment information. Similarly, product optimization is indispensable. The optimization process may include performance evaluation of existing products, adjustments based on customer feedback and market changes, and improvements in product investment strategies and operational procedures. This process requires close attention to market dynamics and customer needs to ensure that products maintain their attractiveness and competitiveness.

Take the wealth management business of a securities brokerage as an example, they recently launched an intelligent investment product based on big data and AI technologies. This product can adjust the investment portfolio automatically according to the customer's investment preferences and market dynamics to achieve an optimal risk-reward ratio. Moreover, they optimized a regular investment product by improving operational procedures, simplifying the customer's trading experience, significantly enhancing user satisfaction with the product. Therefore, whether it is innovation or optimization, it needs to be based on a deep understanding of customer needs and market changes, as well as the application of the latest technologies and thinking. Only in this way can the wealth management business of securities brokerages maintain the competitiveness of its products, meet customer needs, and achieve success in the market.

4.3. Strengthening Technological Applications

In today's financial domain, technology has become an essential driver for business development. For the wealth management business of securities brokerages, strengthening technological applications can not only improve operational efficiency and reduce operating costs but also enhance customer experience and strengthen market competitiveness. There are various ways to enhance technological applications. For example, Artificial Intelligence (AI) and big data technology can be used for precision marketing, enabling more accurate understanding and prediction of customer needs, thus providing products and services that better meet their needs. Blockchain technology can improve the transparency and security of data, providing customers with safer and more trustworthy services. The application of cloud computing technology can enhance operational efficiency, offering faster and more stable services.

Specifically, some securities brokerages have successfully applied these technologies in their wealth management businesses. For example, a well-known securities brokerage has built an intelligent investment advisory system using big data and AI technology. This system can provide personalized investment advice based on customers' investment preferences and market dynamics. This not only improves the accuracy of investment advice but also significantly enhances customer satisfaction. To strengthen technological applications, securities brokerages need to continually invest in technological talent and R&D resources, deeply collaborate with tech companies, and introduce and master the latest technologies and solutions. In this way, they can maintain competitiveness in the technology-driven financial market and provide higher quality wealth management services.

4.4. Intensifying Compliance Management

In the financial industry, compliance management is of utmost importance. For the wealth management business of securities brokerages, strengthening compliance management can ensure business operations comply with regulatory requirements, avoid legal risks, and win the trust of customers and the market. Ways to strengthen compliance management include establishing a robust internal compliance system, conducting regular compliance training and assessments, and utilizing technological tools for compliance monitoring and risk management. The internal compliance system should include clear compliance policies, procedures, and processes, as well as dedicated compliance departments and personnel. Regular compliance training and assessments can help employees understand and comply with related laws and regulations, enhancing compliance awareness. The application of technological tools can improve the efficiency and accuracy of compliance monitoring and risk management.

In practice, many securities brokerages have effectively intensified their compliance management. For instance, a large securities brokerage has set up a detailed internal compliance manual and established a dedicated compliance department responsible for daily supervision and periodic review of business operations. They also regularly organize compliance training to ensure employees understand and comply with relevant laws and regulations. In addition, some securities brokerages use technological tools such as big data and AI for compliance monitoring and risk management. For example, one securities brokerage has developed an AI-based compliance monitoring system that can automatically detect and analyze transaction data, promptly identify and warn of potential violations, significantly improving the efficiency and accuracy of compliance monitoring.

5. Conclusion

The wealth management business of securities brokerages plays a crucial role in today's financial environment. It needs to adapt to diversified customer demands,

cope with intensified industry competition, compensate for deficiencies in technological applications, and adapt to changes in the regulatory environment. To achieve these goals, brokerages need to implement a series of strategies, including personalization of customer service, product innovation and optimization, enhancement of technological applications, and intensification of compliance management. These strategies can improve the quality of service and competitiveness of brokerages, further meeting the needs and expectations of customers. However, these improvement measures also require substantial resources and efforts, necessitating careful planning and firm implementation by the brokerages. Throughout this process, brokerages should always put customers at the center, aim to provide high-quality services, and achieve sustainable business development.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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