Winning Affluent Millennials:
How this new power persona is reshaping the finance industry

United Kingdom | July 2015
Background

Affluent Millennials across the UK will drive major changes within the finance industry. With considerable wealth this cohort of the population has money to manage and is actively looking for the best way to invest it. With so much access to knowledge, consumer reviews and global markets many institutions are struggling to reconcile the content and service demands of Millennials with regulatory requirements.

As Affluent Millennials’ incomes and investable assets grow, this powerful generation will uproot the business models and marketing strategies of today’s financial services providers and demanding tremendous change to the finance industry as a whole.

LinkedIn and Ipsos conducted a global study of 9,200 respondents in 10 countries to identify their preferences and behaviours regarding savings and investments, as well as their attitudes and beliefs about financial institutions. This report focuses on data gathered from a subset of 802 respondents in the UK.

Key to unlocking future success for financial and investment institutions rests with how marketers understand Affluent Millennials and proactively target this upwardly mobile audience with products and services, as well as content and communication that appeal to their unique preferences, challenges and dreams. They should embrace disruption and in doing so win the loyalty of this powerful persona.
Methodology

GLOBAL SURVEY

20 minute online survey, fielded by LinkedIn and Ipsos in April 2015.

Survey measured usage, engagement, attitudes and opinions on financial services.

GLOBAL SAMPLE

9,200 respondents in 10 countries: United Kingdom, France, Netherlands, United States, Canada, Australia, India, Singapore, Hong Kong and Brazil.

Quota sampling-weighting applied to represent Internet users in each market.

CRITERIA

Respondents were Millennial (18-34) and Generation X’s (35-49) Internet users.

In the United Kingdom, Affluent is defined as £75K+ net investible assets, excluding real estate.

UNITED KINGDOM RESULTS

This report covers results from 802 total respondents in the United Kingdom, including:

502 total Millennials (incl. 69 Affluent) and 300 total Generation X’s (incl. 91 Affluents).
Understand the differences between Millennials and Generation X’s with regard to brand affinity, purchase process and information-gathering.

Comprehend the role that social media plays and the influence that content and context has on the decision journey for retail financial products.

Examine the subset of Affluent Millennials to understand their unique mindset, behaviors and expectations.
Key Findings Summary

**AFFLUENT MILLENNIALS ARE...**

**ETERNAL OPTIMISTS**
- Progressive view of future finance industry, confident about own financial future – set ambitious goals and sacrifice for tomorrow

**CONTROL FREAKS**
- Value the ability to manage their own finances using technology, particularly on mobile

**OPEN MINDED**
- Despite being loyal customers, Affluent Millennials are open to financial offerings from non-financial brands

**SOCIAL-CENTRIC**
- Social networks are a must-have and central to Affluent Millennials’ financial decisions
- Especially likely to visit financial company’s page and seek relevant content from financial companies on social

**HUNGRY FOR EDUCATIONAL INFO**
- Top content includes customer reviews, expert commentary, thought leadership, product and service information
- Significantly more likely to acquire educational content relevant to their financial needs through social networks
AMBITIOUS, PROGRESSIVE & CONFIDENT:

How this new power persona is reshaping the finance industry
Affluent Millennials have a uniquely progressive view of future financial conditions

While these views are still a minority across all groups, Affluent Millennials are especially likely to envision a virtual, social-based economy where peer-to-peer currencies are regularly used.

Top Variations for AMs for UK:

- Virtual wallet only-credit cards will no longer be necessary: 37% Affluent Millennials, 26% Millennials, 26% Gen Xers, 28% Affluent Gen Xers
- Social network accounts as the hub of your financial information: 21% Affluent Millennials, 8% Millennials, 8% Gen Xers, 4% Affluent Gen Xers
- Regular use of Bitcoin and other peer-to-peer cryptocurrencies: 21% Affluent Millennials, 12% Millennials, 7% Gen Xers, 9% Affluent Gen Xers
Despite high expectations of a future financial crisis, Affluent Millennials are unparalleled in confidence

While Affluent Millennials are more likely to anticipate another financial crisis, they are also significantly more likely to be confident in future economic growth and believe the financial ideal* of success through hard work is definitely possible.

*The financial ideal = every citizen should have an equal opportunity to achieve success and prosperity through hard work, determination, and initiative.
Both Generation X’s and Affluent Millennials think the decisions they make now will impact their future success

% Agree: My future success depends on the decisions I make now

**MILLENNIALS**

- Total: 35%
- Affluent: 42%

**Gen Xers**

- Total: 29%
- Affluent: 45%
However, Affluent Millennials are less optimistic their sacrifices will pay off

% Agree: The sacrifices I make now will pay off in the future

- **MILLENIALS**
  - Total: 31%
  - Affluent: 34%

- **GEN XERS**
  - Total: 25%
  - Affluent: 43%
UK Affluent Millennials are a bit more practical regarding their goals.

- **Improving your credit score**: 18% (Affluent Millennials) vs. 4% (Affluent Gen Xers)
- **Owning a first own home/apartment**: 26% (Affluent Millennials) vs. 7% (Affluent Gen Xers)
- **Starting a business**: 22% (Affluent Millennials) vs. 17% (Affluent Gen Xers)

UK Affluent Millennials are a bit more practical regarding their goals.
INDEPENDENT, YET SEEKING GUIDANCE:

For Affluent Millennials, their financial future starts now
Sources of affluence are shifting across generations

Compared to Affluent Gen Xers, Affluent Millennials are more likely to have gained their assets from:

- INSURANCE/SETTLEMENTS: 1.7x
- PENSION: 1.7x
- WAGES FROM FAMILY BUSINESS: 1.5x
- INCOME PROPERTY: 1.4x
Affluent Millennials are more likely to carry debt

Two-thirds of Affluent Millennials have at least one loan* compared to half of Affluent Generation X’s.

Have at least one…

- **Credit card with a balance**: 43% (Millennials), 43% (Affluent Millennials), 33% (Gen Xers), 33% (Affluent Gen Xers)
- **Business loan**: 18% (Millennials), 3% (Affluent Millennials), 1% (Gen Xers), 3% (Affluent Gen Xers)
- **Student loan**: 43% (Millennials), 16% (Affluent Millennials), 8% (Gen Xers), 2% (Affluent Gen Xers)

*Excluding mortgage
Compared to Affluent Generation X’s, Affluent Millennials save more of their paycheck each month

% of wages saved per month

- **Affluent Millennials**
  - 82%
  - 62%
  - 33%+

- **Affluent Gen Xers**
  - 69%
  - 46%

25%+
Most Affluent Millennials have not yet started a brokerage or retirement account, highlighting the importance for financial institutions to build relationships early as Millennials grow their wealth.

Affluent Millennials are on par with Affluent Generation X’s when it comes to brokerage account ownership

Have at least one account...

- **BROKERAGE (NON-RETIREMENT)**
  - Affluent Millennials: 23%
  - Affluent Gen Xers: 27%

- **RETIREMENT**
  - Affluent Millennials: 40%
  - Affluent Gen Xers: 37%

3 in 5 Affluent Millennials have not yet started a retirement account.

*Emerging Affluent = $25K-$100K in investible assets*
According to the data, Generation X’s and Millennials seek greater involvement and control in financial decisions. Here are the statistics:

- **MILLENIALS**
  - 38% conduct their own research but consult an advisor to validate choices.
  - 30% perform their own research, make decisions, and execute trades.

- **AFFLUENT MILLENNIALS**
  - 34% conduct their own research but consult an advisor to validate choices.
  - 37% perform their own research, make decisions, and execute trades.

- **GEN XERS**
  - 46% conduct their own research but consult an advisor to validate choices.
  - 53% perform their own research, make decisions, and execute trades.

- **AFFLUENT GEN XERS**
  - 55% conduct their own research but consult an advisor to validate choices.
  - 49% perform their own research, make decisions, and execute trades.

These statistics demonstrate a trend towards greater financial independence and control among younger generations.
Despite their tendency to do their own research and seek information on financial decisions, Affluent Millennials are particularly likely to see value in having a financial advisors for their current assets. But they are still able to see the value in financial advisors.
Once they are customers, Affluent Millennials are highly loyal to their financial institutions

**Affluent Millennials** are more likely to say they are **very loyal** and plan to do more business with financial institutions they work with:

- **20%** Very loyal
- **62%** Somewhat loyal
- **18%** Not loyal

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<tr>
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<th>Very loyal</th>
<th>Somewhat loyal</th>
<th>Not loyal</th>
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<tr>
<td><strong>Affluent Millennials</strong></td>
<td>20%</td>
<td>62%</td>
<td>18%</td>
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<tr>
<td><strong>Affluent Gen Xers</strong></td>
<td>14%</td>
<td>64%</td>
<td>22%</td>
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Affluent Millennials’ loyalty as customers isn't surprising when we see that they are more likely to trust financial institutions they work with.
Affluent Millennials are open to financial offerings from traditionally non-financial brands

“Millennials are different. They have grown up empowered and expect to have a more self-directed life. So they are looking for solutions, not products.”

- Mohamed El-Erian, Chief Economic Adviser, Allianz
HIGH EXPECTATIONS & BIG DEMANDS:

Affluent Millennials want a deeper connection with financial services providers
When choosing financial institutions, social presence and relationship history are uniquely important to Affluent Millennials

**Top 5 factors** of unique importance to Affluent Millennials

**2x as likely** to be important to Affluent Millennials, vs. Affluent Generation X’s:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
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<tbody>
<tr>
<td>SOCIAL</td>
<td>Company has a page on various social platforms</td>
</tr>
<tr>
<td>RELATIONSHIP</td>
<td>First financial institution you had an account with</td>
</tr>
<tr>
<td>INFLUENCE</td>
<td>Members of your family use the financial institution</td>
</tr>
<tr>
<td>SOCIAL PRESENCE</td>
<td>Company has positive online buzz</td>
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<tr>
<td>PURPOSE</td>
<td>Company has a community mission you care about</td>
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<tr>
<td>MOBILE</td>
<td>Company offers a mobile app</td>
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<tr>
<td>LIVE CHAT</td>
<td>Company offers customer care online chat feature</td>
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Affluent Millennials consider social networks a must-have

- **MILLENNIALS**
  - Must-have: 28%
  - Nice to have: 51%
  - Unimportant: 21%

- **AFFLUENT MILLENNIALS**
  - Must-have: 34%
  - Nice to have: 49%
  - Unimportant: 18%

- **GEN XERS**
  - Must-have: 19%
  - Nice to have: 42%
  - Unimportant: 39%

- **AFFLUENT GEN XERS**
  - Must-have: 34%
  - Nice to have: 35%
  - Unimportant: 31%
Social networks are central to Affluent Millennials’ financial decisions

COMPARED TO AFFLUENT Generation X’s, AFFLUENT MILLENNIALS ARE MORE LIKELY TO:

- Think social networks will be the hub of their financial info in the future: 5x
- Use social networks to inform finance / Investment decisions: 2x
- Visit a financial company’s page on a social network: 2.5x
- Seek content from financial companies on social networks: 2.4x
Educational content, thought leadership and peer opinions are top content for Affluent Millennials on social networks

% of affluent users that use at least 1 social network to obtain this type of info.

<table>
<thead>
<tr>
<th>Content Type</th>
<th>Affluent Millenials %</th>
<th>Affluent Gen Xers %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Content</td>
<td>91%</td>
<td>57%</td>
</tr>
<tr>
<td>Personal Loans</td>
<td>84%</td>
<td>43%</td>
</tr>
<tr>
<td>Personal Debt</td>
<td>65%</td>
<td>36%</td>
</tr>
<tr>
<td>Retirement Planning</td>
<td>63%</td>
<td>27%</td>
</tr>
<tr>
<td>Personal Taxes</td>
<td>71%</td>
<td>59%</td>
</tr>
<tr>
<td>Thought Leadership</td>
<td>70%</td>
<td>50%</td>
</tr>
<tr>
<td>Peer Opinions</td>
<td>50%</td>
<td>70%</td>
</tr>
</tbody>
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Data needs to be updated for this item:
Affluent Millennials are significantly more likely to seek relevant financial content on social networks

For each type of financial info they consider relevant to their personal needs, Affluent Millennials are significantly more likely to acquire this info through social networks vs. Affluent Generation X’s:

- Educational Content: 2x
- Info about Products/Services: 2x
- Customer Reviews: 1.6x
- Expert Opinions or Commentary: 1.4x
Affluent Millennials are especially active on LinkedIn

Compared to the general population on LinkedIn, Affluent Millennials on LinkedIn have:

- **2x as many** Connections
- **13x as many** Finance Topic Shares
- **2x as many** Company Follows
- **1x as many** Group Activity
- **2x as many** Shares
Opportunities for marketers

Opportunities available to financial services providers to successfully navigate potentially tumultuous times and even thrive through it all.

**SOCIAL**
Social is key to unlocking success—use it to target, communicate and engage.

**ALWAYS-ON**
Engage with Affluent Millennials on the platforms that they use and when they want to.

**EDUCATE**
Make relevant content freely available to this generation of content consumers.

**RELATIONSHIPS**
Build trust and loyalty through relationships with this cohort of the population.
THANK YOU

LinkedIn