Take Control over Customer Acquisition Costs

Interview with Lennart Asshoff, founder and CEO of Nucoro

The wealth management industry struggles for the customer acquisition cost is higher than the lifetime value of a customer. The high costs prevent small companies and startups from acquiring B2C clients, both investors and advisors. Lennart Asshoff, founder and CEO of Nucoro, a UK-based startup, sees an opportunity for startups to work in the B2B sector through partnerships with banks and other large financial institutions.

In our interview, he outlines how startups can deal with client acquisition and what differences there are in the European and US markets in this regard.

Ways to overcome acquisition problems

These are the top-five best practices Lennart learnt from using his B2B product, Nucoro, to fight against high client acquisition costs.

1. **Focus on large institutions**. In the retail market, there is intense competition for new clients. The amount of investment required is too large, so only big players

with big budgets are able to acquire clients. Smaller companies, in turn, are trying to focus on providing B2B services for financial advisors.

2. **Invest in publicity**. To popularize a new brand with people so that they trust you with their money and their savings is super difficult. That's why startups have to make a lot of publicity efforts, especially marketing, in order to get them on board. Clients should have no doubt that a company is a reliable partner, no matter whether it focuses on institutions or people.

3. **Build a digital-first product**. Product should be way better in terms of user experience compared to the competition. An important aspect of this is being mobile-first. This enables clients to obtain access to your account in a matter of seconds. You can change your risk level on our portfolio and then either the same day or the next day, everything will have completely changed. So, this gives clients a lot more control and reactiveness.

   > "Let's say, medium to large financial institutions have half a million, a million, or a few million customers. They know that, at some point, these customers will leave for better digital solutions because people like a digital-first product, not a product that has been around the retail brick-and-mortar stores."

   Lennart says his project, Nucoro, aims to help those institutions make the leap into the current generation of digital products.

4. **Innovate**. Another way to attract customers is innovating and providing a cheaper service, such as done by Robinhood, Acorns, and so on. These companies reach millions of customers with a very simple proposition: be an extremely easy-to-use and convenient platform and have zero commission stock trading. Making products easier and more affordable requires innovation.

   > "You have to innovate, from a product perspective, whether that's innovative saving solutions or commission-free stock trading. Whatever you provide, it has to be a better product that attracts customers easier and cheaper than investment advice or investment management."

5. **Eliminate technology debt**. If the speed of implementing innovation influences customer acquisition, so does technology debt. It prevents your startup from innovating faster, thus limiting your opportunities. It's equally difficult to integrate financial institutions because they often have a lot of technology debt.

   > "There are certain integrations you have to do with 100 people because it's such a mess internally that you need a lot of more hands. Hiring 100 people now would be a nightmare scenario for me. It's extremely difficult to find professionals."

   To help with that, Lennart would like to partner with an integrator company because they have worked with the system they're going to integrate with before, and they have a lot of experience in that field.

Do Europe and the United States differ in client onboarding?

According to Lennart, there are different benefits and setbacks for both markets. For the United States, it's the largest market for WealthTech in the world; however, from a regulatory perspective, it's a nightmare; purely technological companies outpace wealth management companies here. Additionally, compliance limits the talent options for those who can't afford to hire regulatory experts.

> "Maybe not the easiest market to get into because there's a lot of competition, obviously, due to the size of it. You need a base there, and it's extremely tough."

In Europe, he says, it really depends on where you go. For example, Nucoro has offices in the United Kingdom and Spain, which are two completely different markets. In Spain, the technology is outdated, which complicates integration and innovation across the market. In the United Kingdom, integration is a lot easier than on continental Europe from a tech perspective; if you have an open API infrastructure in place, you can easily integrate with some of the players there.

> "In Europe, the passporting of the license from the regulatory perspective is a lot easier. But now there's Brexit, so you don't know exactly what is going to happen."

The European market is quite big, but it’s segmented. If companies want to enter into a new market, they should prepare for a lot of changes and adaptation. It can’t be done as easily as moving inside the same market in the United States. Still, there are ways to eliminate negative aspects and win over customers.

Takeaways

Customer acquisition is expensive and depends on the quality of your product, regardless of what country you operate in. There are factors that can help you resolve many client acquisition issues, such as having a mobile-first user experience, cheap services, and effective partnerships. Having the right focus can also help startups lessen the costs of client onboarding and take their place in WealthTech in whatever market.

About

Lennart Asshoff, founder and CEO of Nucoro, started his career at ETS Asset Management in Madrid, which advises around $16 billion in assets. Lennart worked in the product development department and helped build unique, tailor-made quantitative investment solutions for large institutions and high-net-worth individuals.