



Demand-Based Investor Education

What Investors want to know... How they want to learn it.

A Study for the Investor Education Fund

*Prepared by: Dr. Edwin L. Weinstein,
The Brondesbury Group, Toronto, November 2010*



Today's Topics

1. Introduction
2. What Canadian Investors Want to Know
3. Learning Strategies: A Few Key Findings
4. Wired for Learning: Age 20-34
5. Learn from the Experts: Age 35+
6. Psychographic Segments
7. A Simplified Summary



What the IEF Wanted to Learn

- How are views on life events changing?
- What do people want to know?
 - What do they wish they knew sooner? Regrets?
- How do people get answers?
 - Traditional media & methods; Internet; Social media
 - Search & satisfy methods
- Fit: Right people – Right Info – Right Media
 - Age and event-based strategies
 - Learning styles



How Did We Get Answers

- Research based on 1600 people overall
- General – Qualitative then Quantitative Survey
 - Shopping mall intercepts /f2f interviews same age range (ON)
 - Focus groups (ON)
 - Online Survey Panel (CDA)
- Age 20-34
 - Online recruiting only – All focus groups online
- Age 35 and Older
 - Phone & online recruiting – Mix of online and f2f focus groups



Research Method Fit to Delivery

Method Fit Needed to “Trust” Findings

- *Active internet users*
- *At least 20 years old*
- *Experienced a life event in the past 2 years*
- *Income above bottom 20% -- Potentially have enough to save or invest*



What Canadian Investors Want to Know



The Simple Answer

Canadian investors want to know just enough

To make a decision they must make

Due to a life event and

Be comfortable with their choice.

... This is less than you think they should know!



Issues Vary by Event & Age

- Top Issues over time
 - Students: Manage loans, Living Cost after grad
 - New Job: Credit, Balancing spending & saving
 - Married: Pay down debt, Buy house, Get mortgage
 - Baby: L-T saving, Education, HH budget

 - Mid-life: RRSP, Investments, Pensions
 - Set retirement: Taxes, Withdrawal, Income
 - Retired: Income, Pension, Estate



Barriers: Age 20-34

- Barriers to Learning (*besides motivation*)
 - Don't know what they need to know
 - Financial concepts and language too complicated
 - Time to make money, save money, pay off debt
 - Unpredictability of job market and economy
 - Cash flow
- *What I Wish I Knew Earlier...but Didn't*
 - Student: Credit cards; Debt avoidance
 - New Job: Saving; Budgeting
 - Married: How credit rating affects mortgage/loan
 - Baby: Building good credit, Budgeting & spending



Barriers to Learning: Age 35+

- Barriers to Learning (*besides motivation*)
 - Financial concepts and language too complicated
 - Time to find the right information and learn it
 - Time to build capital
 - Competing demands for money
 - Unplanned life events that affect cash flow
 - Unpredictability of job market and economy

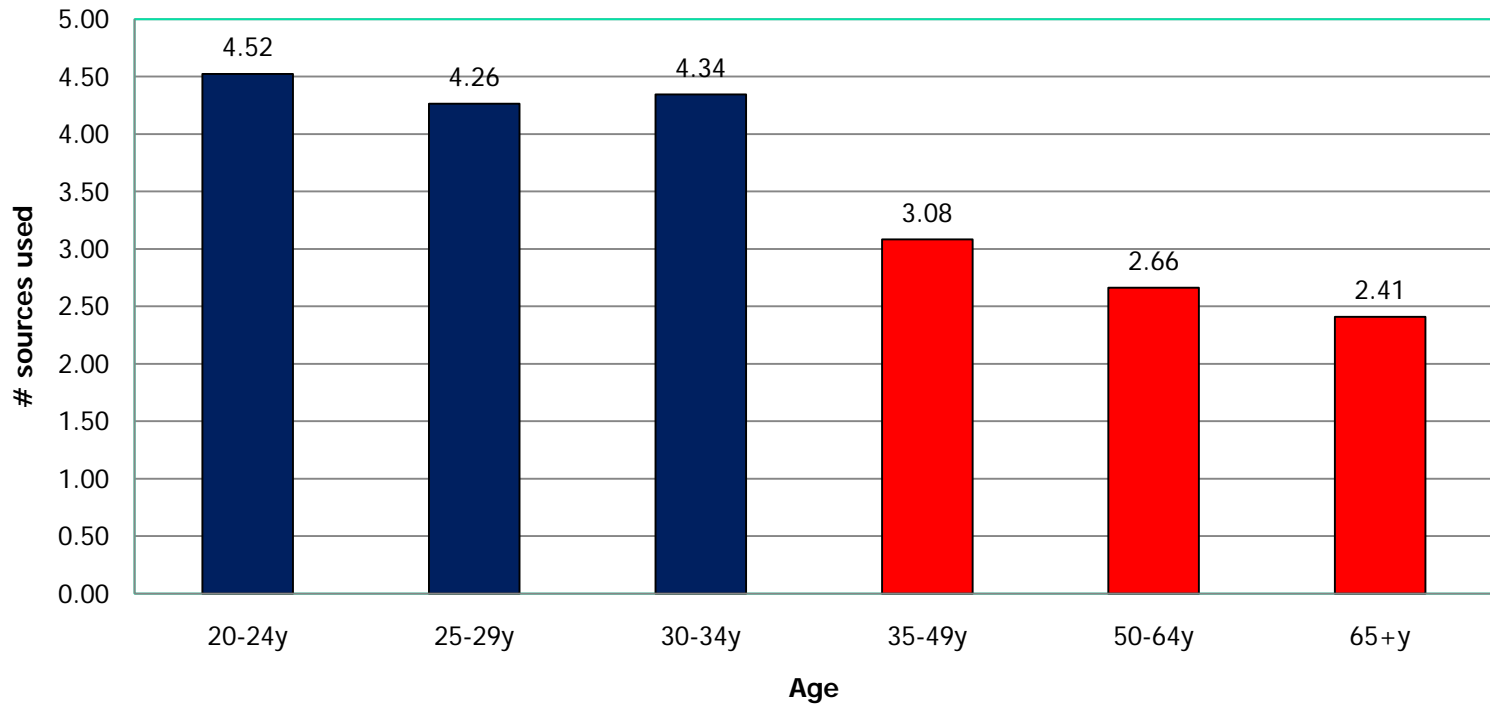


Learning Strategies: A Few Key Findings



Gen XY Use More Info Sources

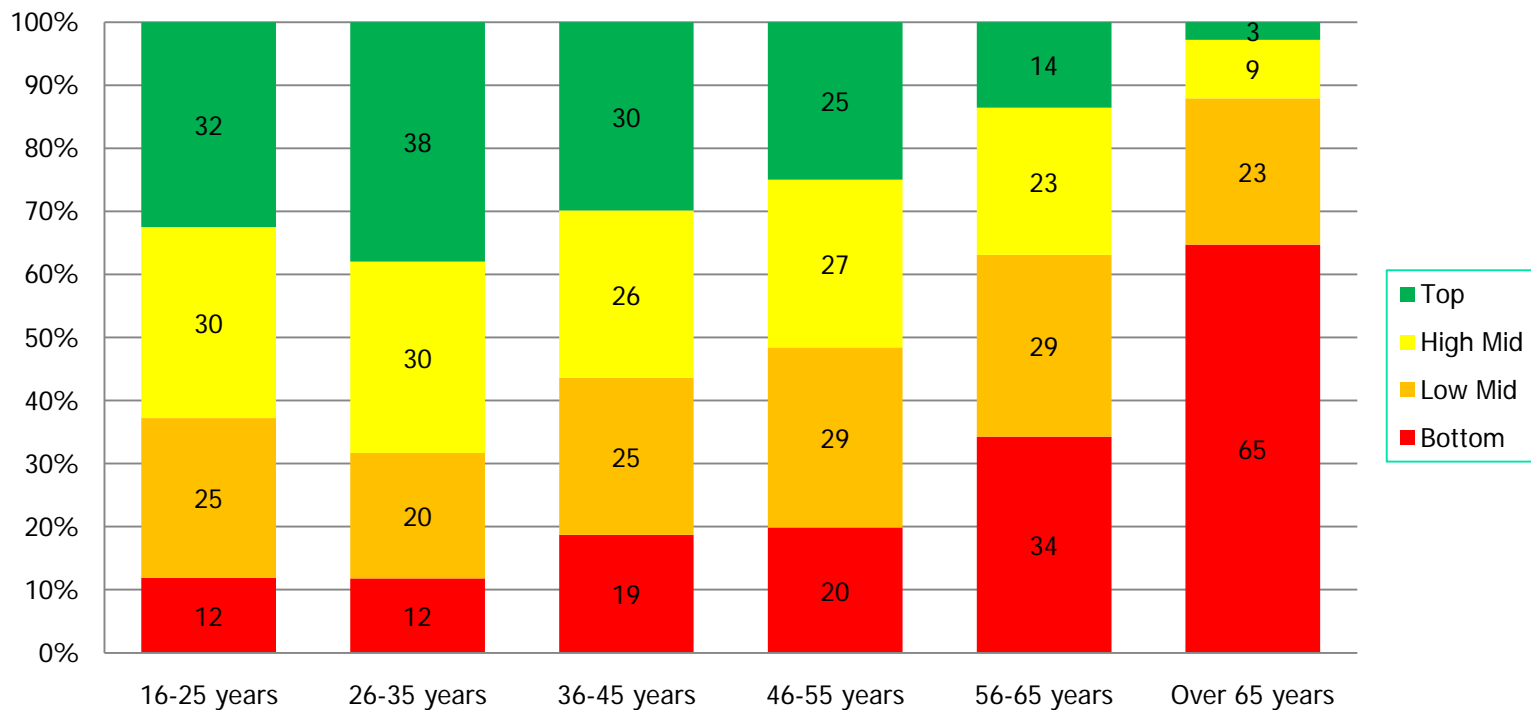
Number of Information Sources Used by Age





Gen XY are More Literate

Total Literacy Quartiles by Age

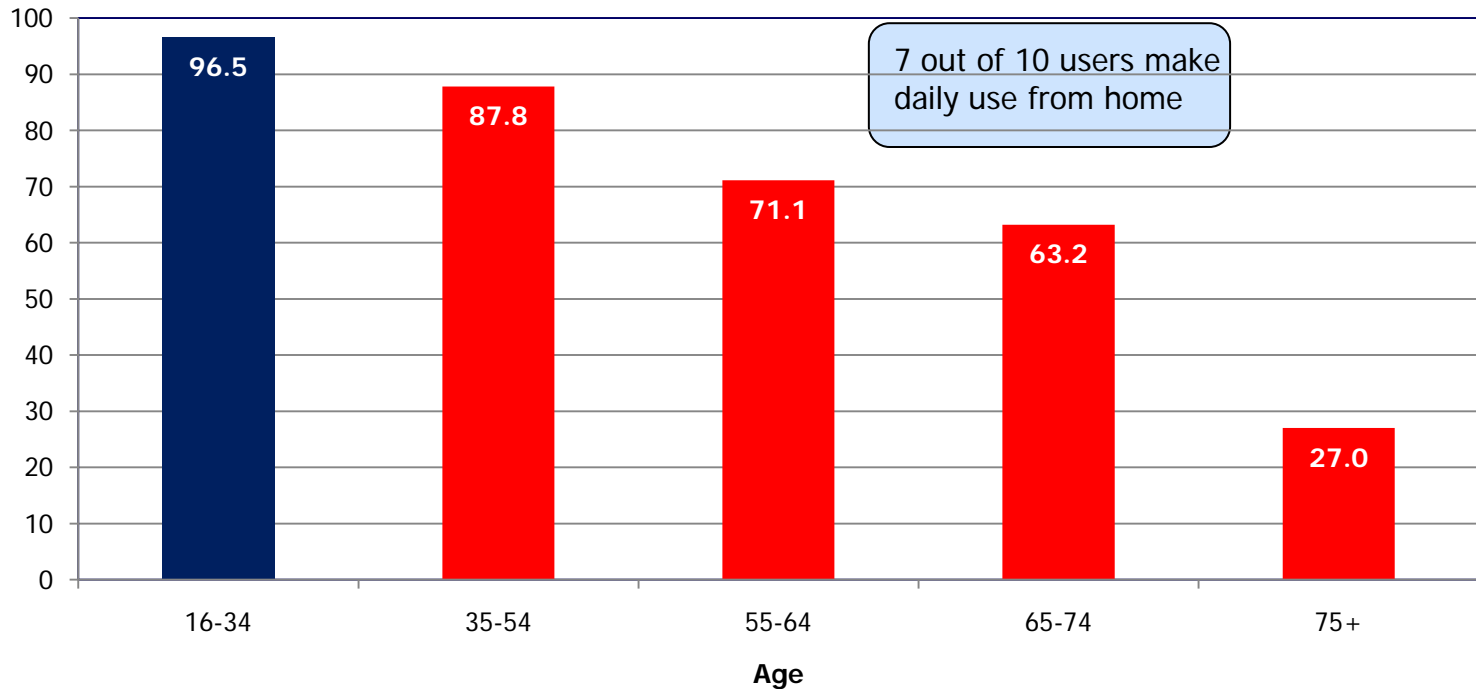


Source: International Adult Literacy Survey PUMF, 2003.
Analysis: The Brondesbury Group, 2009



Internet Use Drops with Age

% Internet Users by Age (2009)

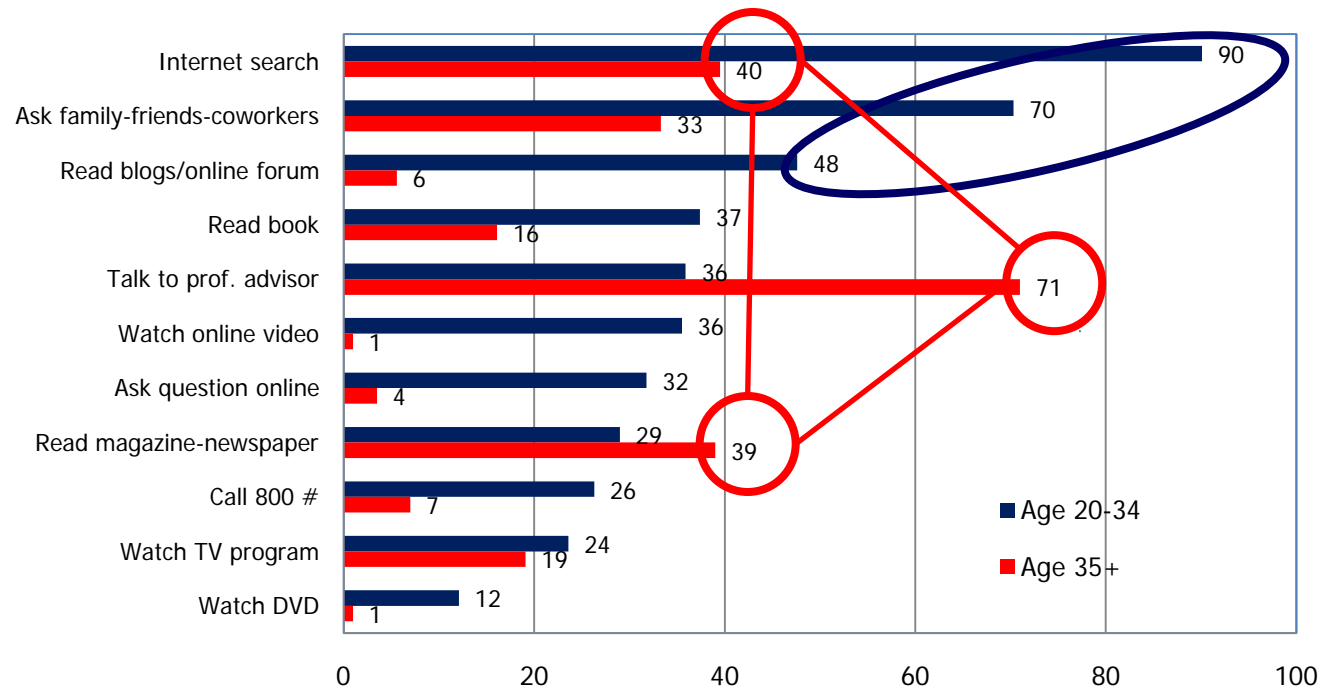


Source: StatCan CANSIM 358-0129,
Research House Omnibus, Sept. 2009



Older More “Expert-Oriented”

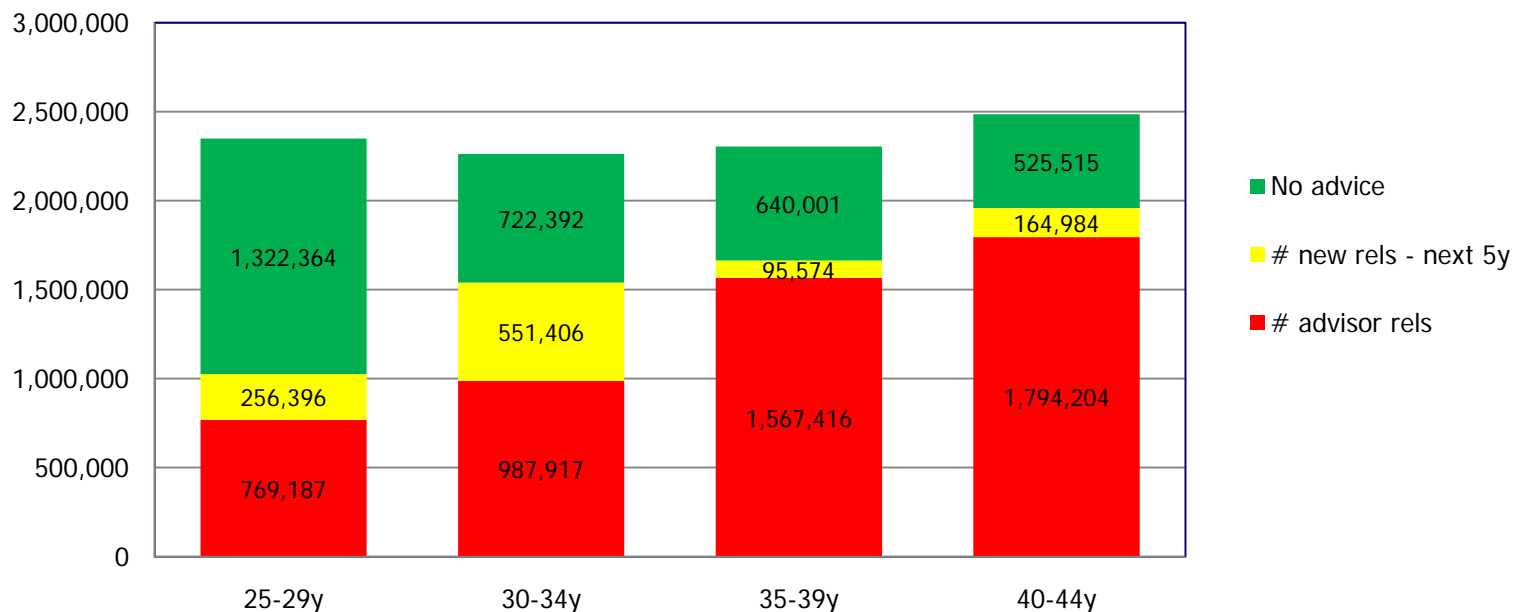
“First Response” Sources of Information by Age Group





Use of Advisors Grows with Age

Advisor Relationships by Age Group

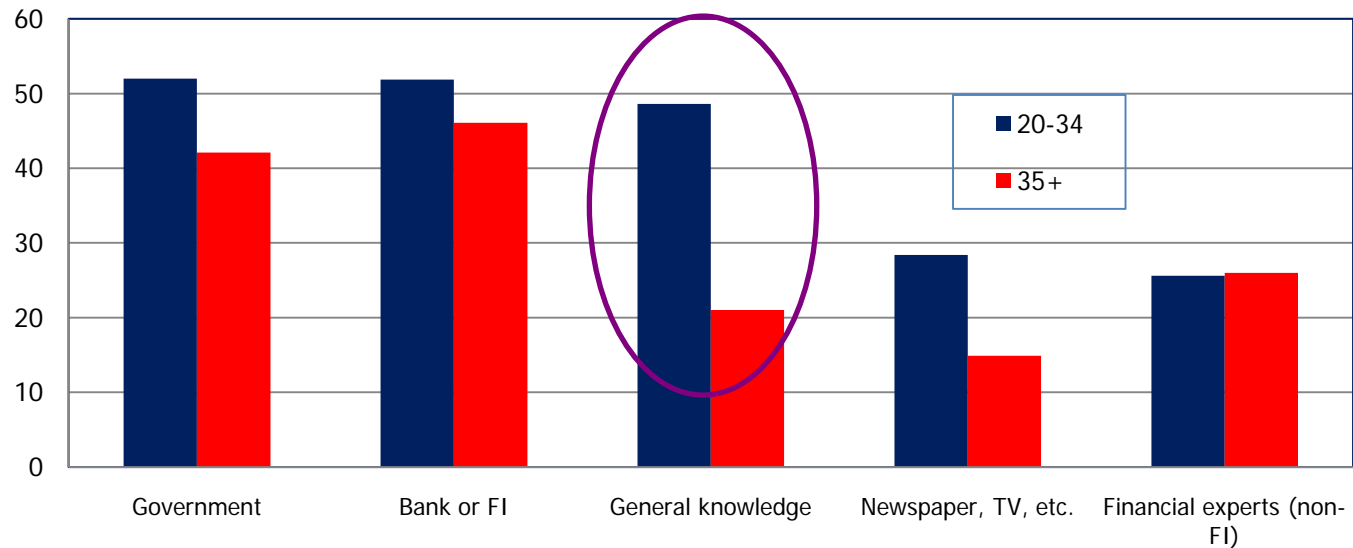


Cohort size: StatCan estimate July 1, 2009
Advisor Projections: The Brondesbury Group, 2010



Favored FI Websites Parallel

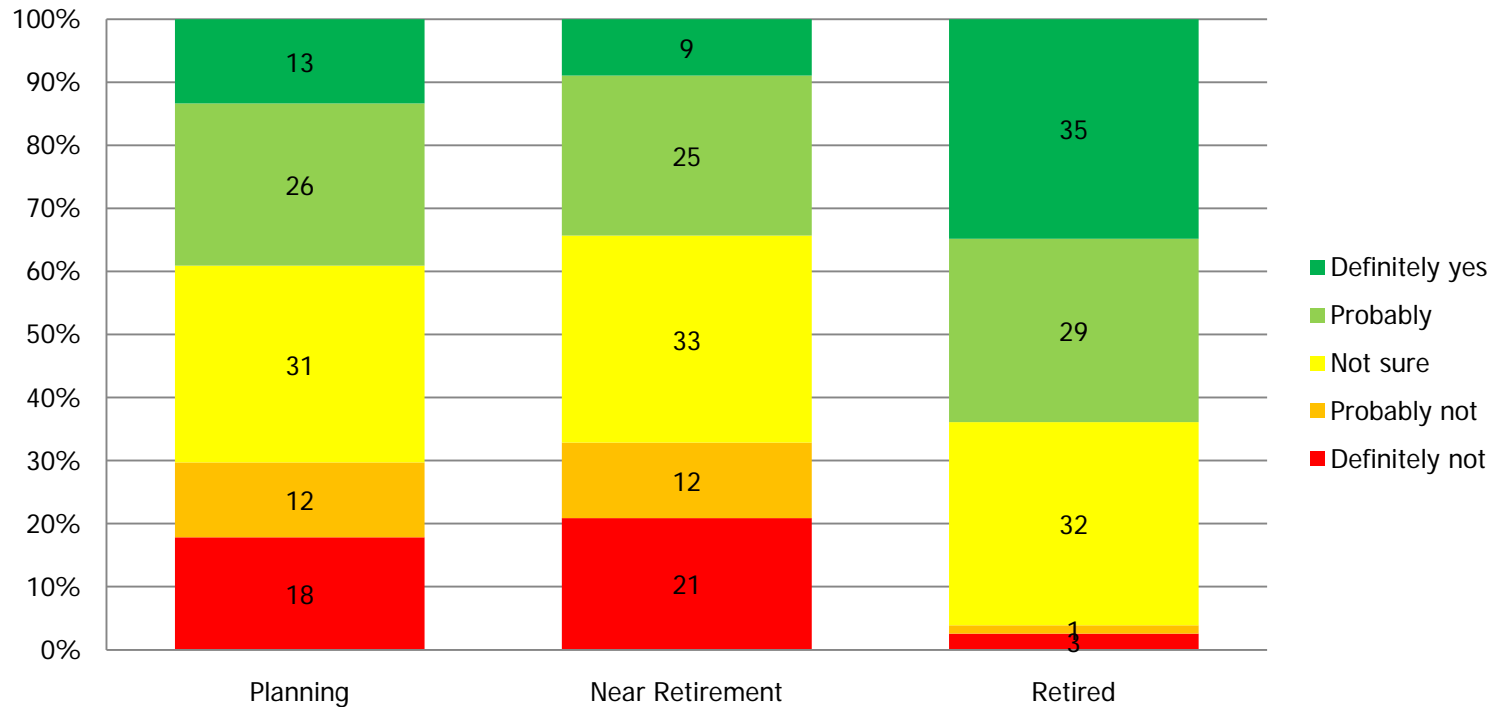
Preferred Websites for Financial Information





Learning Can Also* Go from Adult Children to Parents!

Parents Willing to Accept Advice from Adult Children





Wired for Learning

Age 20-34



Quick Facts: Age 20-34

- Events over past 2 years:
 - Started a New Job (30%)
 - Got Married (15%)
 - Became Parents (15%)

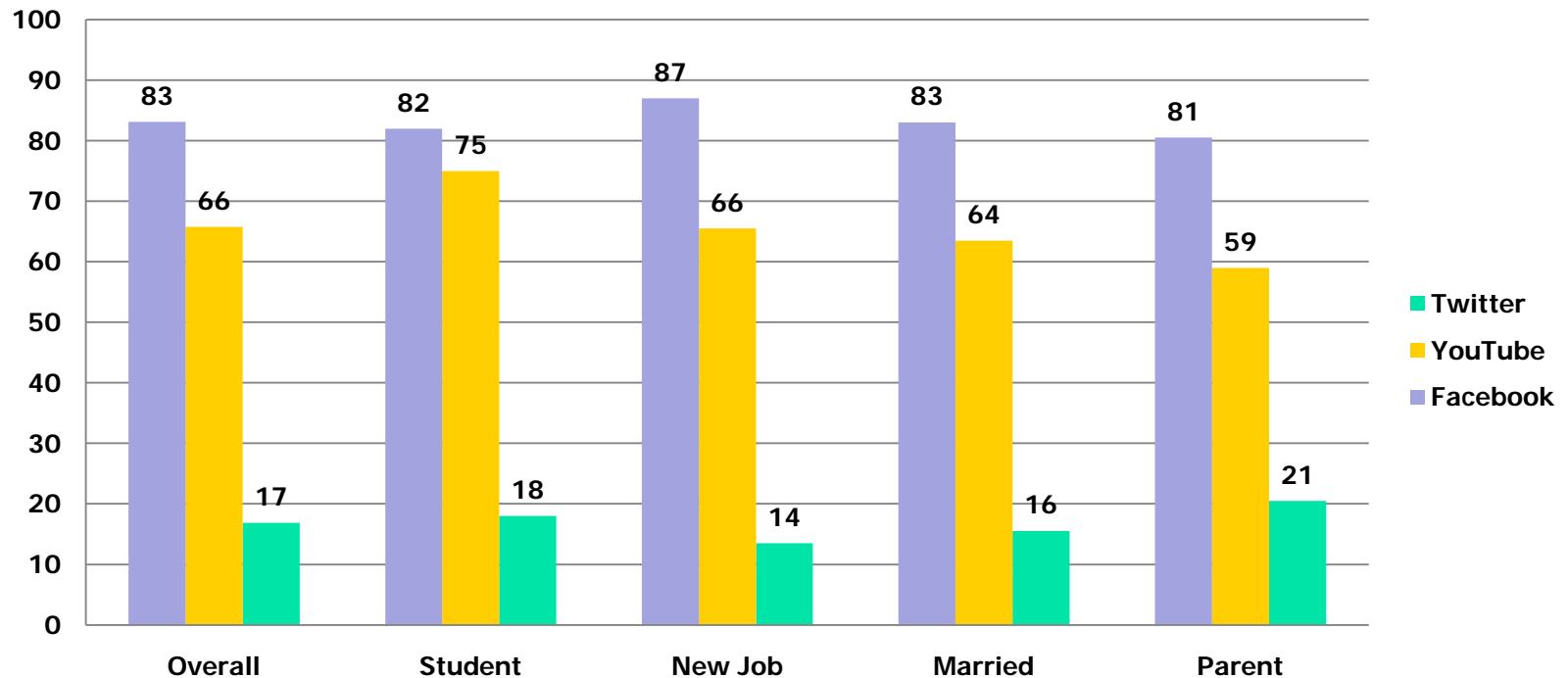
- Top 3 Information Sources:
 - Internet (90%), Ask family-friends (70%), Forum/blog (48%)

- Social Media:
 - 94% actively use social media (\geq twice per week)



94% Actively Use* Social Media

% Active Use of Social Media





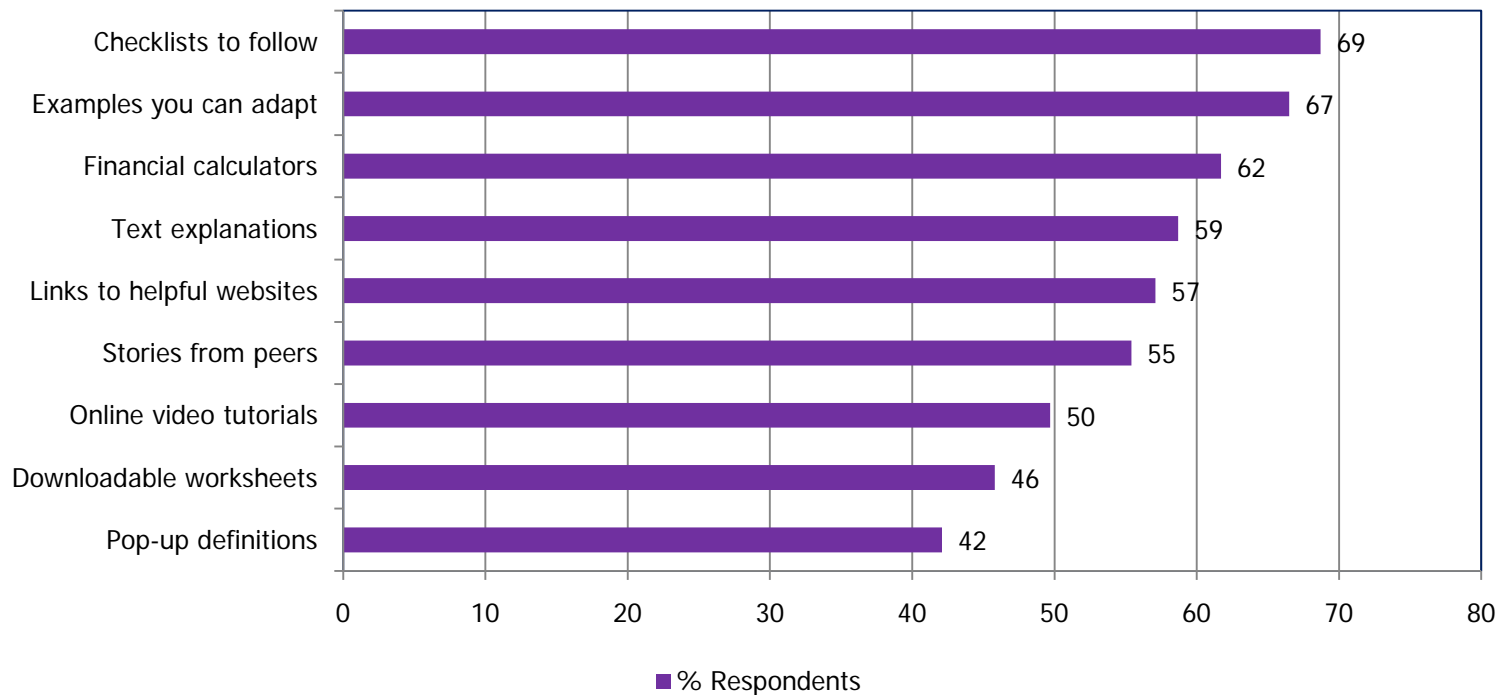
Social Media Need to be Tapped

- Facebook will reach almost all social media users
 - The 10% you can't reach by Facebook use YouTube
- Use of all social media declines with age
- Women use Facebook more heavily. Men are more visual and use YouTube more heavily.
- Facebook and YouTube are used by 20-25% to view ads or interact/communicate with brands.
- Regardless, 5 out of 6 start an information search with Google or another search engine



Online Tools are a Big Help

Age 20-34: Helpful Online Tools





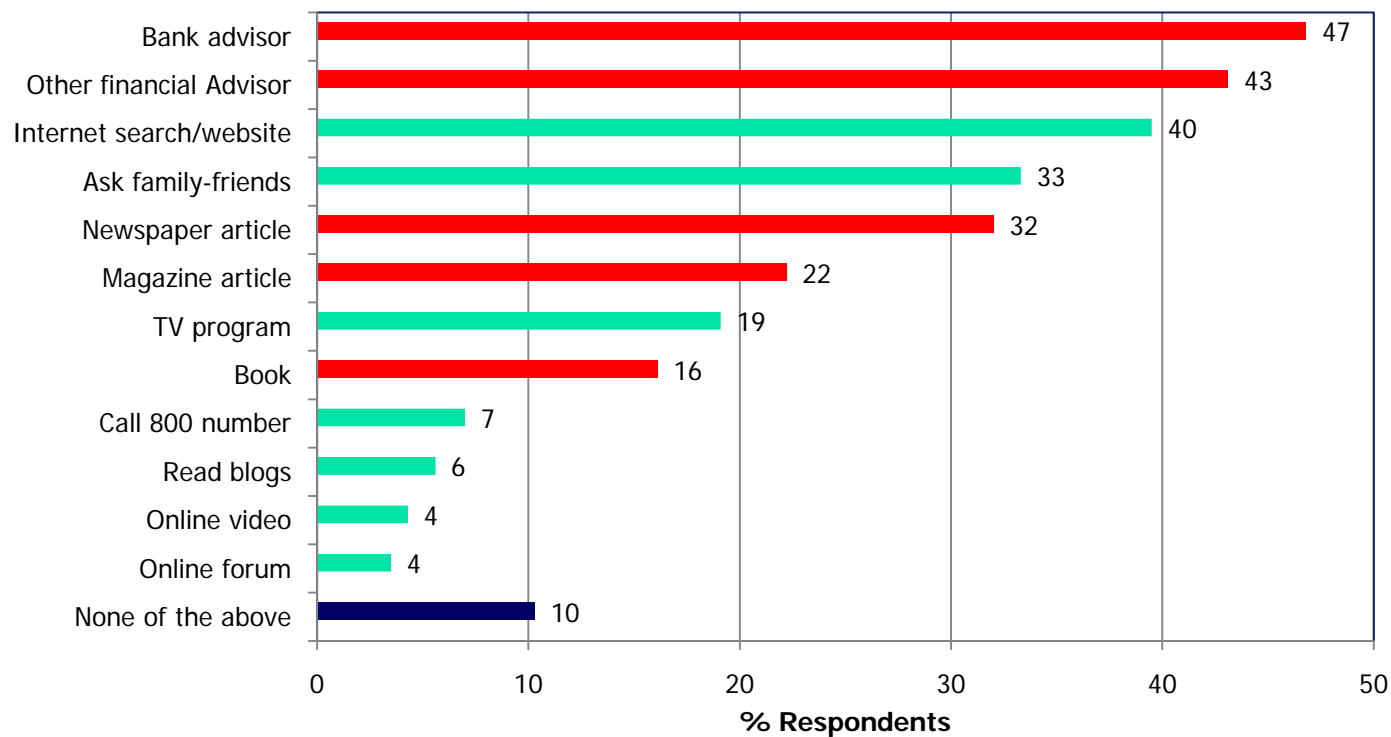
Learn from the Experts

Age 35 and Over



Expert Sources are Trusted

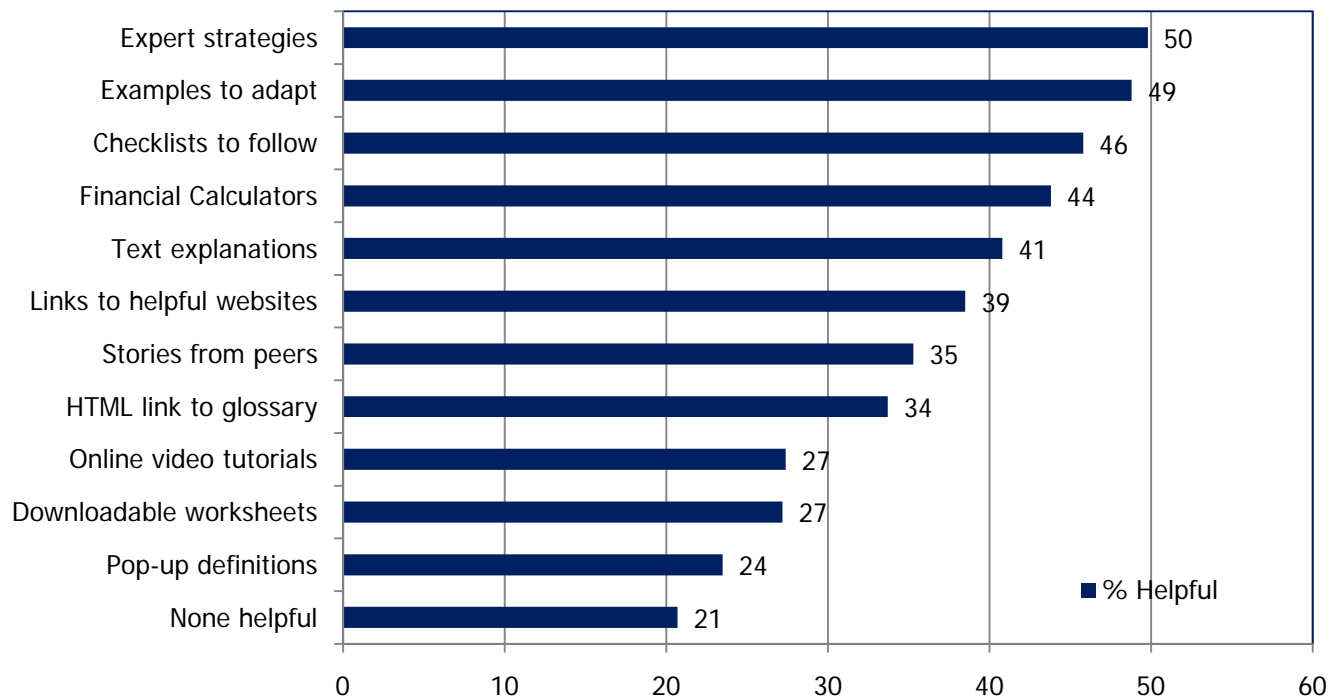
Sources Used for Financial Matters





Experts Lead Online Tools Too

Age 35+: Helpful Online Tools





Retirement Ain't What It Used to Be

- 'Financial security' overtakes 'financial freedom'
- How to spend your time is the 'heart' of retirement
 - "What I like best about retirement is that I get to decide what to do with my time" (74%)
- 40% say "I don't think they will ever retire"
- 60% say "Working... is an important part of who I am"
 - Professionals continue to work – 57% of those with post graduate degrees continue to work after retirement age (source: StatCan Time Use Survey, Analysis: The Brondesbury Group)



Psychographic Segments



Age 20-34

- Control: Focus on control of their finances (36%)
- Risk-Taking: Willing to take more risks with their money (~1/3)
- Fear of Debt: Concerned with managing their debt load and repayment (43%)
- Comfort: People who are comfortable with their current handling of financial matters (49%). Low comfort (16%) are more motivated to act.



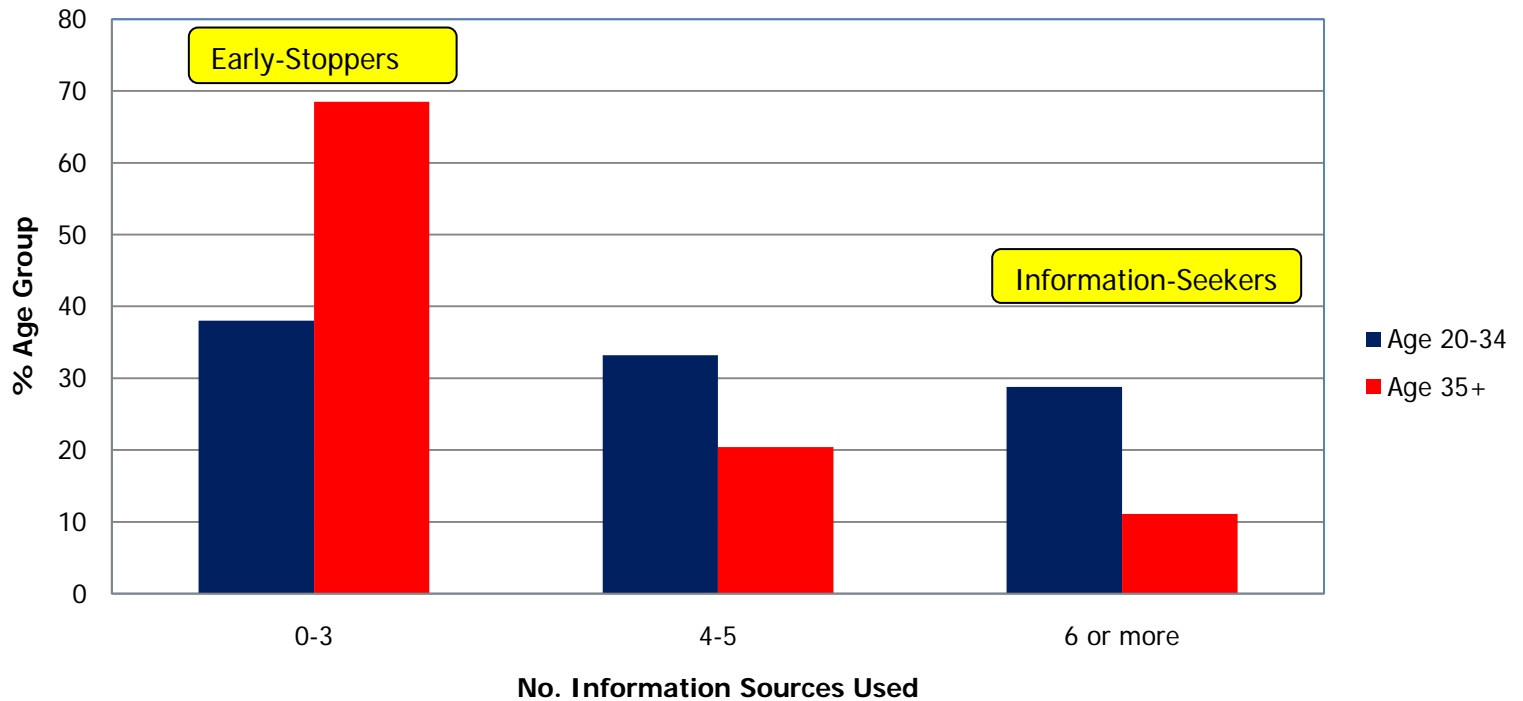
Age 35 and Over

- **Control**: Focus on control of their finances (45%)
- **Risk-Taking**: Willing to take more risks with their money (~1/4) *[Men outnumber women by 3:2]*
- **Concern**: People concerned about having enough income for retirement (36%)



Search Segments

Number of Information Sources Used by Age





A Simplified Summary



Four Typical Quotes

On retirement issues I consulted friends and relatives, professionals in banking and financial planning, and media sources such as BNN, the Globe and Mail, which I read every day. (Age 35+)

I would generally read up about it online from a couple different reputable websites. Also I would talk to friends who have gone through the process. There is a sense of comfort when you hear it from someone you trust. (Age 20-34)

The most useful thing I found online was just comparing interest rates and by going to other discussion forums and reading what other people had done and the specifics why. Often there would be someone who was more "expert" to explain the various pros and cons of the mortgage options (Age 20-34)

When starting investing, I was looking at having \$1.5MM when I retire, but now 20 years from retirement, I can't see that happening, and with what's happened in the market – it's a sliding scale. Sometimes I see the future, and used to think I would be really comfortable, now I think, I should be secure. (Age 35+)



Simplified Conclusions

- Under-35's are skeptics. They are more peer-oriented seeking out the views of like-minded people both online and off. They trust the motives of peers over advisors. They compare a wider range of sources and infer 'the truth' by finding the common ground among different sources. They don't stop looking until they have found that common ground.
- Over-35 trust experts. They talk to advisors and read articles by experts in newspapers, magazines and books. Even though everyone we interviewed uses the internet, it is not a primary vehicle for information-seeking. Once they find "an answer" they can live with, they generally stop looking for information.



The hardest thing for anyone to find is a source of information they can truly trust.

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For Further Information

www.getsmarteraboutmoney.ca

For report overviews, go to:

<http://www.getsmarteraboutmoney.ca/Investor-research/Our-research/Documents/A-study-on-what-Canadian-Investors-age-20-34-want-to-know-about-personal-finance.pdf> **and**

<http://www.getsmarteraboutmoney.ca/Investor-research/Our-research/Documents/A-study-on-what-Canadian-Investors-age-35-and-over-want-to-know-about-personal-finance.pdf> **and**

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