

# How Can Advisors Better Communicate With Clients?

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**YCHARTS**

DECEMBER 2019

# Executive Summary

For some time, there have been rumblings of a renaissance in the wealth management industry.

Fee compression (and now zero-commission trading), the rise of model portfolios, and the impending Great Wealth Transfer are individually, and in combination, transforming the world in which financial advisors live and operate.

As advisors rack their brains for ways to differentiate themselves and relate to a new generation of clients, one old-fashioned technique may be the answer: **be a better communicator**.

This survey and its findings signal that the days of client communications being limited to quarterly statements are numbered.

More than 650 individuals, all of whom currently employ the services of a financial advisor or wealth manager, were asked questions regarding their advisors' communication styles and how they'd prefer to be communicated with.

The results led us to three insights:

## 1 Your clients do not feel engaged

The majority of survey respondents, and nearly half of high-AUM respondents, say they hear from their advisor infrequently, and more than a quarter feel that their advisor contacts them "very infrequently"

## 2 Your clients want personalized communications

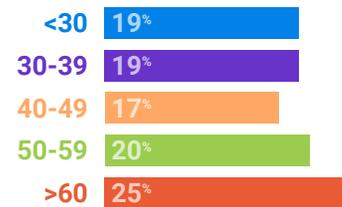
Ranging from advisors' perspectives on the market to portfolio-specific updates, when clients hear from their advisors, they want content that is hyper-relevant to them

## 3 Your success can be directly impacted by your communications strategy

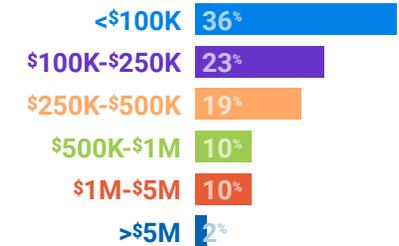
Clients resoundingly answered that the frequency and style of their advisors' communication directly impacts their confidence in a financial plan, their likelihood of retaining an advisor, and their willingness to refer their advisor to family and friends

# 650+ Respondents

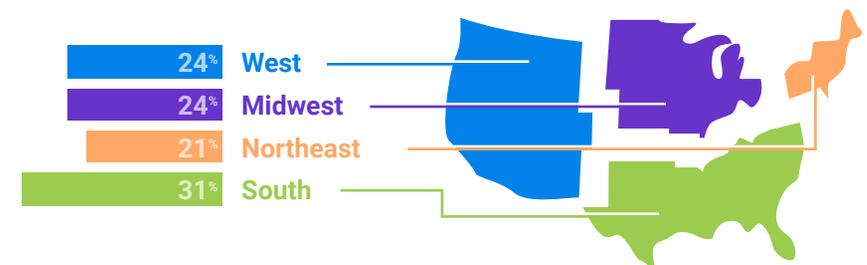
## Age



## Assets Managed



## Geographical Region

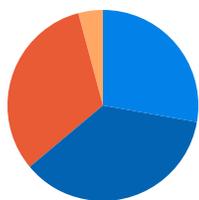


# Your clients do not feel engaged

In the age of Twitter, smartphones, and live streams, any question can be answered easily and nearly in real-time. For better or worse, this reality has raised the standard of service that we all expect from the people and businesses with which we interact.

For financial advisors, that means the old model of client engagement — an annual face-to-face meeting and quarterly reports — is quickly becoming unsatisfactory and insufficient. When asked about how often their advisor contacts them, nearly two-thirds of all respondents said that they hear from their advisor infrequently. Additionally, more than 1 in 4 clients said their advisor contacts them “very infrequently.”

## My advisor contacts me...



**28% Very infrequently**  
**36% Infrequently**  
**32% Frequently**  
**4% Very frequently**

The idea that clients are under-engaged becomes more significant when considering assets under management (AUM). **Nearly half of clients with \$500,000 or more in AUM, those likely of high importance to the average advisor, responded that they**

are contacted “infrequently” or “very infrequently.” Advisors, think about a few of your high-value clients. When did you last reach out in a meaningful way?

## My financial advisor currently contacts me regarding my financial plan and my progress towards my financial goals...

### Less than \$500,000 AUM

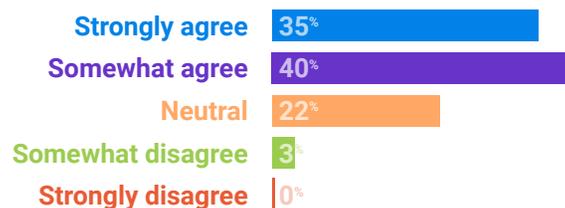


### More than \$500,000 AUM



Respondents were also asked about the importance they place on proactive communication. Three quarters agree that they value their advisor’s ability to anticipate their questions and contact them in advance. Of note, more than a third of respondents said they “strongly agree” that proactive communication is important.

## It’s important for my financial advisor to anticipate questions I might have and reach out proactively...

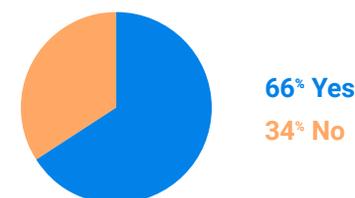


So what’s the value of more frequent and proactive communication? Can an additional meeting, call, or email really move the needle? Of respondents who said that their advisor contacts them infrequently, two-thirds said more frequent contact would give them more confidence in the financial plan that their advisor built for them.

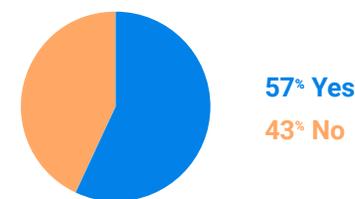
The trade-off — spending more time communicating with clients in exchange for those clients’ confidence — sounds like a good one; however, we’ll later explore more tangible reasons for advisors to consider a new commitment to engaging with clients.

## Would more frequent and personalized communication give you more confidence in your financial plan?

### Respondents who are infrequently contacted



### Respondents who are frequently contacted

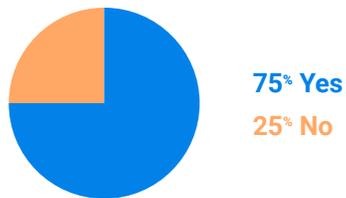


# Your clients want personalized communications

When you do reach out to clients, how do you do it? Are you calling to solicit referrals? Or commenting on their LinkedIn posts? When you engage with your clients, through which channel, and with what information should you do so?

Results show that clients want advisors to communicate with them in a more personalized way. For example, **75% of clients** indicated that they want their advisor to send updates that are personalized to them. Specifically, clients expressed interest in news articles, statistics, or visuals relevant to their portfolios.

**Would you like your advisor to send you interesting statistics, visuals, and/or articles relevant to your portfolio holdings?**



## Respondents Under 50



## Respondents Over 50



Have you adjusted your communication strategy to be effective with a younger generation of clients? How are you preparing for this “Great Wealth Transfer”? In regards to this transition in the wealth management industry, acknowledgement does not equal adaptation.

When bifurcating clients into two groups, those younger than 50 and those 50 or older, we found that **four out of five clients** in the younger group showed a strong desire to receive personalized information. Of note, though, still nearly two in three clients over 50 feel the same way.



When asked through which communication channels they would like their advisors to send personalized updates, nearly 80% of clients included email among their desired channels. In a distant second was text message, with the traditional face-to-face meeting and newsletter close behind.

Clients also expressed a desire to receive their advisor's perspectives on the market and economy and tips for saving and planning. As we anticipated, email is still the preferred channel for sending these updates.

**Only 2% of survey respondents indicated they are not interested in hearing about their advisors' perspectives.**

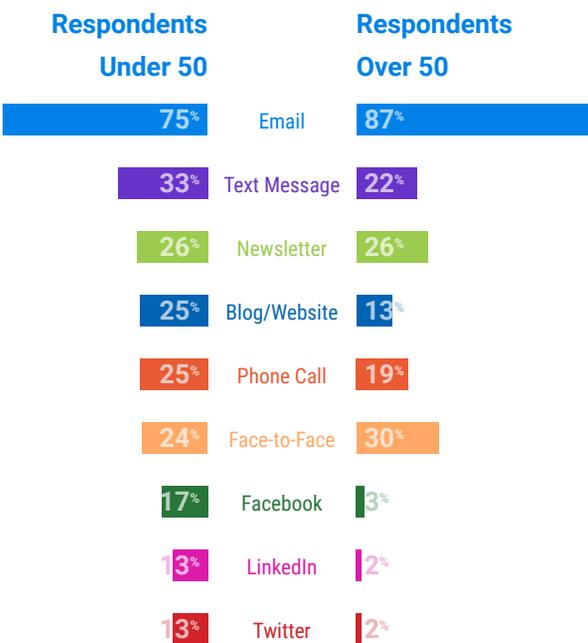
Advisors should be aware of several emerging communication channels that are popular with younger clients, namely text messaging and social media. While less common among clients fifty years and older, younger respondents appear more willing to communicate with their advisors via these non-traditional methods.

More than a third of respondents under fifty said they would like to receive their advisor's perspectives on the economy and articles or visuals relevant to their portfolios via text, and Facebook and LinkedIn were the two most commonly selected social media channels.

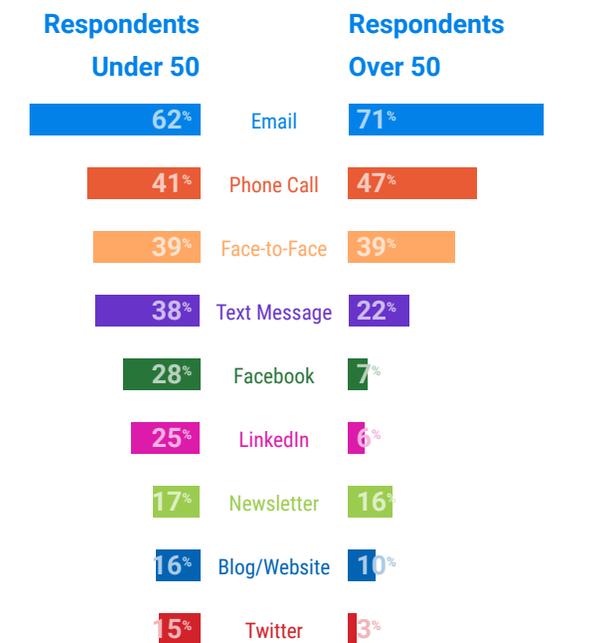
Clients value your experience in financial planning and your expertise in investing. After all, this is why they hired you as an advisor! Are you sharing your wealth of knowledge with clients, and proving to prospects that you possess it? Are you communicating with your clients on their preferred channels to create the best possible experience?

# Through which channels would you like your advisor to send you...

## Interesting statistics, visuals, and/or articles relevant to your portfolio holdings?



## Perspectives on the market and economy, saving and planning tips, or other financial "how to's"?



Figures shown represent the percentage of all respondents who selected a given communication channel as a preferred means to receive different information types.

# Your success can be directly impacted by your communications strategy

While clients' desires to hear from their advisors should certainly be taken seriously, you might reasonably ask if client communications can really impact your bottom line. Is there a return on this investment?

We surveyed clients on whether their advisor's communication style and frequency affected their confidence in their financial plan, the likelihood they retain their advisor, and their willingness to refer their advisor's services to family and friends. The results were nothing short of consistent.

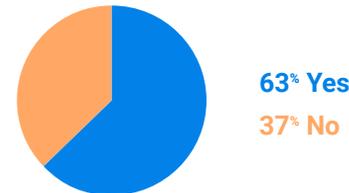
**Three out of five clients** said that more frequent and/or more personalized contact with their advisor would give them more confidence in their financial plan.

This feeling is particularly strong among respondents under 50, of which nearly four in five answered in the affirmative. For older respondents, almost half said the same.

You can imagine how both groups might be lacking confidence in their financial plans. For younger clients, retirement is too far ahead to picture with much certainty; for older clients, the threshold is drawing nearer, and they may not like what they see on the other side. Increased engagement during critical life

junctures (such as right before retirement, or when committing to a new plan) could have a considerable positive impact.

**Would more frequent and/or more personalized contact with your advisor result in you having more confidence in your financial plan?**



## Respondents Under 50



## Respondents Over 50



With regards to AUM, nearly half of clients with \$500,000 or more under their advisor's care felt that frequent and personalized contact would give them more confidence in their plan.

**Would more frequent and/or more personalized contact with your advisor result in you having more confidence in your financial plan?**

## Less than \$500,000 AUM



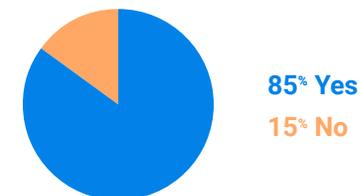
## More than \$500,000 AUM



When asked if communication style would be considered when deciding to retain their advisor, 85% of clients answered a resounding "yes". That number was slightly higher, nearly 9 out of 10, for clients with \$500,000 or more in assets under management. It's clear that advisors' retention rate can be affected by their frequency and style of communicating with clients.

As of this survey, the US economy is experiencing a historic ten-year-plus bull market and most investors' portfolios have likely benefitted. If clients are already evaluating their advisor's communications in the currently favorable environment, how much more important will communications become in the absence of the "rising tide that lifts all boats"?

**Would you consider your advisors frequency and style of communication when deciding to retain his/her services?**



## Less than \$500,000 AUM



## More than \$500,000 AUM



The trend holds with client referrals as well. As one of the most important asset gathering tools in your arsenal, referrals are vital for growth. **Nearly 9 out of 10 respondents** said they would consider communication style and frequency when referring their advisor to family and friends. This sentiment was consistent across all clients, regardless of AUM.

Are your largest clients fully aware of the value you provide, and are they willing to vouch for your services? Additional touch points with high-value clients can keep you top-of-mind and may lead to more high-value referrals.



### Would you consider your advisor's frequency and style of communication if you recommend his/her services to a family member or friend?



Finally, respondents were asked to rank the factors most important to them when selecting a financial advisor.

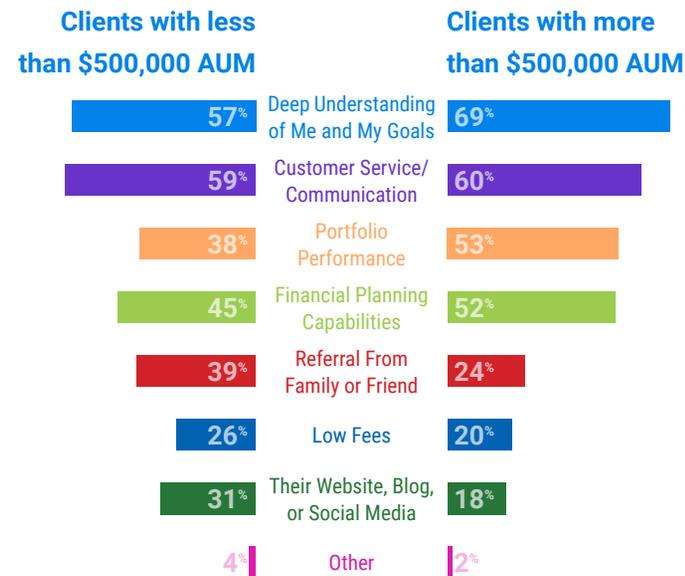
#### The three highest-ranked factors were:

- 1 Deep understanding of me and my goals
- 2 Customer service/communication
- 3 Portfolio performance

These results are consistent with our earlier discussed findings, and highlight the emphasis that clients place on quality service. Specifically, "a deep understanding of me and my goals" stands out as a uniquely important factor. How well do you truly understand what your clients want?

Advisors know that fact-finding to understand their clients' goals and priorities is integral to developing a sound financial plan, and clients seem to recognize the same. By acknowledging client goals, building a plan that addresses them, and communicating in a way that demonstrates your understanding, advisors can maximize the value they add to clients' lives, and do so with a premier level of service.

# Respondents' most important factors when selecting a financial advisor



Figures shown represent the percentage of all respondents who included a given factor in their top three most important factors.

# So what's next?

Financial advisors' clients told us three things about the state of advisor-client communications:

- **Your clients do not feel engaged**
- **Your clients want personalized communications**
- **Your clients' confidence and their likelihood to retain or refer you is directly impacted by your communications strategy**

So how can advisors take action? Overhauling your firm's communication strategy doesn't have to be a major undertaking. For advisors wanting to communicate better with clients, the following actionable recommendations can set you and your firm on a positive trajectory.

## **1 Commit to a cadence**

Just like dieting, a new communications strategy takes consistency. One day of clean eating won't redefine your health, and similarly, one quarter of improved communications would not yield a lasting impact.

To follow through on contacting clients more frequently, advisors can hold themselves accountable by defining and sticking to their desired cadence. For example, a target cadence

might consist of a bi-weekly blog post, quarterly client newsletter, and sending a personalized email to several high-value clients each month.

## **2 Create new touch points and opportunities**

The status quo of advisor-client communication indicates that clients aren't regularly engaged by their advisor. That's a problem. . . and an opportunity.

This engagement gap should be seen as a chance for advisors to differentiate themselves. By creating new touch points and staying top-of-mind with clients, advisors can easily provide a superior level of service and stand out from their peers. Every time you contact a client is an opportunity to show them your value. Clients' increasing appetite for use of channels like text messaging and social media also creates new avenues for advisors to explore and find a channel-mix that works best for their clientele.

## **3 Serve some clients champagne, others sparkling water**

It would be time-consuming to send a personal note to every client over any period of time; however, personalized service becomes more attainable with the "champagne or sparkling water" analogy. Hear us out:

Your most important clients, such as those with the most AUM or most referrals, deserve the highest level of service — serve them champagne (give them a lot of personalized communication!) to show how much you value your relationship with them.

Other clients, while not unimportant, do not warrant as much personalized, one-off contact, but would still enjoy and appreciate a free sparkling water. This strategy aligns your effort and time spent on communications with the value of each client you communicate with.

## **4 Hone in on understanding your clients and their goals**

Clients surveyed said that being understood, and having their goals understood, is the most important factor when selecting a financial advisor. It sounds like one of the fundamental requirements of being a good advisor. . . because it is!

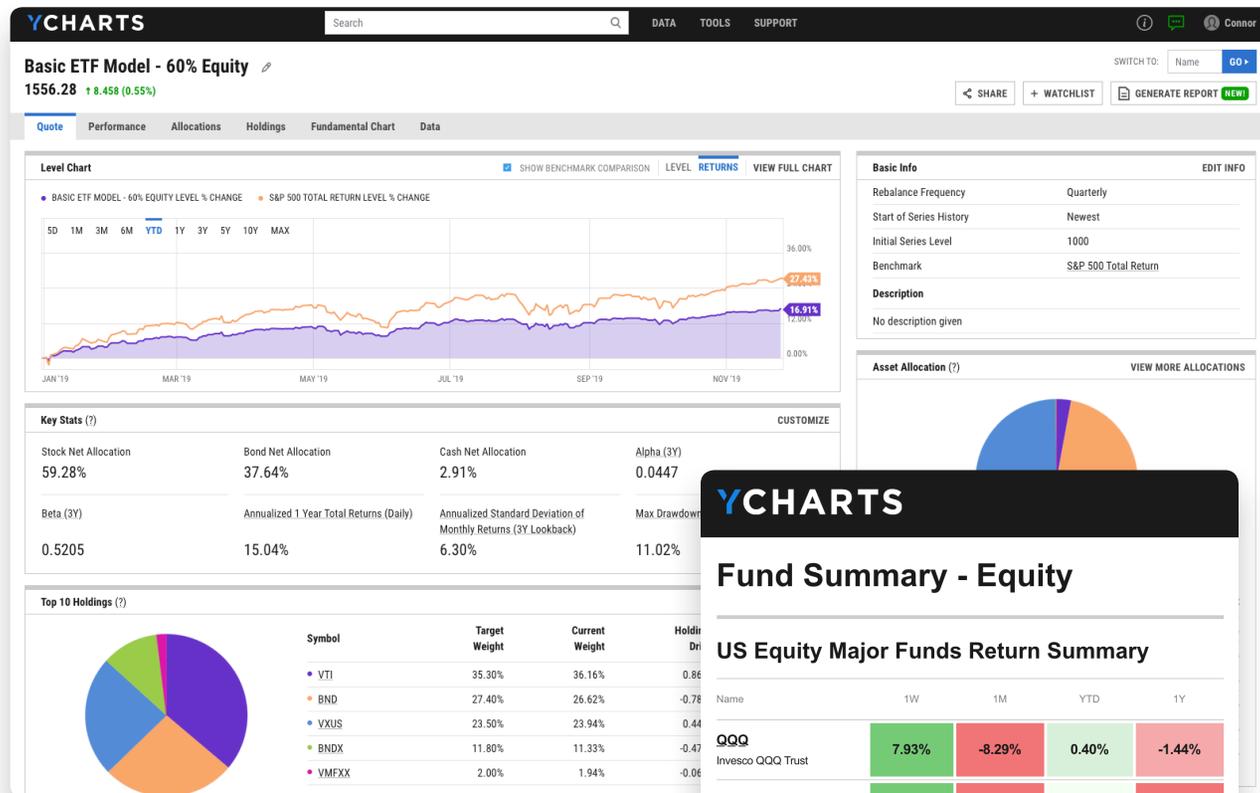
The better you can understand your clients' goals and their means to achieve those goals, the better equipped you will be to guide them along their plan to financial success and security. If advisors acutely focus on connecting with their clients, they can then explain how they support their clients' goals, and ultimately provide a better client experience.

# Financial Advisor Communications Framework

YCharts developed the following Client Communications Framework to serve as a resource when advisors develop or revisit their communications strategies. The framework takes a process-oriented approach to communications and classifies client engagement into four types. [How prepared is your practice to handle communications in each quadrant?](#)

	Scheduled	Ad Hoc
Broadcast	<p><b>BROADCAST / SCHEDULED</b></p> <p>Communication occurs at scheduled intervals and is distributed to many, or all clients and prospects.</p> <p><b>Examples:</b> quarterly market perspectives, industry thought leadership, and/or marketing-cadenced brand amplification</p>	<p><b>BROADCAST / AD HOC</b></p> <p>Communication is instigated by firm or market events and is sent to all firm stakeholders</p> <p><b>Examples:</b> your firm's response to recent market events, changes in firm personnel, and sharing interesting, topical information</p>
Personalized	<p><b>PERSONALIZED / SCHEDULED</b></p> <p>Communication is a 1-to-1 or 1-to-few effort and may be employed for key accounts and prospects</p> <p><b>Examples:</b> monthly portfolio updates for high-value clients and research related to concentrated positions</p>	<p><b>PERSONALIZED / AD HOC</b></p> <p>Communication is sent to one or a few individuals, often during important periods in the advisor-client or advisor-prospect relationship</p> <p><b>Examples:</b> prospect proposals and responses to client inquiries</p>

# Expand Relationships and Win New Business with Communication-Enabling Tools from YCharts



**YCHARTS**

YCharts is dedicated to understanding and improving the ways advisors communicate with clients and prospects. Our data and tools provide advisors with a solution to better develop and communicate insights, share with their peers, clients and/or prospects, and continue to help advisors demonstrate their value. Learn more about how YCharts enables more meaningful advisor-client interactions.

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**Fund Summary - Equity**

**US Equity Major Funds Return Summary**

Name	1W	1M	YTD	1Y
<b>QQQ</b> Invesco QQQ Trust	7.93%	-8.29%	0.40%	-1.44%
<b>SPY</b> SPDR® S&P 500 ETF	6.76%	-8.70%	0.10%	-5.14%
<b>VIG</b> Vanguard Dividend Appreciation ETF	5.69%	-9.32%	-0.64%	-3.05%
<b>VO</b> Vanguard Mid-Cap ETF	6.03%	-10.06%	-0.30%	-10.09%
<b>VB</b> Vanguard Small-Cap ETF	6.42%	-11.17%	-0.08%	-10.12%
<b>VTI</b> Vanguard Total Stock Market ETF	6.71%	-9.09%	0.08%	-5.80%