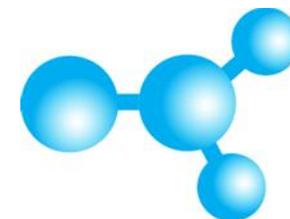


Understanding client experience in a changing marketplace

An adviser proposition for client research

April 2013

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A new industry landscape

In January 2013, under the implementation of the Retail Distribution Review (RDR) UK firms providing advice on savings and investments are required to use a fee based model of remuneration in a move away from commission. The legislation means that advisers can only receive remuneration from clients in return for a service that the client actively agrees to and is willing to pay for directly out of their own capital

Adviser and wealth management firms have been years in the planning and invested heavily in preparation for RDR. For many firms this has meant reviewing their service and charging model and implementing relevant changes. This preparation has included; engaging with clients to explore their charging and service preferences as well as reviewing white papers and commentary from across the industry on the impact of RDR and the resultant shift in the advisory landscape

At a time of such significant development it is important to ensure that clients' service experience meets their needs and expectations and the firm's value proposition is relevant to the new environment. Exploring clients experience provides vital insight to inform service delivery, strategic direction and the value proposition. In addition, highlighting service strengths, weaknesses and identifying any unmet needs allows to shape key messaging aimed at attracting new clients

It is a critical time for advisory firms to ensure their value proposition's are relevant and powerful

The impact of a changing savings and investment landscape

There has been a wealth of white papers and thought leadership papers published on both the short and long-term predicted impact of RDR. Against this backdrop and with the experience of our own research we have highlighted some of the key predicted impacts;

- **Acceleration of the trend towards passive funds**
- **Greater utilisation of technology – lowering the cost of advice and facilitating greater adoption of execution only services**
- **A continuing pressure on platform pricing**
- **A reduction of between 20% - 35% in the number of advisors by end of Q4 2013**
- **The removal of restricted and independent labels**
- **Greater emphasis on financial planning**
- **A greater focus on building more compelling direct to consumer propositions**
- **A larger proportion of advisors will be embedded within investment management businesses, accountants and solicitors**

Retaining and acquiring clients in the new landscape

There has been a wealth of white papers and thought leadership papers published on the impact of RDR. Among these is a report published by J.P. Morgan Asset Management in August 2012, 'Winning propositions: The Consumer market post-RDR. Below are key findings, echoed across other reports and research, namely;

1. Recognition of **NEED FOR EXPERTISE**, often in relation to a pressing need, most common motivation to seek out professional financial advice. Pensions advice main trigger followed by investments and tax efficiency

3. Generally, the fee preference is a **TASK BASED SERVICE** as opposed to on going service. As level of assets increases so does client preference for an on going based advice service

Corner stones of an effective service strategy and offering

2. Personal and/or professional **RECOMMENDATION**, is the most effective way to source new clients

4. Clients most value their advisers for a) being a **TRUSTED** source of advice and b) helping their money to achieve a **BETTER RETURN**

The value of understanding client experience

Full exploration of client experience will allow service strategy to be reviewed and refined by providing firms with;

1. A detailed understanding of service perceptions. Helping to maintain and strengthen existing relationships and identify strengths/expertise that will resonate with prospective clients
2. Client perceptions of fees and charging structures and how any changes were handled
3. Client preferences for interaction and involvement
4. Opportunities to maximise the potential for referrals

The value of understanding client experience

Researching clients can be accomplished via telephone, online or face to face. Determining the most appropriate methodology/ies depends on the profile of the client base and the specific research objectives



Telephone interviews offer ;

1. Interactive appointment setting, which encourages participation (useful for a finite audience)
2. A forum where discussions can include open/discursive elements
3. An approach suitable for those less comfortable online
4. A relatively cost effective way to provide a robust snapshot of client experience



Online interviews offer;

1. A convenient way for clients to provide feedback at a time of their choosing
2. A cost effective way to relatively quickly reach all clients and gather insight. Providing a robust snapshot of client experience
3. A familiar approach for professionals
4. A forum in which to show material to clients



In person interviews offer;

1. An environment in which to fully explore and understand in detail the drivers behind client experience
2. The forum for a truly open and discursive interview
3. An approach that shows key clients their value to the firm and the importance of the relationship
4. A forum in which to explore material

Our experience (1)

We have a wealth of experience in designing research that provides insight into both client experience, needs and expectations. Helping to inform client retention and attraction strategies

Case study: evaluating client experience

Business requirement

One of the UK's large independent private investment managers wanted to evaluate its clients' experience of the service they received. As well as allowing for areas of improvement and opportunities to be identified, the survey helped the firm to address and measure its performance on the six outcomes of Treating Customers Fairly

Approach

In accordance with TCF the majority of the customer base was invited to provide their feedback on service received. To encourage participation and be flexible clients were offered a number of ways to complete the survey; via the post, online or over the telephone. The survey was approximately 20 minutes in length (length and cover varied to accommodate collection method) and covered; measuring key performance indicators such as satisfaction and advocacy as well as a more granular exploration of individual service elements and features

Outcome

The research provided a clear picture of overall and detailed client experience allowing for the strengths and improvement areas to be identified and help shape the positioning of the firm. The results were important in helping the firm understand the external view; which whilst similar to the internal picture revealed some key differences

Our experience (2)

Our experience also includes research among both clients and prospective clients to help inform retention and attraction strategies

Case study: understanding clients and prospective clients

Business requirement

A City based firm of financial advisers wanted to evaluate its service strengths in order to inform their marketing and branding strategy in light of RDR and changes to the market place. It wanted to understand client and prospect perceptions of its service offer to determine how to ensure its positioning was as appealing and relevant in an evolved market. The board felt that in order to continue to grow the firm needed an informed strategy based on a series of realistic and achievable stages. A vital component of the research was a full understanding of perceptions of the firm's fees and charging structure

Approach

An extensive research programme was designed and commissioned; involving three stages of interviewing clients and target clients. 100 clients were interviewed over the telephone which provided a robust view of service experience and the importance of all service elements in determining clients overall satisfaction and likelihood to recommend the firm. This was then supported by a series of 22 in person in depth interviews with clients to fully explore the detail and drivers of service experience. The final stage of the research involved 24 in person in depth interviews with target clients to determine a) service requirements and b) perceptions of the firm and in particular the marketing material

Outcome

The research produced a number of clear actionable insights that informed the firm's growth strategy across the following areas: branding, positioning and targeting prospective clients

Our experience (3)

The final of the selected case studies is a research programme that focuses on understanding prospective clients

Case study: understanding prospective clients

Business requirement

A UK provider of discretionary investment management services to private clients wanted to explore the understanding of and appetite for their services among prospective clients. With the aim of developing the marketing strategy to appeal to a more diverse audience; in recognition of the gradual widening profile of the target audience. It was imperative that any development was sensitive to the traditional client base

Approach

A series of 24 qualitative face to face individual interviews were undertaken with three different audiences: Traditional Clients, High Earning Professionals and Entrepreneurs. The discussions included the exploration of contrasting propositions (unbranded) and the existing literature promoting the service (branded)

Outcome

The research produced case studies from each target audience painting a clear picture of financial behaviours, needs and expectations. Barriers and motivators to the uptake of a discretionary service were identified. Understanding the strength of proposition appeal as well as perceptions to the brand provided a framework for developing messaging that would resonate with each audience

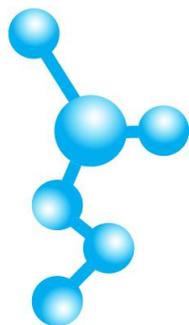
About FWD Research

FWD Research are part of the FWD Group, a City based communications agency alongside the PR, Marketing and Investment Communications teams

With over 50 years of experience, for a wide variety of financial services clients, including wealth managers and advisory firms, we offer clients pragmatic and educated solutions. We adopt a consultative approach to research and offer our clients flexible solutions ranging from the design of a research programme through to delivery of an entire project

We understand the importance of ensuring research provides insight that clearly illustrates the potential impact to businesses and helps to inform growth and development strategy. To deliver on this we believe in working closely with clients at every stage of the process

With our experience comes the ability to provide a wider context to the research findings in terms of both relative performance as well as positioning



Required investment and timings

We approach each project in a bespoke manner and therefore provide costs on an individual project basis. However, in order to provide an indicative idea of costs we have outlined the typical investment required for a series of different projects. In costing a project we aim to provide a cost efficient approach without compromising the quality of the research

Ad hoc projects

- Designing/consulting on a project approach – typically takes 1 days @ £650 per day = £650
- Designing a questionnaire/ discussion guide – typically takes 2 days @ £650 per day = £1,300
- Delivering an entire project of 100 (20 minutes) client telephone interviews – typically takes 5-6 weeks = £6,500
- Delivering an entire project of 100 (15 minutes) online client interviews – typically takes 4-5 weeks = £5,500
- Delivering an entire project of 24 (45 minutes) in person client interviews – typically takes 5-6 weeks = £12,000

Syndicated research

- Delivering an entire project of client telephone interviews 15 minutes in length with 100 clients per firm – typically takes 8-9 weeks and costs £2,750 per syndicate member (with a minimum of 5 members participating)
 - Individual firm results will be visible only to the firm concerned with other results providing a positioning in the sider results

All the above costs excl VAT

FWD Research would be willing to provide more detailed costs in response to a specific research requirement

Contact



Ian Winters, Executive Director of Research

Ian has over 27 years research experience in the financial services sector with a speciality in the insurance sector. Ian began his career in the financial services division of MORI before moving on to work in the research team at Prudential. During his time at Prudential Ian felt there was room for a research agency that specialised in insurance research and set up Insurance Research Strategy (IRS). IRS became part of the FWD Group in 2004 where he has been Head of Research since. Ian works with a broad range of clients including insurers, reinsurers, brokers, trade bodies, wealth management and mortgage & pension providers

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