



Overview

# Wealth & Affluent Market Research Platform

# MARKET INTELLIGENCE

PHOENIX

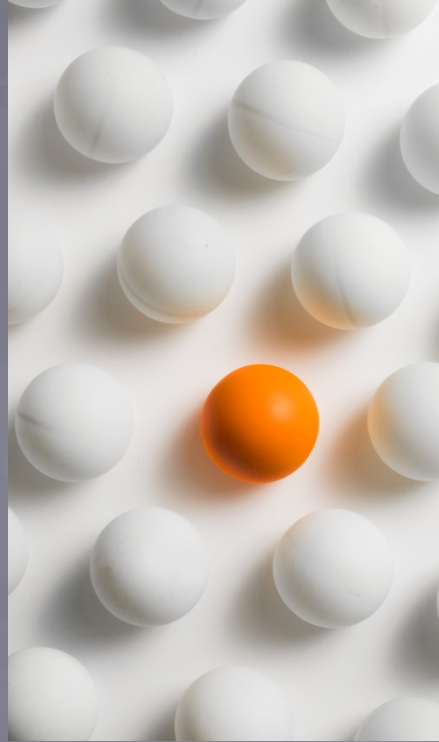
WEALTH &  
AFFLUENT

MONITOR

- ✓ Syndicated research program (since 2003 in U.S. and 2007 in Canada)
- ✓ Large samples of affluent & HNW investing decision-makers
- ✓ Monthly fielding in U.S. / Semi-annual in Canada
- ✓ Comprehensive content
- ✓ Customized deliverables



# RELEVANCE



Useful intelligence from affluent and HNW consumers to support your business decisions



## Strategic Relevance

The W&AM delivers trended intelligence and implications for your business via annual and quarterly reports. Your subscription also includes a fully customized report and onsite presentation for your organization.



## Tactical Relevance

You can add proprietary questions to our tracking questionnaire that specifically address your current business issues.

# INSIGHTS



W&AM insights are applied to strategic and tactical decision-making in multiple ways



Deepen client relationships, improve retention, new client acquisition



Assess institution and advisor strengths/weaknesses relative to key competitors



Improve targeting of clients and product cross-sell



Strengthen market positioning and communications



Identify goals and concerns and how they differ by client segment



Predict money flows and track consumer sentiment

# SAMPLE



W&AM samples over 10,000 affluent and HNW consumers each year, facilitating a broad range of segment views.

- ✓ Generations (Millennials, Gen X, Boomers, Silent Gen)
- ✓ Business owners
- ✓ Women decision-makers
- ✓ Advisor orientation (self-directed to advisor reliant)

Core W&AM segments are based on investable assets and income

## *HNW*



**N=3,800** – \$1MM or more investable assets

## *Mass Affluent*



**N=5,200** – \$250K to <\$1MM investable assets

## *Emerging Affluent*



**N=1,800** – Under 45 years old, <\$250K investable assets, \$125K+ HH income.

# WEALTH MANAGEMENT CONTENT

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- Primary provider and advisor institutions and channels
  - ◆ Brokerage
  - ◆ RIA
  - ◆ Online
  - ◆ Bank
  - ◆ Private Bank
  - ◆ Accountant
  - ◆ Insurance agent
  - ◆ Mutual Fund
  - ◆ Robo
- AUM with primary provider
- Switching intentions
- Reasons for selection
- Communication behaviors and preferences
- Strength of relationship
  - Overall satisfaction and reasons
  - NPS
  - Loyalty indicators
  - Depth of services used
  - Importance and ratings of 17 elements of advisor-client relationship

## Supporting Content - Categories

- Advice orientation and attitudes towards investing and advice
- Investment product ownership – 60 categories
- Asset allocations: current and 6-mo outlook: Investable Asset categories and Total Asset categories
- Credit and loan products
- Real estate ownership
- Online brokerage accounts
- Awareness and use of Robo-Advisors, by top brands
- Economic and investment sentiment
- Use of technology and social media in financial affairs
- Retirement and life events
- Demographics



# CARD CONTENT

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## CREDIT CARDS

### By Brand, Issuer and Segment

- Awareness, consideration, overall impressions
- Card ownership, spend, balances, revolving
- Types owned
- Premium portfolios
- Card selection and new card acquisition
- CRM: satisfaction, loyalty, NPS, attitudes

### Primary Card

- Reasons why
- Reward types, redemption
- How first heard of card, how applied
- Likelihood to consider other products
- Preferred card in wallet

## DEBIT CARDS

- Card ownership and usage by issuer
- Average monthly debits
- Primary card
- Rewards

## OTHER

- Smartphone payment apps or wallets
- Paypal, Visa Checkout, MasterPass
- Payment mode, usage and preferences



# MARKET SIZING



## W&AM Market Sizing Report

The Phoenix Wealth & Affluent Monitor (W&AM) U.S. Sizing Report is intended to provide annual estimates of the number of households in the country for eight affluent and HNW segments. Sizing estimates are provided at the State level as well as by Core-Based Statistical Areas (CBSAs).

### Sizing the Affluent Market by CBSA

Number of Affluent Households by CBSA

CBSA	Total Households	Total Affluent Households \$100K+ IA	Total Affluent Households Per Capita	\$100K-\$499K IA	\$500K-\$999K IA
Altus, OK Micro	10,115	2,486	24.6%	1,646	445
Amarillo, TX Metro	99,752	29,094	29.2%	18,495	5,424
Americus, GA Micro	13,530	2,689	19.9%	1,811	481
Ames, IA Metro	36,641	9,823	26.8%	6,221	1,852

### Sizing the HNW Market by CBSA

Number of HNW Households by CBSA

CBSA	Total Households	\$1MM+ IA	Total Millionaire Households Per Capita	\$2.9MM-\$4.9MM IA	\$5.9MM-\$9.9MM IA	\$10MM+ IA
Big Spring, TX Micro	12,586	623	5.0%	423	180	96
Big Stone Gap, VA Micro	23,468	702	3.0%	496	185	99
Billings, MT Metro	70,808	3,907	5.5%	2,655	1,124	604
Binghamton, NY Metro	100,654	4,978	4.9%	3,416	1,403	754
Birmingham-Hoover, AL Metro	450,745	23,039	5.1%	15,654	6,630	3,561



# DESIGN

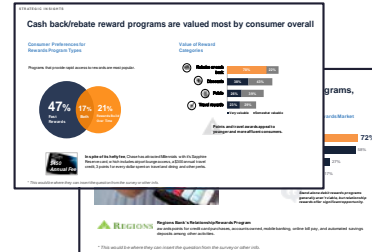
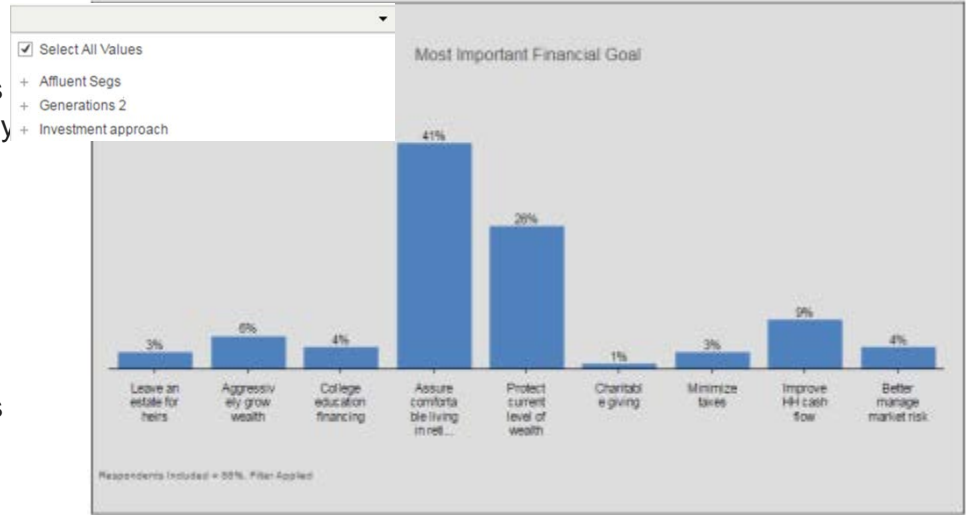


Our modular questionnaire design facilitates extended topical coverage.

- ✓ Monthly covers brands used, consumer sentiment, robo-advisors, core demos;
- ✓ Bi-Monthly content includes advisors and providers;
- ✓ Quarterly content focuses on products and portfolios; cards; client topics
- ✓ Semi-Annual topics include life events; insurance

# WEB & PPT REPORTING

Phoenix's SIGMA Web interface lets clients quickly access the latest W&AM intelligence through an interactive dashboard, and includes perspectives from our analysts.



PowerPoint reports are provided throughout the year based on the modular deliverables and topics.

# DELIVERABLE OPTIONS



We can customize to  
your needs.

# COMPONENTS

## INTELLIGENCE

### Monthly

- Investor sentiment update

### Bi-monthly

- Client proprietary questions
  - ~ 3 minutes in length
  - Delivery: Excel or Web interactive dashboards

### Quarterly

- Special topic reports

### Annual

- Wealth Management
  - Key Findings Report
  - Charts & Tables Report
- Card Market
  - Key Findings Report
  - Charts & Tables Report
- Market Sizing Report

## SUPPORT

### Ad-Hoc Analysis

- Up to 24 hrs/ yr

### Collaboration

- Team discussions and 'what-if' scenario development

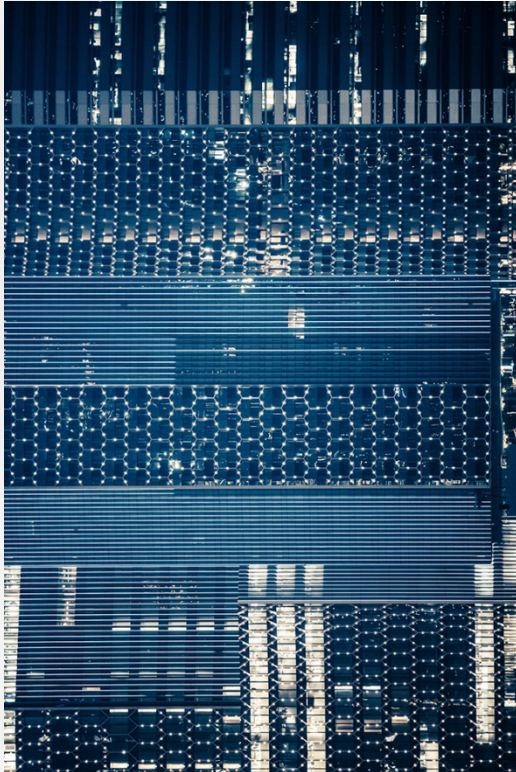
### Proprietary Question Development

- Assistance in crafting your proprietary questions

### Data

- Raw datafiles available

# CONTACT INFORMATION



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# SAMPLE W&AM CONTENT



## KEY TRENDS

# CONTINUED MIGRATION FROM BANKS

Nearly one-quarter of Future MAFF/HNW are using a bank as their primary provider, and on average have nearly 60% of their assets with the bank. However, banks are in jeopardy of continued migration of their Future MAFF/HNW clients to other channels:

- ✓ Among Future MAFF/HNW, overall satisfaction and NPS scores for banks are significantly lower than for other key provider channels
- ✓ Over 20% of Future MAFF/HNW with a bank primary provider say that they are likely to switch to another provider within the next year

From a client experience perspective, bank-based advisors fared poorly among Future MAFF/HNW, receiving significantly lower ratings than full service brokers or online brokers for seven of the top ten most important elements of the relationship.



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## *Implications*

Most Future MAFF/HNW began their financial journey with a bank, and a sizeable number still have a majority of their assets there. All of our institution and advisor-related performance metrics, however, strongly point to continued migration of these important clients to other providers. Banks must take steps to develop a complete understanding of the needs of the Future MAFF/HNW, determine priorities, and implement as soon as possible.

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# THREE AREAS ARE CRITICAL TO CX

Expectations are broadening for a more expansive, financial wellness approach to wealth management, particularly among younger affluent, and advisor performance is shifting to a broader “client experience” based measurement.

W&AM contains 17 elements of the client/advisor relationship, measuring the importance and advisor performance on each element.

*These are grouped into three overarching classifications*



## Performance

*Products and advice that have direct impact on financial performance*

- ✓ Takes the time to understand your needs, goals, and risk tolerance
- ✓ Performance of your investments relative to the overall market
- ✓ Keeps an eye on your portfolio and lets you know when there are problems or opportunities
- ✓ Keeps you informed of current market or economic conditions
- ✓ Provides a periodic comprehensive review of your investment portfolio
- ✓ Re-allocates your portfolio to maintain the proper asset allocation for your risk tolerance & time horizons



## Engagement

*Interactions and processes that support the client / advisor relationship*

- ✓ Provides access to other professional resources that you need
- ✓ Looks at your entire financial picture
- ✓ Explains financial analysis to you in a clear, straightforward way
- ✓ Proposes solutions customized to your needs and goals
- ✓ Incorporates cutting-edge technology into their practice
- ✓ Maintains the right amount of contact
- ✓ Gives me the option to self-manage
- ✓ Provides prompt follow-up on requests
- ✓ Offers educational tools



## Trust

*Clients perceive their wealth manager as a trusted advisor*

- ✓ Provider transparency in interactions (e.g., nothing is hidden)
- ✓ Is associated with a brand I trust

## KEY TRENDS

# ROBO ADVISOR INTEREST IS GROWING

As an advice delivery channel, current adoption rates of digital advice platforms (or Robo Advisors) is still in single digits among affluent investors. However, likely consideration of digital advice platforms among Future MAFF/HNW is over 60%, suggesting a much stronger penetration among younger households going forward.

- ✓ Future MAFF/HNW cited “ease of use”, “fully automated”, and “lower costs” as the most appealing features of Robo Advisors.

Likely consideration of Robo Advisors among older Mass Affluent and HNWI investors was much lower (under 15%). For these households, it comes down to preferring human interaction over technology, which includes a level of distrust in an automated service and a perception that humans can deliver a much higher degree of personalized service.

Overall, awareness of existing Robo platforms was highest for the offerings from two of the leading wealth management providers: Charles Schwab and their Intelligent Portfolios service, and Personal Advisor from Vanguard.



## *Implications*

The industry has recognized the disruptive threat of Robo Advisors. However, to meet the needs of younger investors such as the Future MAFF/HNW and their *Selective Use* of advice orientation, wealth managers need to develop a seamless model that integrates the transaction-oriented and low-cost benefits of digital advisors with human professionals who can be the client's quarterback within a holistic or “financial wellness” capacity (such as Charles Schwab's new Intelligent Advisory).

## KEY TRENDS

# FUTURE EMERGING AFFLUENT ARE DIVERSE

A key to understanding and marketing to Future MAFF/HNW households is the role that diversity plays in shaping their attitudes, needs and behaviors towards their finances. Aside from being very diverse ethnically, Future MAFF/HNW exhibit diversity in their sources of wealth, financial goals, and selection of financial providers and advisors. While most have yet to incorporate digital advice platforms (Robo Advisors) into their channel selection, consideration likelihood for Robos is very strong among these investors.

Future MAFF/HNW, and, particularly Millennials who are a large part of this segment, have come of age expecting instant access to information in every aspect of their lives. Validation is part of that equation, especially when data provided to them can have a significant impact on their financial health.

As a group, Future MAFF/HNW hold over fifty percent of their assets in liquid form, which is an impressive percentage given their relatively young average age. Their high level of liquidity signals a strong commitment to continuing to grow wealth. Given their complex financial goals, high incomes, and relatively long retirement horizons, Future MAFF/HNW are in fact extremely active consumers of financial products.



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## Implications

Close to half of Future MAFF/HNW investors are *Self-Directed* and do not use a professional advisor. However, nearly 40% fall into the *Selective Use* of advice category, and thus have begun the process of building an advised-relationship. Given their embracement of technology, Future MAFF/HNW will expect a high degree of personalization in advice and services from wealth management professionals. Their diverse and expansive financial orientation will demand a goals-based and holistic approach from advisors, using a variety of delivery channels.

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