PARAMETER INSIGHTS

UNPACKING THE EVOLVING WEALTH ADVICE MARKET

CONSUMERS + SUPPLIERS

INNOVATIVE APPROACHES TO DELIVERING DATA, ANALYTICS AND INSIGHTS BY EXPERTS IN WEALTH MANAGEMENT AND INNOVATION

OVERVIEW OF WHAT WE DO AND EXAMPLE DATA

2020

WE PARTNER WITH CLIENTS TO PROVIDE THE MOST ACTIONABLE DATA AND INSIGHTS FOR THE EVOLVING WEALTH MANAGEMENT BUSINESS

SYNDICATED RESEARCH PRODUCTS

- Digital Wealth Advisory Research Subscription
- Self-Directed Online Investing Research Subscription

"ASK CONSUMERS" MARKET SIMULATOR

Dynamic consumer choice simulator where you can test unlimited "what if" platform scenarios to determine representative consumer choice outcomes

CUSTOM RESEARCH SERVICES

We bring our market expertise and expert market research to help you answer the most relevant and important questions for your business choices – with data. Attitudinal Customer Segmentations; MaxDiff; Conjoint Studies; illuminating consumer research

CONSULTING SERVICES

- Digital, go-to-market, growth strategy and execution
- Data and analytics services

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RESEARCH PURPOSE

THE WORLD IS CHANGING
SO IS WEALTH MANAGEMENT

- Access to leading wealth management products and services has never been more available to consumers

- Consumer awareness of wealth advice, however, remains low... as does general financial literacy

- Consumers also have many misconceptions about how their wealth can be managed which is inhibiting better choices

- Consumers cite barriers to the usage of digital advice that can be overcome

- Result is a still-immature digital wealth market with lots of opportunity modernize the traditional channels and grow

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Types of Questions the Wealth Industry Wants Answers to:

CONSUMER DATA THAT GIVES WEALTH BUSINESSES AN EDGE

How has consumer satisfaction with digital advice changed over the year?

What are the current opportunities for firms to drive loyalty?

What contributes to positive word-of-mouth and **who's** winning in social?

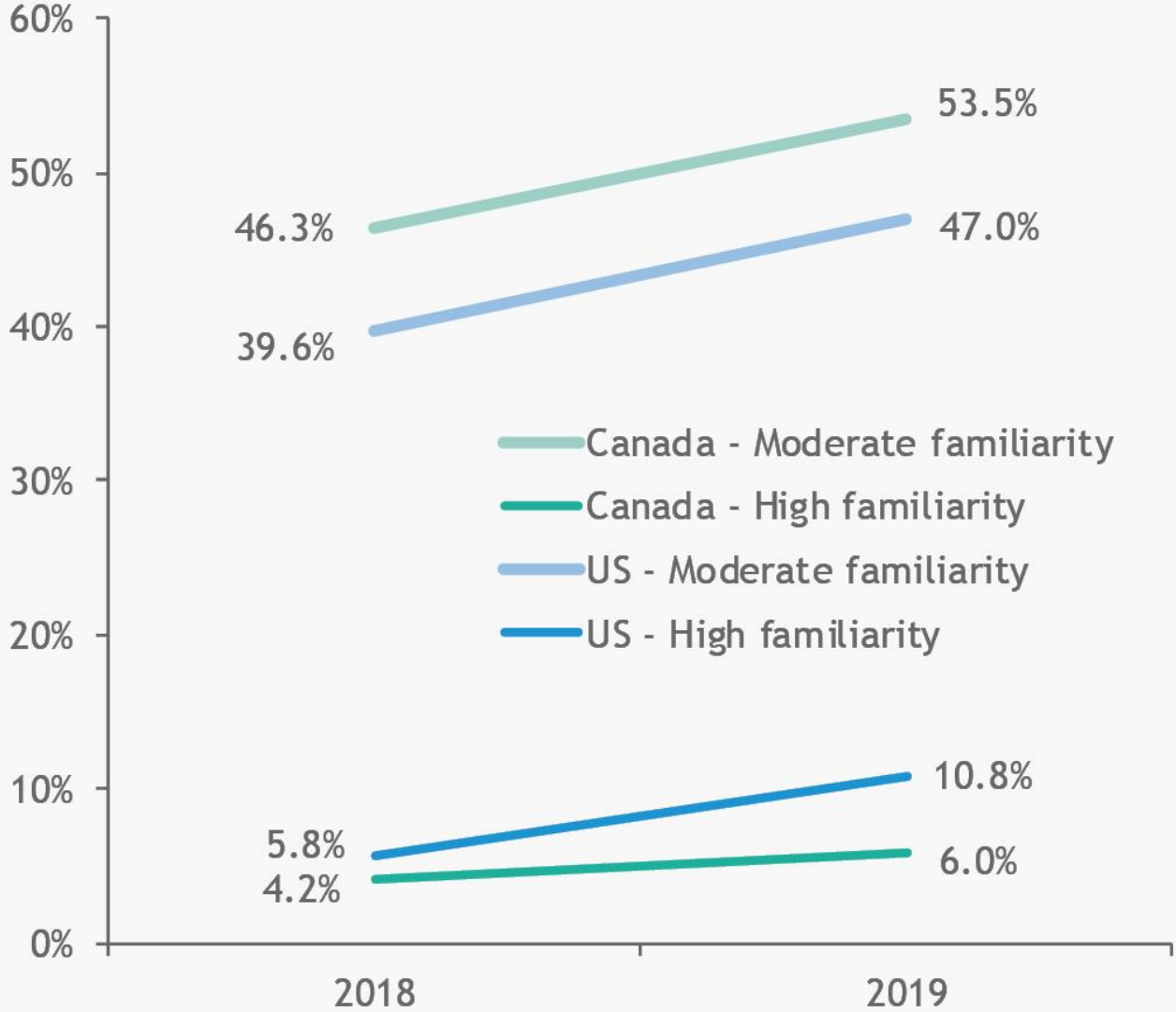**How** does the "advisor effect" impact satisfaction, loyalty, and engagement?

Why is it important to look at newer ways of segmenting customers?

What is driving consumer choice?

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CROSSING A THRESHOLD?
A LOOK AT SOME OF THE
DATA/INSIGHTS WE
DELIVER

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CONSUMER CATEGORY UNDERSTANDING IS ON THE RISE. OUR ANALYSIS UNPACKS THE IMPLICATIONS.... AND WHAT YOU CAN DO ABOUT IT.

53.5%

47.0%

46.3%

39.6%

Canada - Moderate familiarity
Canada - High familiarity
US - Moderate familiarity
US - High familiarity

10.8%

5.8%

6.0%

4.2%

2018

2019

WE ARE EXAMINING MANY PERCEIVED BARRIERS TO DIGITAL WEALTH CONSUMPTION AS WELL AS USER PAIN POINTS.

OUR INSIGHTS HELP EXECUTIVES MAKE BETTER BUSINESS CHOICES TO ENGAGE CONSUMERS AND DELIGHT USERS.

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BRAND AWARENESS IS GROWING IN BOTH THE US AND CANADA FOR DIGITAL WEALTH ADVICE OFFERS.

71.8%

61.0%

50.6%
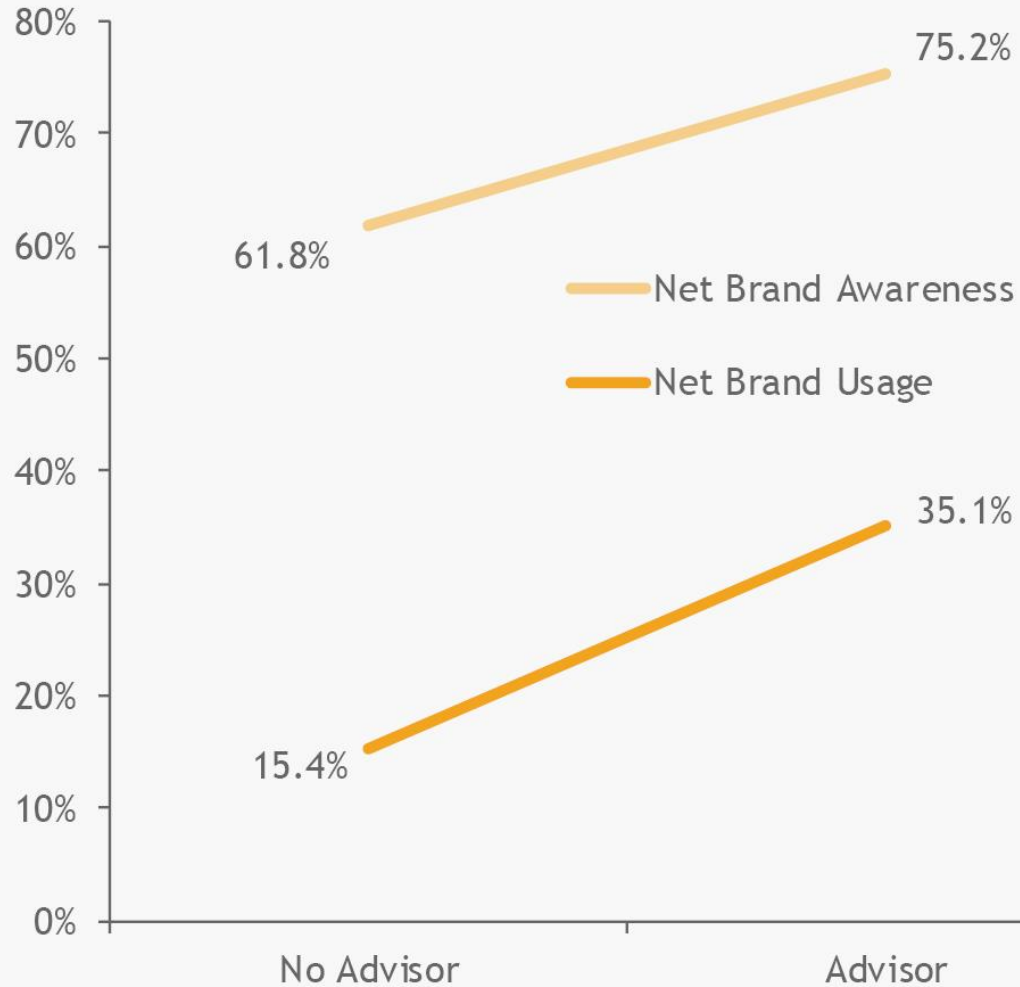
39.1%

Canada

US

2018   2019
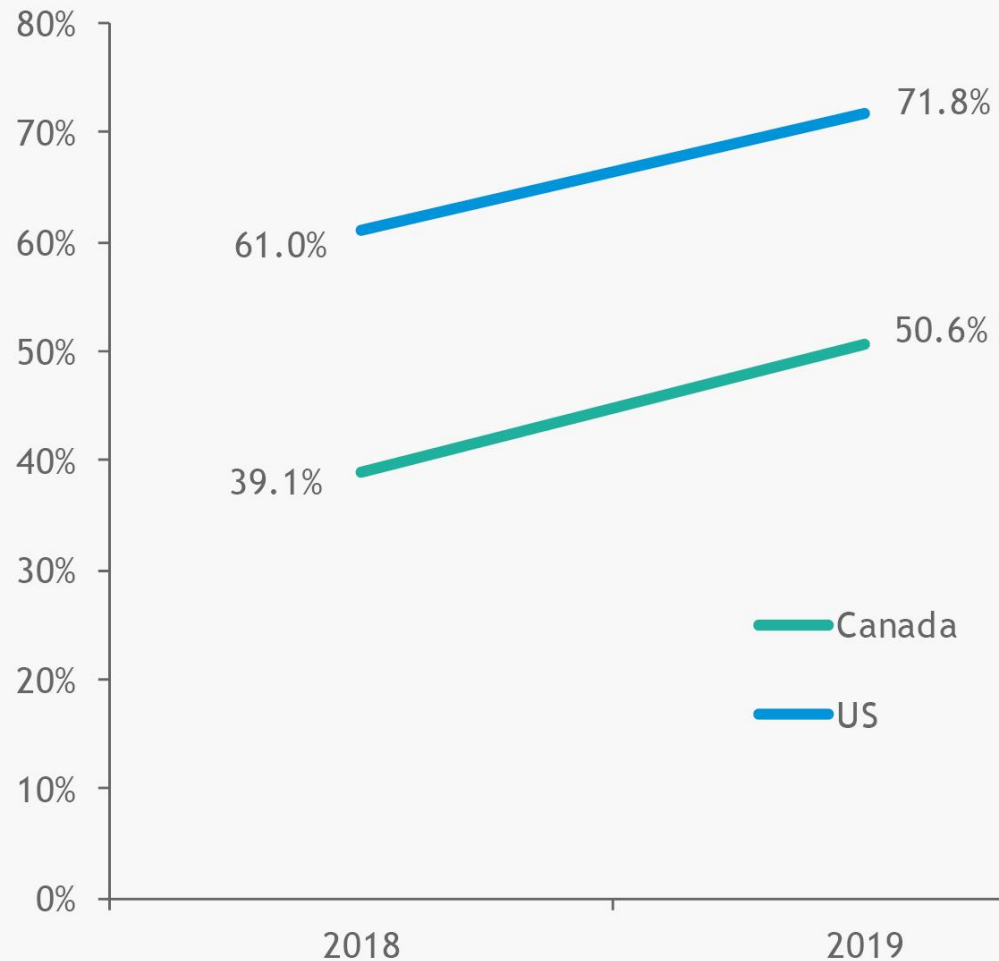
Data source: ParameterInsights Consumer Survey.

IN NEWER CATEGORIES, BRAND AWARENESS STARTS LOW AND GROWS INCREMENTALLY.... ESPECIALLY IN LOW-INVOLVEMENT CATEGORIES LIKE DIGITAL WEALTH ADVISING.

IT IS ESSENTIAL TO TRACK CATEGORY-LEVEL CHANGES TO IDENTIFY DEVELOPMENTS IN OVERALL UNDERSTANDING.
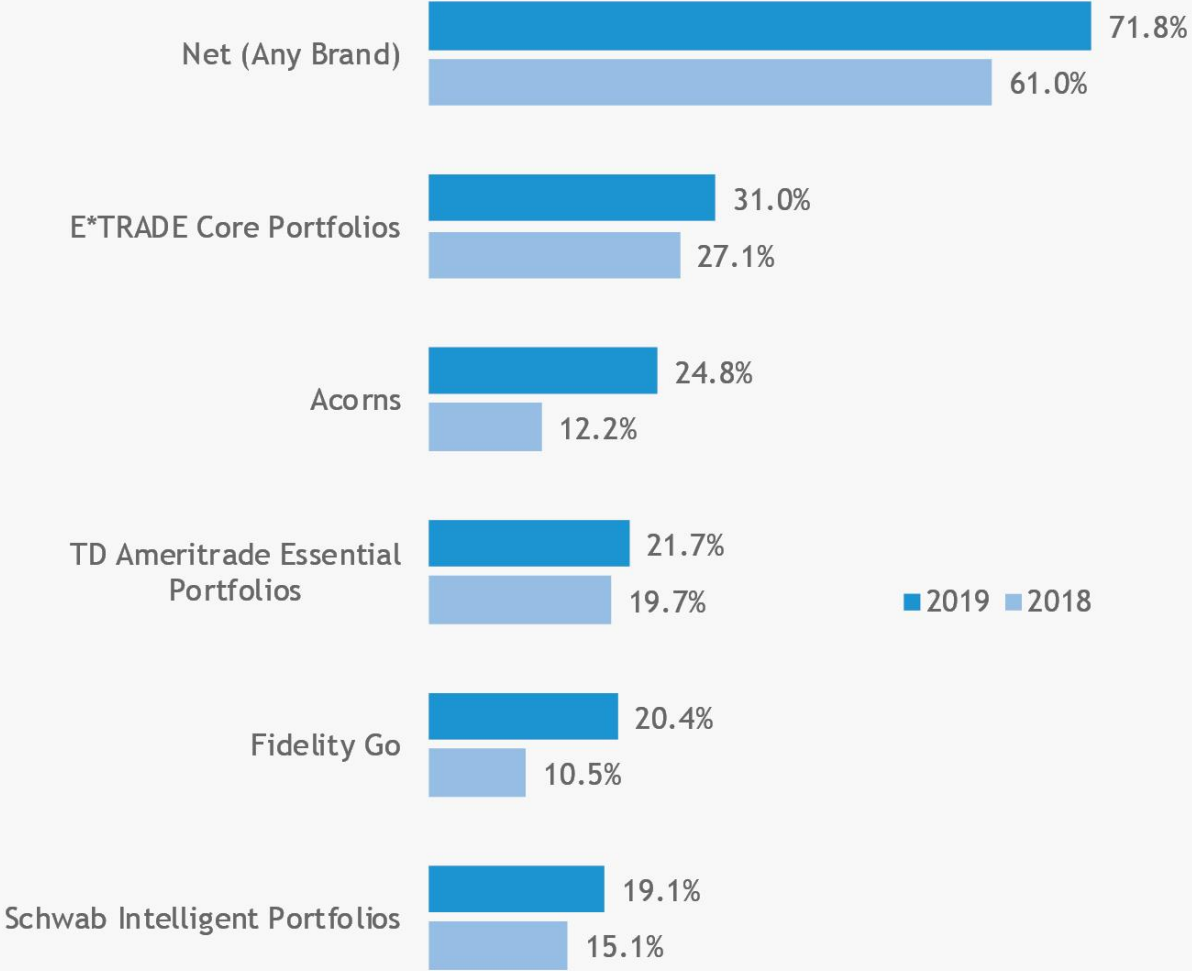
PARAMETER INSIGHTS

YEAR OVER YEAR COMPARISONS HIGHLIGHT CHANGES AMONG THE TOP 5 RECOGNIZED DIGITAL ADVISING BRANDS IN THE US.

Net (Any Brand)
71.8%
61.0%

E*TRADE Core Portfolios
31.0%
27.1%

Acorns
24.8%
12.2%

TD Ameritrade Essential Portfolios
21.7%
19.7%

■ 2019 ■ 2018

Fidelity Go
20.4%
10.5%

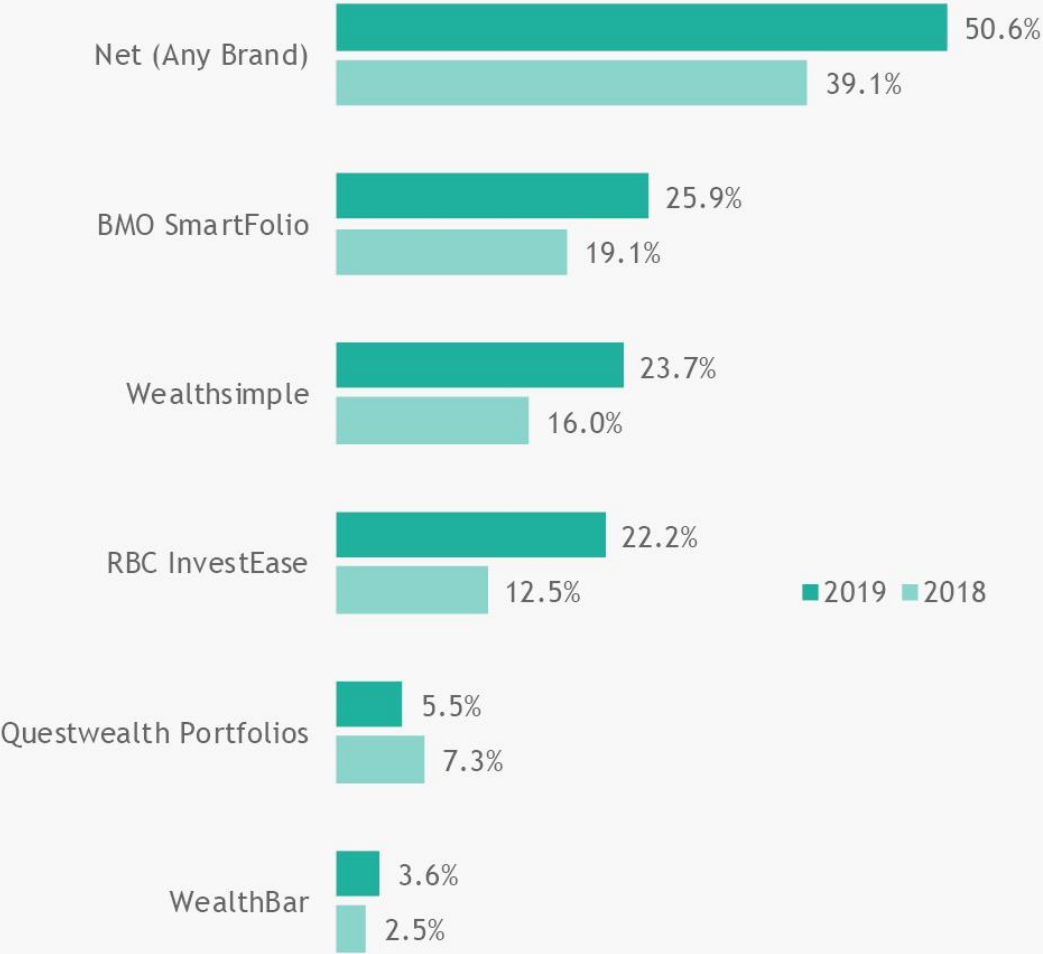**Schwab Intelligent Portfolios**
19.1%
15.1%

Data source: ParameterInsights Consumer Survey.

THE MOST "KNOWN" DIGITAL ADVISING OFFERS ARE BUILDING THEIR BRANDS WITH CONSUMERS.

IT'S TELLING TO SEE AN UPSTART, ACORNS, BECOME THE SECOND-MOST RECOGNIZED BRAND IN THE CATEGORY, ESPECIALLY AS ENGAGEMENT AND USAGE ARE ON THE RISE.

PARAMETER INSIGHTS

YEAR OVER YEAR COMPARISONS HIGHLIGHT CHANGES AMONG THE TOP 5 RECOGNIZED DIGITAL ADVISING BRANDS IN CANADA.

Net (Any Brand)
- 50.6%
- 39.1%

BMO SmartFolio
- 25.9%
- 19.1%

Wealthsimple
- 23.7%
- 16.0%

RBC InvestEase
- 22.2%
- 12.5%

■ 2019 ■ 2018

Questwealth Portfolios
- 5.5%
- 7.3%

WealthBar
- 3.6%
- 2.5%

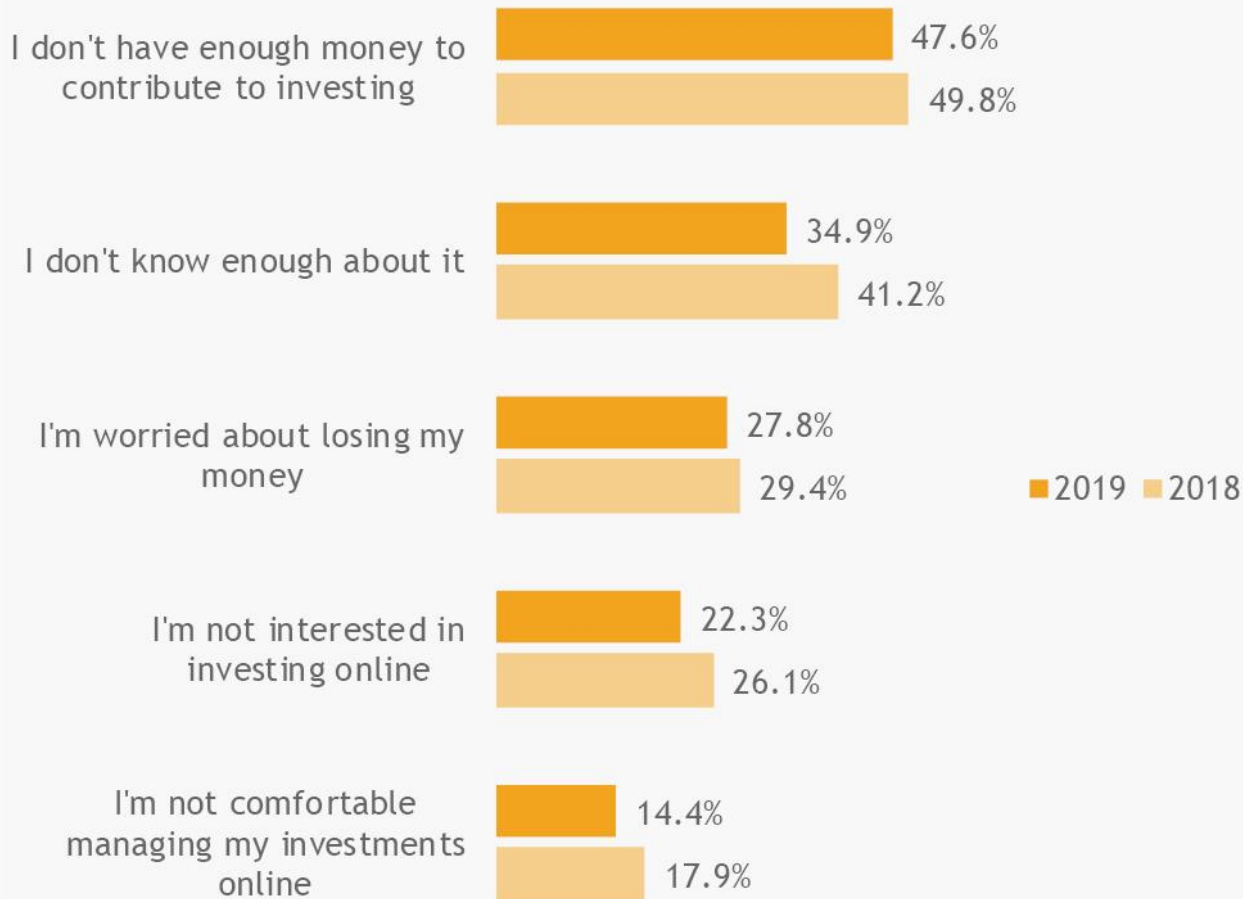*Data source: ParameterInsights Consumer Survey.*

AS IN THE US, THE MOST "KNOWN" DIGITAL ADVISING OFFERS ARE BUILDING THEIR BRANDS WITH CONSUMERS.

WEALTHSIMPLE IS SET TO BECOME CANADA'S MOST KNOWN DIGITALLY LED WEALTH ADVISOR BUT BANKS BENEFIT FROM BRAND HALO – THOUGH ARE MISSING CONSUMERS ON MESSAGE.

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POSITIVE YEAR OVER YEAR TRENDS FOR THE TOP FIVE BARRIERS TO DIGITAL WEALTH USAGE.

I don't have enough money to contribute to investing
- 47.6%
- 49.8%

I don't know enough about it
- 34.9%
- 41.2%

I'm worried about losing my money
- 27.8%
- 29.4%

■ 2019 ■ 2018

I'm not interested in investing online
- 22.3%
- 26.1%

I'm not comfortable managing my investments online
- 14.4%
- 17.9%

Data source: ParameterInsights Consumer Survey.

THE TOP FIVE BARRIERS IDENTIFIED BY CONSUMERS HAVE ERODED ON A YEAR OVER YEAR BASIS.......

TRACKING CONSUMER PERCEPTIONS AND BARRIERS HELPS BRANDS FIND NEWER AND MORE INNOVATIVE WAYS TO GROW BY COMMUNICATING MORE EFFECTIVELY WITH CONSUMERS.

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CHANGING ATTITUDES
TOWARDS DIGITAL ADVICE

OVERALL ATTITUDINAL TRENDS AMONG US CONSUMERS ARE FAVORABLE FOR THE WEALTH MANAGEMENT CATEGORY.

Attitudinal Dimension	% AGREEMENT					
	Canada			US		
	2018	2019	Diff	2018	2019	Diff
I prefer to invest my money vs. leave it in savings	56.5%	63.8%	7.3%	50.9%	57.6%	6.7%
I'm willing to take investment risks to increase returns	45.7%	48.9%	3.2%	47.0%	52.7%	5.6%
I am very knowledgeable about my financial situation	72.7%	76.5%	3.8%	76.5%	80.9%	4.4%
I am confused by wealth management products/services	60.4%	54.8%	-5.6%	54.1%	53.3%	-0.8%
I am worried about the future of my finances	69.1%	64.1%	-5.0%	64.8%	63.6%	-1.2%
I don't feel like I have enough money to invest	71.1%	68.0%	-3.1%	68.3%	67.2%	-1.1%

YEAR-OVER-YEAR CHANGES AMONG CONSUMERS IN THE US THROUGH 2019 SAW SHIFTS MORE AND MORE TOWARDS DIGITAL CONSUMPTION AND INVESTING.
AT THE SAME TIME, PEOPLE WERE SOMEWHAT MORE KNOWLEDGEABLE ABOUT THEIR FINANCIAL SITUATION AND LESS WORRIED ABOUT THE FUTURE OF THEIR FINANCES... AND FEELING MORE FINANCIALLY ABLE TO INVEST.

WHICH US CONSUMER SEGMENTS ARE PRIME CANDIDATES FOR DIGITAL WEALTH ADVISING?

Statistical segmentation using consumer psychographics produces target segments that are attitudinally opportune for digital wealth advising. The segments change over time as the category matures. Passive Players grew by 4.8% from 2018-2019.

ATTITUDINAL SEGMENT NAME

PSYCHOGRAPHIC MAKE-UP

ENGAGED ASSET ACCUMULATORS

Greatly prefer investing over saving, actively involved in finances, confident about retirement, not worried about financial future, consider themselves long-term investors, not confused by wealth management offers, don't see wealth management products and services as all the same, willing to take risks with investments to increase the chance of higher returns

PASSIVE PLAYERS

Comfortable making financial transactions online, prefer accessing wealth management information online, only review investments when markets are down, not worried about future of finances, confident about retirement, comfortable handling finances without advice, think that wealth management offers are all the same, willing to take risks to increase returns
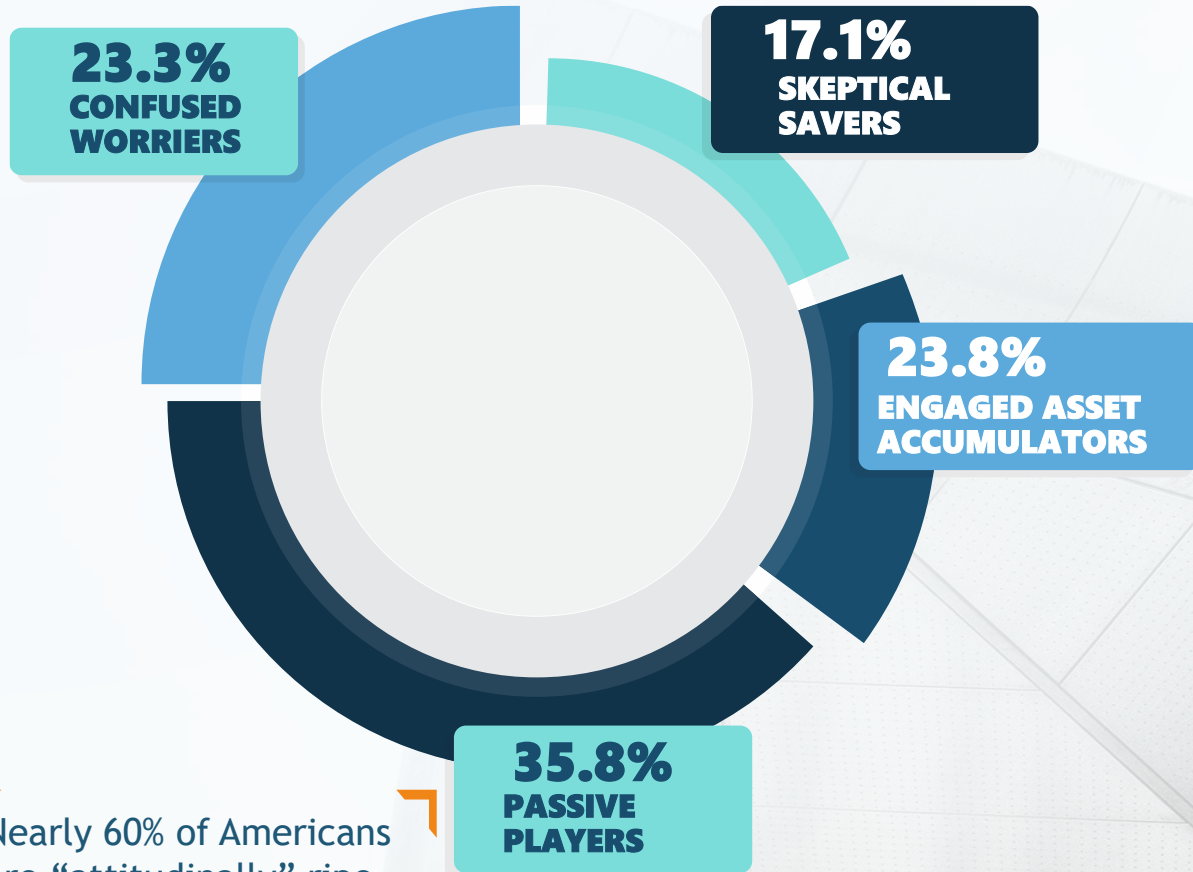
CONFUSED WORRIERS

Confused by wealth management offers, worried about financial future, not comfortable making financial transactions online, not comfortable handling finances without advice, feel it's worth it to pay for financial advice, not confident about retirement, not very knowledgeable about finances, prefer discussing finances with someone on the phone or in person

SKEPTIC SAVERS

Prefer saving to investing, comfortable handling finances without advice, don't consider themselves long-term investors, don't think it's worth paying for financial advice, not willing to take risks with investments to increase returns, knowledgeable about financial situation but worried about financial future, tend to see wealth management offers as all the same

ATTITUDINAL SEGMENTS CAN BE UNPACKED DEMOGRAPHICALLY TO TARGET AND ENGAGE CONSUMERS MORE SPECIFICALLY.

Segment Names and Sizes in the US

23.3% CONFUSED WORRIERS

17.1% SKEPTICAL SAVERS

23.8% ENGAGED ASSET ACCUMULATORS

35.8% PASSIVE PLAYERS

Nearly 60% of Americans are "attitudinally" ripe for digital wealth advising offers.

Demographic Breakdown among Target Segments

		ENGAGED ASSET ACCUMULATORS			PASSIVE PLAYERS		
		2018	2019	Change	2018	2019	Change
Gender	Females	39.9%	37.9%	-2.0%	37.6%	46.0%	8.4%
	Males	60.1%	62.1%	2.0%	62.4%	54.0%	-8.4%
Age Group	18-34	31.0%	26.4%	-4.6%	43.8%	40.1%	-3.8%
	35-54	33.5%	35.9%	2.4%	31.7%	34.3%	2.6%
	55-79	35.5%	37.7%	2.2%	24.4%	25.6%	1.2%
Education	HS or less	13.1%	13.6%	0.6%	23.0%	24.0%	1.0%
	More than HS	86.6%	86.4%	-0.2%	76.2%	75.7%	-0.5%
Household Income	<$50K	28.5%	31.0%	2.4%	43.0%	46.3%	3.3%
	$50K-$99K	41.1%	41.2%	0.2%	39.0%	32.4%	-6.6%
	$100K+	28.2%	24.2%	-4.0%	13.9%	17.5%	3.7%
Investable Assets	<$50K	33.6%	37.1%	3.5%	53.7%	51.6%	-2.1%
	$50K-$99K	12.5%	11.7%	-0.8%	12.1%	13.2%	1.1%
	$100K+	46.1%	44.0%	-2.1%	22.5%	25.5%	3.0%
	Segment Size	22.1%	23.8%	1.7%	31.0%	35.8%	4.8%

WHICH CANADIAN CONSUMER SEGMENTS ARE PRIME CANDIDATES FOR DIGITAL WEALTH ADVISING?

Statistical segmentation using consumer psychographic data produces target segments that are attitudinally opportune for digital wealth advising. The Casting Call segment increased by 7% between 2017 through 2018 but decreased 3.3% in 2019.

ATTITUDINAL SEGMENT NAME

PSYCHOGRAPHIC MAKE-UP

SLAM DUNK DIGITALS
Very comfortable making financial transactions online, greatly prefer accessing financial information online, prefer investing over saving, consider themselves long- term investors, confident about retirement, not worried about financial future, not confused by wealth management products and services, don't see wealth management offers as all the same

DIGITAL CASTING CALL
Confused by wealth management offers, not very knowledgeable about their finances, prefer accessing wealth management information online, prefer not to be actively involved in finances, worried about the future of their finances, not confident about retirement, want to learn more about wealth management, not comfortable handling finances without advice

TRADITIONALISTS
Not comfortable making financial transactions online, greatly prefer discussing investments with a person, prefer accessing financial information offline, feel that it's worth it to pay for financial advice, prefer investing over saving, consider themselves long- term investors, not comfortable handling finances without advice, confident about resources needed for retirement

SKEPTICAL SAVERS
Prefer saving over investing, knowledgeable about finances and comfortable handling without advice, think wealth management products and services are all the same, worry about the future of their finances, don't think of themselves as long- term investors, not willing to take risks with investments to increase returns, don't think it's worth it to pay for financial advice

IN-DEPTH PROFILING OF ATTITUDINAL SEGMENTS PROVIDES BETTER TARGETING OPPORTUNITIES – TARGETS ARE GROWING!

Segment Names and Sizes in Canada

28.3%
SLAM DUNK DIGITALS

15.0%
TRADITIONALISTS

19.8%
SKEPTICAL SAVERS

36.9%
DIGITAL CASTING CALL
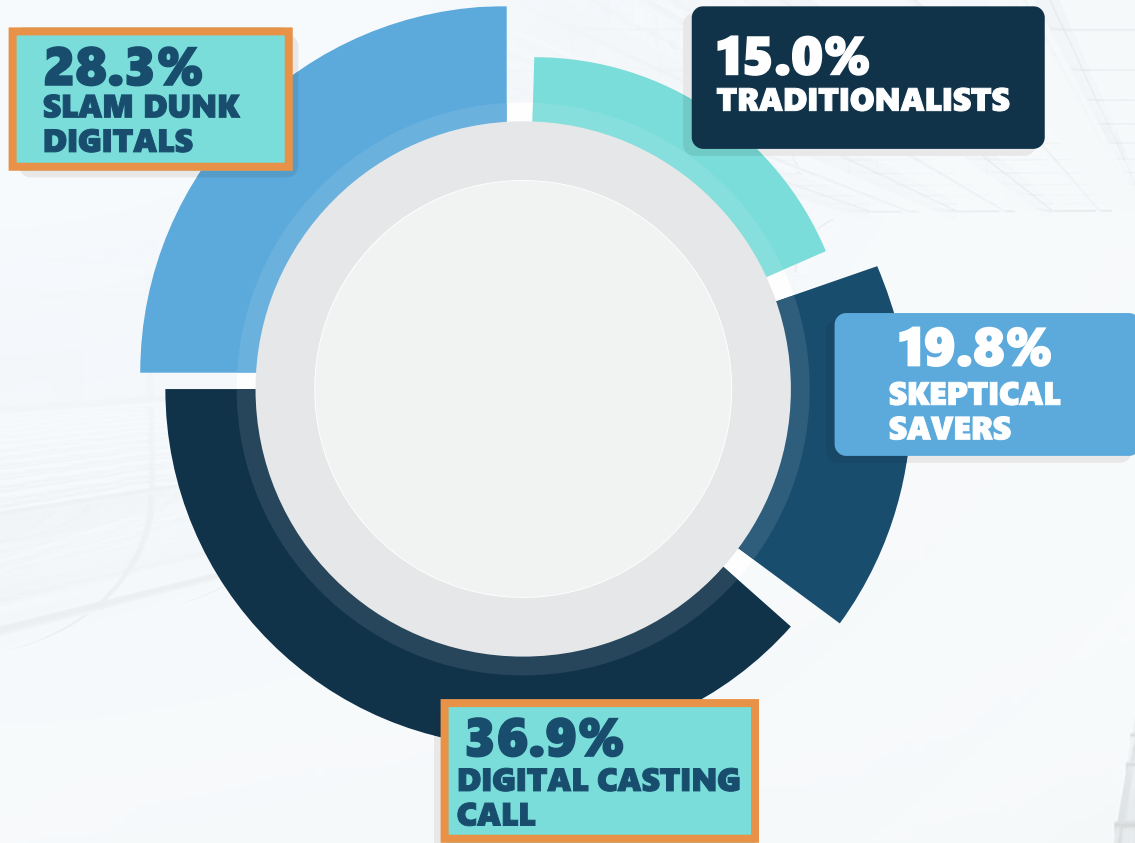
66% of Canadians are "attitudinally ripe" for digital wealth advising offers.

Demographic Breakdown for Target Segments

		SLAM DUNK DIGITALS			DIGITAL CASTING CALL		
		2018	2019	Change	2018	2019	Change
Gender	Females	33.1%	35.8%	2.8%	60.2%	53.4%	-6.8%
	Males	66.9%	64.2%	-2.8%	39.8%	46.6%	6.8%
Age Group	18-34	33.2%	29.8%	-3.4%	48.0%	37.3%	-10.6%
	35-54	40.6%	36.3%	-4.2%	37.1%	39.9%	2.8%
	55-79	26.2%	33.9%	7.7%	15.0%	22.8%	7.8%
Education	HS or less	11.1%	13.4%	2.3%	19.4%	23.0%	3.6%
	More than HS	88.9%	86.3%	-2.6%	80.1%	76.7%	-3.4%
Household Income	<$50K	23.6%	24.8%	1.2%	43.2%	46.7%	3.6%
	$50K-$99K	38.7%	38.7%	-0.0%	37.7%	33.1%	-4.5%
	$100K+	34.1%	33.8%	-0.3%	14.6%	15.4%	0.8%
Investable Assets	<$50K	31.2%	28.4%	-2.8%	59.7%	56.1%	-3.6%
	$50K-$99K	12.6%	13.3%	0.7%	10.8%	13.3%	2.5%
	$100K+	48.1%	48.5%	0.3%	16.5%	17.2%	0.7%
	Segment Size	24.8%	28.3%	3.5%	40.2%	36.9%	-3.3%

ASK CONSUMERS MARKET SIMULATOR
LEARN MORE AT: WWW.PARAMETERINSIGHTS.COM/ASK-CONSUMERS

PARAMETER INSIGHTS

MODERN WEALTH ADVISING RESEARCH PRODUCT DETAILS

Scientific data products: Consumer surveys with large and nationally representative samples plus proprietary algorithms tracking topic and brand discussion in social media

Continual and regular data capture and analysis results in the only on-going consumer and supplier coverage of the digital wealth category available

Deliverables include: 4 reports per year (1 per quarter), access to underlying data and figures, and consultative support for your specific context to help answer your pressing business questions

$18,000/year

SELF-DIRECTED INVESTOR RESEARCH PRODUCT DETAILS

Scientifically constructed consumer surveys based on large and nationally representative samples

Continual and regular data capture and analysis results in the only on-going consumer and supplier coverage of the ODB category available

Deliverables include: 2 Reports per year (Bi-Annual), access to underlying data and figures, and consultation support for your specific context to help answer your pressing business questions

$10,000/year

PARAMETERINSIGHTS IS WHERE DATA MEETS STRATEGY:
SIMPLY AND RELIABLY

We build innovative data, analytics, and research products that help businesses navigate the rapidly changing digital landscape and grow.

Our experienced team of consultants, data scientists, statisticians, futurists, and programmers partner with businesses to help solve your business questions – affordably, quickly, and optimally.

CONTACT US

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