Broadridge®

Personalizing advice from a digital distance

Surprising findings from Broadridge investor survey show how Covid-19 is deepening the bond between financial advisors and their clients.

Ready for Next

INTRODUCTION

In the middle of North America's sheltering-in-place mandate this spring, Broadridge surveyed 1000 advisor-assisted investors. With the assistance of the marketing research firm, Engine, Broadridge set out to determine:

1. What do investors consider their best, most reliable sources of financial information?
2. What types of communications from advisors do investors prefer most during the pandemic?
3. Since March, how has the frequency of communications between investors and advisors changed?
4. Do investors value advisor social media efforts in delivering a higher degree of personalization?
5. Do investors think it's important for advisors to apply fiduciary principles in their "best interest?"
6. Are investors inviting advisors to reach out to other family members to discuss portfolio and planning strategies?
7. Do investors anticipate their communications preferences will change after the pandemic ends?

A NEW COMMON GROUND

Sheltering-in-place from a safe social distance, investors and advisors seem to have discovered a new common ground, a way of doing business that's more intimate, personalized and productive.

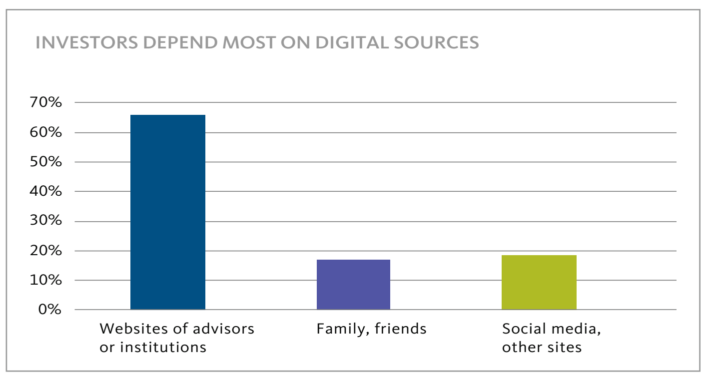
It's no surprise that digital interactions are essential when in-person meetings have been reduced. Evidence is building that communications-at-a-distance offers wealth managers a digital means for distinguishing investor preferences by gender, age group and assets under management (AUM) as well. With clearer foresight, advisors can expand the relationships they have as well as attract new prospects; particularly among overlooked client heirs—children, grandchildren and spouses.

I. FIRST STOP FOR RELIABLE FINANCIAL INFORMATION:

WEBSITES

When asked, "Where are you most likely to seek out financial information?," the majority of investors turn first to financial websites of their advisors or institutions, followed by a split between friends, family members and a smattering of social media platforms and other sites.

A robust, interactive web site is the go-to platform for investors in search of financial information regardless of demographic.



Web site usage tracks with demographic preferences too. Surpassing the baby boomer generation in size and power, the 83 million millennials born between 1977 and 1995 have been assuming a greater role in economic and political affairs for the past decade. Meanwhile, the oldest members of Gen Z are just turning 24 this year.

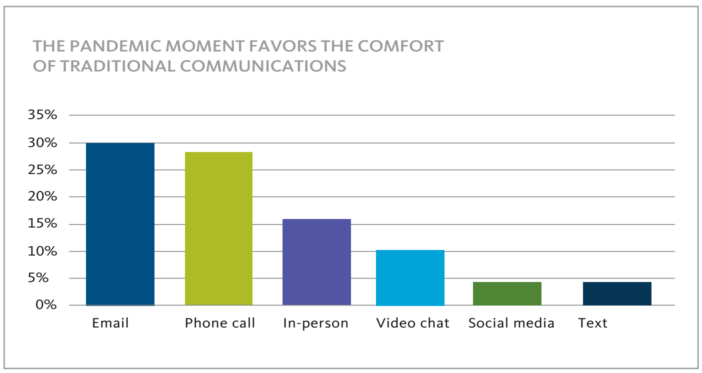
Seventy-four percent of baby boomers lead the way in web site traffic, followed by millennials, Gen X and Gen Z at 64 percent, 63 percent and 53 percent, respectively.

2. OVERALL, INVESTORS TILT TOWARD FAMILIAR COMMUNICATIONS

When asked, "What is your most preferred communication method for your financial advisor reaching out to you in the current environment?," 30 percent of investors opted for email, followed by the telephone.

With the formality of most office meetings at least temporarily suspended, the rigors of appointment setting have loosened considerably. Clients and advisors are more available and easier to reach.

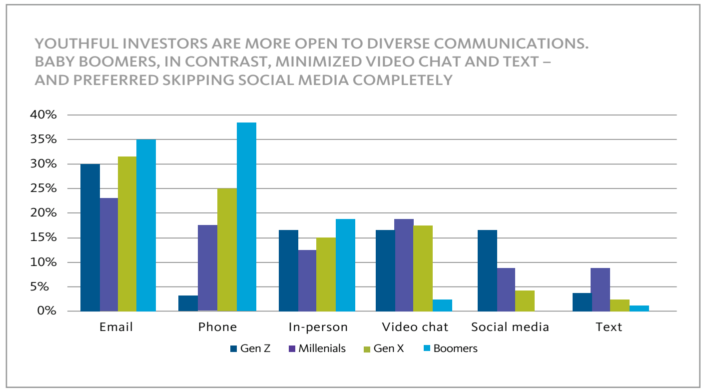
Talking through their concerns both economic and personal with an advisor, investors have rediscovered the telephone's power in helping reduce their anxieties over current circumstances.



Gen Z and millennials going digital

All generations show approximate parity for email and in-person meetings. Baby boomers show a higher preference for phone, email and in-person meetings.

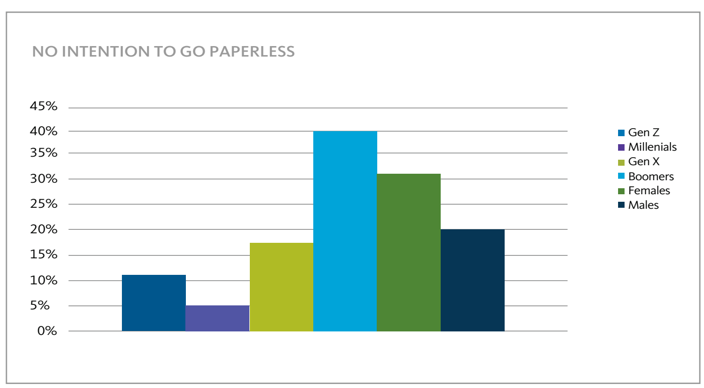
While baby boomers proved to be disinterested in video chat, text and social media; younger generations voted their growing preference for digital tools.



Some clients still want paper-based contact

The cost-efficiencies of digital communications incentivize many firms to encourage clients to switch from paper. Female investors also favor paper communications – at a rate of three to two over their male counterparts.

Paperless may even have peaked with millennials as Gen Zers doubled up on their preferences for the printed medium.



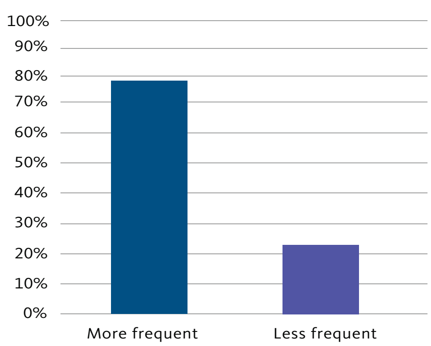
3. 79 PERCENT OF INVESTORS REPORTED MORE FREQUENT COMMUNICATIONS WITH THEIR ADVISOR

Since March when stay-at-home mandates were first issued, almost four out of five investors said that communications with their advisor was either “much or somewhat more frequent.”

This reflects efforts on both the investor’s and advisor’s part to “get in touch” during the disturbing early days of surging Covid-19 cases.

As we saw earlier, the picture may shift once demographics are included. While 93 percent of millennials reported a higher level of frequency, only 54 percent of baby boomers did.

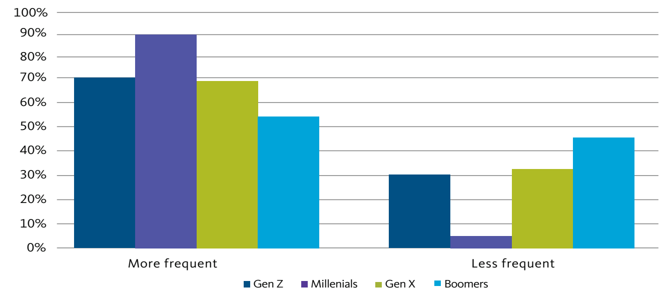
COVID-19 HAS SPURRED CONTACT BETWEEN INVESTORS AND ADVISORS



Considering that baby boomers still own the majority of investable assets, this discrepancy may indicate either:

- A reluctance to communicate with advisors on the part of boomers grappling with other pandemic-related challenges.
- Advisors focusing on coping with an increase in queries coming from younger, more assertive cohorts less focused on family health and the logistics of sheltering-in-place.

COMMUNICATIONS BETWEEN BOOMERS AND ADVISORS WAS THE LEAST FREQUENT

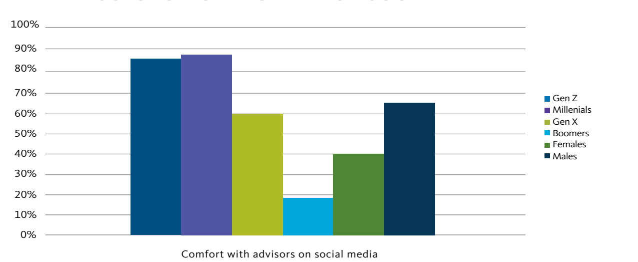


4. SOCIAL MEDIA REMAINS KEY TO CONNECTING WITH YOUNGER CLIENTS

An overwhelming majority of Gen Z (86 percent) and millennials (87 percent) said they are comfortable having an advisor follow them on social media to offer a more customized experience. Meanwhile, only 60 percent of Gen X and 20 percent of baby boomers said they were comfortable.

> *The abundant tracking and measurement tools that social media platforms offer provide Next-Gen advisors with a cost-efficient way to know their clients’ preferences and better customize their experiences.*

NO SURPRISE: YOUNGER COHORTS ARE MUCH MORE COMFORTABLE WITH ADVISORS FOLLOWING THEM ON SOCIAL MEDIA



Here again, we saw a sharp discrepancy once demographic cohort and gender were included.

While 63 percent of males said they were comfortable with advisors following them on social media, a low 39 percent of females reported that they would likewise be agreeable with the idea.

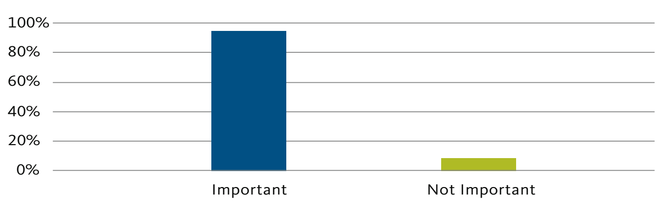
5. 94 PERCENT OF INVESTORS AGREE: IT'S IMPORTANT FOR ADVISORS TO ACT AS FIDUCIARIES

Investors seem to be paying attention to what it means for advisors to act in their "best interest."

According to Blaine Aikin, Founder and Principal of Fiduciary Insights, "Aspiring to fiduciary principles offers an inflection point for lasting cultural change."[1]

The fiduciary approach to focusing on relationships, not transactions, is especially appealing in the middle of a pandemic and clients know it.

INVESTORS INCREASINGLY AWARE OF THE SIGNIFICANCE OF FIDUCIARY BEHAVIOR



FIDUCIARY CONSENSUS: ACROSS GENERATIONS AND GENDERS, INVESTORS SHARE A HIGH APPRECIATION FOR THE FIDUCIARY ROLE ADVISORS CAN PLAY – ABOVE EVERYTHING ELSE IN THIS SURVEY

6. ALMOST HALF OF ADVISORS NEGLECTED CLIENTS' FAMILY MEMBERS

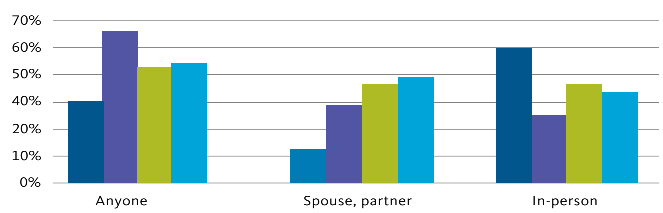
A startling 44 percent of investors, when asked to complete the statement, "My financial advisor has communicated with my (children, grandchildren, heir or spouse)" answered, "None of these."

Advisors Are Missing Out on Key Family Relationships

Some $68 trillion is set to shift to the next generation of investors and clients by 2030.[2] That means most firms need a flexible enough service model to address different demands across the generational spectrum. As the oldest Gen Xers and millennials turn 55 and 39 this year, other generations of children and grandchildren will soon be included in future financial planning scenarios.

Michael Alexander, President of Wealth Management at Broadridge, has emphasized the ease and importance of exploring other family needs. "With clients spending more time at home due to the pandemic, advisors have a once-in-a-lifetime opportunity to develop a deeper relationship with their client's entire family," Mr. Alexander said. "It doesn't have to be more complicated than a video conference. This is a natural moment to engage, educate and communicate with spouses, partners and children."[3]

NEGLECTED: FAMILY PROSPECTS



7. POST-PANDEMIC, MOST AGREE THEY'VE "FUNDAMENTALLY CHANGED" HOW THEY WILL COMMUNICATE WITH ADVISORS

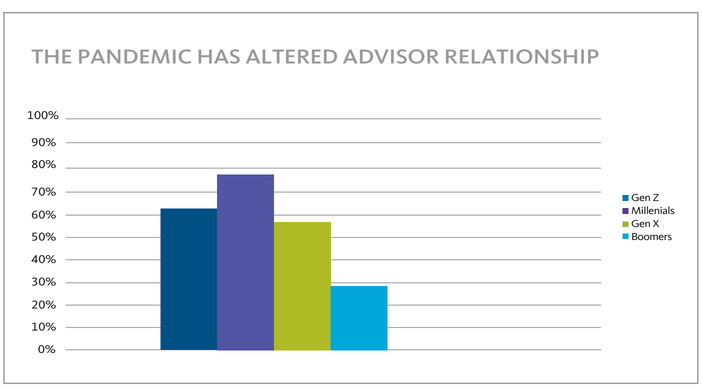
While every pandemic eventually ends, nothing ever returns to the way things were before. According to the investors surveyed, they expect that to hold true for their advisor relationships as well.

When asked, "What is your level of agreement with the following statement? 'I expect the coronavirus crisis will fundamentally change how I communicate and engage with my financial advisor in the future,'" 51 percent agreed either strongly or somewhat strongly.

Also when asked, "After the pandemic ends, will you go back to your previous method of communication with your advisor, keep the new method or use a combination of both," 62 percent opted for the new method or a combination of old and new.

While 40 percent of millennials preferred the "new way" of working with advisors, only 14 percent of boomers did.

Overly cautious firms that cut spending on innovation risk falling behind their competitors. Such businesses may never return to the "old normal." When wealth managers and advisors meet client demand for timely, accurate insight at a time of crisis, they can also create trust, increase loyalty and boost market share.



CONCLUSION

IT'S DURING TIMES OF CRISIS THAT INVESTORS NEED THEIR ADVISORS THE MOST

For advisors, keeping track of client communications preferences down the road will remain an important bulwark for keeping strategies synced up with their client personalization efforts. Even routine communications can take on new urgency during periods of disruption and unusual volatility. Something as conventional as having 24/7 access to one's financial information takes on new meaning.

When asked what communications they most needed from their advisors, respondents generally agreed that after a comprehensive view of their accounts was first. Next, they wanted tips on saving money, new investment ideas and a personalized analysis of their investing habits.

"We are seeing an accelerated adoption of digitalization and personalization from investors, financial advisors and wealth firms as a result of the pandemic," Mr. Alexander concluded. "These behaviors are broadening, deepening and changing the client-advisor relationship. As a result, investors don't want a return to the past. They largely prefer this new normal."[4]

"Investors don't want a return to the past. They largely prefer this new normal."

~Michael Alexander, President of Wealth Management at Broadridge

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CALLS TO ACTION

Consider these steps toward deepening the relationships you have and discovering the prospects you want in the post-pandemic days ahead.

1. **Differentiate the digital way:** Improving how you customize communications shows clients how well you know them. Increasing traffic to your web site provides you with a digital fingerprint for each client by tracing their journey across your firm's web pages one ISP address at a time.

2. **The best referral may be no referral at all:** In the middle of this pandemic almost half of advisors are neglecting to inquire of clients, "Tell me about your children" – or anyone else in their families. With $68 trillion of asset transfers underway, it's relatively easy to invite your client to include other family members in educational discussions about portfolio and planning strategies.

3. **Rescue clients from falling between the pandemic cracks:** While most demographic cohorts in the Broadridge survey reported more frequent communications with their advisors, boomers generally said they've been receiving less communications from their advisor since the pandemic started. They are not alone: In aggregate, 26 percent said that advisor communications is less frequent since March. Advisors trying to maintain a client-centric posture during the pandemic should take heed and make a few more calls – or send a few more emails – to clients who have slipped beneath the radar.

4. **Expand social media outreach to targeted cohorts:** Social media's low cost and high efficiencies cannot be ignored. But it's not for everyone. While millennials expressed the highest level of comfort in social media communications with their advisors, baby boomers expressed the lowest level. Among males, 63 percent were favorably inclined toward social media versus only 39 percent of females – an important point of distinction to consider during outreach efforts to female prospects.

5. **A fiduciary outlook opens the door to a better wealth management experience:** Fiduciary-like obligations narrow the gap between the baseline standards for non-fiduciary and fiduciary advice. According to our survey, 90 percent of investors want their advisors to use these principles. Consider your own implementation of fiduciary principles as a catalyst for nurturing a better culture of values that will deepen client engagement.

6. **Innovation enhances trust:** Firms with stronger technical capabilities will succeed in attracting new clients as well as improve service to the clients they have. Increasing demands for advice and education accelerates the adoption of new tools and tactics, such as:

- Virtual educational conferences to discuss themes like "the value of fiduciary principles."

- "Zoom client dinners" to include family members and planning discussions. In a related Broadridge survey,[5] one out of five consumers reported they had a virtual Zoom-type meeting with a service provider for the first time since the pandemic started.

- Employing whiteboards, better graphics, and smart rooms to make meetings-at-a-distance more engaging – whether the subject is financial planning or a portfolio review.

7. **Scale up, not scale back:** Understandably, a pandemic seems like just the right time to exercise caution. Entrepreneurial wealth managers however must increase their pace to act in their client's best interest as well as their own. Firms that cut spending on innovation risk falling behind as the post-pandemic world emerges. Fortunately, digital approaches can be incremental and cost-efficient. For example, the survey showed investors have a strong desire for more telephone and email communications. Better digitizing of telephone and email data can go a long way towards better personalizing your client's experience. According to Kevin Darlington, general manager of Broadridge Advisor Solutions, advisors can "use this moment in time to strengthen their relationships with existing clients as well as extend a hand to those do-it-yourselfers who want professional advice for the first time."[6]

DO YOU WANT TO KNOW MORE?

ADDITIONAL RESOURCES

LEARN MORE ABOUT THE LASTING TRANSFORMATION OF INVESTOR PREFERENCES.

According to Broadridge's survey, approaches at irst caused by Covid-19 will likely remain long after the pandemic ends.

Employ Broadridge research's charts and analysis to build your own team's consensus around accelerating the pace of relationship building the digital way.

SEE HOW YOUR COMPETITORS ARE EVOLVING THEIR NEXT-GEN TECHNOLOGY STRATEGIES.

The pace of change was already rapid. The pandemic just accelerated it. We surveyed 500 C-suite executives and their direct reports to see how they are using technology to keep up with their competition.

Visit and download the results from Broadridge's Next-GenTechnology Pulse Survey.

HEAR BROADRIDGE TEAM MEMBERS DESCRIBE HOW ADVISORS HAVE CHANGED THEIR MINDS ABOUT VIDEO AND DIGITAL CAPABILITIES FROM "NICE TO HAVE" TO "NEED TO HAVE."

Better client experiences are related to a growing reliance on digital interactivity. Learn more about Impacts of Covid-19 on business priorities and consumer preferences.

See our on-demand-webinar, "Communicating in the 'New Now"

ABOUT BROADRIDGE

Broadridge Financial Solutions, Inc. (NYSE: BR), a $4 billion global Fintech leader, is a leading provider of investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers and corporate issuers. Broadridge's infrastructure underpins proxy voting services for over 50 percent of public companies and mutual funds globally, and processes on average more than $7 trillion in fixed income and equity securities trades per day. Broadridge is part of the S&P 500® Index and employs over 11,000 associates in 18 countries.

RELATIONSHIP BUILDING APPROACHES CAUSED BY COVID-19 WILL REMAIN LONG AFTER THE PANDEMIC ENDS.

The survey of 1000 individuals who currently use a financial advisor in the United States and Canada was fielded in June 2020 by Engine, a market research firm.

FOR MORE INFORMATION ABOUT BROADRIDGE, PLEASE VISIT BROADRIDGE.COM

FOOTNOTES

1. Blaine Aikin, Unlock the Fiduciary Principles Inside You
2. Forbes, Millennials Will Become Richest Generation In American History As Baby Boomers Transfer Over Their Wealth
3. Michael Alexander, Advisors Are Using Social Media Wrong. This Investor Survey Explains How They Can Get It Right
4. Michael Alexander, Investor Preferences Undergo Lasting Transformation
5. Impacts of Covid-19 on business priorities and consumer preference
6. Kevin Darlington, Time to Strengthen Relationships, Get New Clients