

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 HISTORICAL DATA



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



SYNDICATED RESEARCH PRODUCTS

- ◉ 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



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
- Wealth Advice firms seek to modernize the customer experience and can take cues from upstart digital wealth firms and innovative incumbents alike
- Consumers also have many misconceptions about how their wealth can be managed which is inhibiting better choices
- It is critical to understand which components of wealth management are most desirable for digitalization from a consumer perspective
- It is no longer about “Robo” VS Traditional VS Hybrid VS Self-Directed - Winners will build the best customer experience



**CONSUMER DATA THAT GIVES
WEALTH BUSINESSES AN
EDGE**

Types of Questions the Wealth Industry Wants Answers to:

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

What are the current opportunities for firms to drive loyalty?

What are consumers' savings and investing engagement considerations

How does the “advisor effect” impact satisfaction, loyalty, and engagement?

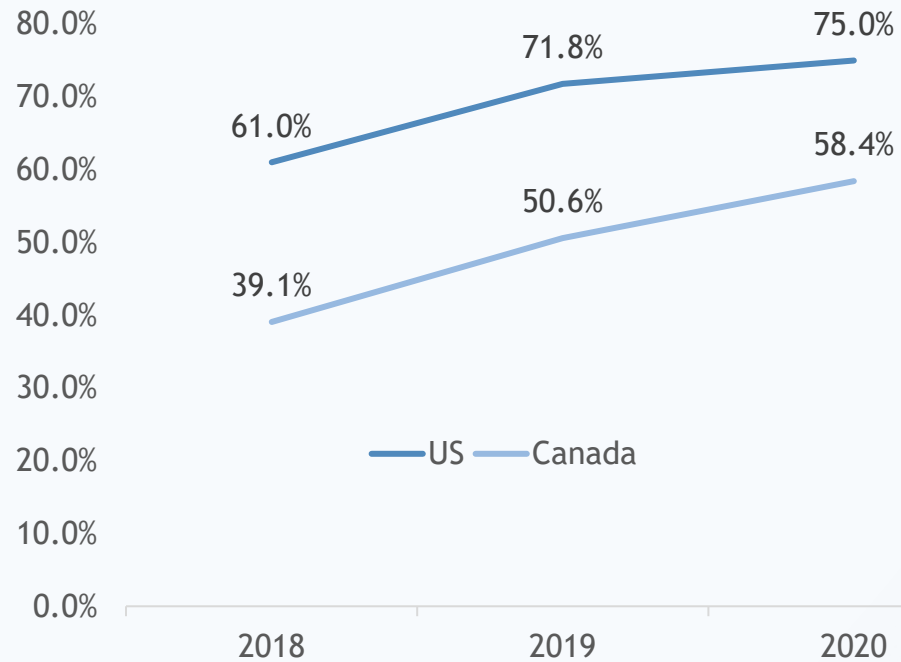
Why is it important to look at newer ways of segmenting customers?

What is driving consumer choice?



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

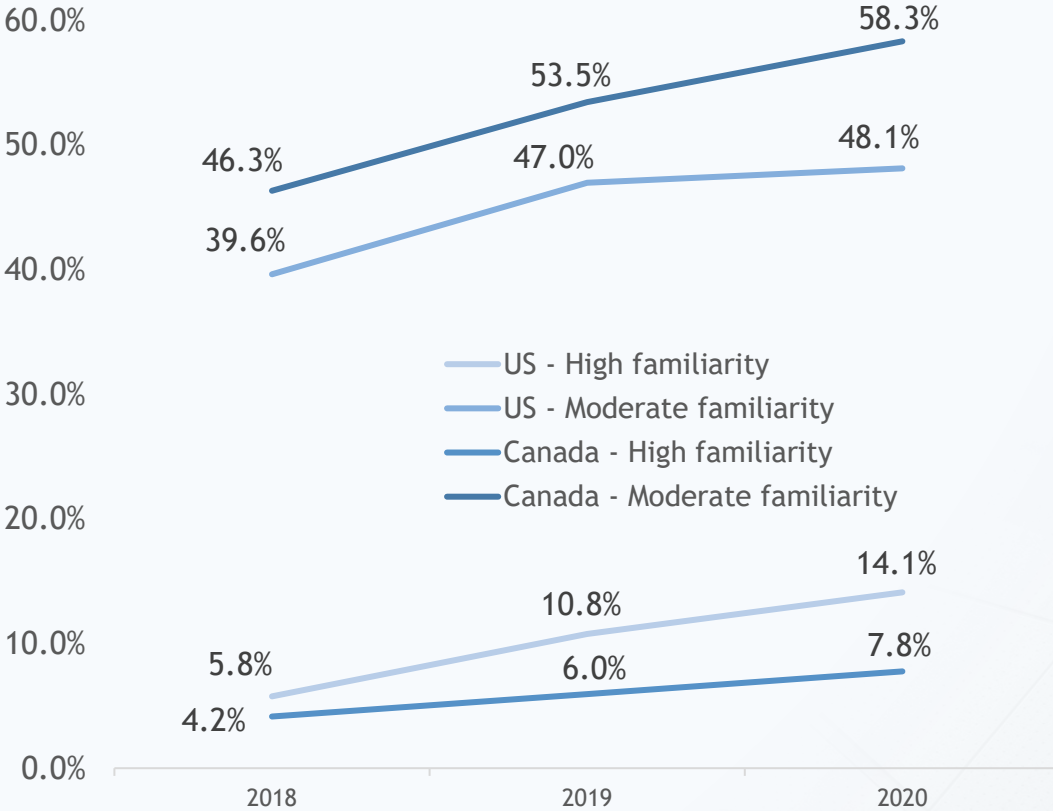
BRAND AWARENESS IS GROWING IN BOTH THE US AND CANADA FOR DIGITAL WEALTH ADVICE OFFERS.



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.

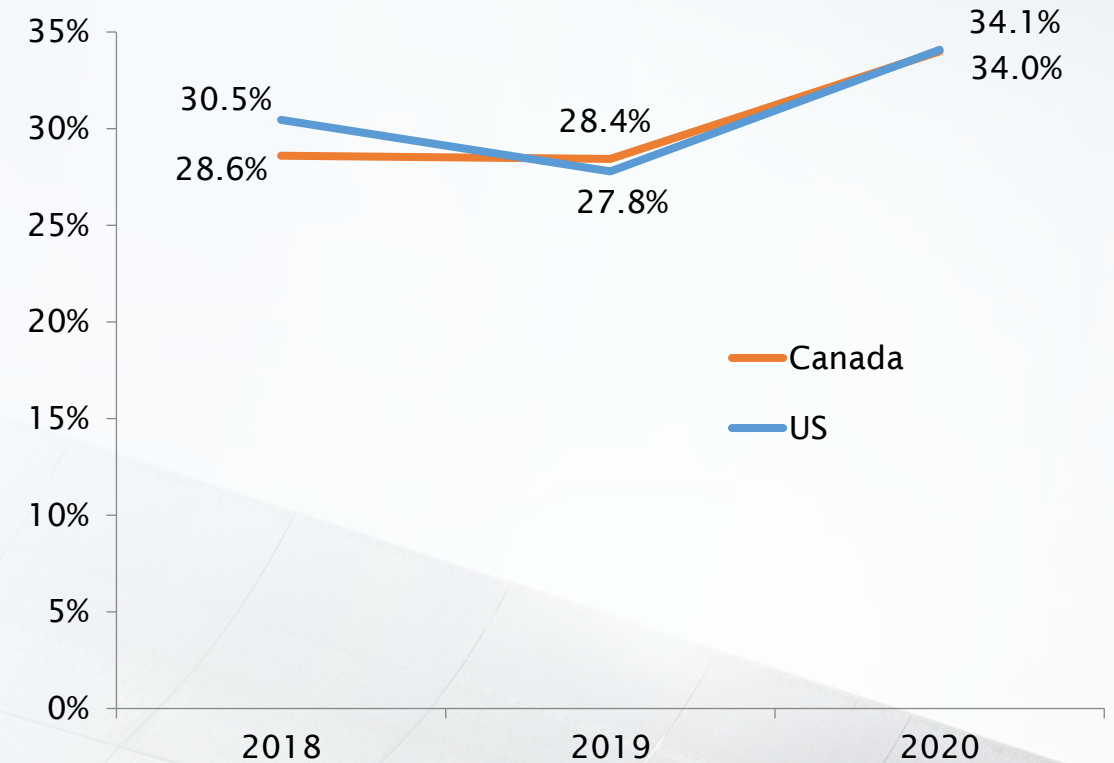
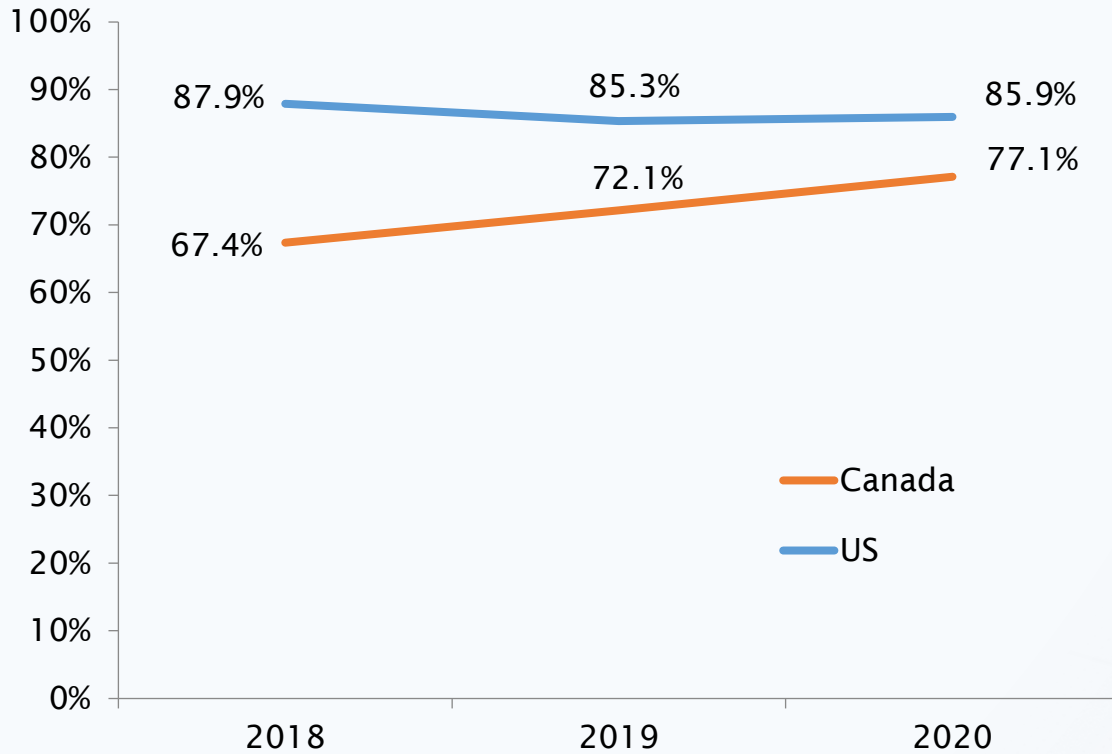
CONSUMER CATEGORY UNDERSTANDING IS ON THE RISE. OUR ANALYSIS UNPACKS THE IMPLICATIONS.... AND WHAT YOU CAN DO ABOUT IT.



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

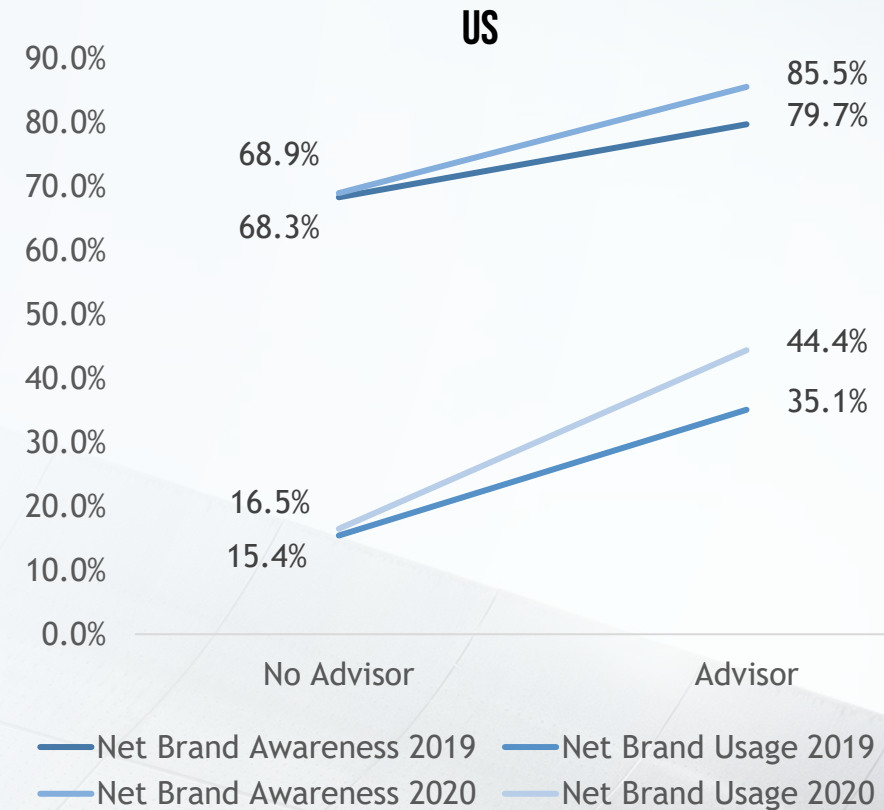
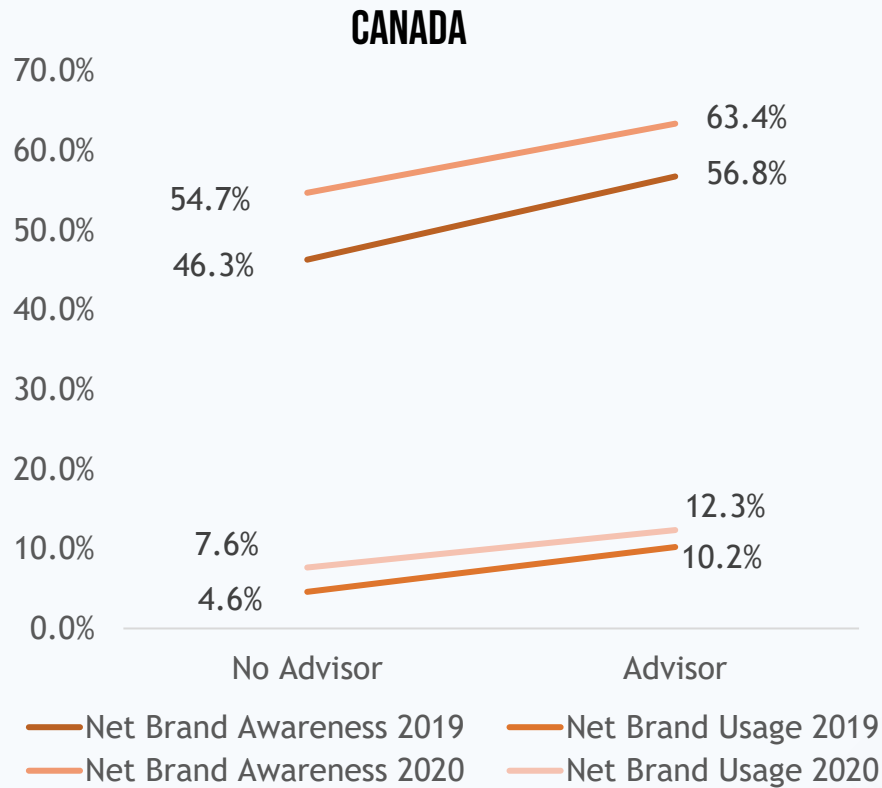
OUR INSIGHTS HELP EXECUTIVES MAKE BETTER BUSINESS CHOICES TO ENGAGE CONSUMERS AND DELIGHT USERS.

BRAND AWARENESS IS RELATIVELY FLAT FOR A MORE MATURE NORTH AMERICAN ONLINE BROKERAGE BUSINESS WHILE USAGE SAW BIG GAINS IN 2020.



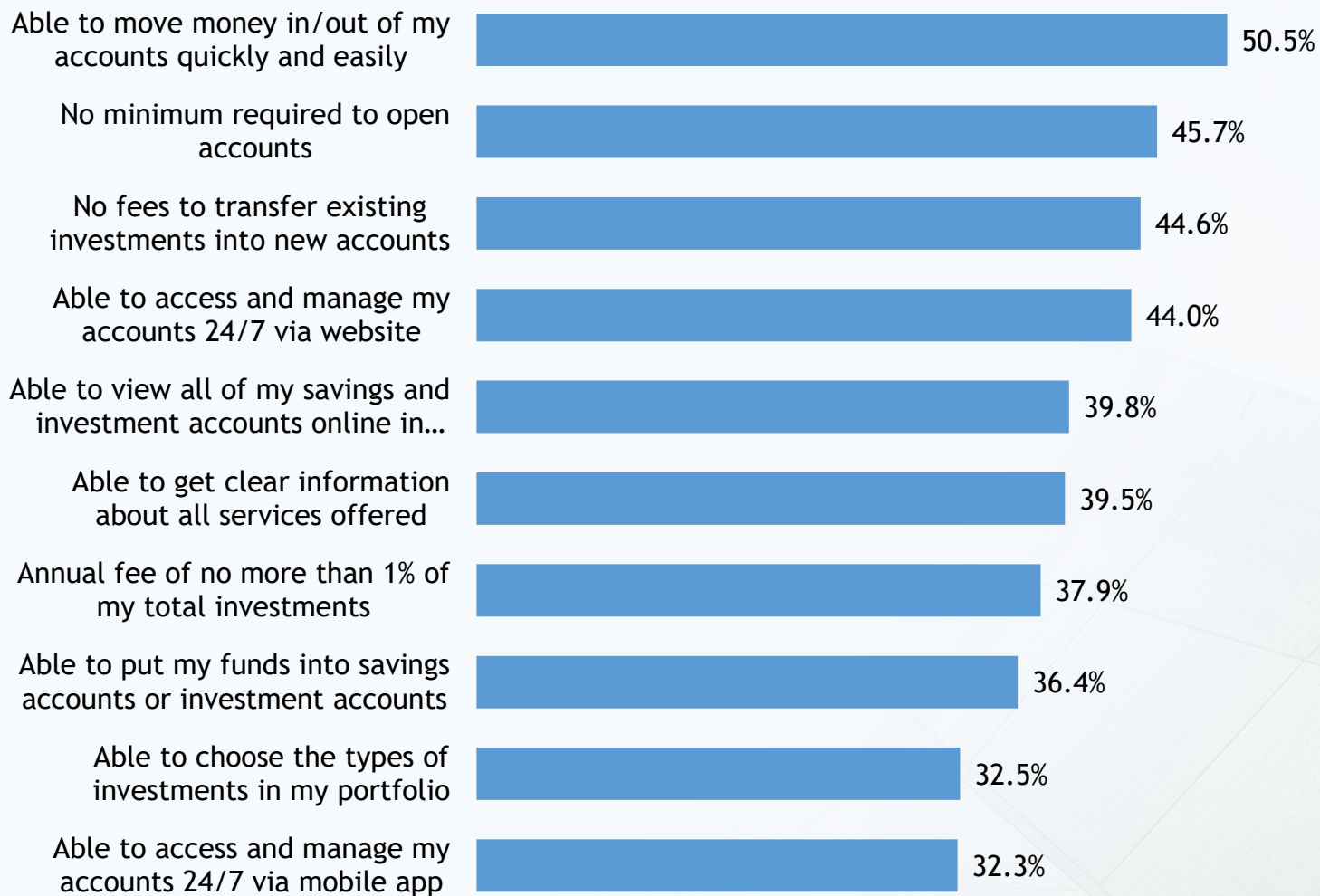
PANDEMIC VARIABLES DRAMATICALLY CONTRIBUTED TO GREATER LEVELS OF ENGAGEMENT IN THE ONLINE BROKERAGE CHANNEL. WITH MORE PEOPLE THAN EVER TRYING OUT INVESTING FIRMS NEED TO ADDRESS MAJOR HURDLES TO AVOID ALIENATING DIFFERENT COHORTS OF CUSTOMERS MANY OF WHOM HAVE LOW FINANCIAL LITERACY, RAPIDLY CHANGING EXPERIENCE EXPECTATIONS, AND VERY WELL MAY NOT REALIZE WHAT THEY ACTUALLY NEED TO BEST HELP THEIR FINANCIAL LIVES.

IF YOU THINK THE DIGITAL REVOLUTION ISN'T IMPACTING "TRADITIONAL ADVICE", THE DATA SAYS OTHERWISE AND COMPETITION IS HEATING UP.



- WE'VE IDENTIFIED AN "ADVISOR EFFECT" THAT IS GROWING YEAR OVER YEAR.....
- THOSE ALREADY "ENGAGED" IN TRADITIONAL FORMS OF WEALTH MANAGEMENT ARE MORE AWARE OF DIGITAL ALTERNATIVES AND ARE ACTIVELY TRYING THEM OUT.
- LEARN WHAT THE IMPLICATIONS ARE SO YOU CAN COMPETE MORE EFFECTIVELY.

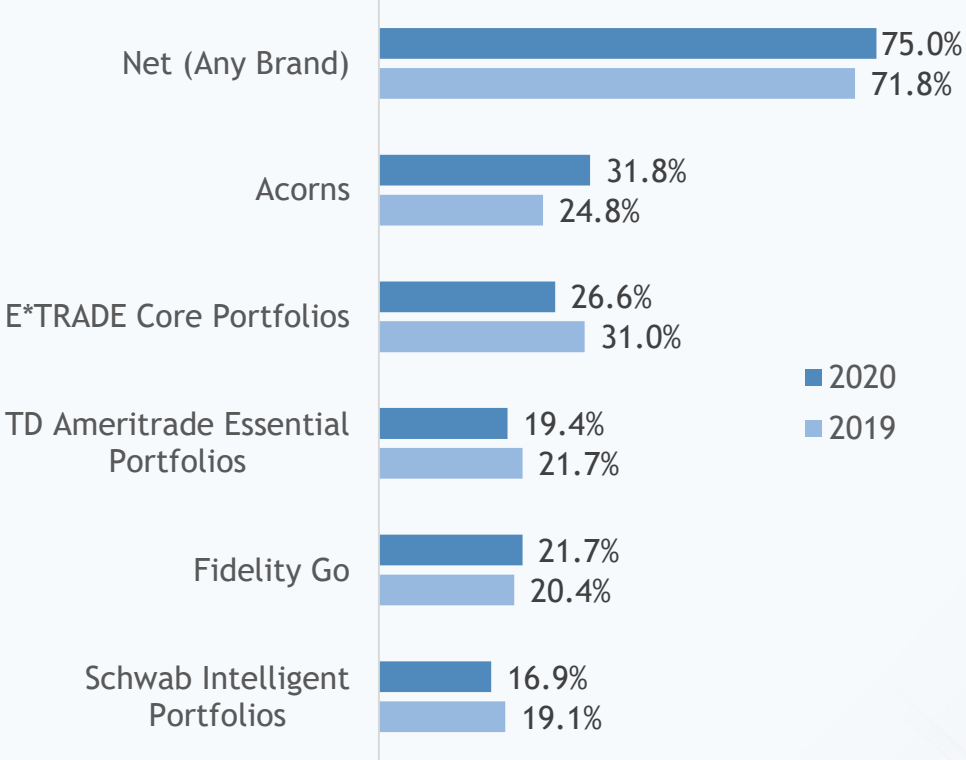
WE STUDY CONSUMERS' CONSIDERATIONS FOR SAVING AND INVESTING OVER TIME.....THESE CHANGE AND THERE ARE IMPLICATIONS FOR FIRMS COMPETING FOR THEIR ATTENTION AND ASSETS



THE TOP TEN CONSIDERATIONS FOR SAVINGS AND INVESTING IDENTIFIED BY US CONSUMERS HAVE IMPORTANT IMPLICATIONS FOR TRADITIONAL WEALTH ADVISING FIRMS.....

NAMELY, CONSUMERS ARE DESIRING A MUCH MORE SEAMLESS AND DIGITALLY ENABLED EXPERIENCE. THESE TRENDS CHANGE OVER TIME. WHERE WILL YOU INVEST TO MODERNIZE?

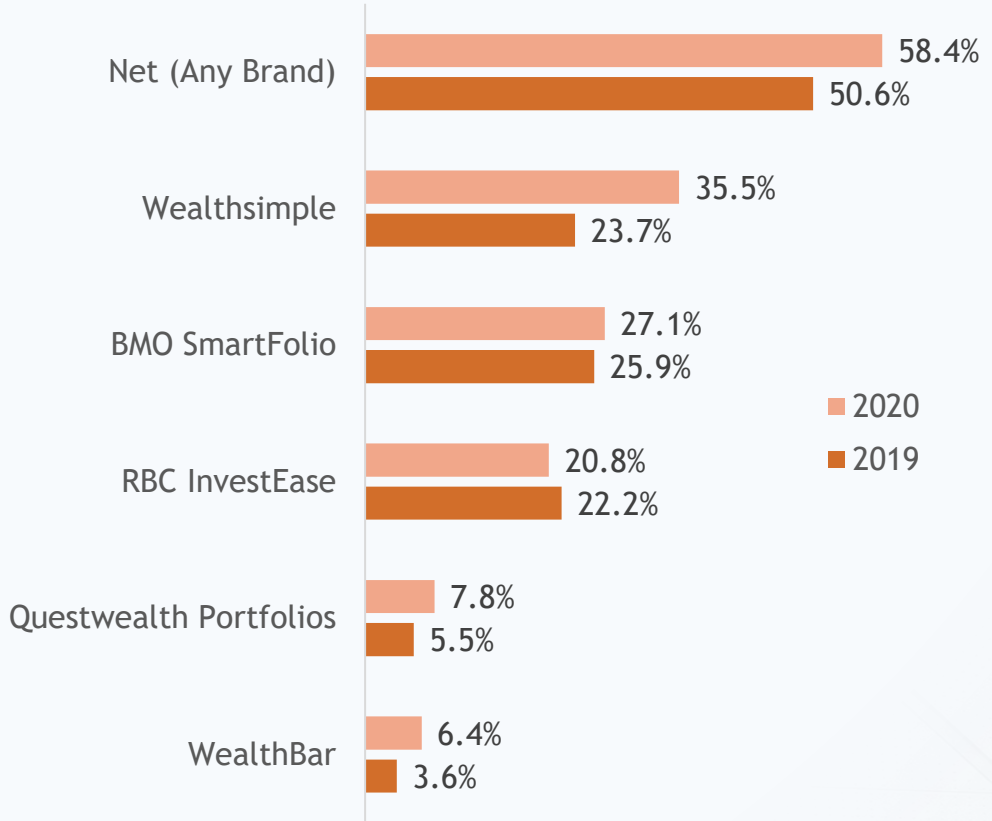
YEAR OVER YEAR COMPARISONS HIGHLIGHT CHANGES AMONG THE TOP 5 RECOGNIZED DIGITAL ADVISING BRANDS IN THE US.



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

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

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



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

WEALTHSIMPLE BECAME CANADA’S MOST KNOWN DIGITALLY LED WEALTH ADVISOR BUT BANKS BENEFIT FROM BRAND HALO – THOUGH ARE MISSING CONSUMERS ON MESSAGE.



CHANGING ATTITUDES
TOWARDS DIGITAL ADVICE

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

Attitudinal Dimension	% Agreement					
	Canada			US		
	2019	2020	Difference	2019	2020	Difference
I prefer to invest my money vs. leave it in savings	63.8%	64.3%	0.4%	57.6%	58.2%	0.6%
I'm willing to take investment risks to increase returns	48.9%	50.3%	1.4%	52.7%	54.1%	1.5%
I am very knowledgeable about my financial situation	76.5%	78.8%	2.3%	80.9%	82.4%	1.4%
I am confused by wealth management products/services	54.8%	53.5%	-1.4%	53.3%	53.2%	-0.1%
I am worried about the future of my finances	64.1%	69.4%	5.3%	63.6%	66.5%	2.9%
I don't feel like I have enough money to invest	68.0%	65.3%	-2.6%	67.2%	64.3%	-2.9%

- ❑ DESPITE THE ECONOMIC IMPACTS OF THE GLOBAL PANDEMIC, CONSUMERS ARE FEELING MORE LIKE THEY HAVE ENOUGH MONEY TO INVEST.
- ❑ CONSUMERS ARE FEELING MORE KNOWLEDGEABLE AND LEANING MORE TOWARD INVESTING OVER SAVING, WHILE SHOWING AN INCREASED APPETITE FOR RISK.
- ❑ HOWEVER, CONSUMERS IN BOTH COUNTRIES ARE FEELING LESS CONFIDENT ABOUT THE FUTURE OF THEIR FINANCES IN 2020 COMPARED TO 2019.

WHICH US CONSUMER SEGMENTS ARE PRIME CANDIDATES FOR A MORE DIGITAL WEALTH ADVICE EXPERIENCE?

Statistical segmentation using consumer psychographics produces target segments that are attitudinally opportune for a more digital wealth advising experience. The segments change over time as the category matures. Passive Players grew by 7% from 2018-2020.

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

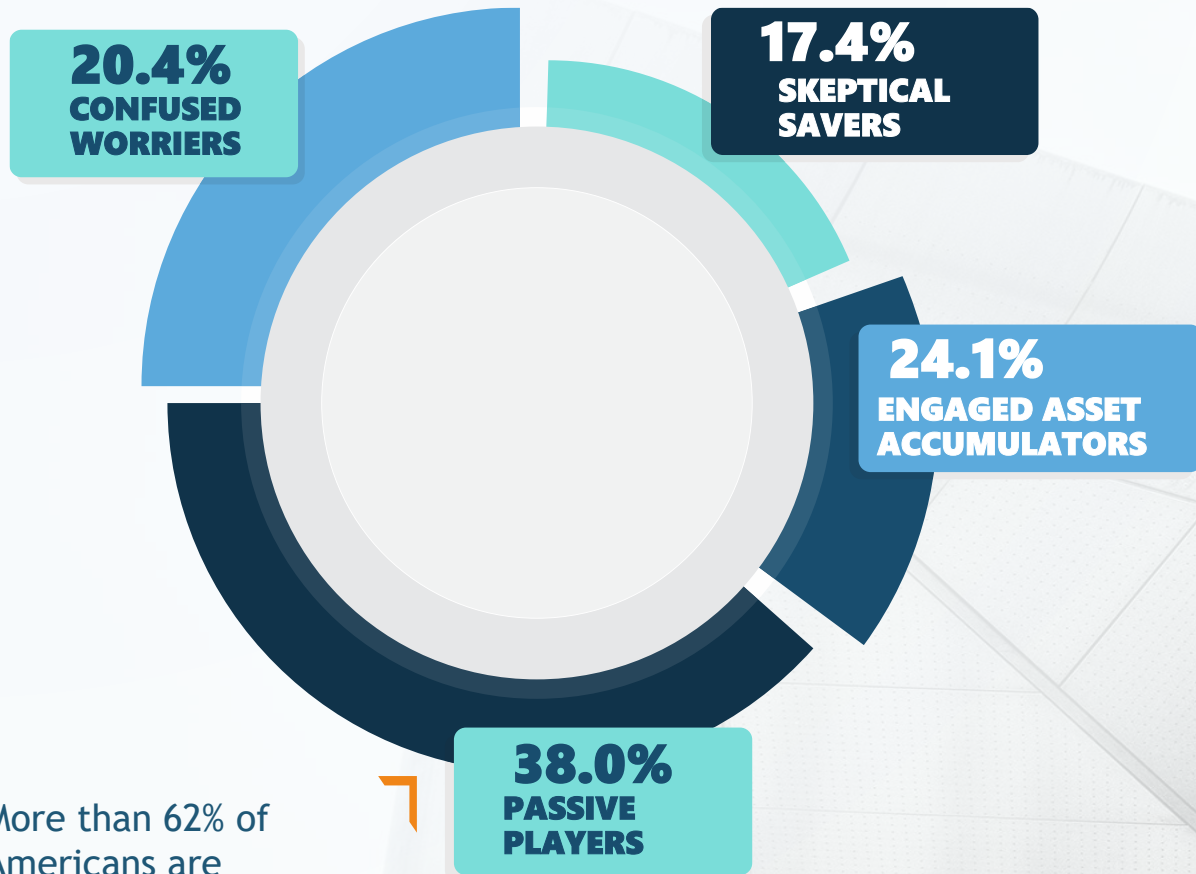
Confused by wealth management offers, worried about financial future, not comfortable making financial transactions online, not comfortable handling finances without advice, feel it's worth it to pay for financial advice, not confident about retirement, not very knowledgeable about finances, prefer discussing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



Demographic Breakdown for Target Segments

Demographic	Level	Engaged Asset Accumulators			Passive Players		
		2019	2020	Change	2019	2020	Change
Gender	Females	37.9%	35.0%	-2.9%	46.0%	43.0%	-3.0%
	Males	62.1%	65.0%	2.9%	54.0%	57.0%	3.0%
Age Group	18-34	26.4%	28.7%	2.3%	40.1%	42.2%	2.2%
	35-54	35.9%	33.9%	-2.0%	34.3%	35.0%	0.7%
	55-79	37.7%	37.5%	-0.2%	25.6%	22.8%	-2.9%
Education	HS or less	13.6%	9.3%	-4.3%	24.0%	20.2%	-3.8%
	More than HS	86.4%	90.5%	4.1%	75.7%	79.6%	4.0%
Household Income	<\$50K	31.0%	27.0%	-3.9%	46.3%	40.0%	-6.3%
	\$50K-\$99K	41.2%	36.3%	-4.9%	32.4%	32.5%	0.1%
	\$100K+	24.2%	35.0%	10.8%	17.5%	25.5%	8.0%
Investable Assets	<\$50K	37.1%	31.2%	-5.9%	51.6%	48.8%	-2.7%
	\$50K-\$99K	11.7%	10.1%	-1.6%	13.2%	12.7%	-0.5%
	\$100K+	44.0%	52.4%	8.3%	25.5%	29.5%	4.1%
Segment Size		23.8%	24.1%	0.3%	35.8%	38.0%	2.2%

More than 62% of Americans are “attitudinally” ripe for more modern wealth management services.

WHICH CANADIAN CONSUMER SEGMENTS ARE PRIME CANDIDATES FOR A MORE DIGITAL WEALTH ADVICE EXPERIENCE?

Statistical segmentation using consumer psychographic data produces target segments that are attitudinally opportune for a more digital wealth advice experience. 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

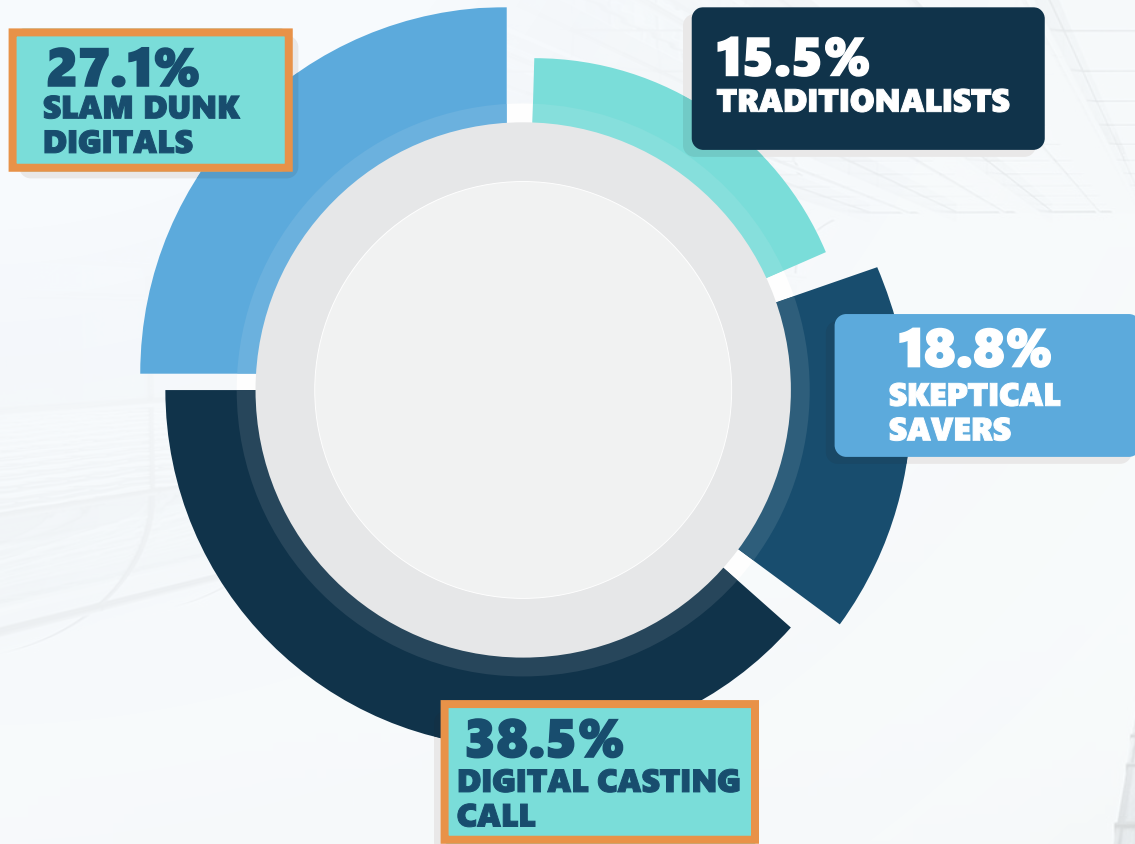
Not comfortable making financial transactions online, greatly prefer discussing investments with a person, prefer accessing financial information offline, feel that it's worth it to pay for financial advice, prefer investing over saving, consider themselves long- term investors, not comfortable handling 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



66% of Canadians are “attitudinally ripe” for digital wealth advising offers.

Demographic Breakdown for Target Segments

Demographic	Level	Slam Dunk Digitals			Digital Casting Call		
		2019	2020	Change	2019	2020	Change
Gender	Females	35.8%	34.5%	-1.3%	53.4%	57.6%	4.2%
	Males	64.2%	65.5%	1.3%	46.6%	42.4%	-4.2%
Age Group	18-34	29.8%	33.2%	3.4%	37.3%	36.5%	-0.8%
	35-54	36.3%	35.5%	-0.9%	39.9%	40.1%	0.2%
	55-79	33.9%	31.3%	-2.6%	22.8%	23.4%	0.6%
Education	HS or less	13.4%	10.8%	-2.6%	23.0%	17.8%	-5.2%
	More than HS	86.3%	89.0%	2.7%	76.7%	81.5%	4.8%
Household Income	<\$50K	24.8%	20.9%	-3.9%	46.7%	36.8%	-9.9%
	\$50K-\$99K	38.7%	39.2%	0.4%	33.1%	35.6%	2.5%
	\$100K+	33.8%	37.3%	3.4%	15.4%	22.8%	7.4%
Investable Assets	<\$50K	28.4%	30.3%	1.9%	56.1%	52.2%	-3.9%
	\$50K-\$99K	13.3%	11.4%	-1.9%	13.3%	13.7%	0.4%
	\$100K+	48.5%	51.5%	3.0%	17.2%	22.2%	5.0%
Segment Size		28.3%	27.1%	-1.1%	36.9%	38.5%	1.7%



ASK CONSUMERS MARKET SIMULATOR

LEARN MORE AT: [WWW.PARAMETERINSIGHTS.COM/ASK-](http://WWW.PARAMETERINSIGHTS.COM/ASK-CONSUMERS)

[CONSUMERS](http://WWW.PARAMETERINSIGHTS.COM/ASK-CONSUMERS)

MODERN WEALTH ADVISING RESEARCH PRODUCT DETAILS



Scientifically constructed consumer surveys based on large and nationally representative samples in North America



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: 3 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



\$15,000/year

SELF-DIRECTED INVESTOR RESEARCH PRODUCT DETAILS



Scientifically constructed consumer surveys based on large and nationally representative samples in North America



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



Deliverables include: 3 Reports per year, access to underlying data and figures, and consultation support for your specific context to help answer your pressing business questions



\$15,000/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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