AN ADVISER'S GUIDE TO UNDERSTANDING INVESTORS' DIGITAL DNA

How advisers can use digital to connect, communicate and customize services for current and future clients

IN RESEARCH

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ABOUT THIS RESEARCH

For years, *InvestmentNews* has conducted research studies examining the technology investments and digital strategies of financial advisers. Through our biennial *InvestmentNews* Adviser Technology Study, we have seen advisers' technology investments nearly double since 2013 – with the bulk of technology budgets devoted to software and resources that improve workflows, productivity and the bottom line.

But in the 2017 study, we saw a clear emphasis on front-end, client-facing technologies. More advisers appear to be focused on building a better digital client experience – in particular as digital becomes the central platform for investors' communications, transactions, and in many cases, lifestyles.

To their own admission, as robo- and digital-advice platforms gain wallet share, the advisers we talk to are often struggling to execute a true digital strategy, one that is a direct and additive extension of a firm's brand and services. The core need for advice and planning is hardly waning—in fact, our research demonstrates that the market for advice could be expanding. But the potential to grow the market will be directly tied to a collective effort for the traditional advice business to become digitally relevant.

To help advisers, and the industry at large better understand the "digital DNA" of investors, we conducted research in March–April of 2017 that is based on two separate initiatives: A survey that includes responses from more than 2,100 individual investors, as well as a companion survey of 231 financial advisers. In this paper, we primarily focus on the digital behaviors of individual investors – viewing them as investors, clients of financial advisers and ultimately consumers of all things digital. We then compared their financial needs and interests with the views of the financial advisers we surveyed to identify areas of alignment and opportunities for advisers as they craft their digital strategies.

We hope you find this paper to be enlightening and actionable. While digital platforms have allowed us to spend and transact with incredible ease, our hope is that they can eventually have the same impact on saving and investing —and ultimately create a more informed, educated and prepared generation of investors.

InvestmentNews would like to specifically thank the team at Oranj for supporting and underwriting this research, which is the first consumer-based study we have conducted on technology. The Oranj team has demonstrated a clear commitment to advancing the advice industry that is well-aligned with the overall mission of *InvestmentNews*, making them an ideal partner and sponsor for this research. Special thanks to David Lyon, CEO of Oranj for his unique vision and enthusiasm for this project.

Also, special acknowledgement should go to *InvestmentNews*' Matthew Sirinides, senior research analyst, and AnnMarie Pino, research associate, for deftly weaving together our investor and adviser surveys and uncovering clear themes and action items that are highlighted throughout this study.

– Mark Bruno, associate publisher, InvestmentNews

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Owned by Crain Communications Inc., *InvestmentNews* is the premier provider of news, data, research and events to the financial advisory industry. Through our weekly newspaper, website, data centers, benchmarking reports and conferences, we provide industry-leading tools and resources that allow financial advisers to learn more about their businesses, clients and competition. *InvestmentNews* Research is the dedicated research arm of *InvestmentNews* responsible for producing industry benchmarking studies, including the *InvestmentNews* Adviser Compensation & Staffing Study, the *InvestmentNews* Financial Performance Study and the *InvestmentNews* Adviser Technology Study. For more information, please visit research.investmentnews.com.

About Oranj

Oranj bridges the gap between technology and personalized service. Our simple, scalable digital advice software allows for easy client on-boarding and real-time collaboration. Clients get the information they need, when they need it, and advisors get to focus on what they do best: advising their clients. For more information, please visit www.runoranj.com.

About Crain IQ

Crain IQ is an enterprise research and strategy business that can leverage the audiences, institutional intelligence and subject matter experts from the 20+ publications owned and operated by Crain Communications, the parent company of *InvestmentNews*. Crain IQ specializes in research across a range of industries and consumer verticals, including financial services, health care and manufacturing. For more information, please contact Mark Bruno at mbruno@crain.com.

INTRODUCTION

In 2015, an article on the news site TechCrunch went viral. Discussing how the digital revolution is transforming the economy's DNA, it led off with this provocative paragraph:

> **"Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate. Something interesting is happening." [1]**

More than two years later, the economic digital disruption continues at perhaps an even faster pace. Consider the automobile industry. Tesla, founded in 2003 and a public company since 2010, is now the most valuable car maker in America[2]—despite not a dime of profit and annual auto sales that amount to a few days' volume for Ford and General Motors.

Despite the emergence of technological disruptors, the financial services industry—and in particular, the wealth management segment—has remained relatively intact.

Digital computing has touched and improved many aspects of the wealth management business, but hasn't fundamentally changed it (the way digital cameras revolutionized photography, for example) or triggered wholesale changes in personal finance and the way individuals save and invest. Yet.

But change is coming, and in preparation Oranj and *InvestmentNews* Research undertook a project to understand how improvements in digital services and platforms could potentially introduce more investors to financial advice—either in traditional human form, through digital/robo-advice, or a hybrid model with digital and human touches.

As part of the project's research, *InvestmentNews* conducted a national survey in April 2017 in which 2,107 mass affluent and high-net-worth individuals participated. The results provided data on consumer use of digital platforms, their use of today's traditional and digital financial services providers and tools, and their interest in future traditional and digital financial advice providers and tools.

In addition, 231 financial advisers completed a companion survey in May 2017. The goal of this second step of the research project was to determine how digitally aligned—or distant—advisers are with current and future generations of investors and clients.

The research produced several core findings:

- There is a gap, or digital divide, between individuals' frequent use of technology in their lives generally and their relatively infrequent use of technology in their financial lives;
- Demand for advice is strong, whether it is delivered through human, digital or hybrid channels. The majority of individuals surveyed say they value–and need—some form of professional financial advice.
- Simple steps to improve technology, such as aggregating account data and customizing client communication, can provide a more relevant and seamless digital experience.
- In short, significant opportunities exist for advisers who make access to advice easier and thereby narrow the digital divide.

This paper will highlight each portion of our research in an attempt to provide financial advisers and the wealth management industry with actionable intelligence and an improved understanding of investors' overall needs and demands.

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1 Tom Goodwin. (2015). The Battle Is For The Customer Interface. TechCrunch. Retrieved from techcrunch.com/2015/03/03/in-the-age-of-disintermediation-the-battle-is-all-for-the-customer-interface/

2 David Welch. (2017). Tesla Just Passed GM to Become America's Most Valuable Carmaker. Bloomberg. Retrieved from www.bloomberg.com/news/articles/2017-04-10/tesla-passes-gm-as-musk-s-carmaker-becomes-america-s-top-valued

INVESTORS' "DIGITAL DNA"

In May 2017, more than two-thirds, or an estimated 223 million Americans[3], out of the total U.S. population of 325 million[4] used smart phones.

The rise of smartphones and other mobile devices has woven digital technology into the fabric of our lives, changing the way we transact, communicate and consume content. Many people cannot conceive of life without being connected digitally at all times.

While digital behaviors vary greatly, our research provides the "digital DNA" of typical individual investors.

Snapshot of the study's typical investor

Values are median

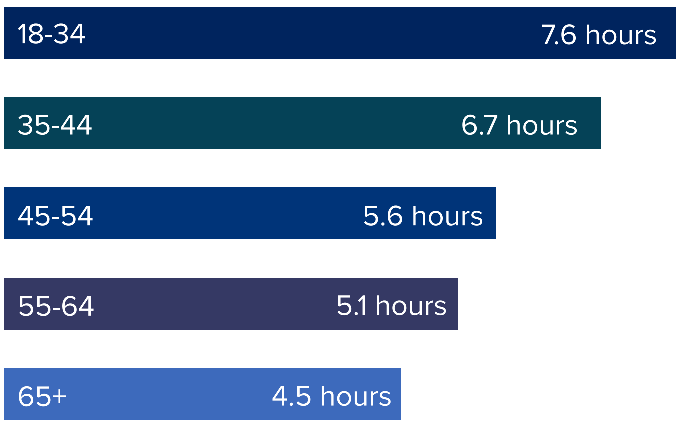
Age	55–64
Gender	39% Female / 61% Male
Investable assets	$500,000–$749,000
Annual Income	$150,000–$299,000

3 United States Census Bureau. (2017). U.S. and World Population Clock. Retrieved from www.census.gov/popclock/

4 Statista. (2017). Number of smartphone users in the United States from 2010 to 2021 (in millions). Retrieved from www.statista.com/statistics/201182/forecast-of-smart-phone-users-in-the-us/

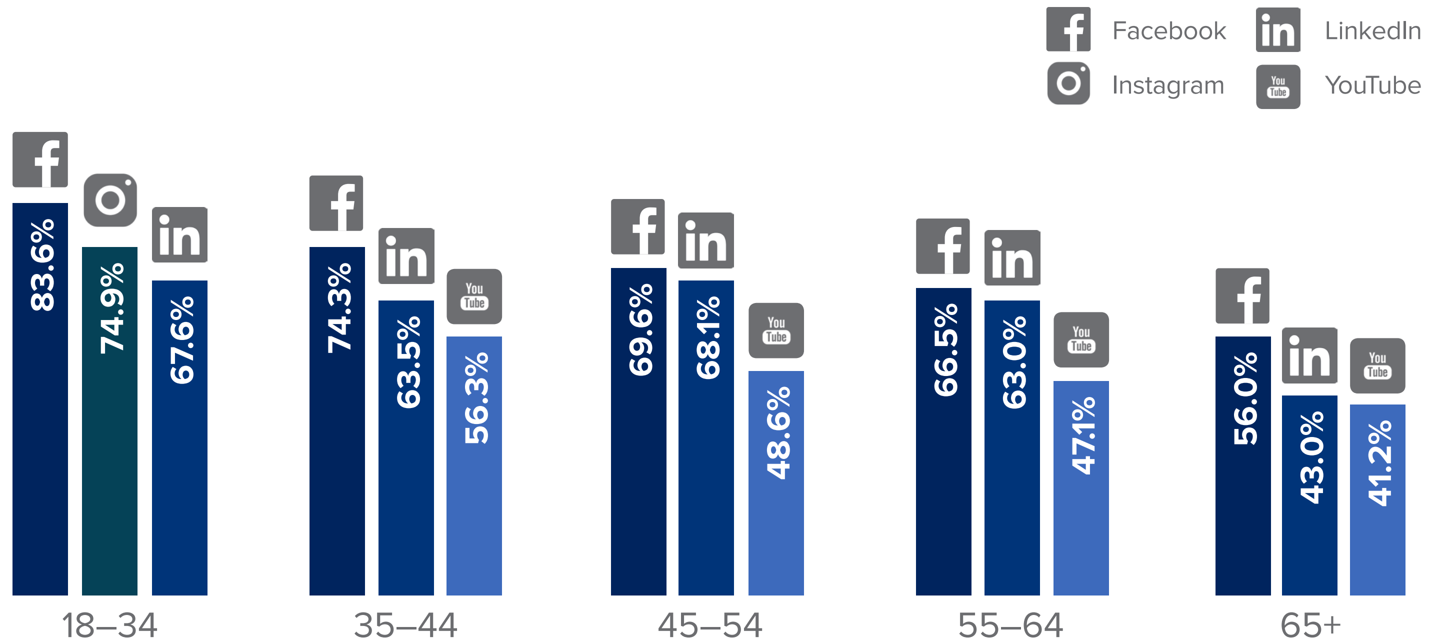
On average, an individual in our survey spends more than five-and-a-half hours online each day, actively working, browsing the web, shopping, using social media or consuming content on a variety of devices. Usage varies by age, not surprisingly, with younger and digitally native individuals spending more time online than older cohorts. However, regardless of age, every demographic segment spends at least 24 hours—one full day—online each week.

Average hours spent online daily, by age



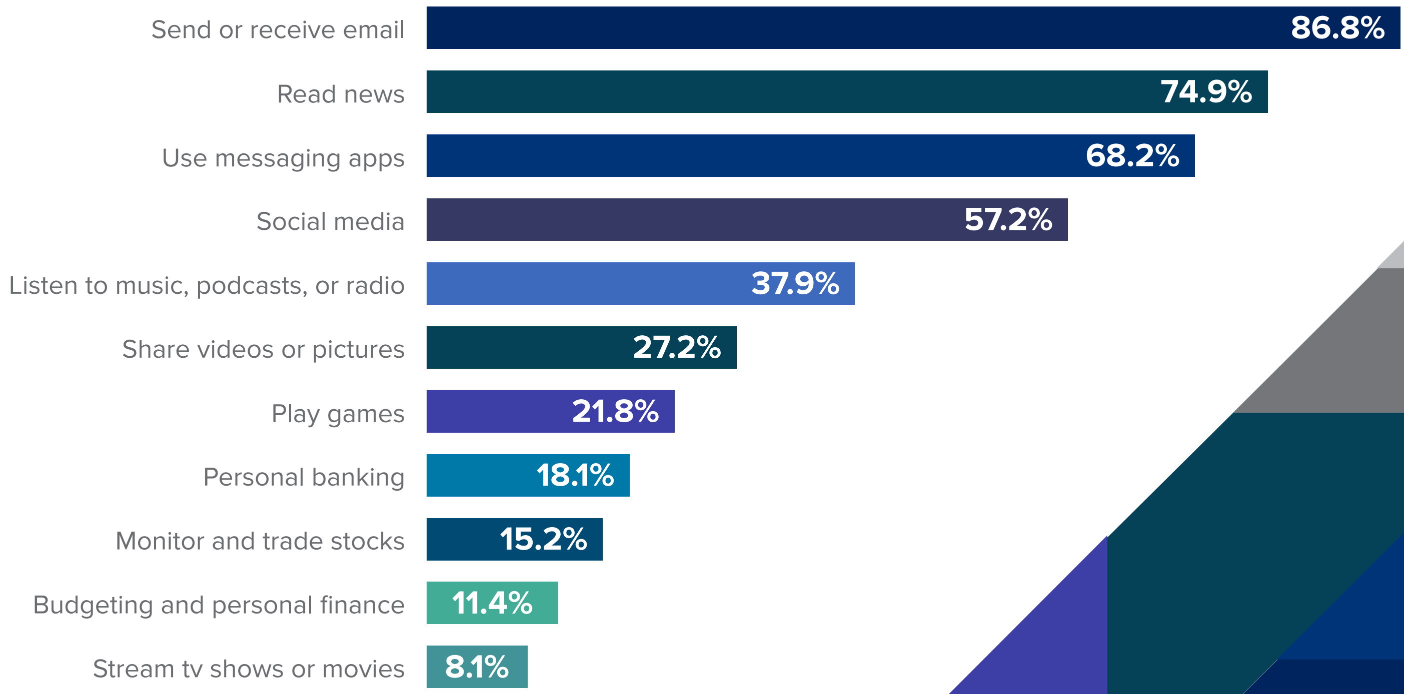
Social media, of course, accounts for much of that time. The majority of individuals use the two leading social networks in our study, Facebook (68%) and LinkedIn (61%) at least weekly. Only 7% of all respondents indicated they don't use any social media network on a weekly basis. It is worth noting that 75% of individuals under the age of 35 in our survey use Instagram at least weekly, making it the second most-used social network for this age group behind Facebook (84%). In all other age groups, YouTube was the third most popular network.

Top social media networks used at least weekly, by age



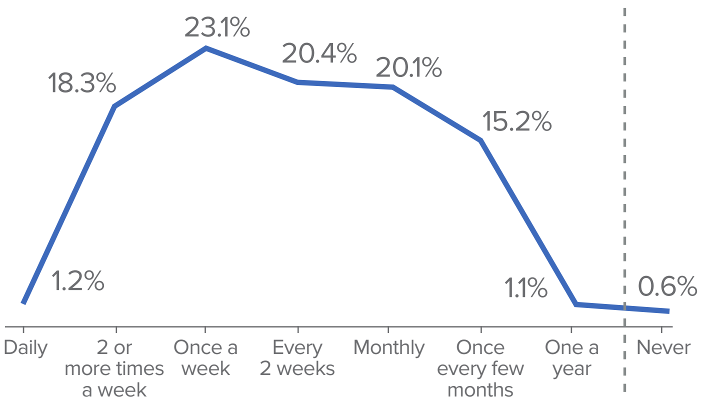
On a daily basis, the majority of individuals are using their mobile devices specifically to communicate—either via email, messaging apps or social media—while also frequently consuming news and information.

Daily mobile activities



At the same time, although not as frequently, individuals are consistently making purchases online and are growing accustomed to paying for premium content. Specifically, 63% of individuals indicated that they are making online purchases at least once every two weeks, while 83% indicated that they buy at least one item online each month. Just a fraction of a percentage, 0.6%, noted that they never make purchases online, which illustrates the universal acceptance, willingness and comfort level with using digital devices to engage in some level of transaction or purchase.

How often do you typically make a purchase online?

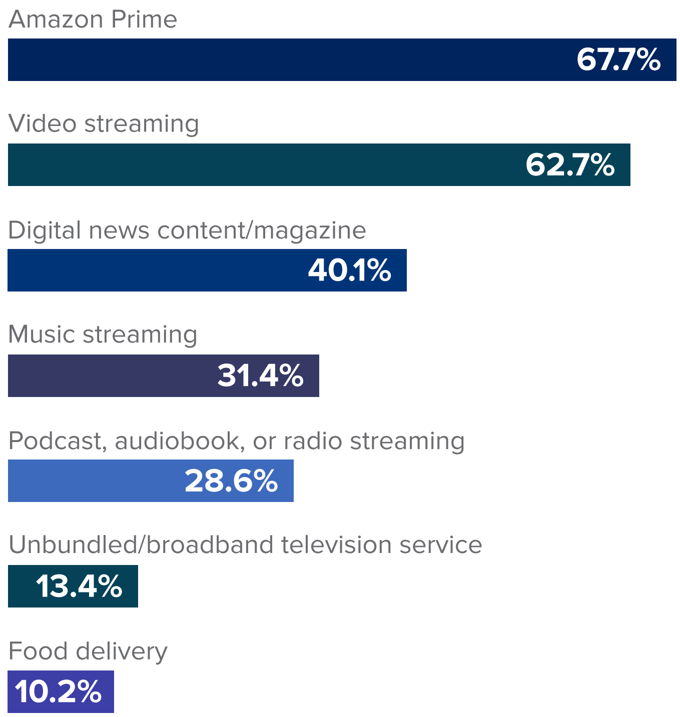


Relationship-based digital

Going a step further from one-off online transactions, we also are seeing relatively widespread usage of ongoing digital subscriptions, or more "relationship-based" digital buys from investors. This is significant because it has firmly established certain services and brands as core digital utilities vs. simply novelty or convenience tools – and ultimately indicates a willingness for individuals to engage in ongoing, rolling digital relationships.

The most common digital subscription services are currently Amazon Prime (68%) and, more broadly, digital streaming video services (63%) such as Netflix or Hulu. In a somewhat distant third, 40% of investors indicated that they have a rolling subscription that includes digital versions of newspaper or magazine content. Nine in ten respondents (89%) indicated that they have at least one digital subscription or service where a monthly or annual fee is paid on a recurring basis.

Digital subscription use



The relationship with Amazon, we believe, is significant because it illustrates both the demand for bundled digital services (a subscription allows for access to streaming video, exclusive services, discounted delivery fees and expedited shipping) as well as the willingness of consumers to become deeply embedded with a specific digital brand. With an estimated Prime subscriber of more than 80 million[5], Amazon has captured a broad universe of individuals paying for the opportunity to potentially increase (or at least consolidate) their spending with the brand via a membership fee.

5 Stephanie Pandolph and Jonathan Camhi. (2017). Amazon Prime subscribers hit 80 million. Business Insider. Retrieved from www.businessinsider.com/amazon-prime-subscribers-hit-80-million-2017-4

FINANCIAL FOOTPRINTS AND DIGITAL DISTINCTIONS

Why is understanding an investor's digital DNA noteworthy in the context of financial advice?

First, it illuminates the great extent to which we rely and depend on digital services in our daily lives. Particularly significant is that many of these digital usage patterns and relationships are only a few years old.

Second, when comparing individuals' general usage patterns with their financial behaviors, clear gaps are exposed. These gaps represent significant opportunities for financial advisers to expand their client bases, deepen relationships with existing clients and ultimately provide an optimal menu of wealth management services as well as better delivery mechanisms.

We noted the most popular mobile behaviors included social media and messaging apps, with the majority of individuals using them daily. At the other end of the spectrum, at the bottom of people's mobile lives, are activities related to finance. More than half (55%) of respondents indicated that they never monitor or trade stocks from their mobile device, making that the least popular mobile activity out of 13 options presented in our survey. Not far behind were budgeting and personal financial tasks, with 49% of individuals saying they have never used their mobile device for either function.

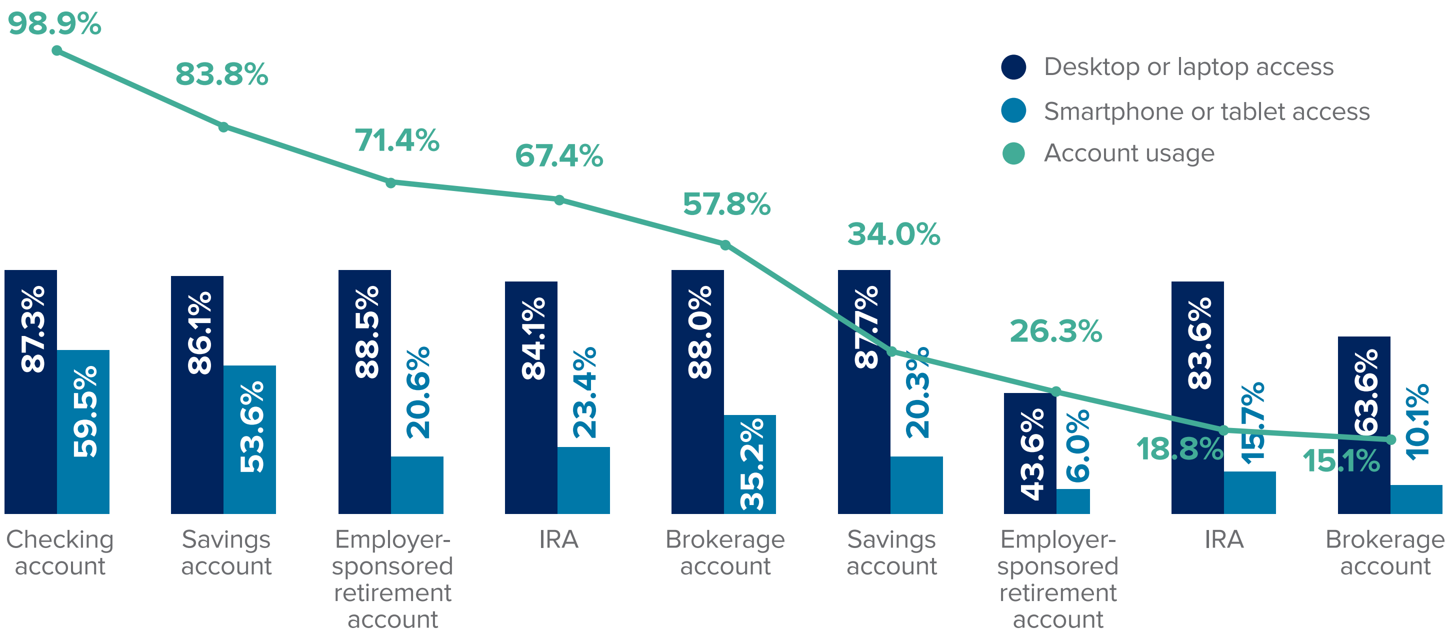
Most advisers seem to be missing an opportunity to appear at the fingertips of their clients and potential new clients. With 93% of individuals indicating they are engaged with social media at least weekly, it is surprising to see that only 25% of advisers said they interact with their clients via social media, 14% with webinars or recorded videos, and 12% with blog posts.

The gap between digital involvement generally and financial usage specifically is yawning by many measures. Consider the following:

- Individuals are 3.5 times more likely to have an Amazon Prime account than a 529 college education account (68% vs. 19%).
- 66% of individuals use a payment application, such as PayPal, while only 14% have ever used an online budgeting tool.
- 52% of individuals play games on their mobile phones, while only 28% of respondents have ever used a retirement calculator.
- Individuals use an average of 3.1 social media networks weekly compared to 2.2 personal finance tools.
- In a week, it is more likely that an individual will use their mobile device to access social media, listen to music, send email, use messaging apps, share videos and pictures, and read the news than they are to check their bank account.
- Just 22% of investors use a financial account aggregator—ranked 7th among 11 digital personal finance tools in terms of usage—despite it being rated as the most useful digital account tool to help with saving.

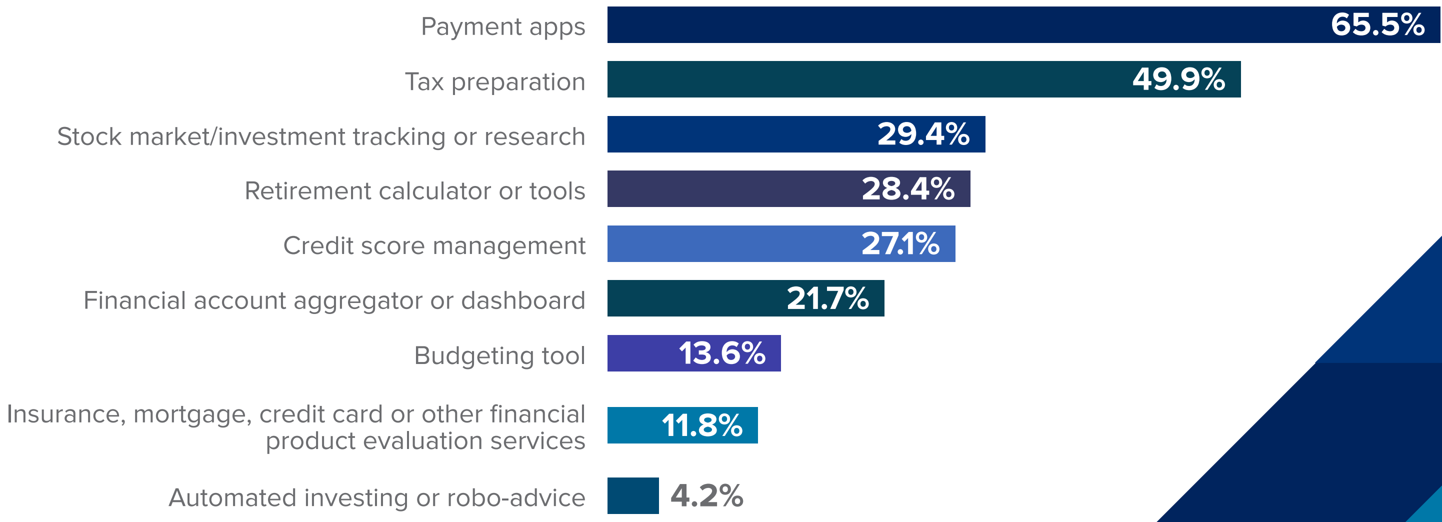
Clearly, the mobile aspect of the digital revolution has touched—but not yet transformed—most investors' financial lives. While respondents in our survey access most of their financial accounts online, they maintain a clear preference for access through desktop or laptop computers. And while the majority of respondents have five financial accounts—checking, savings, employer-sponsored retirement account, IRA and brokerage accounts—they have not embraced mobile access for any of these accounts, particularly *investment accounts*:

Financial accounts use and access methods



Interestingly, digital tools for investing and personal finance appear to be perceived by many individuals as non-essential. While payment apps and even tax preparation tools have seen significant adoption, basic digital investing and budgeting services are used by a small number of survey respondents—again further illustrating the gap between individuals' willingness to leverage digital to spend versus its use to save or plan. With digital tools such as retirement or budget calculators, advisers can connect with potential clients and educate them on how to initiate a goals-based savings plan, and thereby leverage technology to initiate conversations and demonstrate the value of a holistic financial plan.

Use of digital personal finance tools and applications



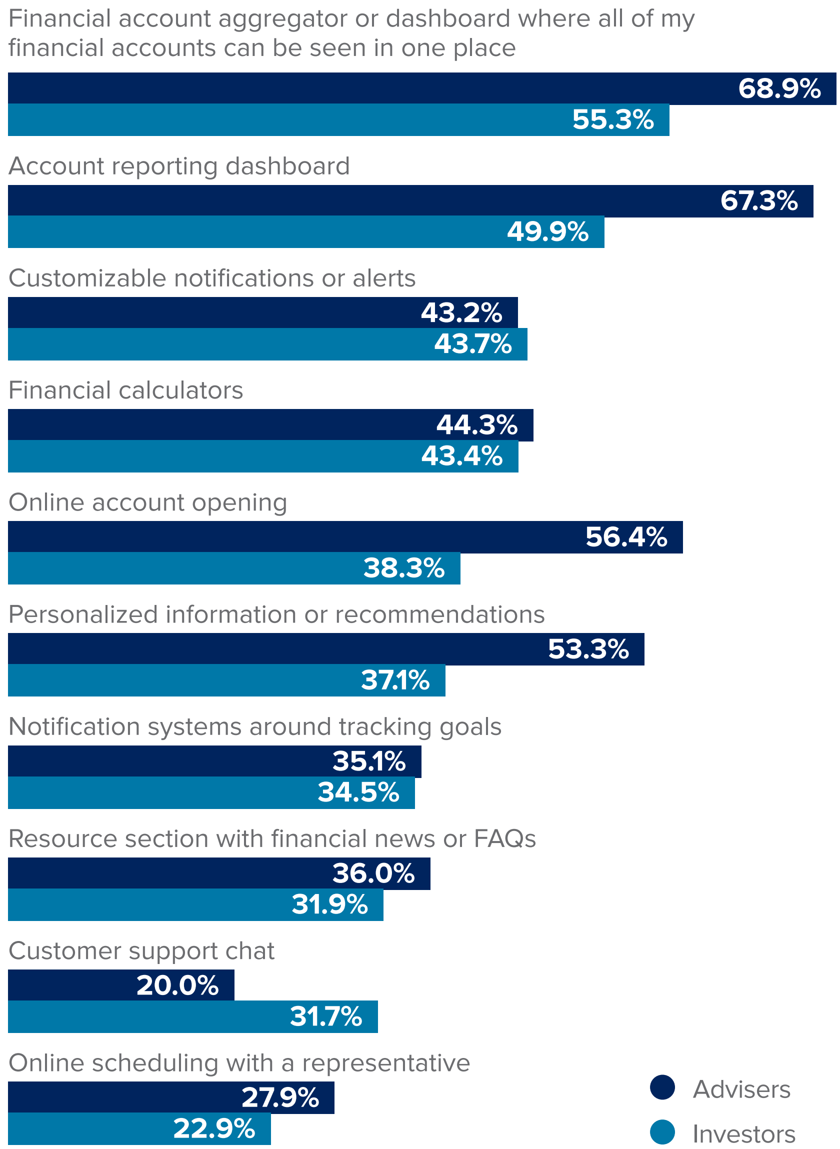
BRIDGING THE DIGITAL DIVIDE AND ACCELERATING ADOPTION

Digital tools can play a crucial role in moving more individuals to broadly embrace financial advice if aligned with appropriate investor interests.

Consider first the online financial account features that would facilitate saving. Presented with ten online account features that could make saving money and investing more seamless—and also make for a better experience with their financial provider—the clear winner was financial account aggregation.

Of those surveyed, 55% said that an aggregated view of their key financial accounts would be "extremely useful" or "very useful." An account reporting dashboard was the second most popular tool, at 50%, followed by customized notifications and alerts (44%) and financial calculators (43%). Each of these tools provides investors with easy access to their own financial information in an easily digestible way. The good news is that advisers agree with investors on what is "extremely" or "very" useful, with financial account aggregators (69%) and account reporting dashboard (67%) being seen as the top tools.

Online financial account features rated "Extremely" or "Very" Useful



Note: Investors were asked, "How useful would the following online financial account features be in making saving easier and improving your overall experience with the provider?" while advisers were asked, "How useful are the following online financial account features in improving your overall experience with your clients?"

What can financial advisers take away from these findings? Most important is that simple steps can go a long way in being able to connect with current and future investors. Since the majority of individuals have an IRA, an employer-sponsored retirement plan and a brokerage account, they appreciate the simplicity of seeing their full financial lives in one place.

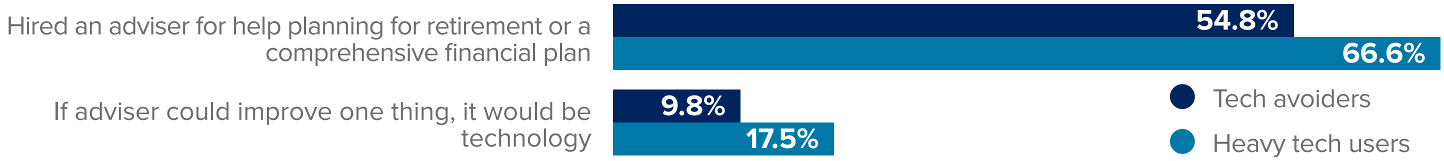
The most tech-savvy investors in our survey value account aggregation more highly than other investors by wide margins, and they're also more likely to already use it. For them, the ability to review results and monitor progress is important. They also want the delivery of this information to be customized and presented when relevant and meaningful.

Other characteristics of heavy tech users: They are more likely than tech avoiders to have chosen their adviser for an ability to deliver holistic services (67% vs. 55%), and they are more likely to state that if their adviser could improve one thing about their service, it would be their technology (18% vs. 10%).

Tech Usage Methodology

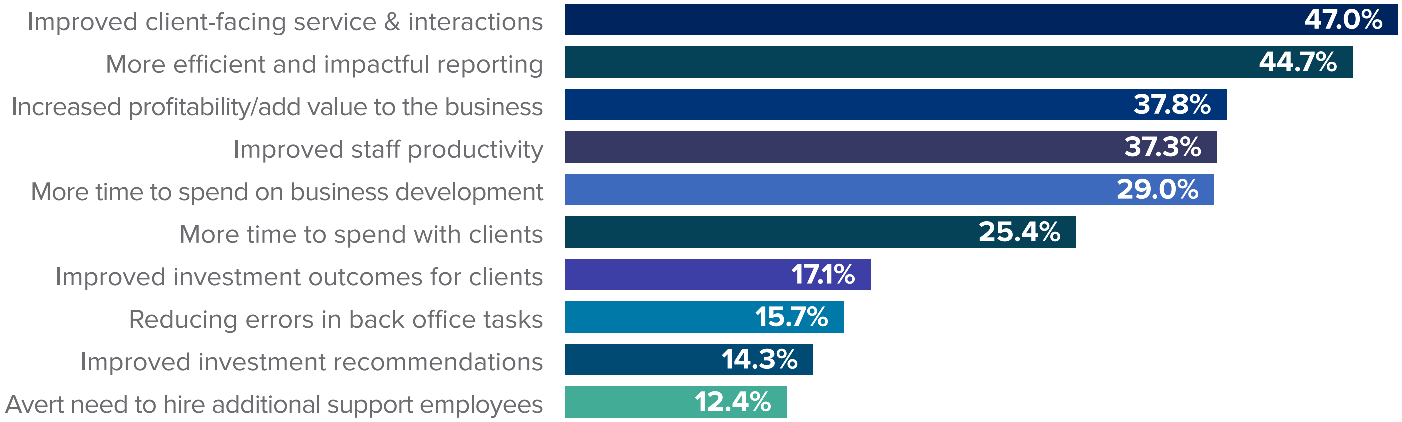
In order to determine an individual's typical technology habits, respondents were asked a series of questions about their social media, online purchasing, and digital subscription and service choices, and their mobile device activities. Scores were determined by attaching point values to each answer. These were summed to determine each respondent's final tech score. Based on their score, respondents were placed into categories ranging from "Tech avoiders" for low scorers to "Heavy tech users" for high scorers.

Heavy tech users are more likely to need holistic planning—and want an improved digital experience from their adviser



While advisers view technology as a way to make their practices more efficient and profitable, they acknowledge that their clients are the prime beneficiaries of any technology improvements. Advisers say the top benefits they seek to achieve when adding more technology are improved client-facing service and interactions (47%) and more efficient and impactful reporting (45%).

Top benefits advisers would seek to achieve when adding more technology to their practice



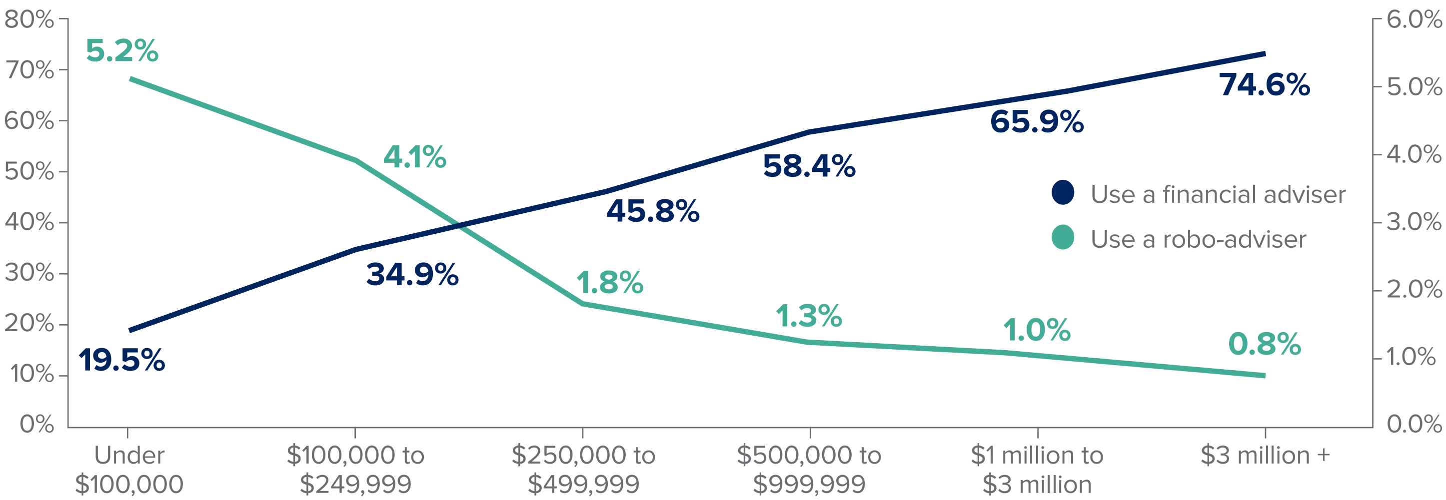
In practical terms, the takeaways for advisers come down to consolidate, communicate and customize. Creating the optimal digital client experience involves aggregating client data, communicating the value and usefulness of that information to the client, and making sure the delivery of that information is done in a way that suits the client's needs and preferences. Those steps can close the digital divide.

ROBOS, DIGITAL PLATFORMS AND HUMAN FINANCIAL ADVICE

The emergence of robo-advice and robo-investing platforms in recent years has led many traditional advisory firms to place a greater emphasis on their digital footprints. A growing number, in fact, are moving to offer digital versions of their "human" services. The 2017 *InvestmentNews* Adviser Technology Study, for example, showed that 7% of independent advisory firms offered a robo-advice option at the end of 2016, compared with just 3% two years earlier. At the same time, 19% of the firms that do not offer a robo-advice option intend to introduce one in 2017—nearly double the number that indicated that intention in 2015.

Despite their growth, robo and digital platforms still account for a relatively small share of the overall advice market. Only about 4% of the mass affluent and high-net-worth individuals in our survey reported that they use an automated investing or robo-advice tool.

Investor adoption rates of robo-advice and traditional adviser usage by investable assets



For context, some 49% of individuals in our study currently use a financial adviser; the balance are self-directed investors. Those individuals who use an adviser indicated that they do so for two primary reasons: To be able to discuss their financial situation with an objective third party — cited by 40% of individuals as the No. 1 reason for using an adviser — and for direct access to intelligence around investing and the markets, cited as the primary reason by an equal number of respondents.

The first factor speaks to the ongoing need for an individual who can listen and translate financial needs and goals into a personalized financial plan. This, essentially, is the primary role of a traditional adviser.

The second reason—access to investment intelligence—could present challenges for traditional advisers as more individuals are introduced to lower-cost, digital and automated investing options. Many robo-advice firms, for instance, are expanding into hybrid territory in order to increase their market penetration beyond the lower levels of the mass affluent.

The takeaway is that while the human element remains the hallmark of the advisory relationship—especially for the wealthiest, most sophisticated investors—advisers should still strive to deliver the digital features that a growing number of investors prefer.

Significantly, more than one-quarter of the clients of traditional advisers in our study noted that having "higher confidence that algorithmic trading could provide better outcomes" would cause them to consider leaving their adviser for a digital platform. Second only to better investment performance, 22% of existing clients said that the lower cost of digital advice could prompt a move. Ranking third (19.5%) was "not pleased with the service being provided by my adviser"—the reason cited most often in research for why clients *actually* leave their adviser.

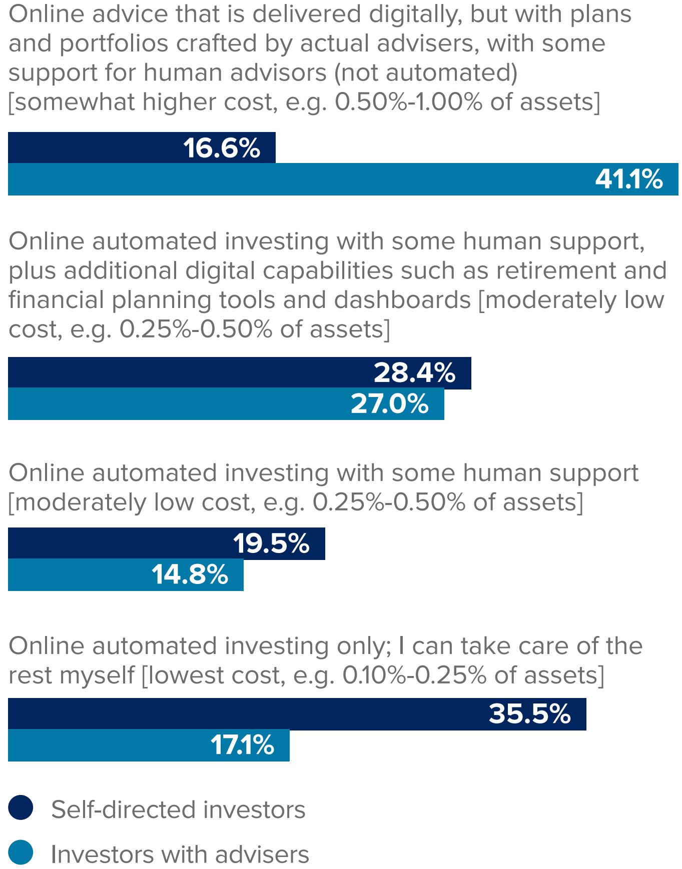
It should be noted, of course, that advisory relationships are unusually "sticky," with reported client retention rates typically over 95%. Our survey also found that 32% of clients would not even consider leaving for a robo-advice platform for any reason.

Another factor indicating a bias toward human advice among clients is a phenomenon known as "algorithm aversion."[6] Despite the confidence in algorithmic investing expressed by one-quarter of investors, research shows that the majority of people trust human judgment over that of a machine, even when an algorithm consistently beats human judgment. People still prefer to go with their gut—or the gut of another person, namely a financial adviser.

Cost comparison to digital advice, on the other hand, seems to be a more problematic factor, and it is applying pressure on advisers to refine their value proposition. The predominant adviser pricing model, based on assets under management, superficially at least resembles that of most robo-advice platforms and the comparison is almost always unfavorable for human advisers.

Among non-advised investors, cost is a primary factor. These investors likely have a shallow understanding of the value of a holistic advice and weigh price much more heavily in their value equation than those who already have an adviser and know the added value of professional advice. To the unadvised investor, therefore, the human element represents an unknown that clearly costs more than digital advice, where costs are transparent and lower.

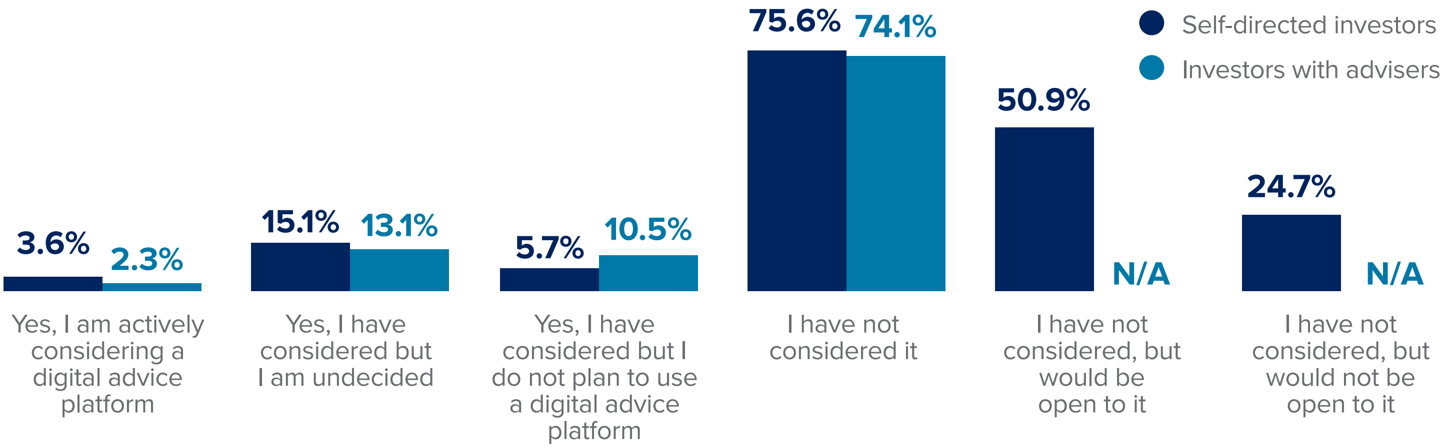
For those who already work with an adviser, the human element is essential: What type of digital advice most appeals to you?



There are clear indicators from investors currently working with traditional financial advisers as well as those who are self-directed that digital advice and investing platforms are likely to attract many new clients over the next several years. Specifically, 15% of individuals with advisers have evaluated, or are in the process of evaluating, a move to a standalone digital platform. Another 11% have considered a digital advice alternative, but do not believe they will make a transition. The remaining roughly 75% have never actively considered shifting from traditional to digital advice —51% of whom would not be open to considering it.

6 Walter Frick. (2015). Here's Why People Trust Human Judgement Over Algorithms. Harvard Business Review. Retrieved from hbr.org/2015/02/heres-why-people-trust-human-judgment-over-algorithms

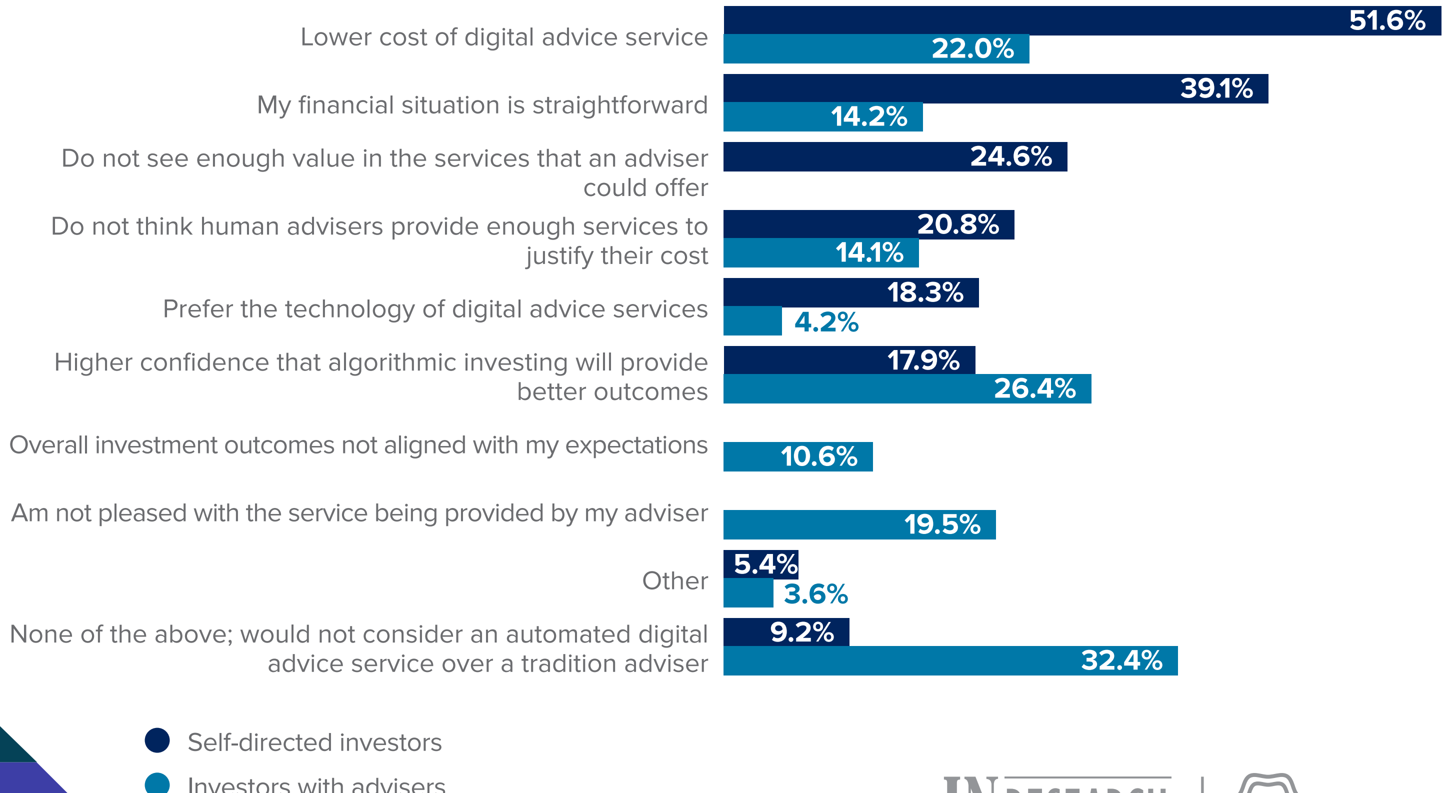
Would you consider moving to a standalone digital advice platform as an alternative to a traditional financial adviser?



Among self-directed investors, the appeal of digital advice and investing platforms is even more significant. More than half (51%) of individual investors who do not currently use an adviser indicated that they would consider using a standalone digital advice platform, with 52% saying that the lower cost of digital advice would be the primary reason they would select a robo-advice platform over a traditional adviser. An additional 18% are evaluating or have evaluated such a platform, and just 25% of self-directed investors ruled out an exclusively digital option as an alternative to traditional advice.

Given the level of investor interest in and curiosity about digital advice offerings, advisers should understand how investors view pricing and the specific features of the digital advice offered. It is also important to note that a significant portion of clients and self-directed investors still prefer some level of human support from a digital platform.

Why investors would consider digital advice over a traditional adviser



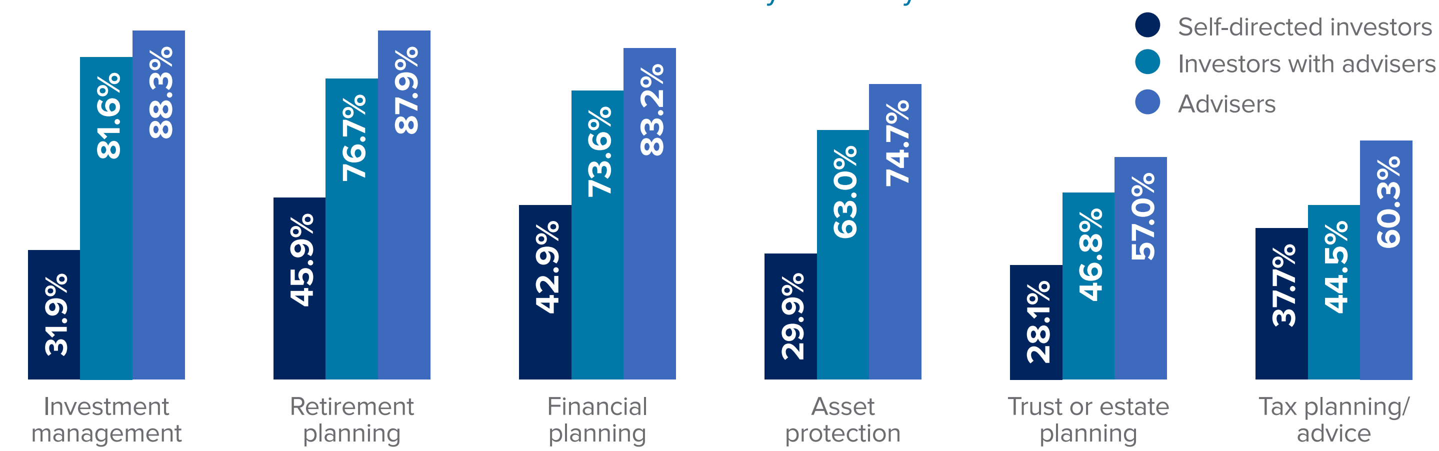
DEMAND FOR FINANCIAL ADVICE

In our survey, almost half of investors currently use a financial adviser and are satisfied with the service they receive. Only 7% of these investors thought their advisers fell short of their overall needs expectations. With just 15% of these clients even considering a move to standalone digital advice, advisers should feel confident that they are delivering a valuable and non-replaceable service to their clients.

But since almost three-quarters of all new clients are self-directed or without a financial adviser, according to the *InvestmentNews*' 2016 Financial Performance Study, it is important for advisers to understand these investors' motivations. Among these self-directed individuals, the top reasons for not using a financial adviser are: their finances are straightforward or simple enough to handle on their own (45%), they enjoy maintaining their finances on their own (34%), and a belief that financial advisory services are too expensive (25%).

Because of these views, it is important for advisers to be able to demonstrate their value. For each service advisers provide, self-directed advisers place less value on the adviser's role than do those who have advisers. The most significant gaps are in the areas of investment management and asset protection. Even larger was the gap between advisers' perceptions of their value and the views of self-directed investors. While advisers were aligned overall with their clients on how valuable their services are, their views vary greatly from those of self-directed investors.

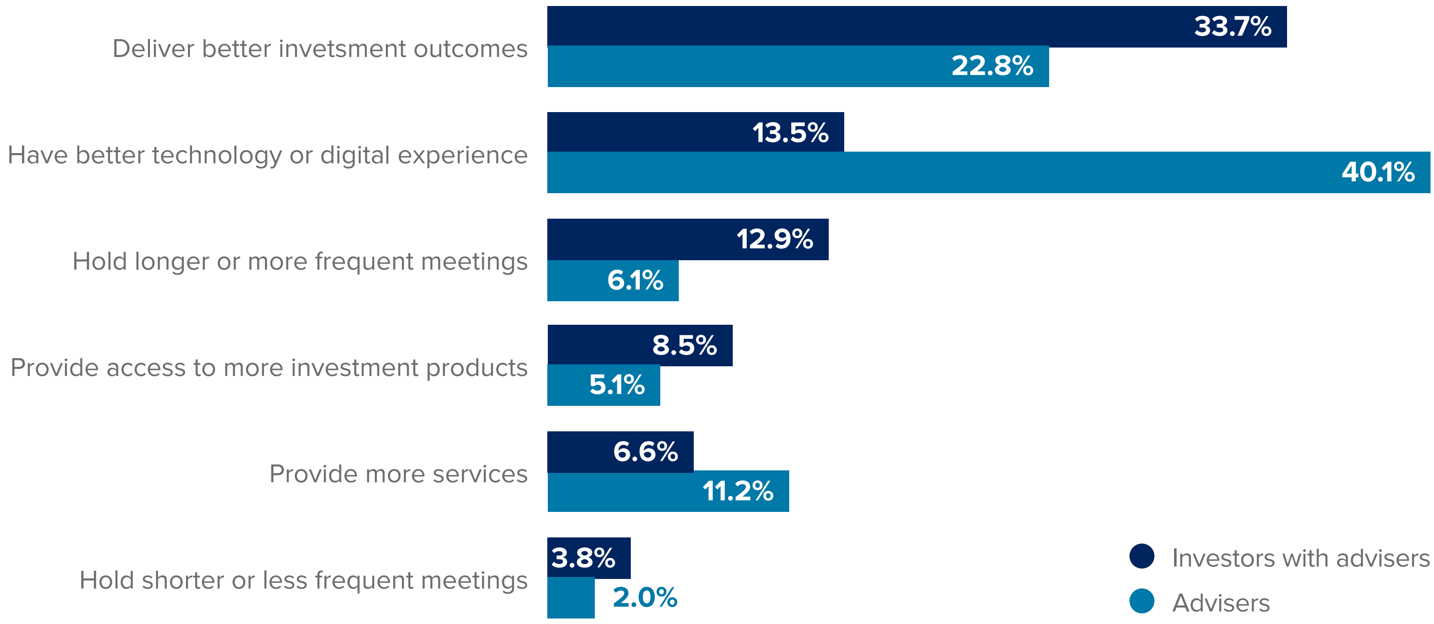
Value of adviser services: Services ranked "extremely" or "very" valuable



Note: Self-directed investors were asked to, "Please rate how valuable the following services would be to you". Investors with advisers were asked to, "Please rate how valuable the following services form your adviser are to you." The figure above excludes investor who did not utilize the specified service. Advisers were asked to, "Please rate how valuable it is to demonstrate an expertise in each of the following services when attempting to win new client business."

Also notable is what investors said they would change about their adviser. Much in line with the finding that they initially engaged with their adviser for investing expertise (40%) and because they wanted to speak about their finances with someone they trusted (40%), investors said that portfolio returns (34%) was the single greatest factor they would change about their adviser, followed by technology, noted by 14% of investors. Advisers, meanwhile, understand that while they can't control investment returns, they can manage their service and technology. As a result, perhaps, 40% of advisers selected technology as the one thing they thought their clients would change about their service, even though clients emphasize adviser technology improvements to a lesser degree.

Improvements in adviser service according to investors and advisers

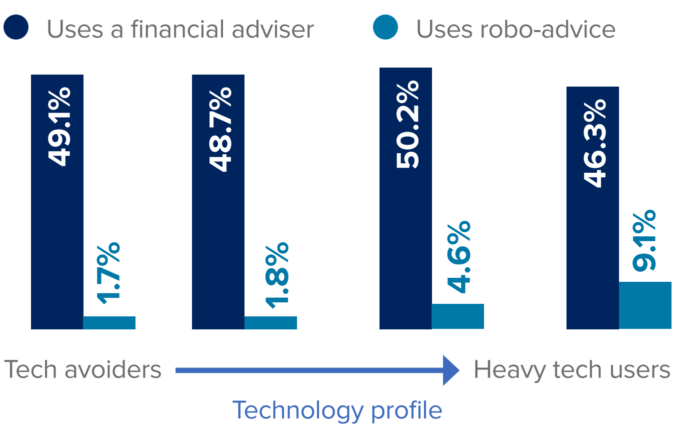


Note: Investors with advisers were asked, "If your adviser could improve one thing, what would it be?" while advisers were asked "If your typical client could improve one thing regarding your firm's service, what would it be?"

TECH-SAVVY INVESTORS

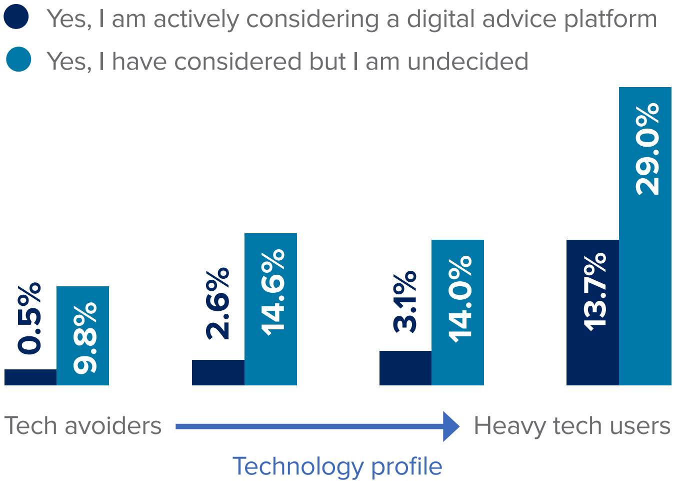
To determine whether investors who heavy users of technology generally would be more or less likely to demand financial advice digitally, we created four user profiles based solely on their usage of non-finance-related technology. Interestingly, general technology use had little connection to financial-use preferences. For example, 49% of so-called "tech avoiders" used an adviser, compared with 46% of those who were heavy tech users. However, when looking at robo-advice use, this consistency does not hold. While only 2% of those in the lowest tech profile used automated investing or robo-advice, 9% of those in the highest profile use robo-advice.

Use of traditional and robo-advisers, by technology use



Of those currently using a robo-advice platform, 58% are under 45 years old. While the perception is that younger investors want an all-digital model, the reality is that they too want at least some human element as part the financial advice they receive. Across all age groups, the type of digital advice found most appealing to investors with advisers was online advice delivered digitally, but with plans and portfolios crafted and supported by actual advisers. That service model was selected by 42% of 18–34-year-old clients. On the other hand, only 26% of 18–34-year-old self-directed investors found "online automated investing only" the most appealing type of digital advice.

Would you consider using a standalone digital advice platform (as an alternative to a traditional financial adviser)?



Tech Usage Methodology
In order to determine an individual's typical technology habits, respondents were asked a series of questions about their social media, online purchasing, and digital subscription and service choices, and their mobile device activities. Scores were determined by attaching point values to each answer. These were summed to determine each respondent's final tech score. Based on their score, respondents were placed into categories ranging from "Tech avoiders" for low scorers to "Heavy tech users" for high scorers.

CONCLUSIONS AND ACTION STEPS

The demand for advice, whether delivered by a human, digitally or through a hybrid platform, is strong. As noted, roughly three-quarters of the new assets added by advisory firms come from clients who had never worked with an adviser before. These same "DIY investors" who span all age brackets are nearly five times more likely than current clients to consider a robo option. When developing a strategy to target and support this key market, in addition to providing deeper services to your existing core client base, key takeaways include:

- Take simple steps. These can go a long way in connecting with current and future investors. The majority of individuals have an IRA account, an employer-sponsored retirement plan and a brokerage account; those with at least five financial accounts have strongly indicated that they want the simplicity of seeing their full financial lives in one place—whether that is a portal, website or other application that serves as the central nervous system of their personal finance.
- Give clients and do-it-yourselfers a touch point. In addition to the simplicity of aggregation and access, clients and as well as DIY investors want a touch point, or a "dashboard" that collectively summarizes their financial picture and most importantly, illustrates progress toward a specific set of financial goals. More than just performance reporting, "performance with a purpose" reinforces the alignment of investing and a broader financial plan—and ultimately reinforces the value of wealth management. When considering what an adviser's dashboard should include and how clients will interact with it, consider the other digital services and applications already in their lives. For example, consider "game-ifying" your dashboard or financial planning tools to allow clients to model how specific investments or expenses will affect the attainment of their overall financial goals.
- Consolidate, communicate and customize. That catchy trio should be your guide in bridging the digital divide by addressing the services that will help define an optimal digital client experience, as well as how those services are delivered. Communication should be customized for each client through technology. Many individual investors indicated that they want information on their own personal timetable, not just when a quarter ends. Customized alerts, notifications and regular web-based reviews are at the top of investors' wish list, and they serve as another touch point and opportunity for advisers to engage more regularly and efficiently with clients.
- Don't stray from the core. With any technology or digital strategy, the human element should remain central, especially for the wealthiest and most sophisticated investors. But advisers should still prioritize the delivery of improved digital services in order to remain digitally relevant. Robo-advisers are adding human advisers and pushing into hybrid territory in order to expand their market share beyond the lower reaches of mass affluent investors.
- A digital strategy is a gateway to providing human advice. Technology is not the primary reason individuals seek out advice. But it can be a primary determinant in their decision-making process, as well as in considerations surrounding retention. Technology should be viewed as an opportunity to grow with clients, deliver an experience that is consistent with their other consumer behaviors and expectations, and ultimately supports their evolving needs for advice and information.