Research Report

The Advisable Australian

A new way to think about Australian investors

Volume 1

netwealth

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*Ratings based on Investment Trends May 2020 Planner Technology Report and December 2019 Platform Benchmarking Report.

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Introduction: A new way to think about Australian investors

When we started thinking about this report, we wanted to better understand those that receive financial advice today and identify people who were not receiving advice but should or at least could receive it.

We believed that by understanding the "Advisable Australians" better we could help financial advice firms understand them better too, and ultimate give advisers the insights and the confidence to unlock new opportunities and grow their businesses.

In defining The Advisable Australian we made a few assumptions. The first was that they were over 30 years old – which we felt is an age sufficient for a person or household to have needs that could be met by professional financial advice. The second is that neither income and assets nor life-stage alone were enough to say any particular individual has advice "potential."

Through this lens, we worked closely with our partners CoreData and developed a more sophisticated way to understand Australian investors who receive or should access advice.

Whilst income, age and life-stage are important, factors such as an individual's propensity to use service providers in general, their clarity on financial goals and what an adviser can do to help, along with their price-sensitivity to advice, are just as important to consider.

We developed a concept of Advice Propensity which is a measure of the likelihood of an individual (aged over 30) to use or seek financial advice.

We found that there were at least two million (2.1m) individuals who don't use advice but are 'likely' to seek advice, of which almost seven in 10 (68.0%) are likely to want advice in the next three years, and two in five (841,600) are likely to want it in the next year.

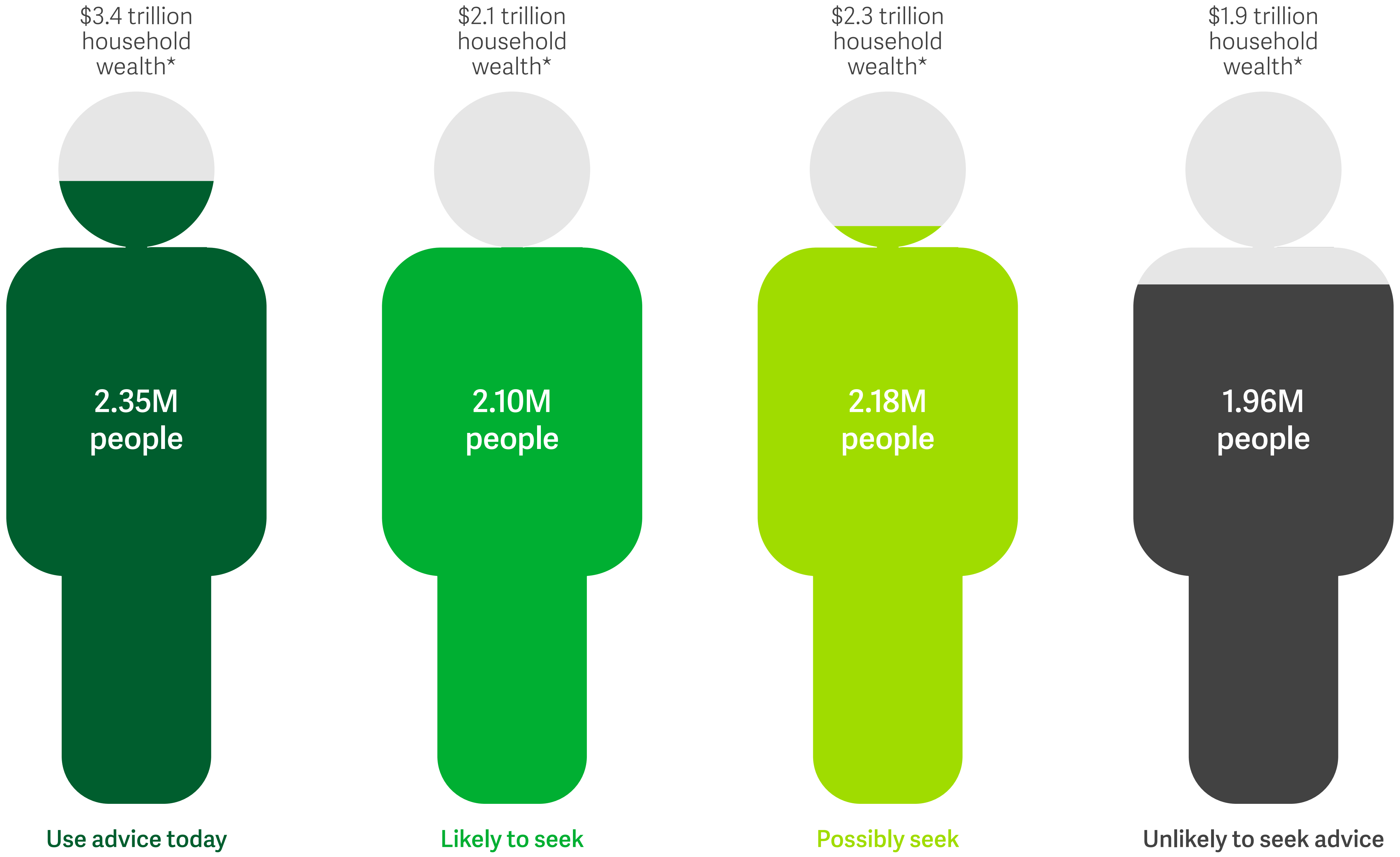
This group of individuals is also attractive in that they control, in aggregate, $2.1 trillion of household wealth and have $369 billion of debt.

We also identified another group, those who will 'possibly' seek advice in the future. These people are longer-term prospects, but still represent a material opportunity and worthwhile understanding better. There are at least two million (2.18m) of these individuals too, with $2.3 trillion of household wealth and $361.2 billion of debt.

The challenge with both these groups, as we investigate later in the report is to develop an appropriate marketing plan to attract and convert them into clients. The aim of this report is to provide some guidelines and insights to assist advice businesses on this journey.

There are 2+ million Australians who use financial advice today and 4+ million who would possibly or likely to seek advice in the future

Measuring the likelihood to use or seek advice



*Household wealth is made up of total household investment portfolio, total household superannuation plus the value of residential property. **ABS population statistics (2019) and survey responses were used to calculate populations.

Introduction

We discovered something important. Wealth is not just a measure of an individual's income and assets, it is a whole lot more than that.

When looking at what wealth means for The Advisable Australian we looked at it through multiple dimensions that encompass their Financial Capability, Financial Resilience and Financial Wellbeing.

By using this broader definition of wealth and then considering their relationship with technology and their brand attitudes, we were able to develop a far more holistic picture of what The Advisable Australian looks like, and how they behave.

The Advisable Australian can be defined by the following six dimensions.

1. **Financial Capability:** Financial awareness, knowledge, confidence, ability to take control and access financial-related services.
2. **Financial Resilience:** Financial preparedness and ability to navigate and withstand threats to financial security.
3. **Financial Wellbeing:** The impact on physical, mental and social health in relation to wealth and finance.
4. **Advice Propensity:** Openness, amenability and the lack of perceived barriers to using financial advice services.
5. **Technology Adoption:** Technology savviness, confidence and the value found in digital services.
6. **Brand affinity:** Brand preferences, attitudes and tendency to stay loyal to one or a few brands, or to use multiple brands.

This report, The Advisable Australian Volume 1 – A new way to think about Australian investors explains these six dimensions in detail, illuminating some of the fundamental human wealth characteristics of Australians – what really drives them to make wealth decisions (or to avoid making decisions), what motivates them to seek financial advice, and the way they prefer to receive advice – both the content of communication and interaction with an adviser, and their preferred mode of communication.

We then provide guidance to help financial advice businesses use the dimensions to better understand individuals, segment their target audience and enhance their advice value proposition as a solid foundation for marketing and client engagement.

A companion report, The Advisable Australian Volume 2 – The fight for the future market: The Emerging Affluent, considers how these dimensions combine in real life to create an addressable market segment – in this case, younger, mostly professional individuals whom we have assessed as having tremendous potential as financial advice clients both now and in future. We recommend reading Volume 2 after gaining an understanding of the six dimensions.

The Advisable Australian Survey which is the basis for these reports was conducted by CoreData and in field from September 28 to October 10 2020 and received 1,012 valid responses consisting of 618 responses from those 'currently advised' by a financial adviser and 235 'never advised' and 159 'previously advised.'

1

Financial Capability

What is Financial Capability and why does it matter?

Financial Capability is a measure of an individual's financial knowledge and their ability to take control of their financial situation.

It is a mixture of education, experience, understanding, self-belief in making wealth choices and the extent to which they have access to third-party support networks, including accountants and financial advisers. Advisable Australians fall into four naturally occurring Financial Capability groups. The majority lie within the medium to high groups, but that's not to say that the very high and low Financial Capability groups are insignificant.

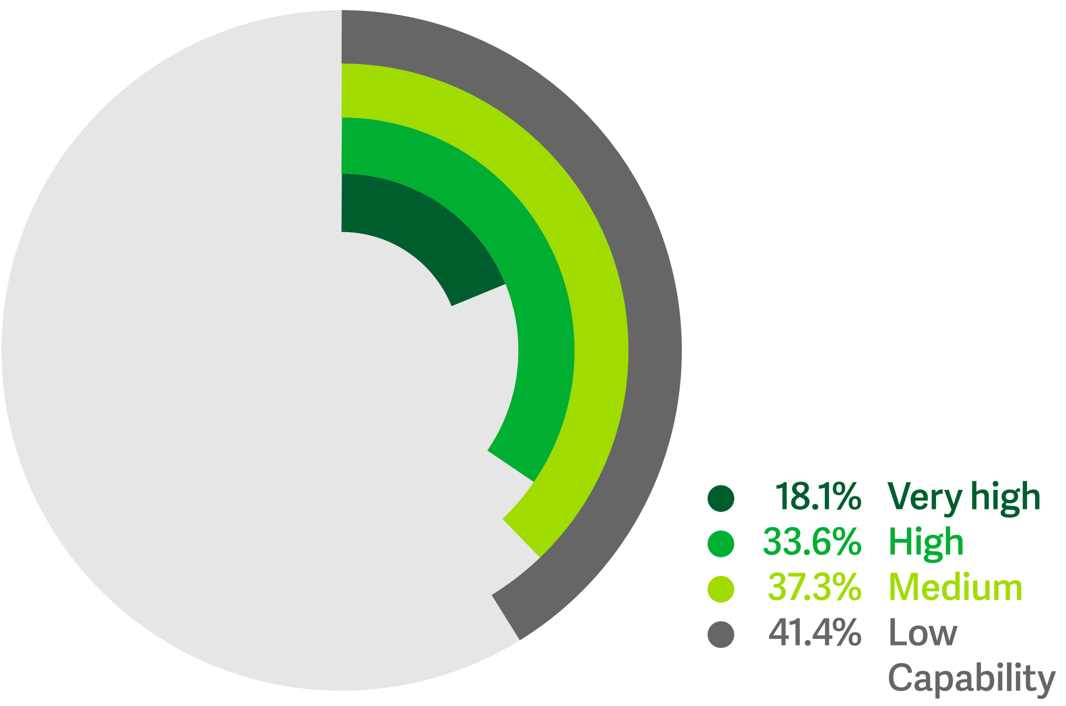
Financial Capability groups by size

Group	Percent	Number of people*
Very high	17.7%	1.52m
High	32.3%	2.77m
Medium	36.3%	2.12m
Low	13.8%	1.18m

*ABS population statistics (2019) and survey responses were used to calculate populations.

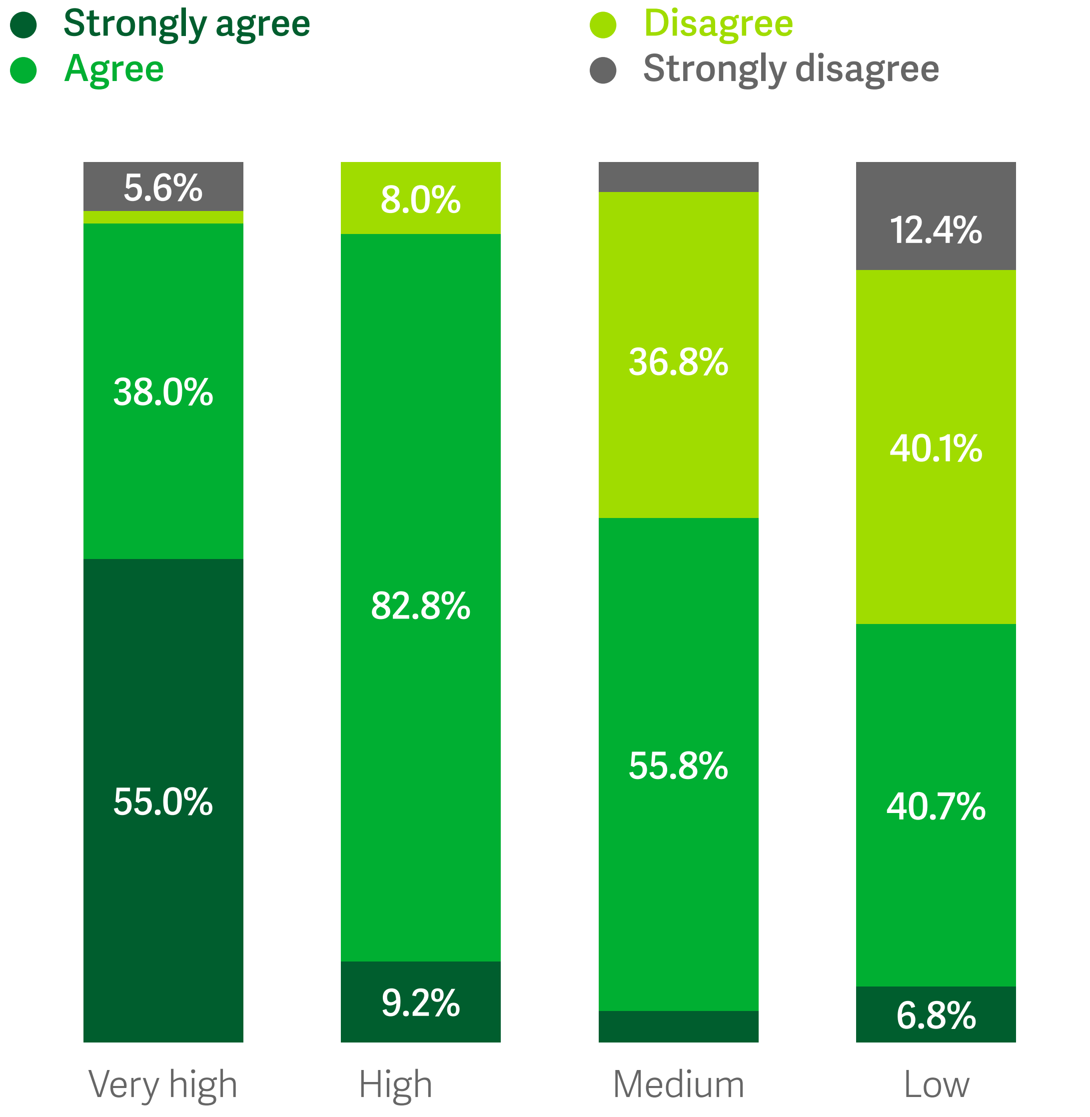
Those with lower Financial Capability worry more about money and wealth

I worry about money at least weekly



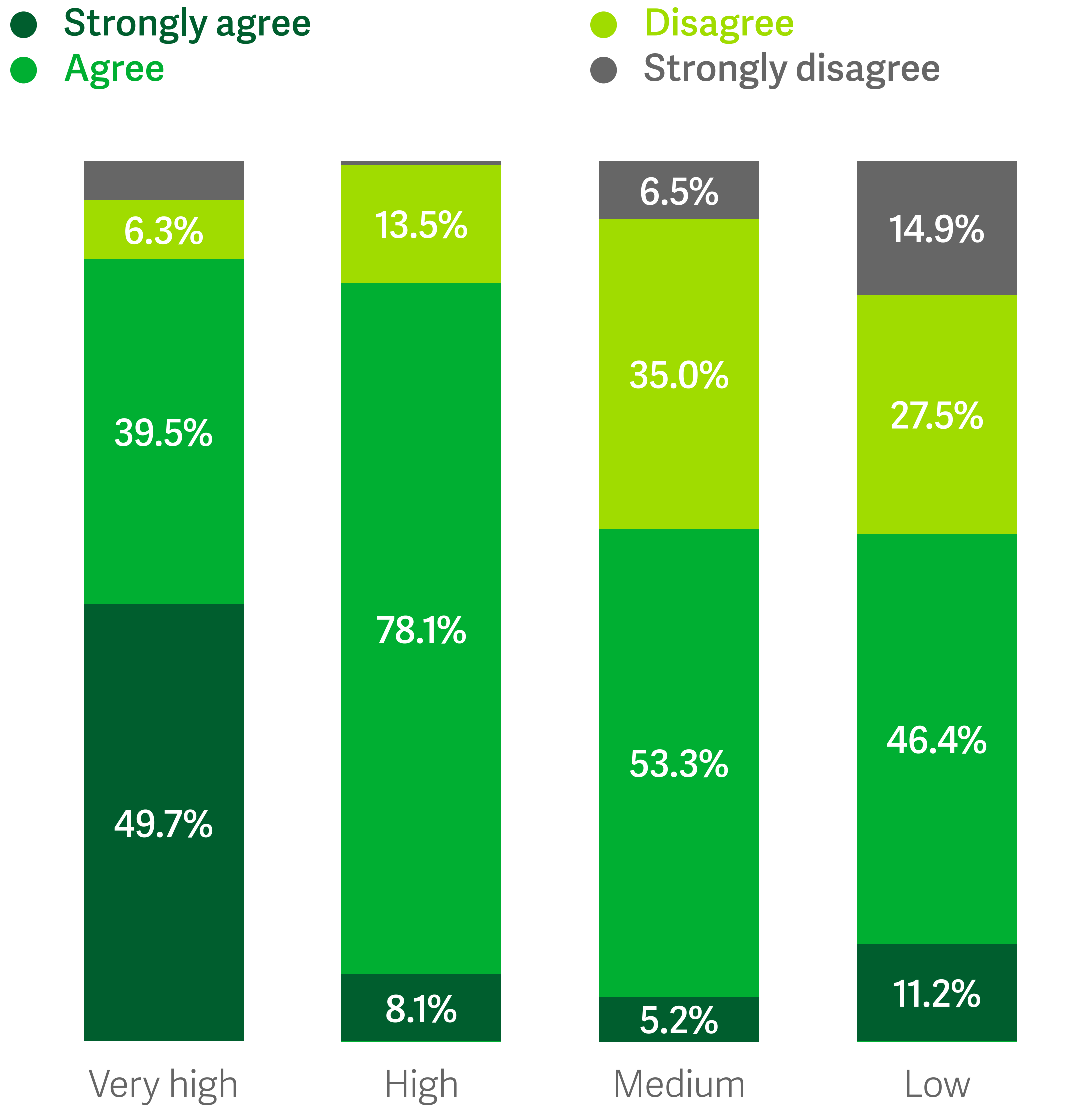
Higher Financial Capability individuals are more confident of achieving their financial goals

I feel confident that I can achieve my financial goals



Those with higher Financial Capability are far more likely to have a financial circumstance that allows them to enjoy life

My finances allow me to do the things I want and enjoy in life



Generally speaking, the higher an Advisable Australians Financial Capability, the more likely they are to take action with their finances, be more confident and engaged with their investment decisions, have greater tolerance for risk and are more comfortable managing their daily finances.

Those with lower Financial Capability will more likely worry about money more frequently. More than one in four (41.4%) of low Financial Capability Advisable Australians will worry about money at least weekly. Whilst those with higher Financial Capability are more confident of achieving their financial goals (55.0% of the Very high group say they strongly agree that they are confident in achieving their goals compared to only 6.8% of the low).

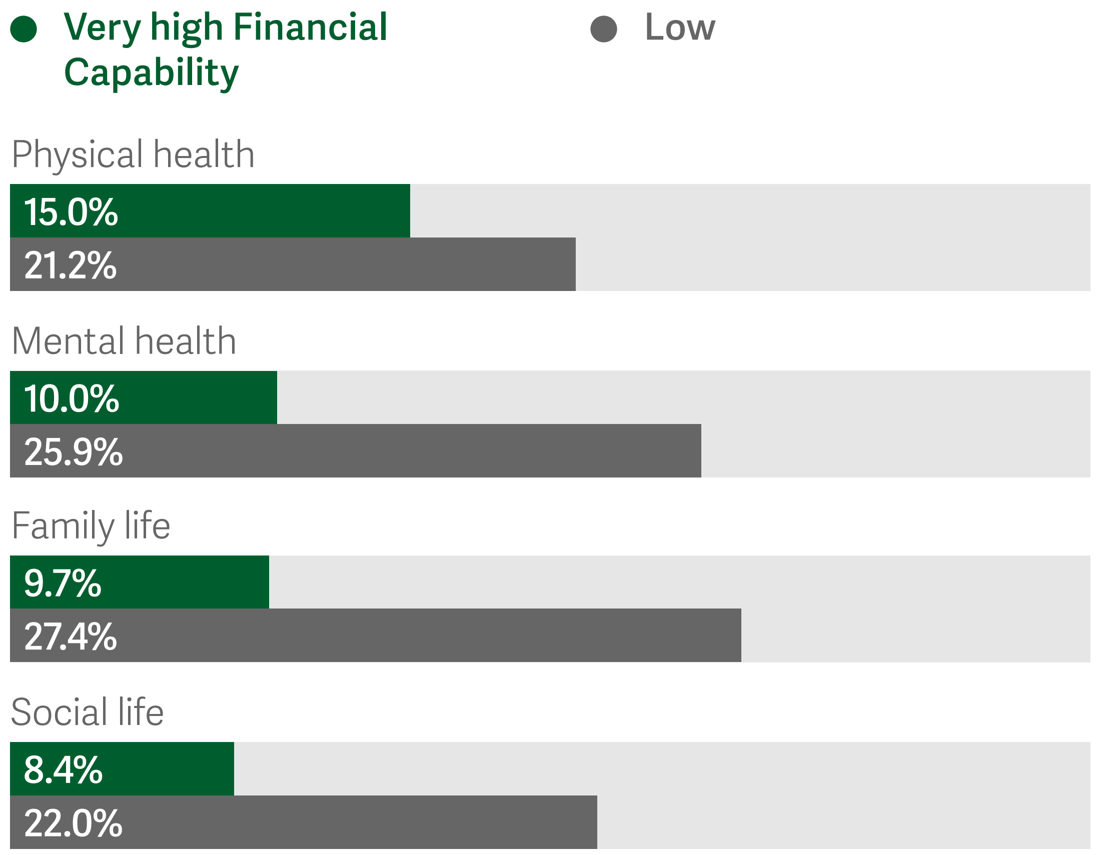
The higher Capability groups are more likely to believe their finances allow them to do the things they want and enjoy their life (49.7% of the Very high compared to 11.2% of the low).

This flows on to their personal wellbeing. The lower The Advisable Australians Financial Capability, the more likely financial issues are to adversely impact their mental health, physical health, family life, social life and work satisfaction.

Low Financial Capability individuals are almost twice as likely to have reported adverse impacts to mental health from financial issues when compared to Very high Financial Capability individuals (58.6% versus 29.8%).

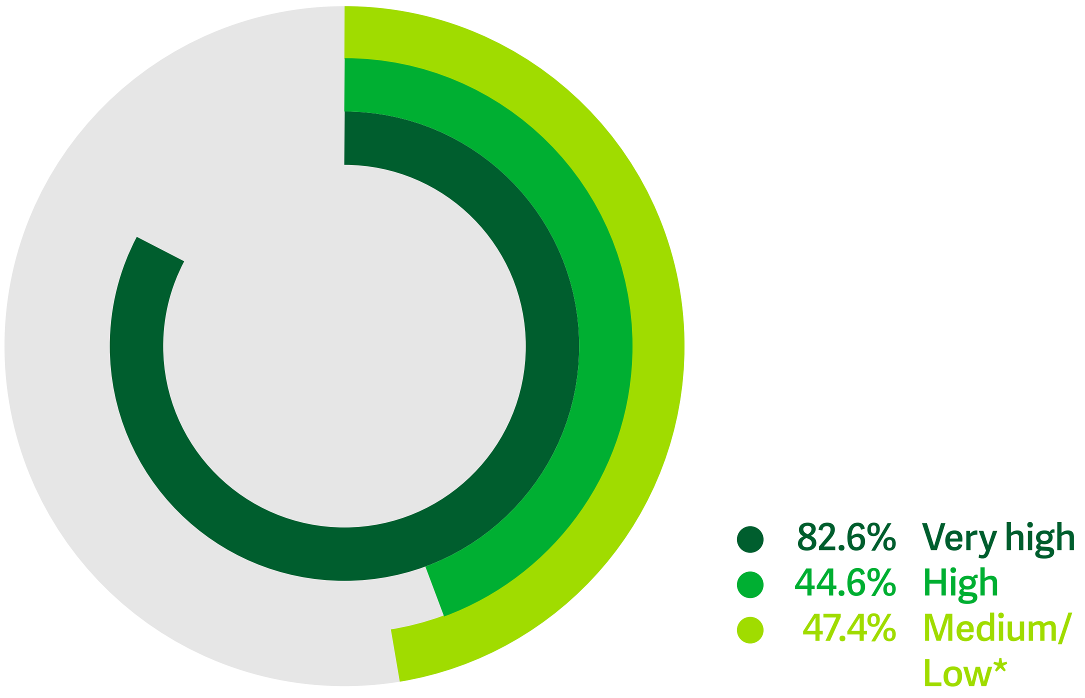
Lower Financial Capability means financial issues are more likely to adversely impact health and family/social interactions

Have financial issues more than once or twice ever adversely affected your...



Greater Financial Capability within a client base leads to higher client satisfaction...

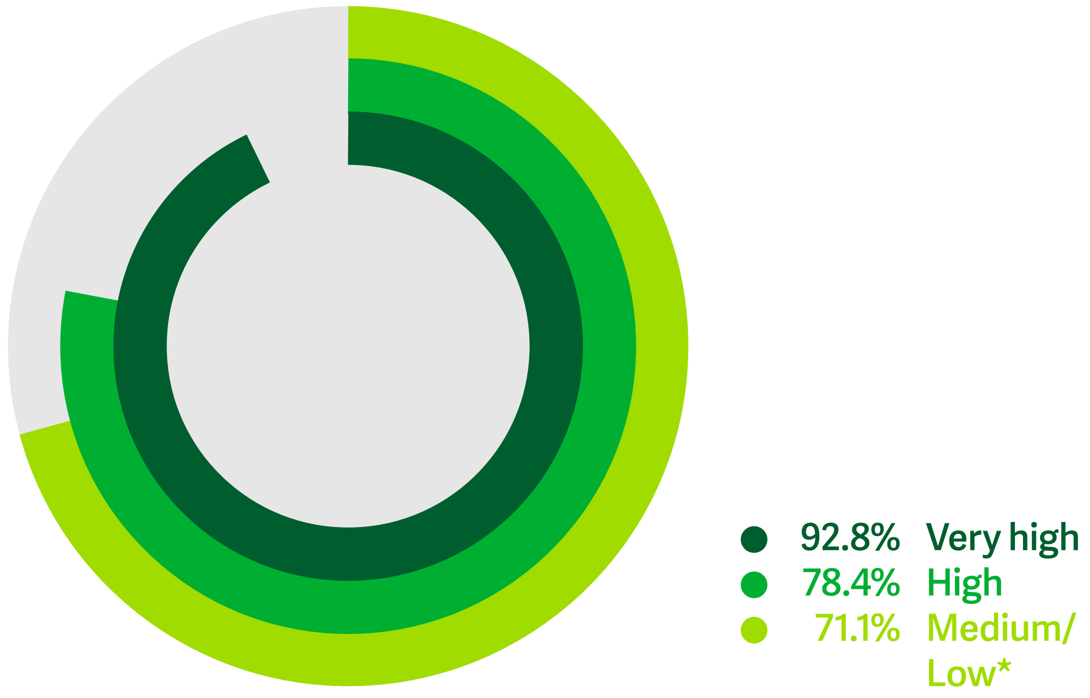
Overall, how would you rate your satisfaction with your financial planner (of those that use one)?



*Medium and low were combined due to small size of the sample in the low group

...and increased advocacy from the client base

How likely are you to recommend your financial planner (of those that use one) to family friends or colleagues?



*Medium and low were combined due to small size of the sample in the low group

In practice what this culminates is individuals being able to enjoy their life more – greater knowledge, higher confidence and engagement leads to more satisfaction with their finances. That satisfaction leads to individuals being able to enjoy and do the things they want in life.

For those that have high Financial Capability and receive advice today, the benefits for advice firms are more than just happy clients. By building greater Financial Capability within your client base you can create more satisfied clients, who will be much more likely to recommend your services to others.

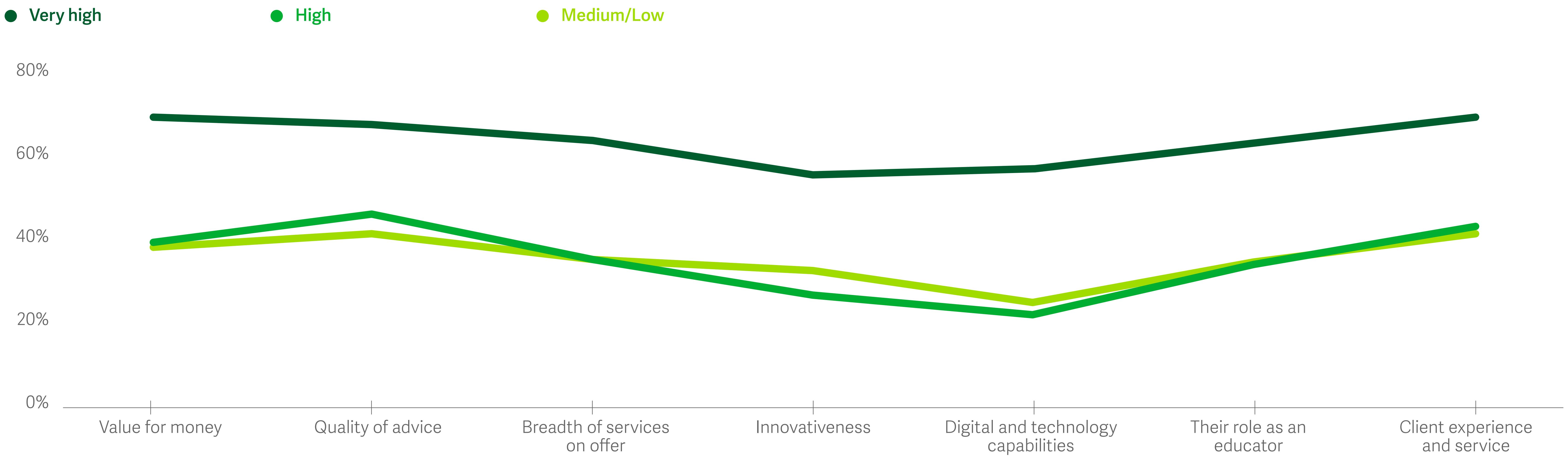
Higher Financial Capability also drives more complex financial needs and expectations, and when these needs are serviced properly it can drive a greater appreciation of the advice received. With this greater appreciation, we see high levels of satisfaction and advocacy.

Those Advisable Australians with Very high Financial Capability who are currently receiving advice are much more likely to be very satisfied with their adviser compared to those with lower Financial Capability (82.6% are very satisfied compared to only 47.4% in the low/medium group). This is not saying those in the lower groups are not satisfied, as they are, but just not to the same extent (42.5% in the low Capability group are 'somewhat satisfied').

This means those with higher Financial Capability are more likely to recommend their financial planner to family friends or colleagues (92.8% are extremely likely to recommend compared to only 71.1% of the low/medium group).

Greater Financial Capability leads to a greater appreciation of the value advisers provide their clients

Of those that use one, I rate my financial planner very good or good (and not poor) in terms of ...?



*Medium and low were combined due to small size of the sample in the low group

Understanding the characteristics of Financial Capability

Financial Capability is not just about financial literacy, although this is critical. It extends to a person's ability to act on their understanding in a meaningful way.

Financial Capability generally improves with increased knowledge of financial concepts (such as asset allocation and risk), an optimistic and focused concentration on the future and with the support of trusted third-party advisers who can impart financial knowledge, wisdom and experience.

Financial Capability can be best explained as:

1. **Financial literacy** – an individual's awareness, understanding or knowledge of financial concepts and the financial options available to them.
2. **Future focus** – a person's motivation and ability to cope and plan for their future.
3. **Financial engagement and support** – a person's engagement with their finances and the network that supports them to take action.

73.3%

of those in the low Financial Capability group do not feel engaged at all in their investments or investing activities, compared to 19.2% of the very high Financial Capability group.

1. Financial literacy in detail

Financial literacy examines The Advisable Australians understanding of financial concepts like risk and return and how they apply that understanding to their investments.

Financial Capability increases as financial literacy increases.

We see that almost all in the Very high Financial Capability group (99.5%) rate their understanding of risk and return of investments as very good or good, while more than half of the low Financial Capability group have a very poor understanding (54.6%).

The same trend occurs in other areas, such as knowing the different types of investments available, the importance of diversification, current investment trends and the fees involved with investing.

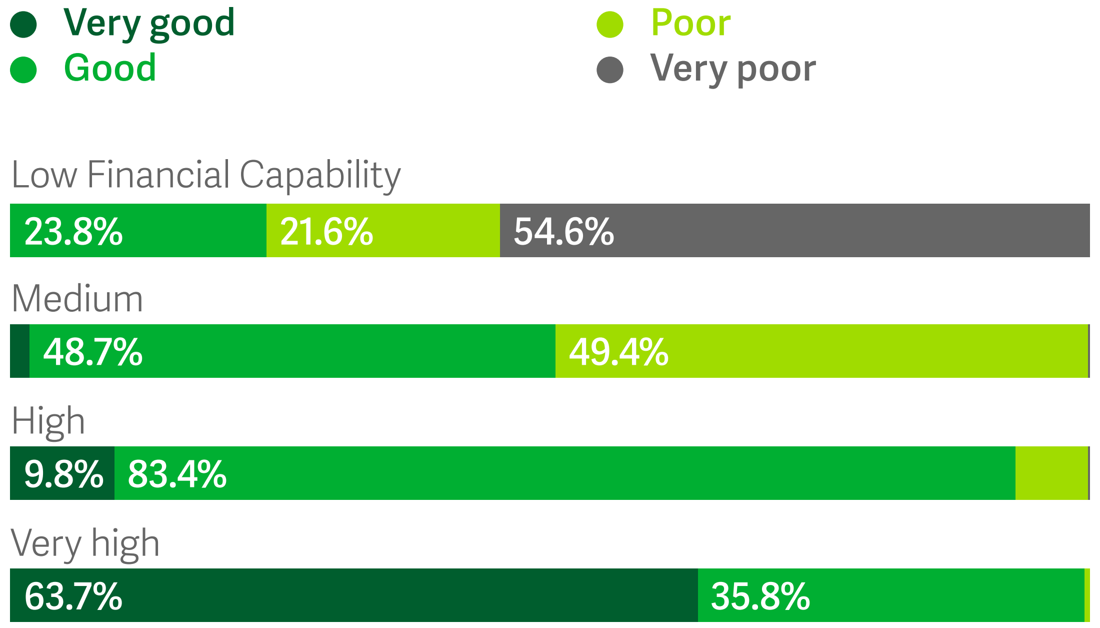
For example, they understand the concepts of asset allocation with almost two thirds (94.9%) of Very high Financial Capability individuals saying they have a very good or good understanding of its importance as opposed to low Financial Capability individuals (90.1%) who have a very poor understanding of this concept.

What is also problematic for the low Financial Capability group is their lack of understanding of the fees involved in investing, including administration, trading, advice and product, with over 8 in 10 (84.7%) of the low Financial Capability group saying they have a very poor understanding of this concept.

In practice, an individual's understanding of these issues equates to an ability to make more informed, rational wealth decisions and can make more optimal decisions about investments and their finances.

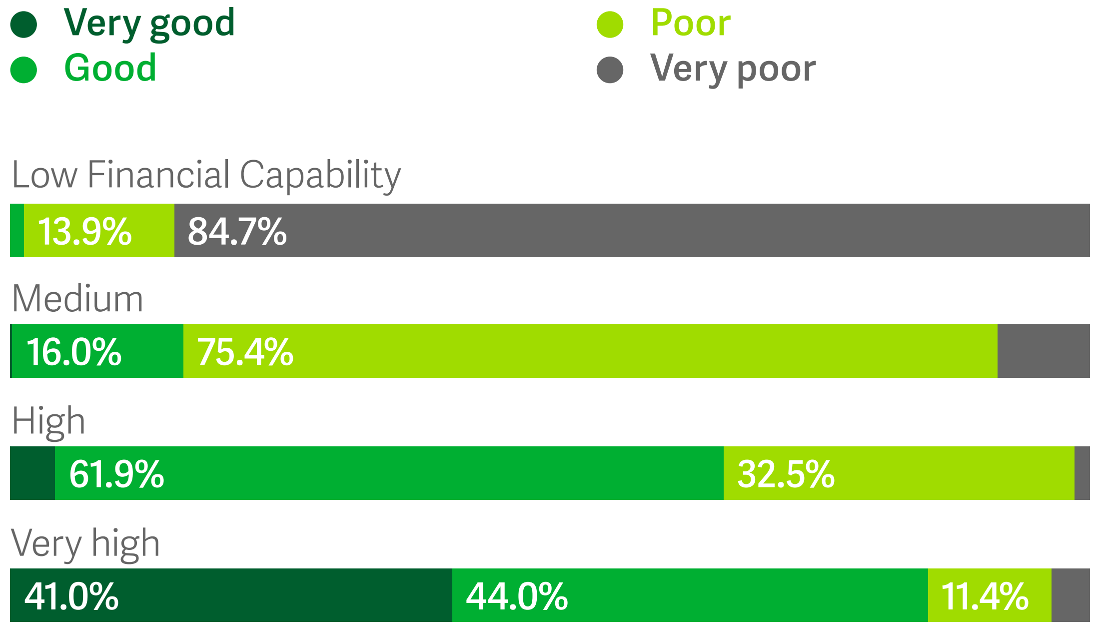
A better understanding of the relationship between risk and return leads to higher Capability

My understanding of the relationship between risk and return is...



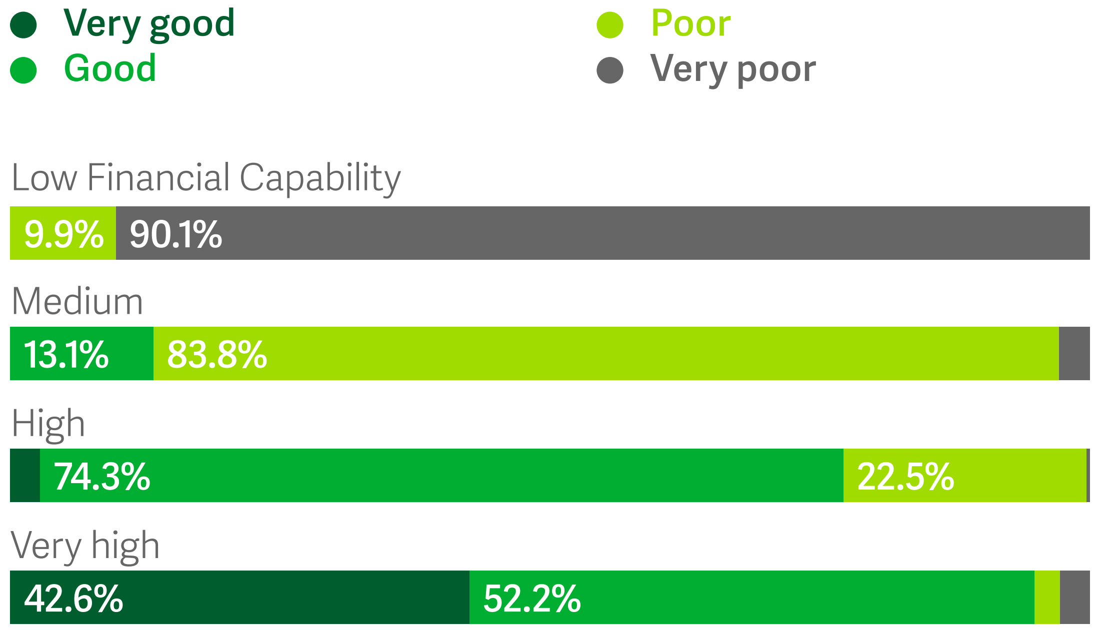
...as does an understanding of the fees involved in investing

My understanding of The fees involved in investing (e.g. administration, trading, advice and product fees) is...



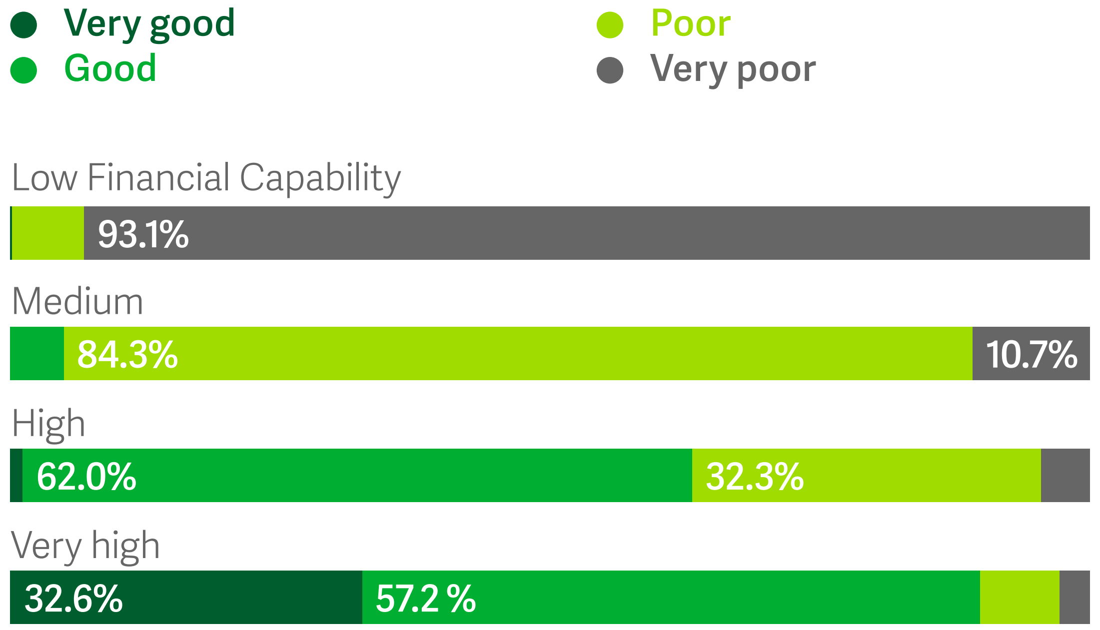
...as does the importance of asset allocation

My understanding of the different approaches and strategies to invest your money (asset allocation) is...



...and clarity on current market themes and trends

My understanding of current investment market themes/ trends is...



A person's future focus is their willingness to be optimistic about the future, their openness to risk and how driven they are by specific goals.

The Financial Capability of the Advisable Australian is linked to how they can cope and plan their future, which may involve some uncertainty.

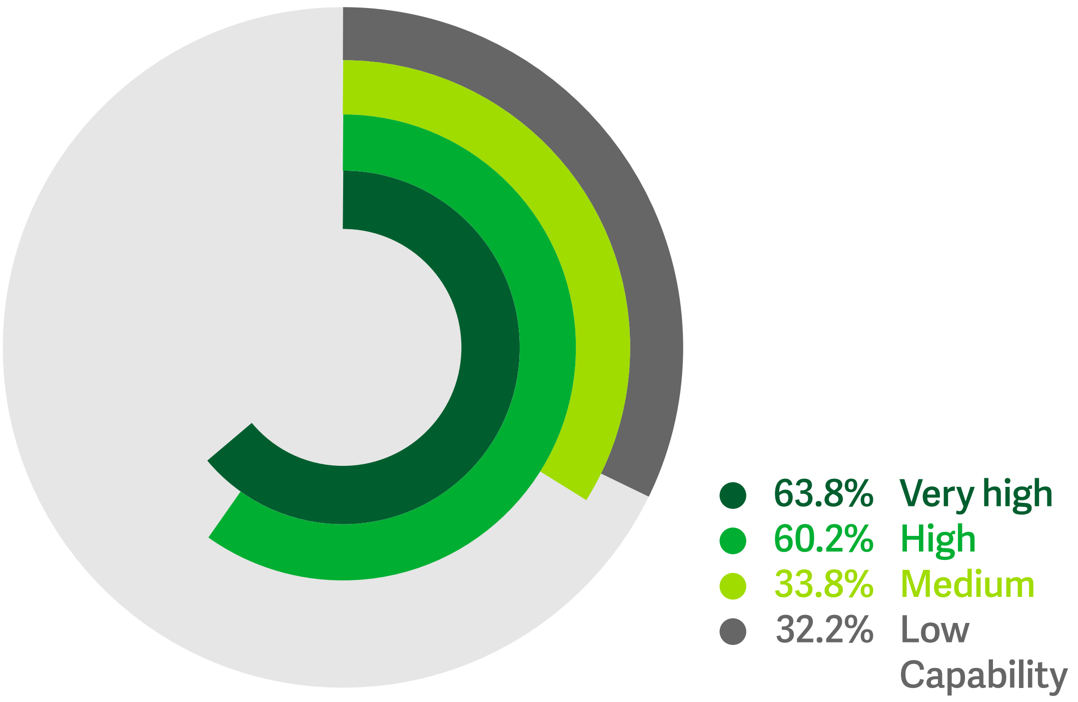
Higher Financial Capability is driven by factors like being more optimistic about the future (65.0% of Very high Financial Capability demonstrate this characteristic compared to only 38.6% of low Financial Capability), which often means they are more likely to plan in advance for the future (64.1% of Very high compared to 49.6% of low).

They are more likely to be a risk-taker in life (56.0% compared to 32.4%) and as such deal with uncertainty better (57.5% prefer to go for the best possible outcome even if it's uncertain compared to 31.2%).

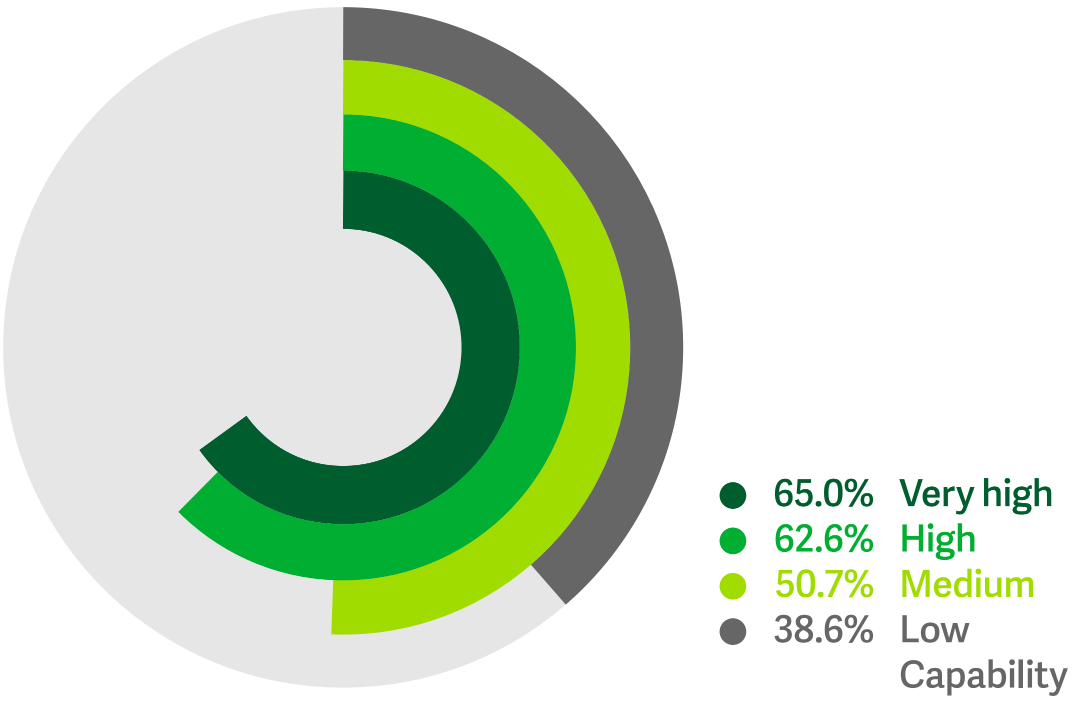
The higher Financial Capable groups are driven by specific goals (63.8% of the Very high compared to 32.2% of the low), and when faced with a challenge they are more likely to deal with it without needing substantial help from others (72.7% compared to 55.8%).

Financial Capability improves as a person plans for the future, sets goals and is comfortable with some uncertainty

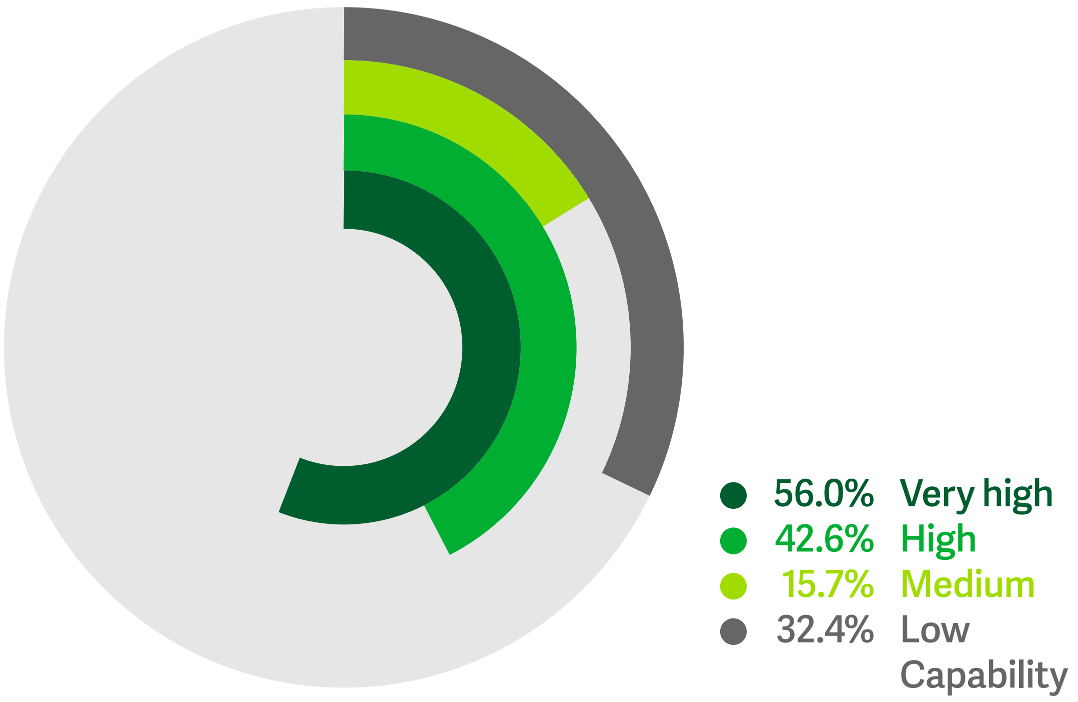
I'm driven by clear specific goals



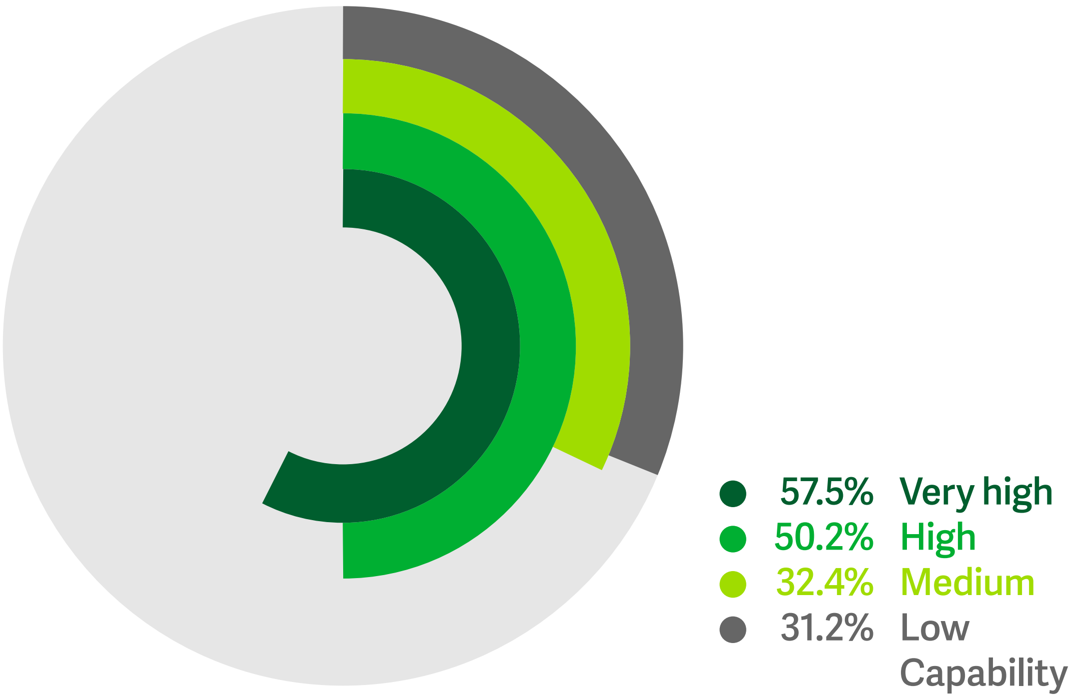
I'm optimistic about the future



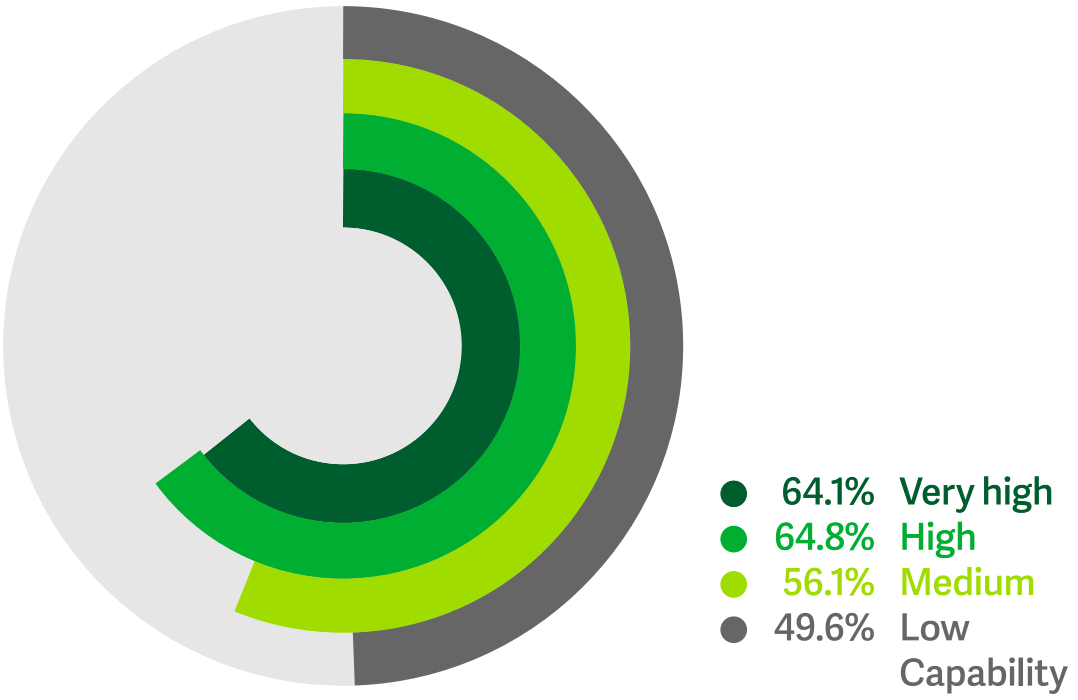
I see myself as a bit of a risk-taker



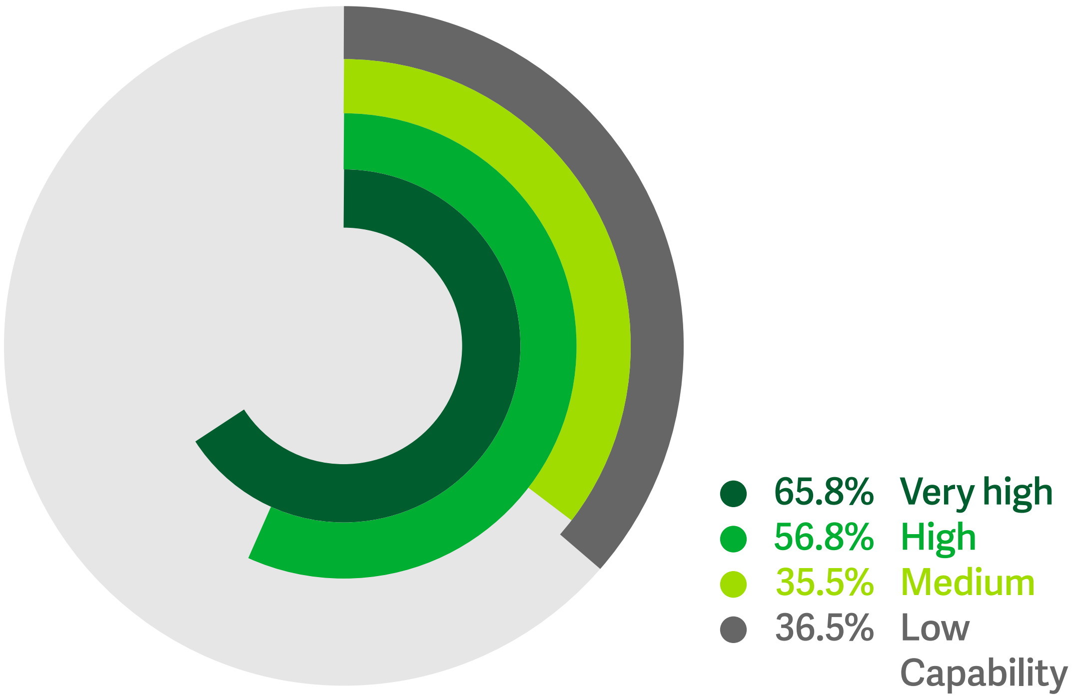
I prefer to go for the best possible outcome even if it's uncertain



I tend to plan for things in advance



I'm focused on the future



1 Financial Capability

3. Financial engagement and support network in detail

Financial engagement examines a person's confidence and support network to take action with their wealth and finances.

Financial Capability increases as The Advisable Australian engages with their investment and finances.

Low engagement is a big indicator of low Financial Capability. Almost three quarters (73.3%) of those in the low Financial Capability group do not feel engaged at all in their investments or investing activities.

Engagement does not always require a person to do it themselves, and the use of trusted advisers, such as financial advisers and accountants can greatly improve an individual's financial engagement.

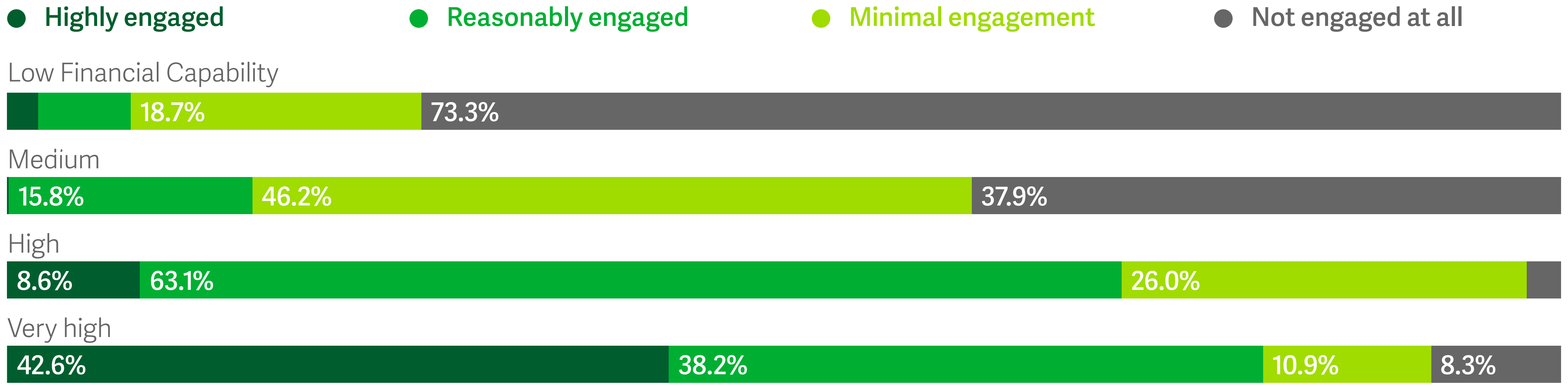
Most likely it is the expertise imparted on the individual through education and demonstration, which improves a person's engagement, financial literacy, future-focus and appetite for goal-setting and risk.

If you consider the Very high Financial Capability group, almost half (46.8%) of them currently receive financial advice, with a further quarter (27.6%) having received it in the past.

Also, the Very high Financial Capability group are more likely than the other groups to use an accountant (41.4% of them), a mortgage broker (20.1%) Private banking services (19.2%), a business adviser (17.3%), a lawyer or solicitor, and a full-service stockbroker (both 14.9%).

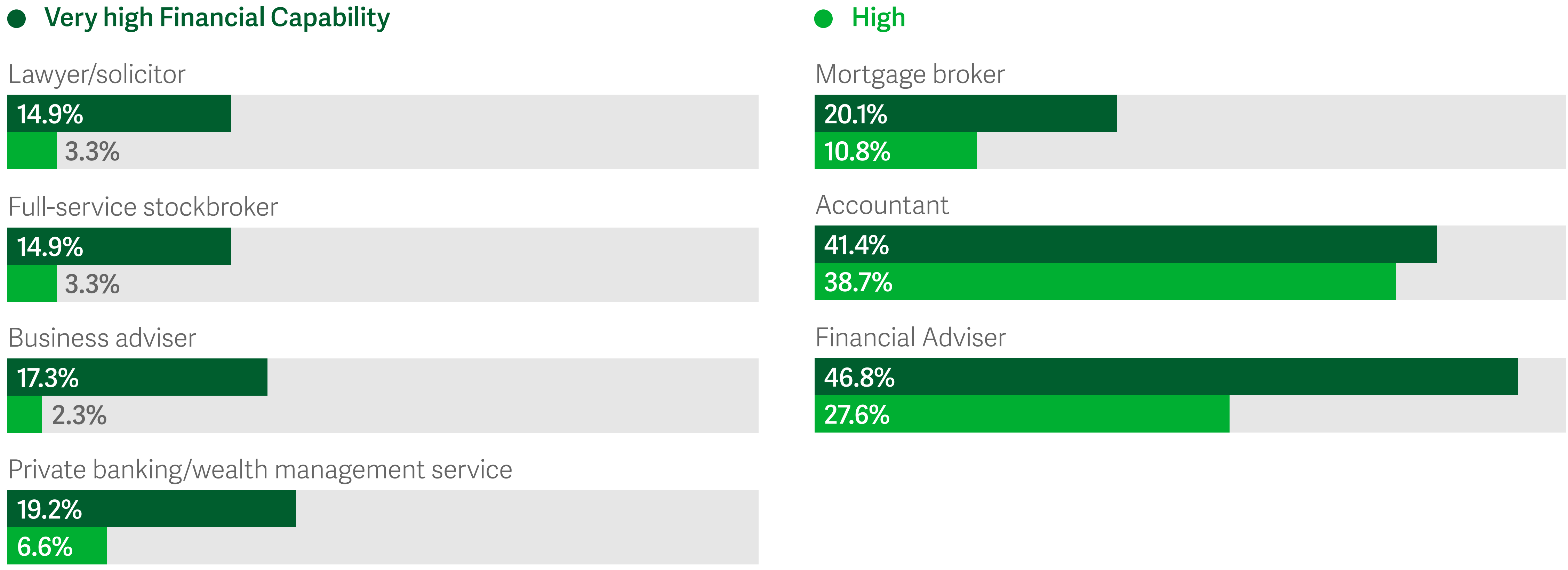
The more a person is engaged in their investments and investing activities the higher their Financial Capability

How engaged do you feel with your investments and investing activities?



With the support of trusted third-party advisers who can impart financial knowledge, wisdom and experience, Financial Capability improves

Use of service providers by Financial Capability group



Shifting individuals from low to Very high Financial Capability

The first step in building an individual's Financial Capability is to address gaps in basic knowledge and to build general resilience and confidence.

Building Financial Capability is about focusing on key concepts and establishing a common language. It is more effective when supported by experiential learning, such as encouraging the individual to carry out an actual financial task. Crucially, these learnings will carry the most weight when beneficiaries acknowledge their skill gap, and actively seek guidance.

Those with lower Financial Capability levels are more likely to want (over 1 in three medium and low Capability people) their financial adviser to be a critical source of information and decision support. These people need more encouragement and education, sometimes even direction. You will know your efforts to build Financial Capability is effective with this group when you see them start to exhibit:

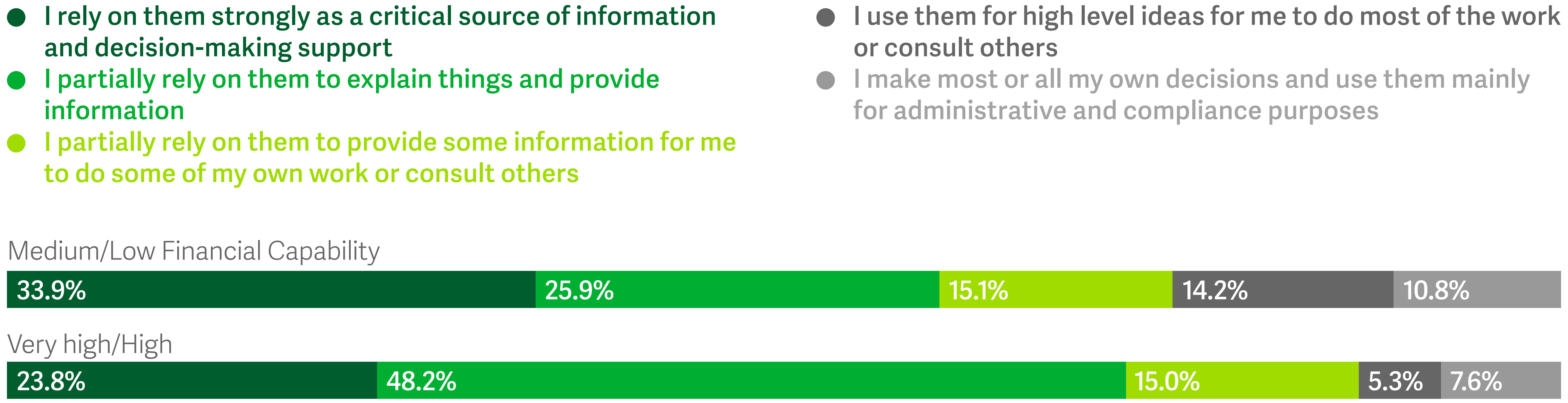
1. Awareness of issues and solutions
2. A sense of being in control by understanding
3. Feeling empowered to act
4. Confidence in making investment and wealth decisions

Those with higher Financial Capability will be more reliant on their personal skills, knowledge and experience, with almost half (48.2%) of Very high and high Financial Capability individuals partially relying on their financial adviser to explain things and provide information.

The higher Financial Capability individuals still need support, but the role of the financial adviser is to act more as a validator or co-creator, rather than educator.

The higher a person's Financial Capability the less reliance they have on financial advisers to do everything for them - with these people, financial advisers must take on more of a validation, coach like approach

Which of the following best describes how you currently rely on your financial planner?



The second step in building Financial Capability is tailoring the complexity of the service offering.

Individuals with higher Financial Capability are more likely than those with lower Financial Capability to prefer a service that has more complex features. Low Financial Capability individuals prefer a simple service offering. In general, higher Financial Capability individuals have a greater focus than lower Financial Capability individuals on actively building their wealth. We see that those with higher capabilities are more likely to have financial goals in the next three years focused on their investment portfolios (35.6% of Very high compared to 12.7% of low), expanding their businesses (22.6% compared to 2.5%), or buying investment properties (23.0% compared to 2.5%).

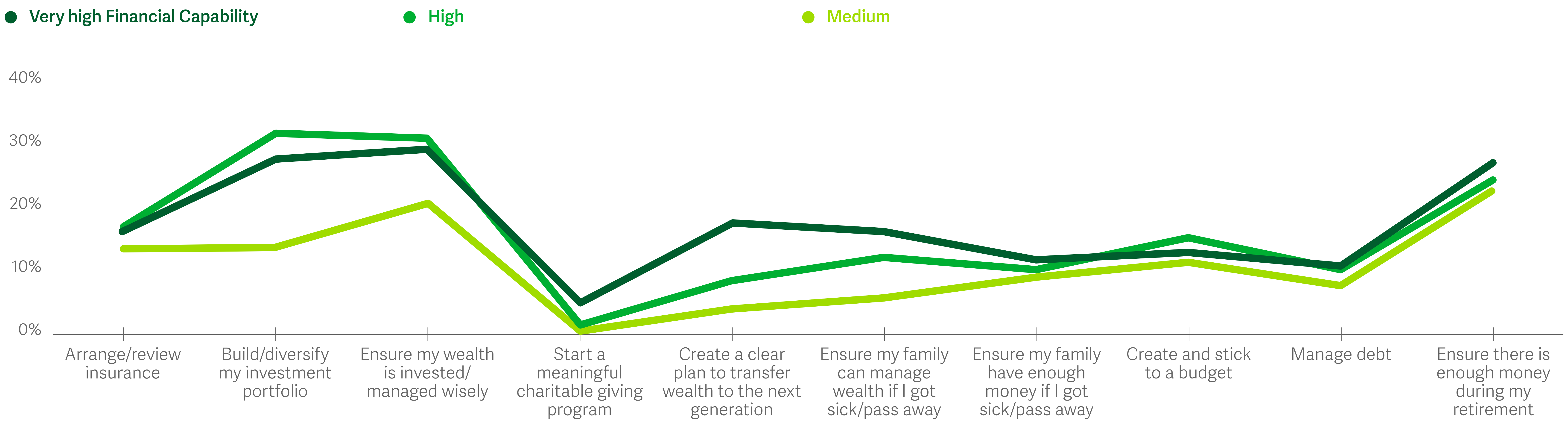
It is also clear that those with higher capabilities rely on a much wider range of services from their financial advice, which extend beyond wealth building, estate planning, self-managed super fund (SMSF) advice and other super-related issues.

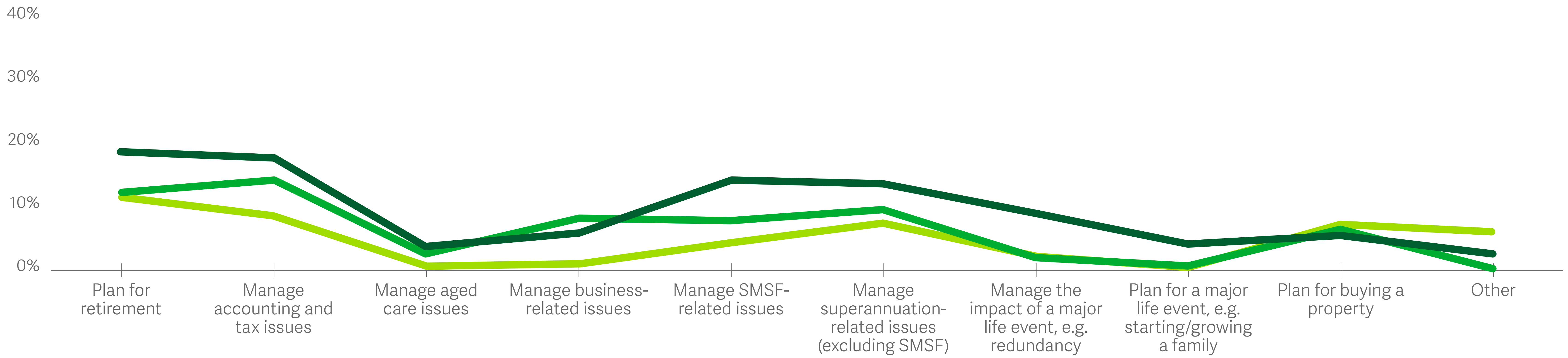
Whilst both low and high Financial Capability groups have similar needs for insurance, the higher Financial Capability groups are more likely to receive services that assist in creating a clear plan to transfer wealth to the next generation (35.1% of Very high have been helped by a financial planner compared to only 7.8% of medium Financial Capability individuals).

Higher groups are also more likely to receive assistance in managing accounting and tax issues (35.8% compared to 17.1%), managing SMSF-related issues (28.6% compared to 9.2%) and managing the impact of major life events (17.9% compared to 4.3%).

The service needs of those with lower Financial Capability is less complex than those with higher Financial Capability

Which of the following areas has your financial planner been helping you with (by those that use a financial adviser)?





*Sample size for advised Low Capability was too small

The complexity of investment needs increases with higher Financial Capability too.

An individual's Financial Capability provides a guide to their likely risk appetite and the kinds of investments they are looking for. Generally, those with higher Financial Capability have a higher risk appetite, and vice versa. In fact, there is a linear relationship between Financial Capability and risk appetite.

Those with Very high Financial Capability are more likely to invest or already invest in more risky investment options. Not only that, but they are also more likely to invest in a more diverse range of investment options – from property to shares and all the way up the risk spectrum to cryptocurrencies.

Around a quarter (26.1%) of individuals with Very high Financial Capability are currently investing or would consider investing in cryptocurrencies versus only 9.3% of individuals with low Financial Capability.

The opportunity for advisers is to expose those with higher Financial Capability to new investment options, which they may not have access to or are not familiar with. Examples of this include Managed accounts, LICs, infrastructure, commercial property and private equity.

For those with lower Financial Capability, it is important to start at the basics, as these individuals are not likely to be investing at all either because of their lack of literacy, their inability to plan and think about the future, their aversion to risk and their inaction.

With higher Financial Capability comes a greater desire to take on more investment risk

How would you best describe your typical attitude towards investments risk

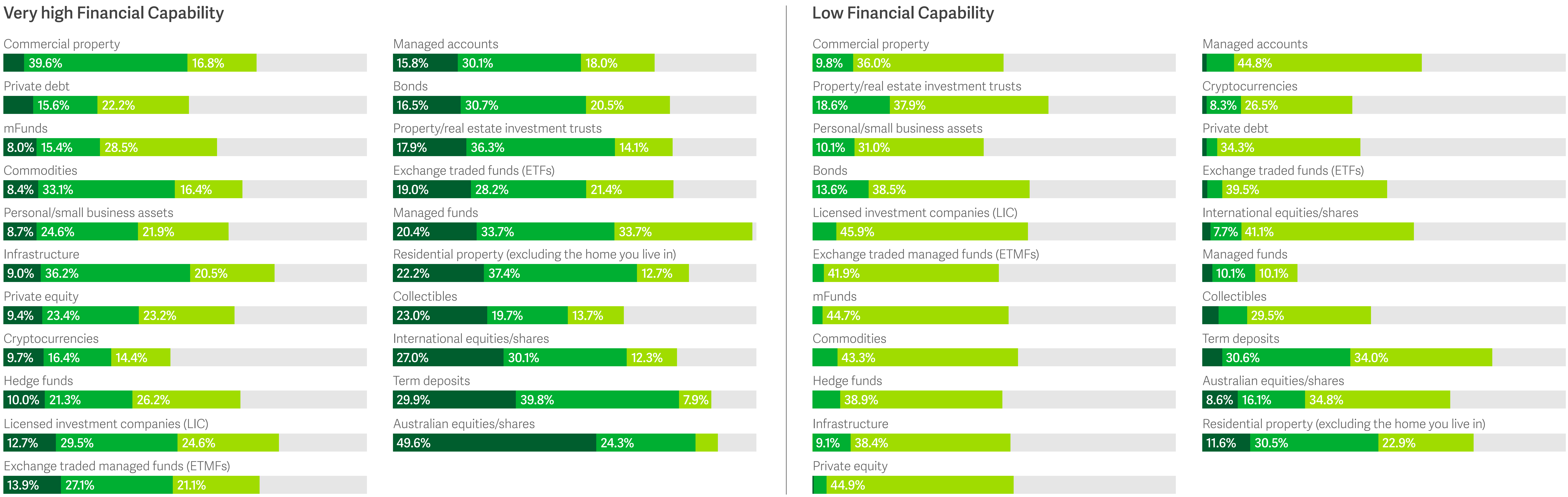
54.6%

of those in the low Financial Capability group have a very poor understanding of the relationship between investment risk and return, compared to 0.0% of the very high and high Financial Capability groups.

Risk appetite increases with higher Financial Capability, so start with basic ‘vanilla’ assets for low Capability clients and over time, as Financial Capability increases, expose them to more sophisticated options

Which of the following investments do you currently invest in/would consider investing in?

● Currently invest in ● Would consider investing ● Would consider if understood better



Evolving the value proposition to cater for the dimension of Financial Capability in The Advisable Australian requires usage of all or a mix of the following strategies, based on the level of Financial Capability, from low to high.

Financial Capability

Low	Medium	High	Very high
Take on the role of the prescriber and encourager. • Create a simple financial plan and investment portfolio and explain it until they understand it and are comfortable with it, laying out clear next steps to decision making and taking action. • Provide reassurance, certainty and greater understanding of the issues by clarifying jargon and important concepts, and by providing actionable suggestions. • Use visuals, stories and ideas over hard numbers and too many details. • Overcome their tendency to avoid dealing with things by providing social proof of what others like them are doing to control their finances and get ahead.	**Take on the role of the curator and educator.** • Limit the financial plan and investment portfolio (within reason) to a manageable set of options and provide recommendations for the individual's circumstances. • Simplify the complexity of information and issues into highly relevant, jargon-free summaries that are easy-to-consume and digest. • Progressively empower the individual by helping them develop their own understanding of the issues they need to solve, and by demonstrating that even simple actions can produce important results. • Overcome their tendency to procrastinate by making sure your advice is convenient and easy to act upon.	**Take on the role as a validator.** • Help create a financial plan and investment portfolio that appeals to their aspirations. • Explain broader options and approaches to them in more detail and how it suits and is fit for their needs. • Provide a compelling inspirational narrative and establish yourself as a trusted partner and their "anchor" in decision making. • Empower them to make the most of their situation and to be the best they can be.	**Take on the role of the co-creator or 'high-performance coach'.** • Encourage a financial plan and investment portfolio that appeals to their desire for self-actualisation, helping them realise their potential and support their personal growth. • Highlight your ability to extend their capabilities. • Provide a smorgasbord of options and co-create solutions with them. • Demonstrate competence and credibility as an investment expert.

2

Financial Resilience

What is Financial Resilience and why does it matter?

The Financial Resilience dimension is a measure of an individual's financial preparedness and ability to navigate threats to financial security and unexpected events.

It considers the financial habits and preferences of the Advisable Australian such as their household wealth, their insurance coverage, and whether they like to plan for the future. Typically, those with low Financial Resilience (2.35m people) are less prepared for the future, as they have lower levels of income, have poorer debt management and undertake no proactive financial actions. As a result, they are more likely to need or receive financial advice.

We find that those in higher Financial Resilience groups have higher levels of income, are more future focused, likely to plan things in advance, go for the best possible outcome even if it's not certain, are extremely confident in their insurance cover and undertake more proactive financial actions, which may include having a financial adviser (47.6% of those in the very high Financial Resilience group receive financial advice).

Those who have low Financial Resilience when compared to the very high group are less likely to feel prepared for retirement, with almost 6 in 10 (59.8%) indicating they are not prepared or not particularly prepared compared to only two in 10 (23.9%) in the very high group.

More than three in 10 (33.8%) of the low Financial Resilience group say they are not or minimally confident in the appropriateness of their insurance cover (compared to 12.3% of the very high).

And a little over three in 10 (30.5%) say they are not confident in achieving their financial goals (compared to 10.0% of very high group).

Financial Resilience groups by size

Financial Resilience groups	Percent	Number of people*
Very high	21.6%	1.86m
High	22.9%	1.97m
Medium	28.1%	2.42m
Low	27.3%	2.35m

*ABS population statistics (2019) and survey responses were used to calculate populations.

Lower levels of financial literacy can lead to financial concerns and inadequacies

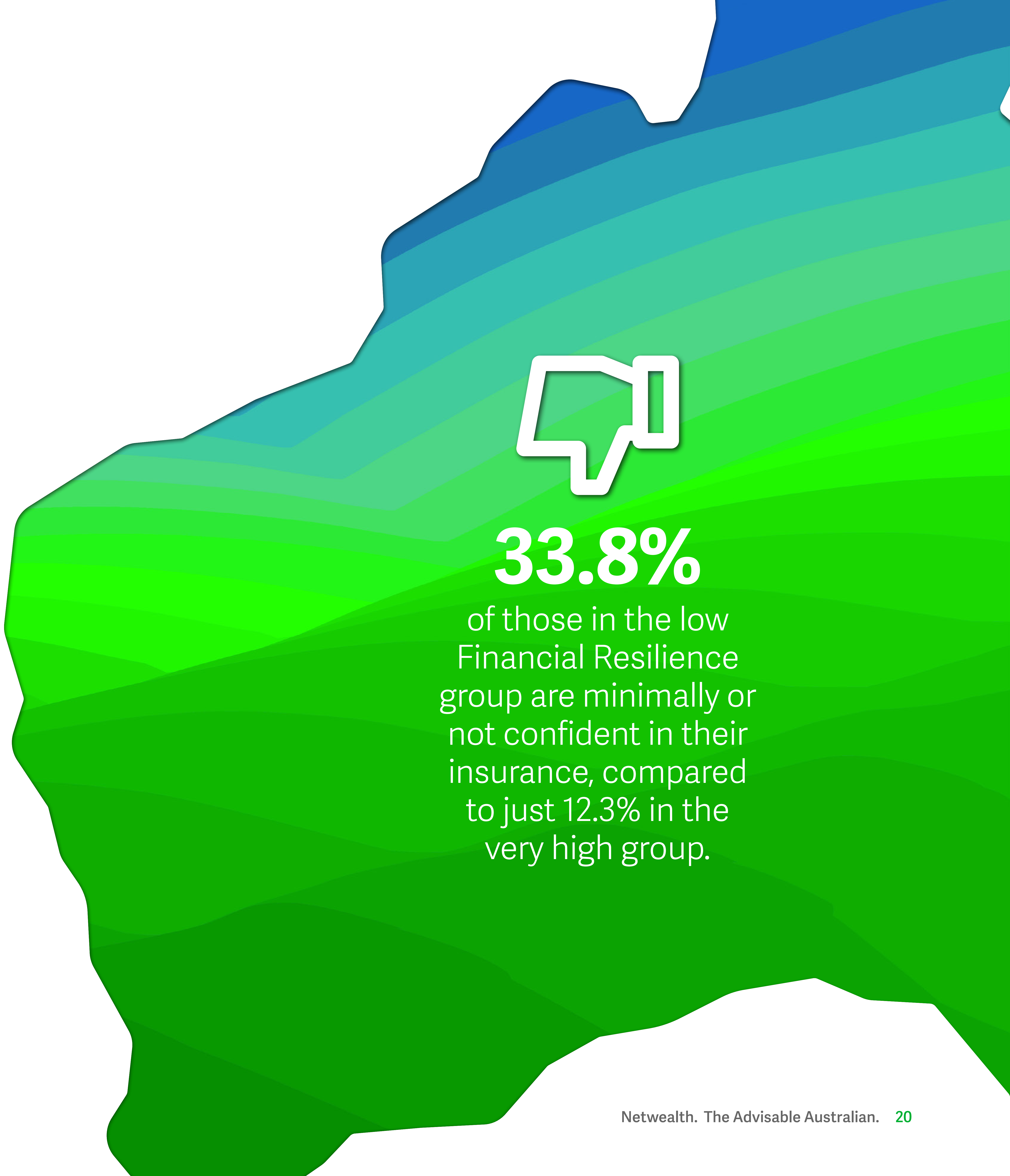
Financial Capability	Very high	High	Medium	Low
I do not feel particularly prepared at all financially for retirement	23.9%	43.2%	44.5%	59.8%
I am not, or minimally confident, that I have sufficient and appropriate insurance cover for my needs	12.3%	19.8%	31.9%	33.8%
I worry about money on a daily or weekly basis	32.9%	27.8%	30.0%	42.2%
I disagree or strongly disagree that I feel confident that I can achieve my financial goals	10.0%	31.0%	33.3%	30.5%

Understanding the characteristics of Financial Resilience

Financial Resilience is about how individuals plan and their ability to meet financial responsibilities.

Financial Resilience is thus influenced by the following factors:

1. **Wealth indicators** – levels of income, assets, debts and saving habits.
2. **Insurance uptake** – a person's insurance coverage and preferences.
3. **Investment planning and engagement** – current and future investment plans.



1. Wealth indicators

Wealth indicators of The Advisable Australian include household income, household assets and debt.

There is a general trend that the higher the household wealth, the higher the Financial Resilience. Almost 6 in 10 (59.7%) of those that have over $3m in household wealth (which is the sum of super, home and investable assets) have very high Financial Resilience. For those with household wealth between $1 million and $3 million, more than one third (31.9%) have very high Resilience and a further 2 in 10 (21.8%) have high Resilience.

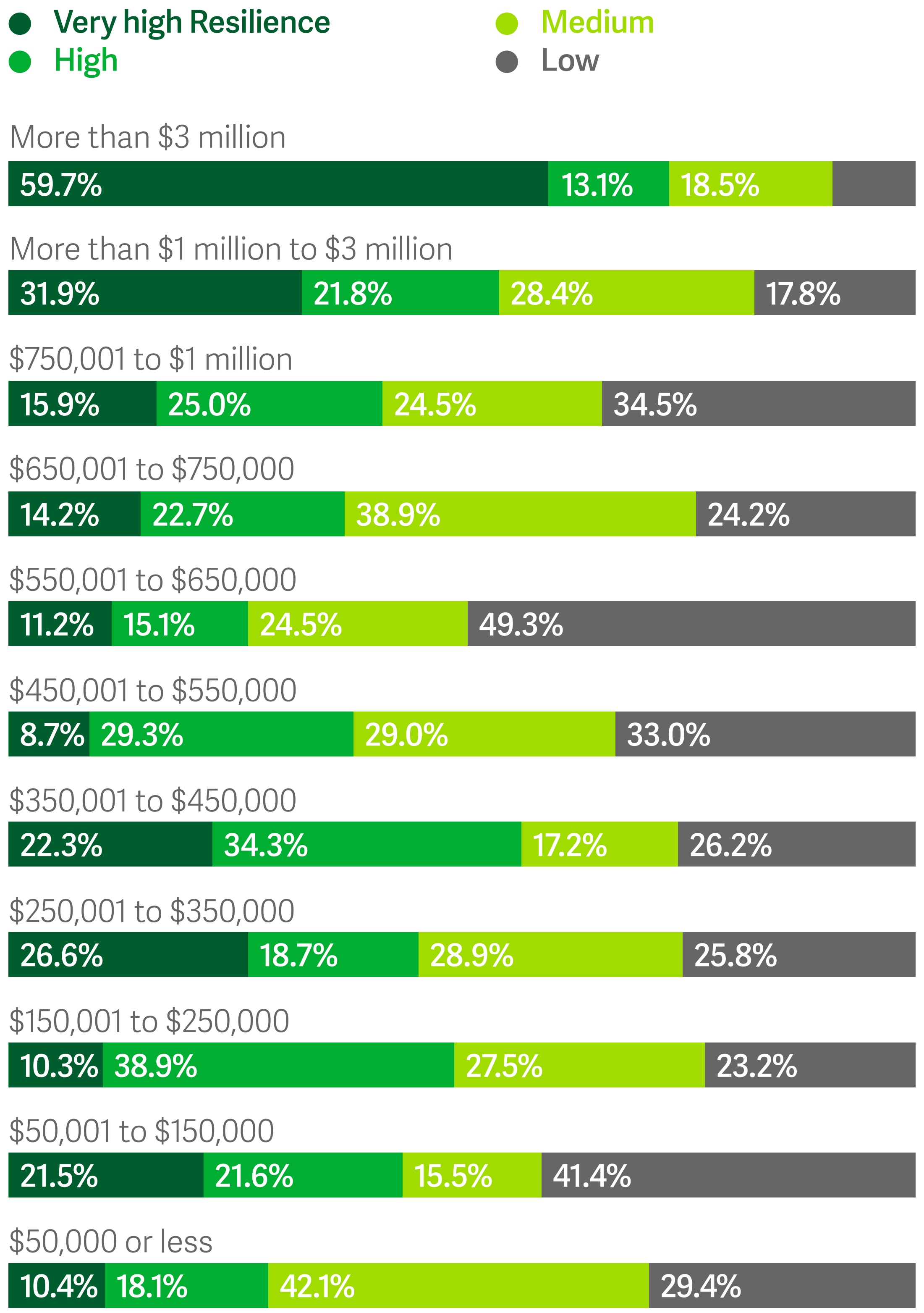
It's not as simple as saying higher household wealth leads to increased Financial Resilience. Financial Resilience increases as wealth increases to a point – around $350,000 to $450,000 – and then resets and starts increasing again.

Those earning between $150,000 and $200,000, just over three in 10 (32.1%) have high or very high Financial Resilience, which skyrockets to almost 9 in 10 (87.8%) of those earning more than $350,000. Very high and low Financial Resilience groups are also the least likely to have no debts.

When considering debt as a factor, we see that those Advisable Australians with high levels of debt (more than $750,000) are more likely to have high Financial Resilience. This illustrates the long-term planning associated with having higher levels of debt leading to greater Financial Resilience. Interestingly we find that almost 4 in 10 of the middle bands of debt ($250,000 to $650,000) have low Financial Resilience, perhaps indicating younger individuals who have taken out a mortgage but not yet really focused on other areas of their finances.

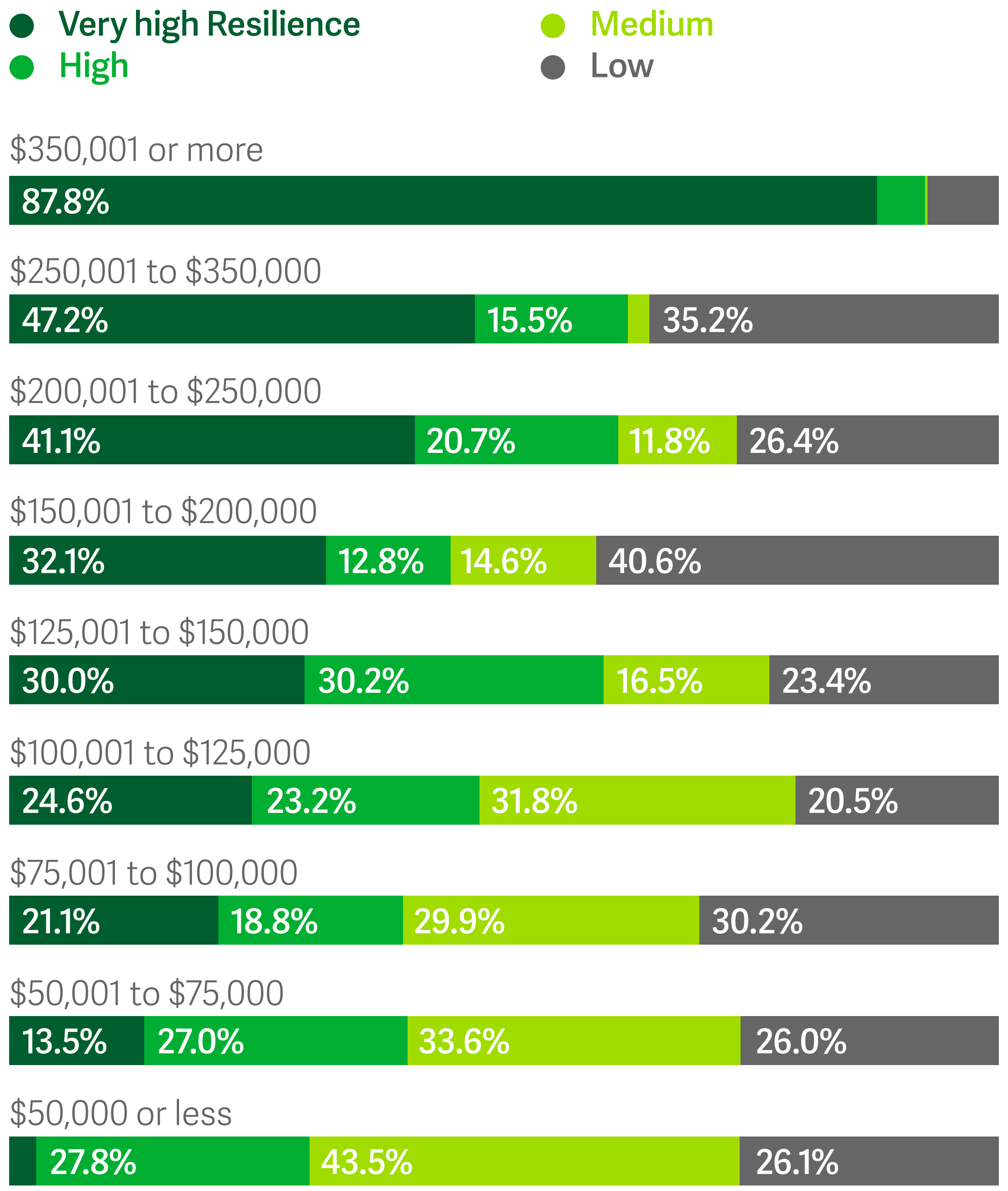
Higher Financial Resilience is linked to higher household wealth, although it is dependent on the life stage of the individual

Household wealth, including household super, household investable assets and home



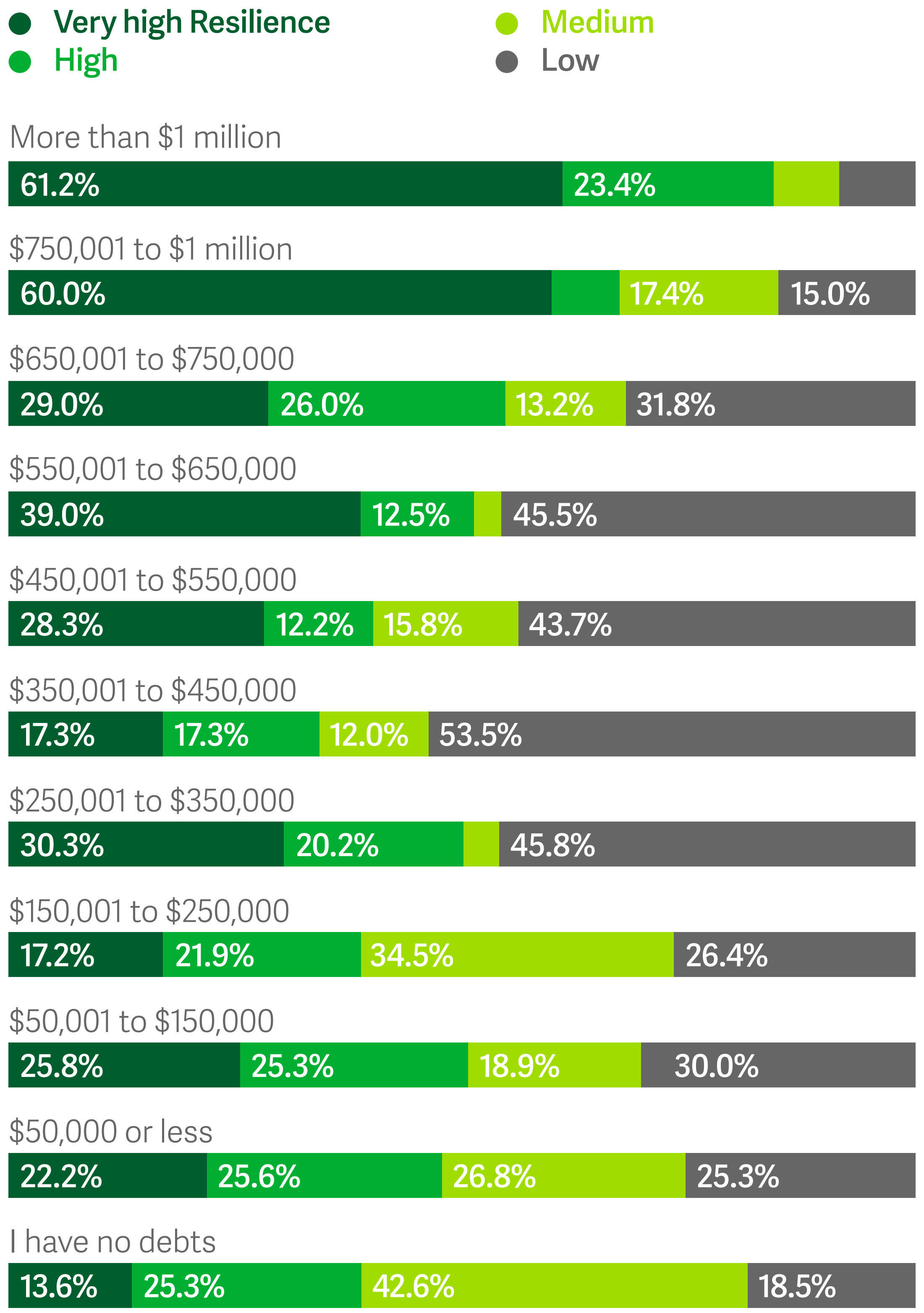
Financial Resilience increases as household income increases

Household annual income, including all wages, salaries, pensions and other income, before tax



Very high and low resilience groups least likely to have no debts, as they are younger

Household total debt, including mortgages, personal loans, credit cards and other debts



2. Insurance uptake in detail

Insurance uptake is not about who has the greatest amount of insurance cover but, rather, their tendency to opt for it and how confident they are their coverage is adequate.

Generally, we see Financial Resilience decline as one's confidence in their insurance cover declines.

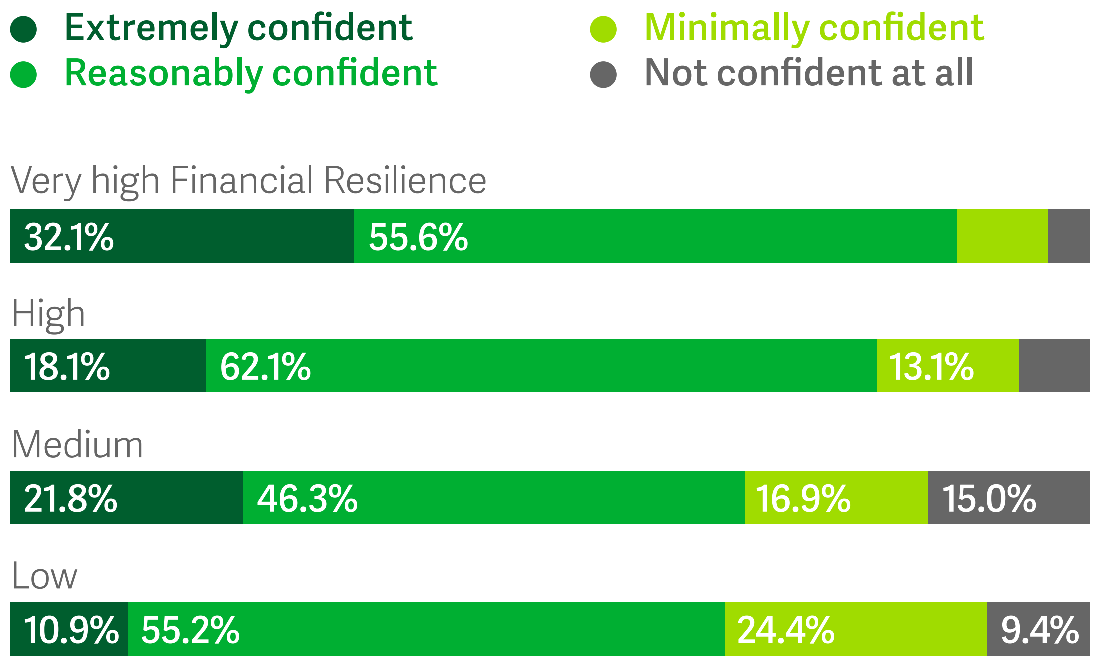
Those in the very high Financial Resilience group are more likely to be extremely or reasonably confident (87.7%) in their insurance as they are more likely to take out more types of coverage (79.0% of this group have private health insurance, 70.2% have death (life) cover and 43.3% have income protection.

In contrast the low and medium Financial Resilience groups tend to have less confidence. Just over one in three (33.8%) of the low group say they are minimally or not confident at all that they have sufficient and appropriate insurance cover.

Insurance uptake is often determined by a person's life stage and circumstances, for example, those closer to retirement or in retirements are less likely to have risk insurance, like death or income protection.

Insurance adequacy drives higher Financial Resilience

How confident are you that you have sufficient and appropriate insurance cover for your needs?



Life-stage impacts the uptake of insurance types, with children also contributing to the different types of insurance adopted

	Under 40 years old with children	Under 40 years old without children	40-59 years old with children	40-59 years old without children	60 years old and above with children	60 years old and above without children
Car insurance	85.9%	78.0%	89.2%	70.6%	94.1%	97.2%
Home and/or contents insurance	76.5%	53.0%	85.8%	65.8%	95.8%	91.6%
Private health insurance	67.3%	65.0%	67.3%	45.3%	68.7%	72.6%
Business insurance	69.4%	40.2%	64.9%	37.1%	79.4%	29.8%
Death (life) cover	59.3%	64.7%	70.5%	45.4%	31.7%	30.2%
TPD (total permanent disability) cover	58.7%	48.0%	59.5%	51.1%	13.6%	8.2%
Income protection (salary continuance) cover	52.0%	50.3%	46.7%	33.2%	6.9%	3.0%
Trauma (critical illness) cover	24.3%	20.4%	26.3%	18.0%	4.3%	5.1%

3. Investment planning and engagement in detail

Investment planning and engagement examines how The Advisable Australian builds their investment portfolio, examining the types of assets used, their appetite for risk and future-focus.

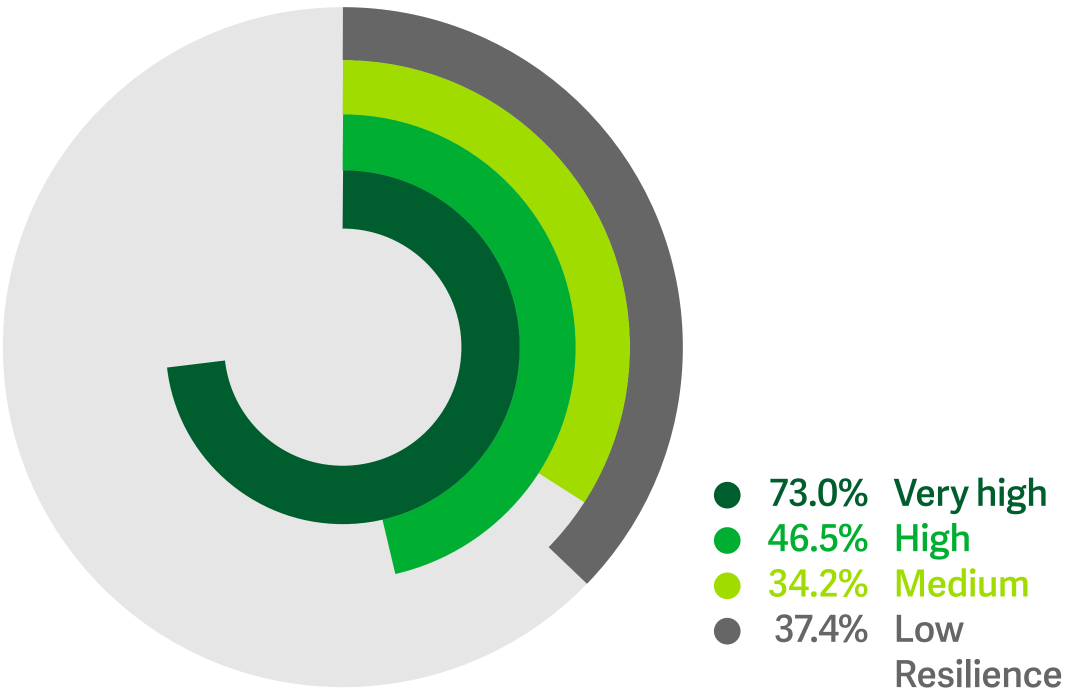
Typically, Financial Resilience increases as a person becomes more engaged with their investment portfolio, with 73.0% of the very high group saying they are reasonably or highly engaged with investing (contrasted to only 37.4% of the low group).

Very high Financial Resilience is also characterised as planning for the future by having a longer-term investment focus, with almost three quarters (72.6%) of the very high group agreeing that they typically invest with a 10 year or longer timeframe in mind. Supporting this notion of being a planner, the majority (65.0%) of very high Financial Resilience individuals are focused on the future rather than 'live in the now' and over half (64.1%) agree that they are driven by specific goals.

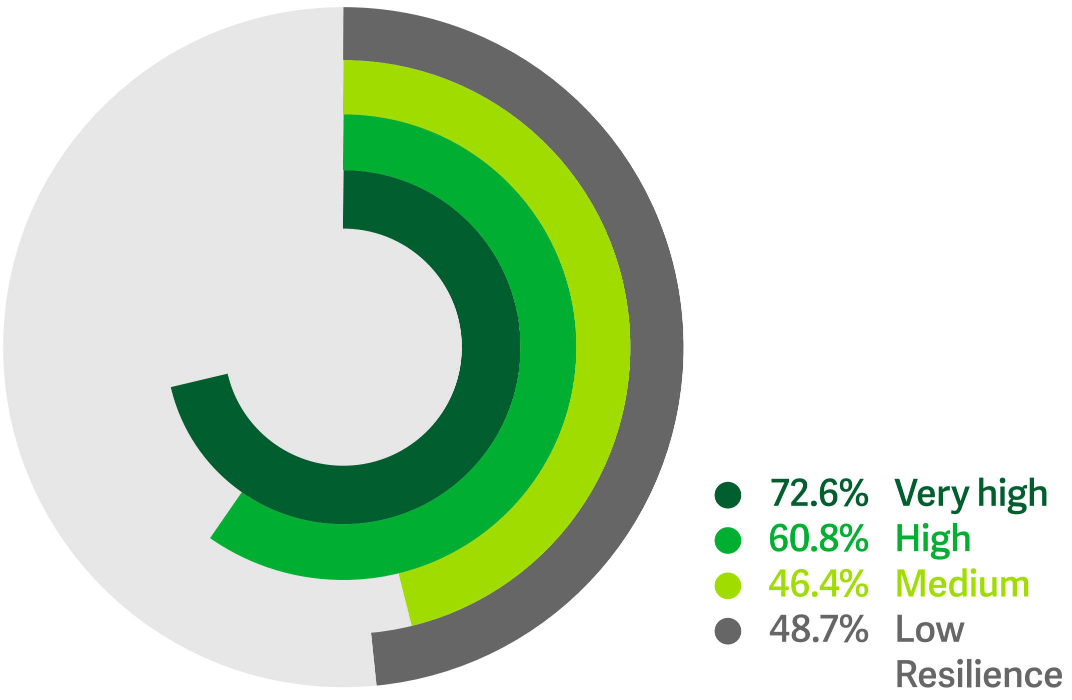
With increased engagement potentially comes a better understanding of concepts of diversification and risk. 6 in 10 (62.1%) of those with very high Financial Resilience prefer to invest in many different investments or investment types and almost half (52.3%) prefer investments with higher potential returns even if the risk is higher (in contrast with the low group at 25.0%).

Financial Resilience is linked to how future-focused and engaged The Advisable Australian is with their investments

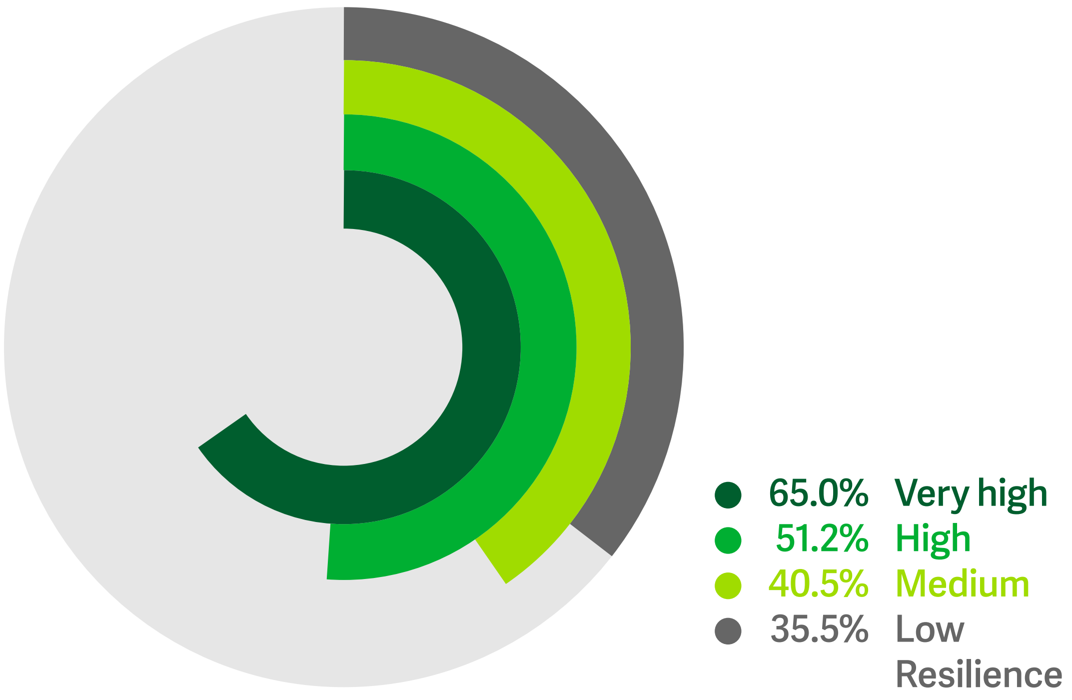
Agree - I am highly or reasonably engaged with my investments and investing activities



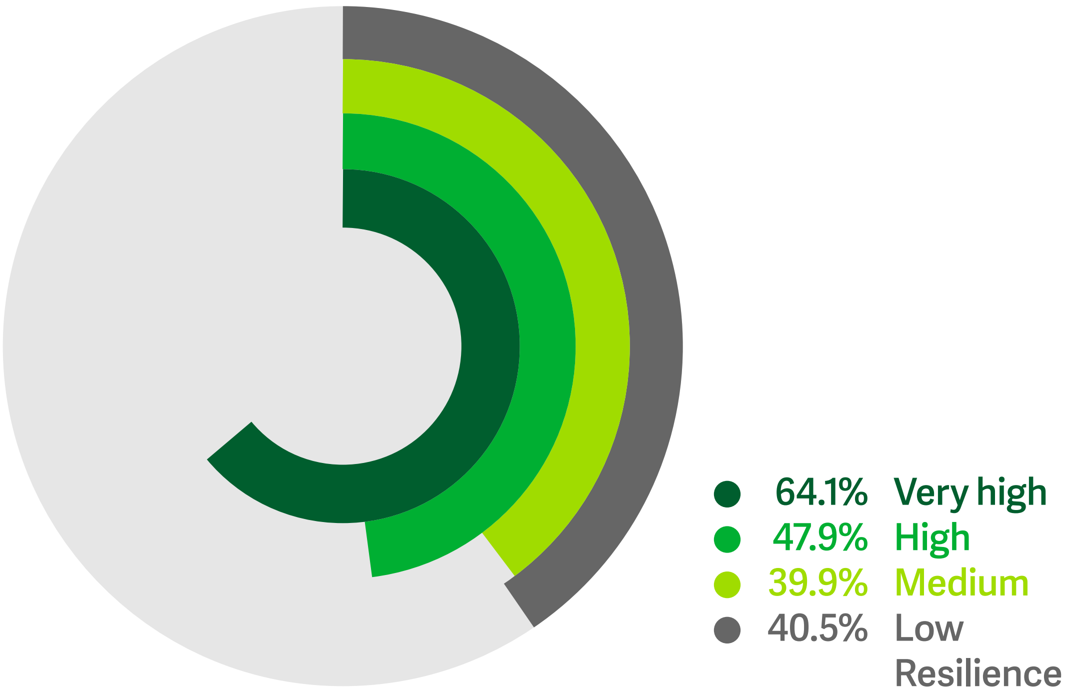
Agree - I typically invest with a long timeframe (10 years or longer)



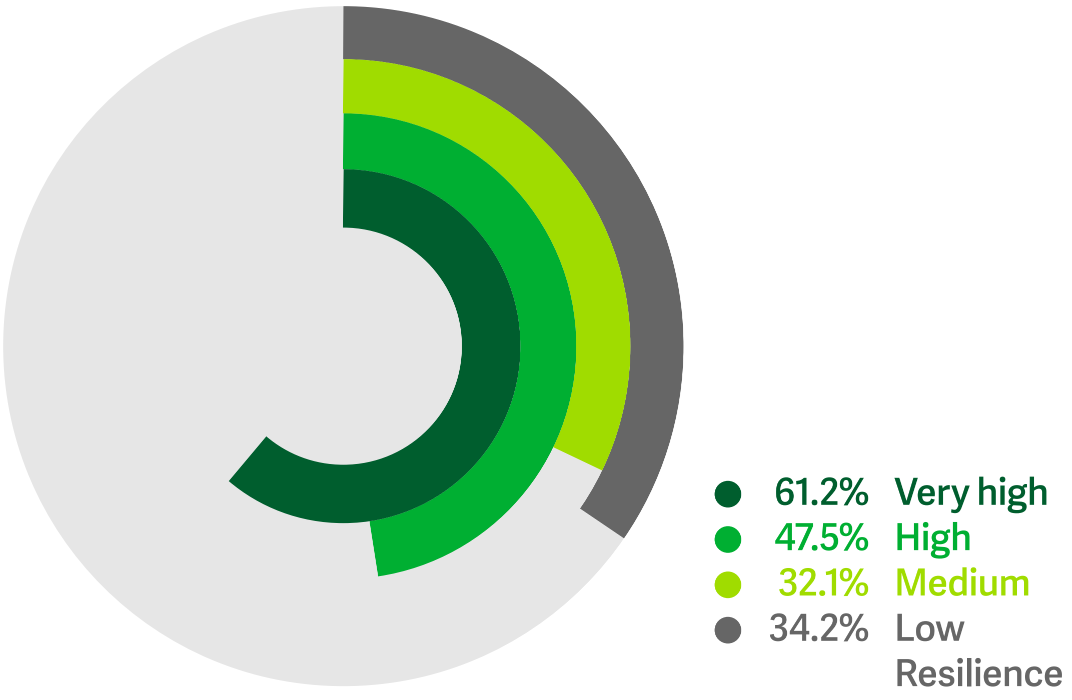
Agree - I'm focused on the future rather than live in the 'now'



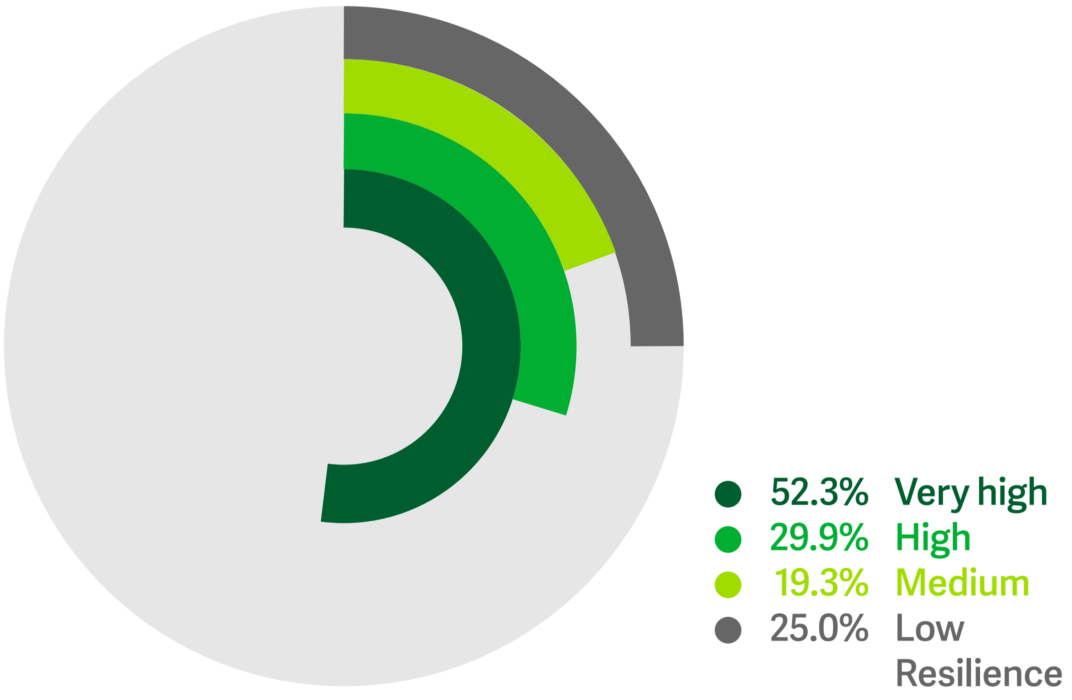
Agree - I'm driven by clear specific goals



Agree - I prefer to invest in many different investments or investment types



Agree - I prefer investments with higher potential returns even if the risk is higher



Financial Resilience is polarising for the younger Advisable Australian, whilst for older individuals, they tend to sit in the middle Financial Resilience groups.

The age of the individual and their life-stage will considerably impact one's Financial Resilience.

Wealth is generally accumulated over time, and income and insurance will change with age and life-stage needs – for example, retirees often have less income and a lower need for risk insurance coverage.

As to investment planning, the older a person gets, the more likely they are to have investment plans already in place that they are relying on.

This explains the fact that by the time individuals reach their 60s, the majority sit within the medium and high Financial Resilience groups, rather than the very high and low Financial Resilience groups. They have lower income, have paid off their debt, are less likely to need insurance and, as such, probably feel the need to plan less.

Those under 40 years old are just as likely to have either very high or low Financial Resilience (33.8% and 40.0% respectively).

Age and Financial Resilience is highly correlated, because wealth, insurance and general experience often accumulates and changes as one ages

Age groups	30-44	45-64	65+
Very high Financial Resilience	33.8%	18.8%	7.7%
High	12.3%	27.1%	31.9%
Medium	13.8%	30.2%	46.5%
Low	40.0%	23.9%	13.9%

Shifting individuals from low to very high Financial Resilience

In helping build Financial Resilience, The Advisable Australian needs assistance in planning, investing, general financial education and goal-setting guidance.

Clients with lower Financial Resilience require more guidance and support whereas those with higher Financial Resilience are seeking to validate their decisions and be inspired.

What is important is to clearly identify where your prospect or client sits on the Financial Resilience spectrum and pitch your offer or service deliverables based on this. For example, there will be no benefit educating a very high Resilient individual on the benefits of basic risk insurance.

Likewise, there will be little point trying to shift a medium Financial Resilient individual who is older and later in their life-stage (with lower insurance and planning needs) to a very high Resilient person.

Whilst those in the low Financial Resilience groups want to build their investment portfolios, typically preferring lower risk investments either because they have lower incomes and more to lose or because they have lower Financial Capability and are less likely to understand the risk versus return relationship.

Financial Resilience

Low	Medium	High	Very high
Take on the role of the encourager and educator.	**Take on the role as a validator.**	**Take on the role as a validator.**	**Take on the role of the co-creator or 'high-performance coach'.**
• Help them build ta financial plan educating them on their investment and insurance options. • Work within their means and ensure they make the most of what they have. • Set realistic expectations and help them understand the benefits of longer-term planning.	• Provide them options but make sure they are tailored and limited or relevant to their life-stage. • Make sure they understand their position in life and wealth and where they are at. • Support them in helping them validate their decisions.	• Build their confidence and make sure they are comfortable with where they are at. • Give them a reality check and focus them on their goals. • Provide advanced investment and insurance options to stretch their financial and wealth goals.	• Show them something they don't know in terms of investment options, diversification and risk. • Validate their decisions and look to go beyond what they already had planned. • Demonstrate experience and competence and extend their options.

3

Financial Wellbeing

What is Financial Wellbeing and why does it matter?

The Financial Wellbeing dimension of The Advisable Australian is a measure of the financial impact on their physical, mental and social health.

Financial Wellbeing is generally linear with age, but other factors come into play. Life circumstances, savings and debt values also contribute to a person's sense of Financial Wellbeing.

Higher Financial Wellbeing means less frequent worries about money. The majority of those with very high Financial Wellbeing either don't have any financial issues at all (21.2% of them) or rarely/never worry about financial issues (51.0% of them).

Only about one in 20 (5.3%) worry about money daily or weekly. Lower Financial Wellbeing individuals typically have aspects of their life that are troubling them or giving them stress, for example two-thirds (68.5%) of individuals with low Financial Wellbeing worry about money daily or weekly. The low Financial Wellbeing group are also less likely to feel prepared for retirement (only 18.7% relative to 89.5% of very high).

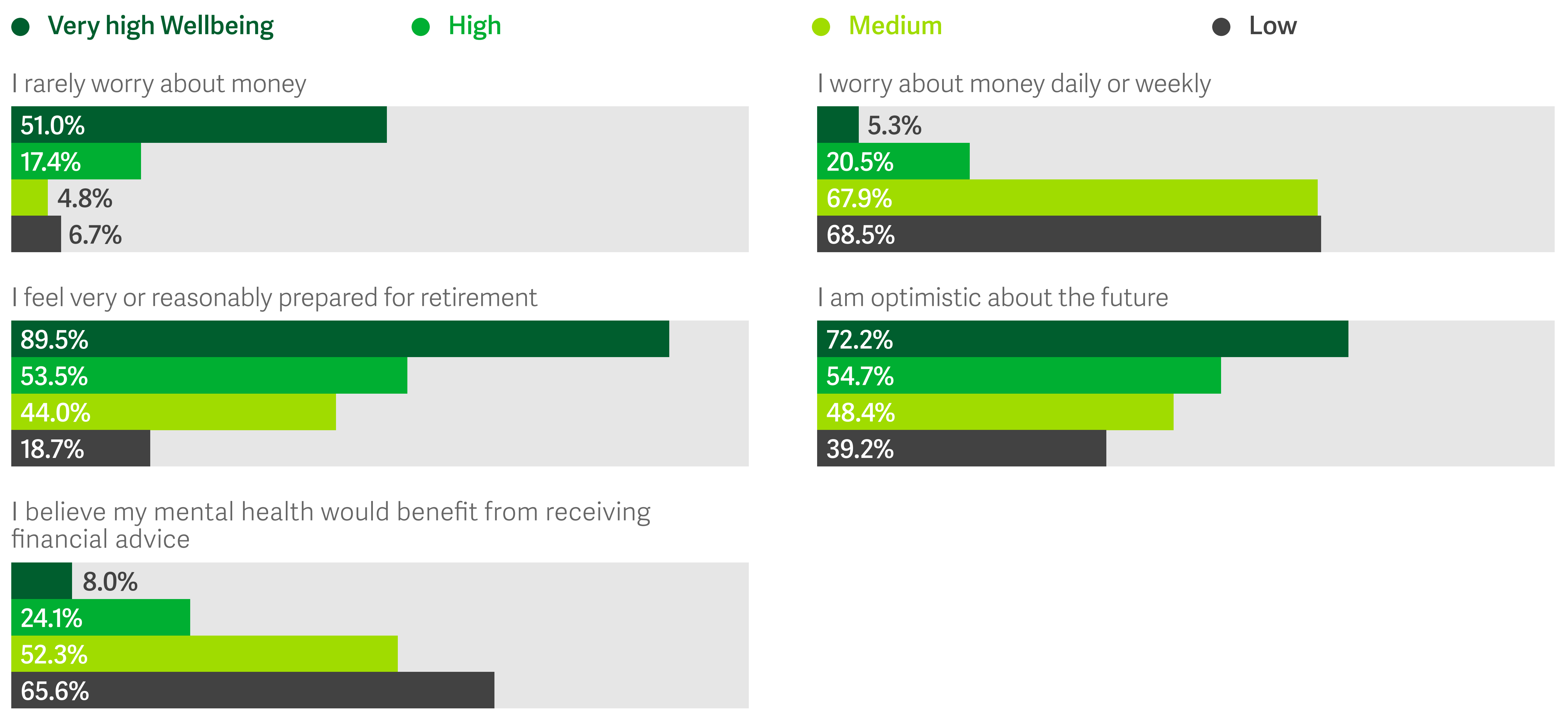
This translates into a situation where higher Financial Wellbeing individuals do not feel finances impact their life – their physical and mental health and their community at home, work and socially.

Financial Wellbeing groups by size

Financial Wellbeing group	Percent	Number of people*
Very high	24.2%	2.08m
High	41.3%	3.55m
Medium	19.5%	1.68m
Low	15.1%	1.30m

*ABS population statistics (2019) and survey responses were used to calculate populations.

Lower levels of Financial Wellbeing lead to greater money worries and less optimism about the future



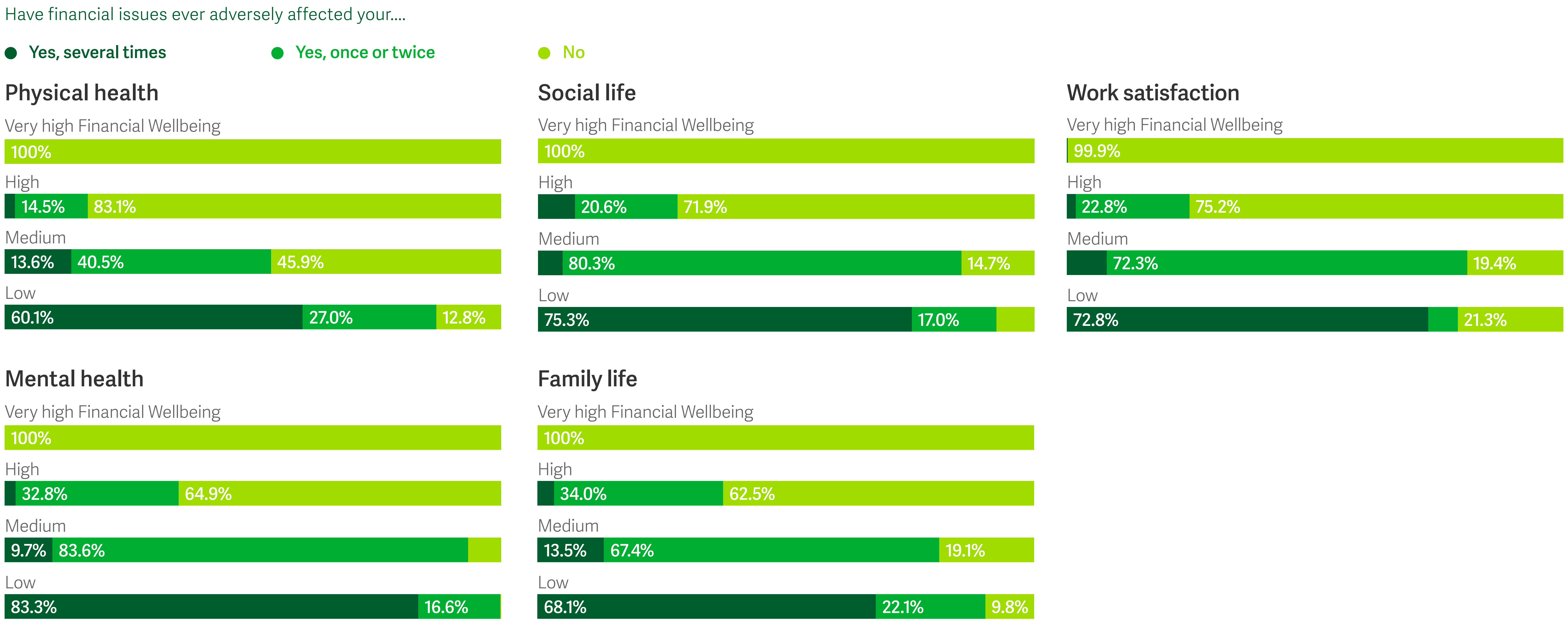
On the flipside, those with low Financial Wellbeing are significantly more prone to suffering the negative impacts of finances often.

More than four in five (83.3%) in the low Financial Wellbeing group have suffered from adverse mental health impacts several times, three in five (60.1%) suffer from adverse physical health impacts multiple times and their family life has suffered several times too (68.1% of them).

The key difference between the medium and low groups is the frequency in which the impact occurs. While a similar proportion have reported adverse impacts in the medium group, the impact is usually only once or twice.

In comparison, around one in 10 of the medium Financial Wellbeing group have suffered several times from the adverse impacts of mental health (9.7%) and physical health (13.6%).

The impacts of financial issues can have a detrimental effect on aspects of a person's life – not just financial



Increasing client Financial Wellbeing improves their personal outcomes but in turn improves their overall satisfaction with the financial advice and service provided.

Those who receive financial advice today yet have lower Financial Wellbeing are more likely to believe that financial advice can help improve things other than their finances including their mental health, physical health, family life and work satisfaction.

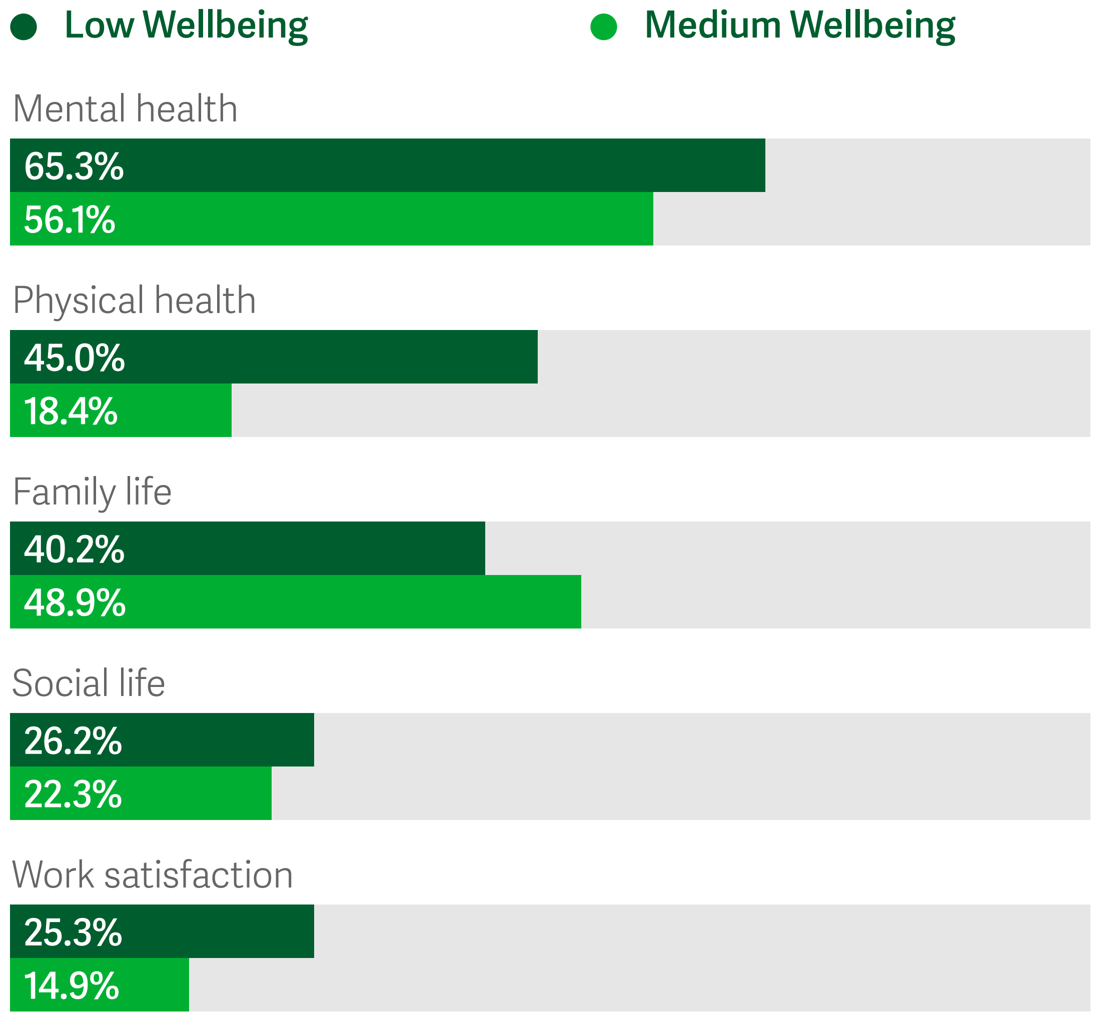
For instance, almost two-thirds (65.3%) of the low Financial Wellbeing group received a mental health benefit from advice. Almost half (45.0%) received physical health benefits too. Family life also improved as a result of receiving financial advice for almost 4 in 10 of both the low and medium Financial Wellbeing groups.

For those that receive advice and have very high Financial Wellbeing they are more satisfied than the other groups (69.4% of them are very satisfied) and more likely to recommend their financial planner (85.5% are extremely likely to recommend).

Improving customer satisfaction is good for retention and helps build an advice firms referral network organically.

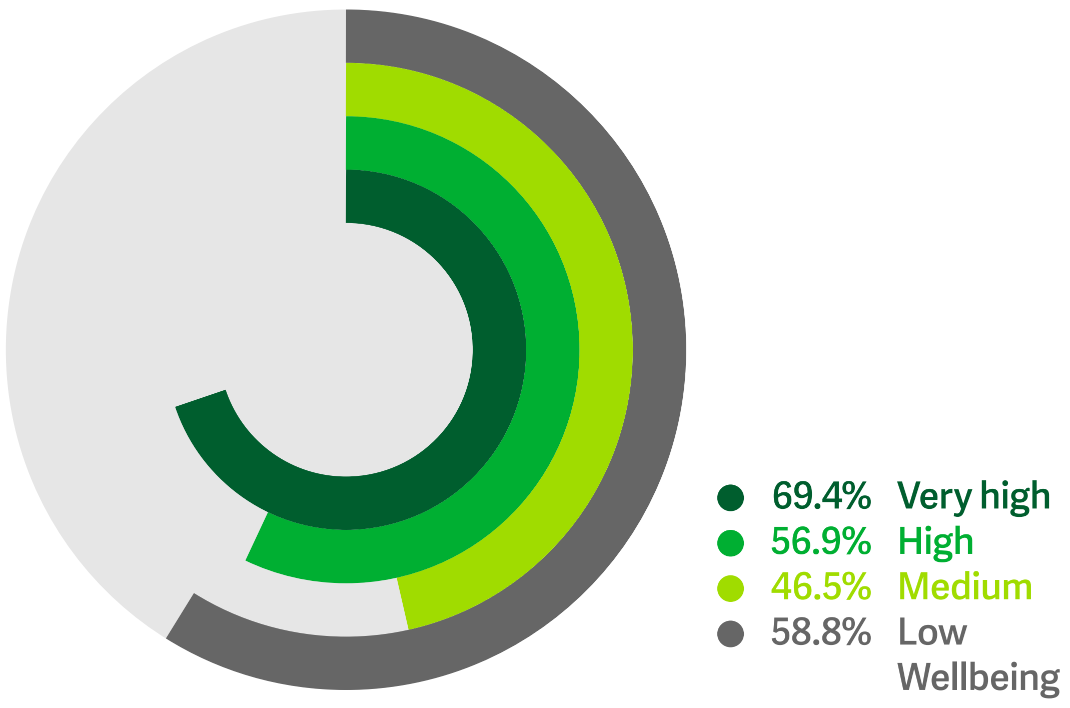
Those that receive advice with low Financial Capability can benefit beyond improving their wealth, extending to their health and social fabric

Aside from your finances, which aspects of your life do you think has benefitted from receiving financial advice (those that receive advice)?

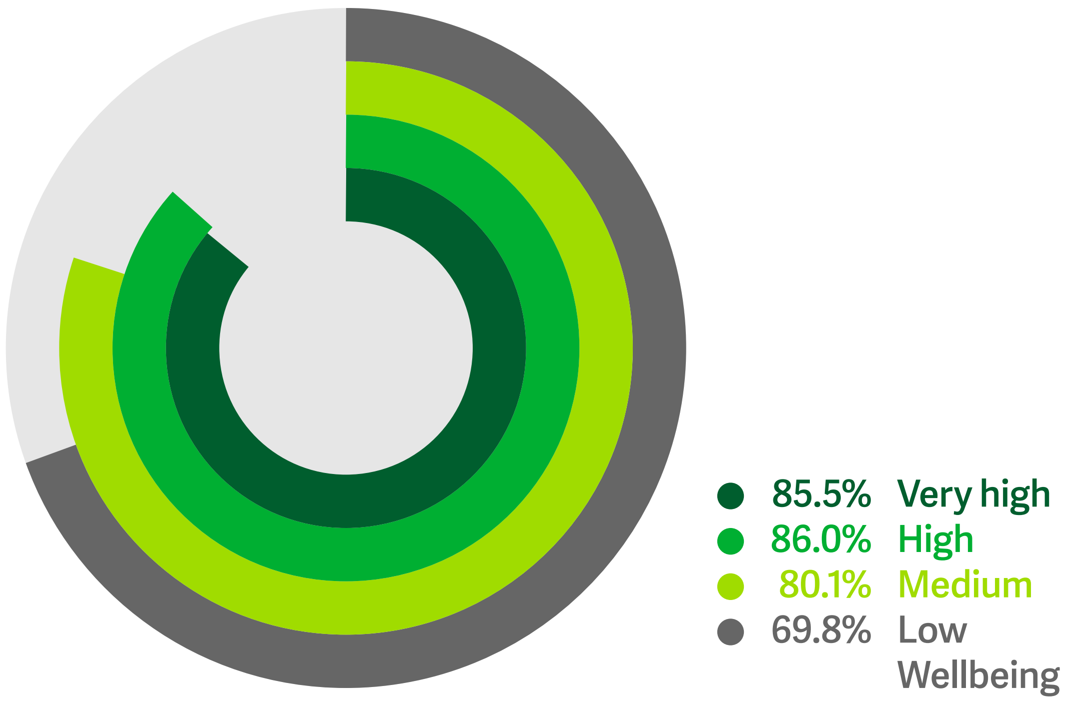


By increasing client Financial Wellbeing, advisers can improve perceptions of service and value, increasing client satisfaction and advocacy

Agree - I am very satisfied with my financial planner (of those that use one)



Agree - I am extremely likely to recommend my financial planner (of those that use) to family friends or colleagues



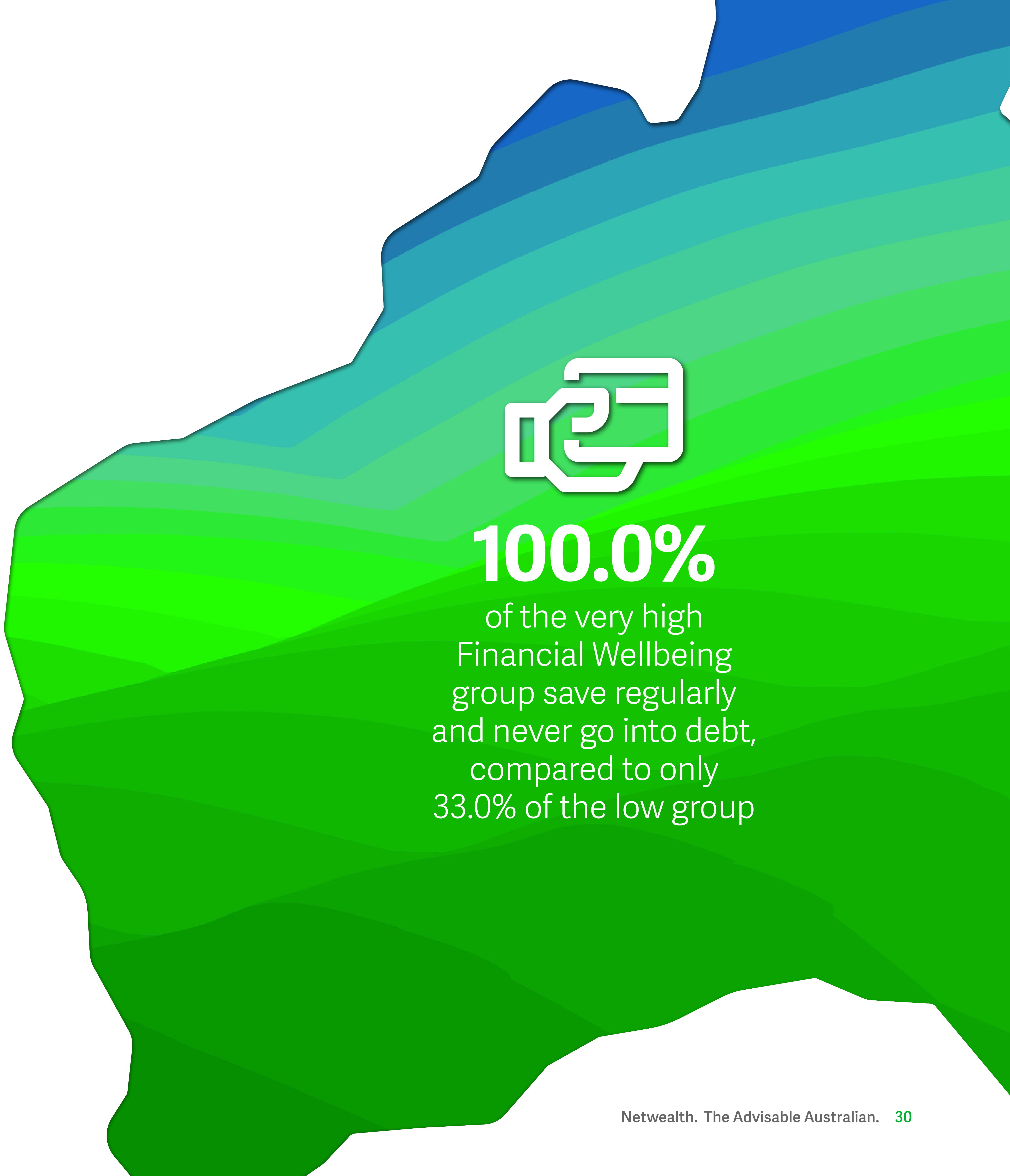
Understanding the characteristics of Financial Wellbeing

Financial Wellbeing is about how the Advisable Australian copes with financial issues and circumstances.

Financial Wellbeing is highly driven by an individual's certainty in their life and financial situation and a positive sense of how they are doing in achieving their financial goals.

Financial Wellbeing generally improves with:

1. Fewer significant life events, which impact a person's sense of certainty.
2. Lower levels of debt and increased saving.



1. Life events driving uncertainty

Low Financial Wellbeing is highly linked with uncertainty, and uncertainty is often linked with changes in an individuals' life-circumstances and their health.

The lack of a stable income or job security can be a massive hindrance to Financial Wellbeing. More than half (52.5%) of those who have low Financial Wellbeing are concerned about job/ income security and how it relates to be able to grow and manage their wealth.

Almost a third (31.5%) of those with low Financial Wellbeing are expecting to change jobs or careers in the next three years, while they are also more likely than those in the higher Financial Wellbeing groups to have recently experienced a job change (30.7%) or job loss/redundancy (28.8%).

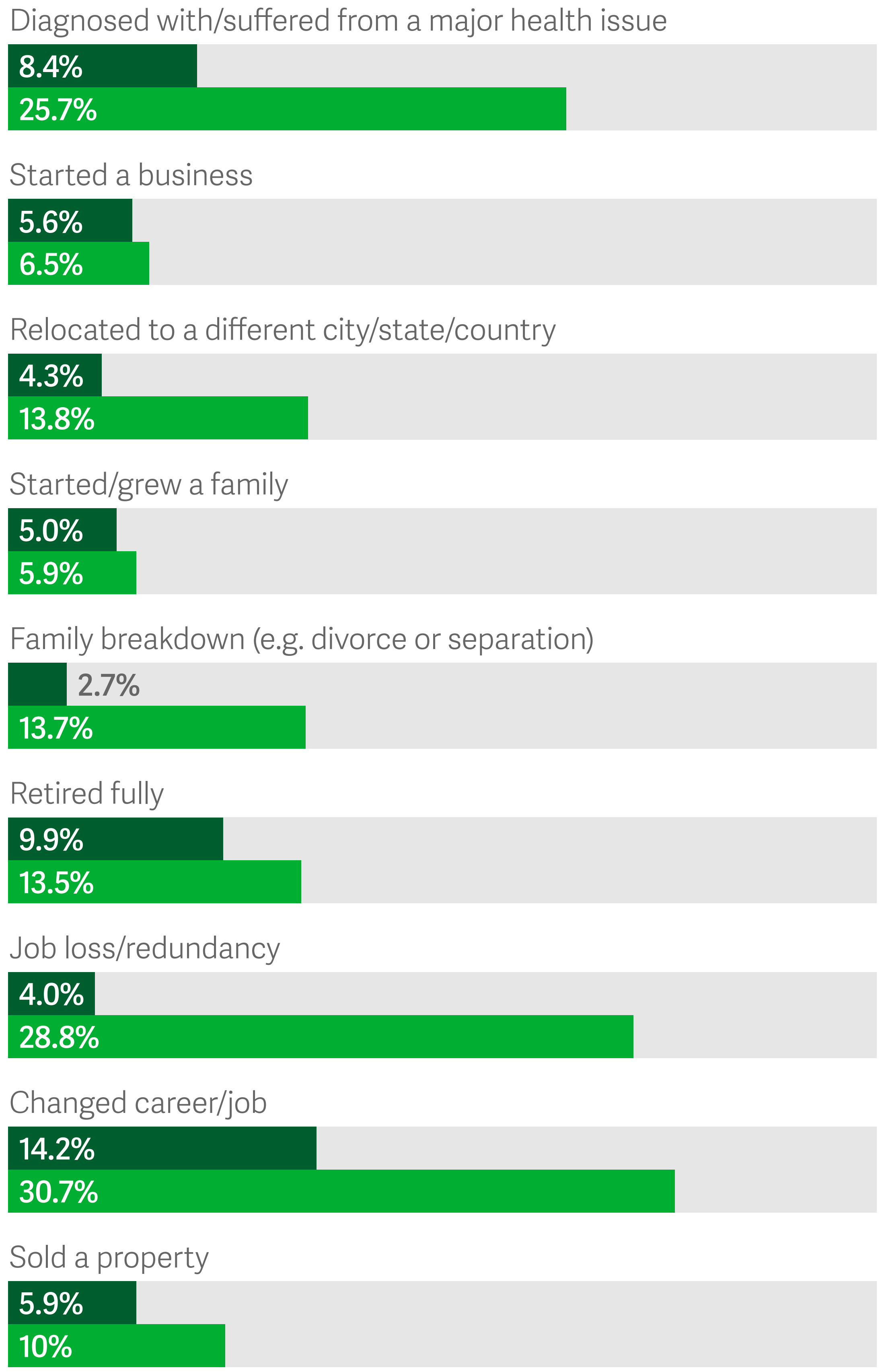
A person's health is also linked with Financial Wellbeing, with a quarter (25.7%) of low Financial Wellbeing individuals having been diagnosed with/suffered from a major health issue in the last three years and a further 21.1% in this low group expecting a major health issue in the next three years.

This is not to say these two specific life event are the only drivers of uncertainty, rather that the more serious the life event is in actuality or perception by the individual, the greater the impact on a person's Wellbeing.

Job security and health are major sources of uncertainty which impact a person's Financial Wellbeing

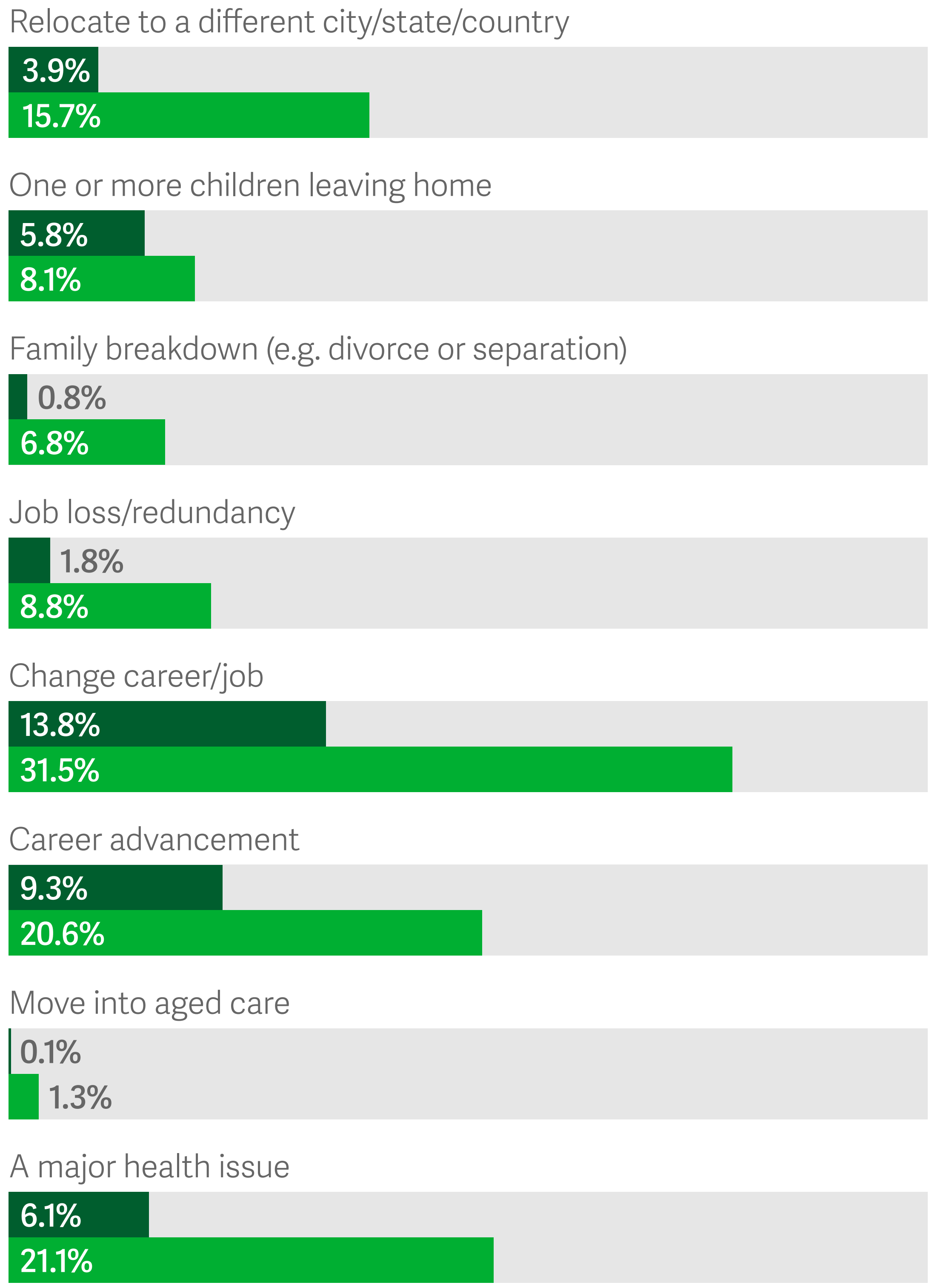
Which of the following life events have you experienced in the past three years?

- Very high Financial Wellbeing
- Low



Which of the following life events are you expecting/preparing for in the next three years?

- Very high Financial Wellbeing
- Low



*Selected responses

Not surprisingly the age of a person impacts their certainty, in that, as the older one gets the more certainty they have in the life experiences. For the most part, Financial Wellbeing increases with age, as a sense of certainty often improves with time.

We see the younger Advisable Australian is more likely to be going through transitions, such as career changes or new families. 40.5% of Gen Y and 27.8% of GenX have changed jobs in the last 3 years compared to only 8.0% of Baby Boomers.

We also found that between the ages of 50 to 59 years old, Financial Wellbeing takes a dip. This is a critical period in life when The Advisable Australian is re-evaluating their position as retirement looms.

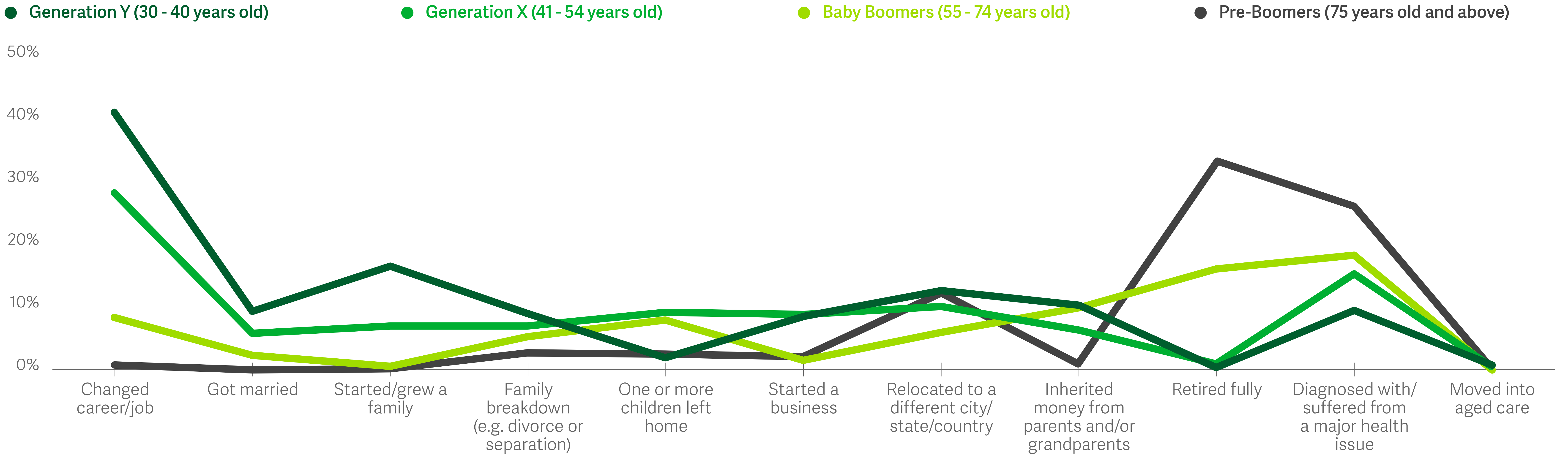
The Baby Boomer generation or older have or are nearing retirement, and as such they are the group most likely to say they have had or are expecting fewer significant life events.

Most of them would have developed comfortable wealth habits and are better prepared for retirement (60.6% of Baby Boomers say they are very or reasonably prepared).

Obviously health becomes an issue as you get older, but for those older individuals it is almost expected, so through better planning Baby Boomers and older are well prepared to manage the financial implications should they arise.

As one gets older, there are fewer life transitions leading to improved certainty and overall Financial Wellbeing

Which of the following life events have you experienced in the past three years?



Financial Wellbeing improves as a person gets older, as they are more certain about their future

Wellbeing group	Very high	Low
Pre-Boomer	46.6%	11.6%
Baby Boomer	28.0%	11.0%
Gen X	21.5%	15.1%
Gen Y	17.5%	21.4%

2. Saving attitudes and debt

The saving habits of The Advisable Australian and how likely they are to take up debt will impact an individual's sense of Financial Wellbeing.

The very high Financial Wellbeing group is characterised by the fact that they save regularly and never/rarely go into debt, with over half (57.2%) of them being completely debt free.

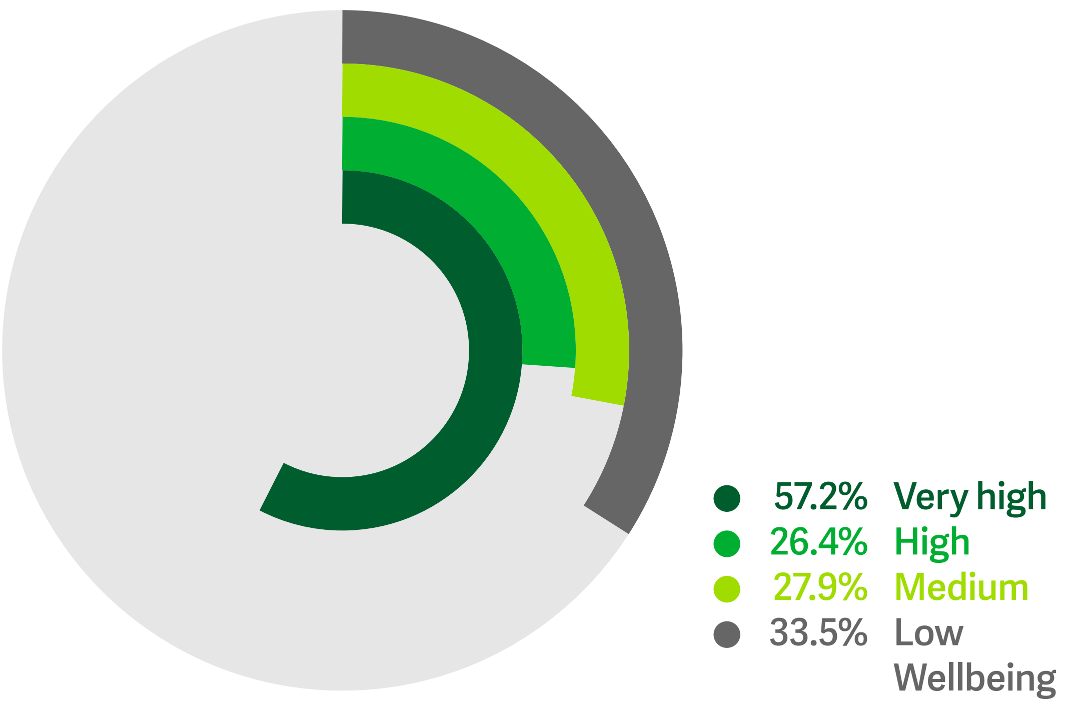
The lack of debt seems to provide individuals with a greater sense of Financial Wellbeing. Those without debt or with low amounts of debt tend to be older and retired.

Lower Financial Wellbeing decreases with a lower likelihood of good saving habits. Only a third of those in the low Financial Wellbeing group (33.0%) save regularly.

Like with significant life events, debt decreases with age. Almost half (45.7%) of Baby Boomers have no debt with a further quarter (28.0% having less than $50,000 in debt). Compared to over half of Gen X that have at least $50,00 in debt and over 1 in 10 (13.1%) have over $550,00 in debt.

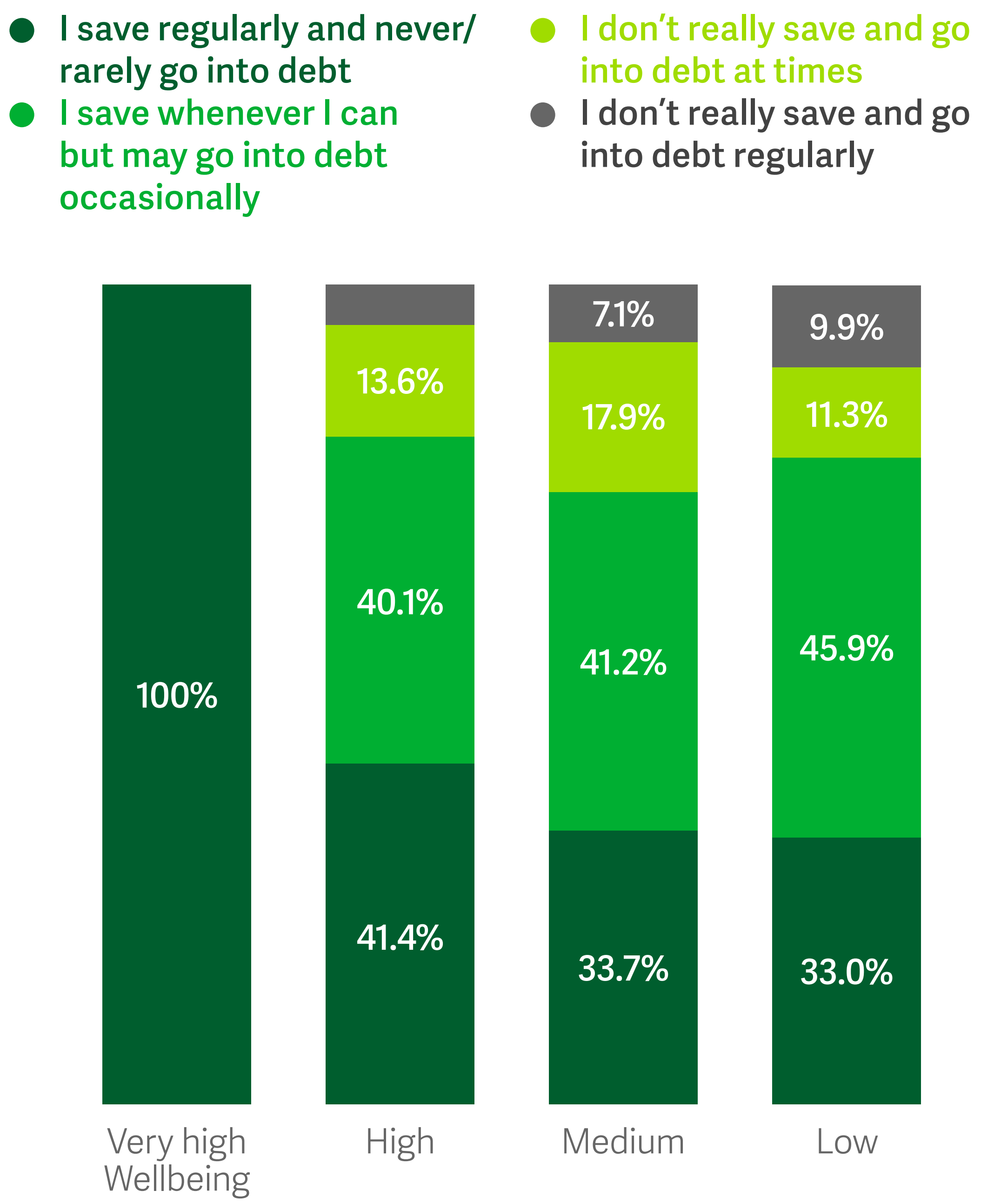
Those that are debt-free are more likely to have the highest levels of Financial Wellbeing

Percentage that are debt free



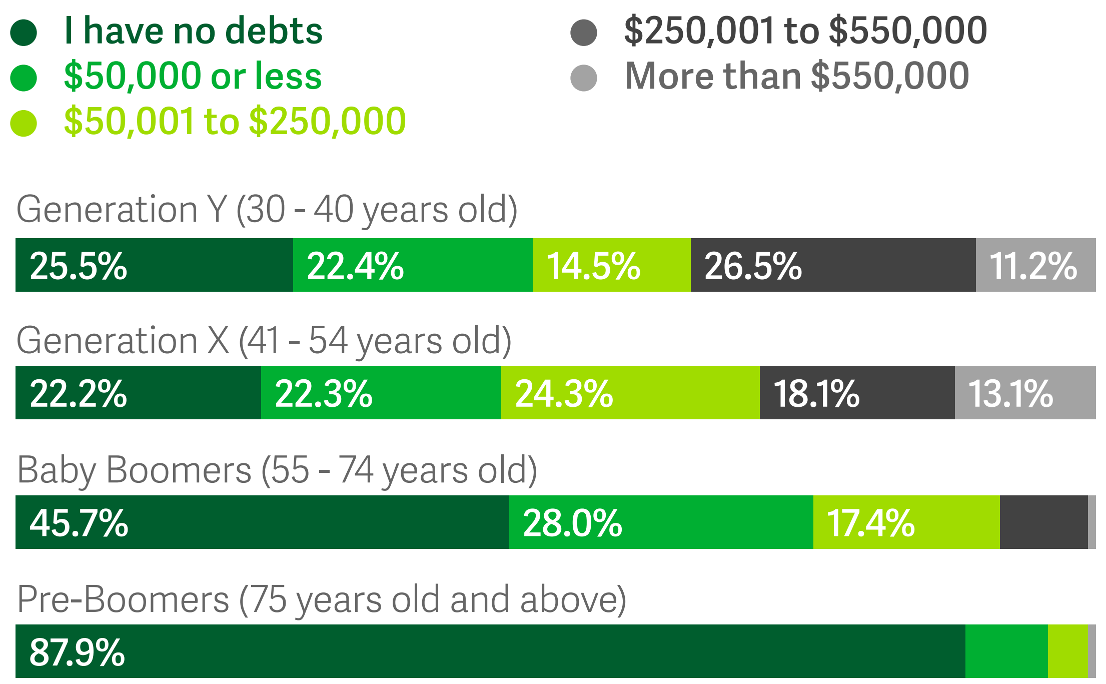
Better saving habits equals greater Financial Wellbeing

Which of the following best describes your personal financial situation?



Younger generations are more likely to have greater levels of debt, which is a contributor to Financial Wellbeing

By Generation - HOUSEHOLD's total debt, including mortgages, personal loans, credit cards and other debts



Shifting individuals from low to very high Financial Wellbeing

Advice firms can use an understanding of an individual's Financial Wellbeing to expand their value proposition.

Supporting The Advisable Australian with differing levels of Financial Wellbeing will require different approaches by advice firms to match the individual's level of Financial Wellbeing.

As Financial Wellbeing decreases in general, there are more financial issues to deal with, or financial issues creating greater pressure and producing adverse impacts on the individual.

Planning and making sure they are on track are important for all clients, but it's especially so for those with lower Financial Wellbeing to reassure and keep them focused on what they need to do.

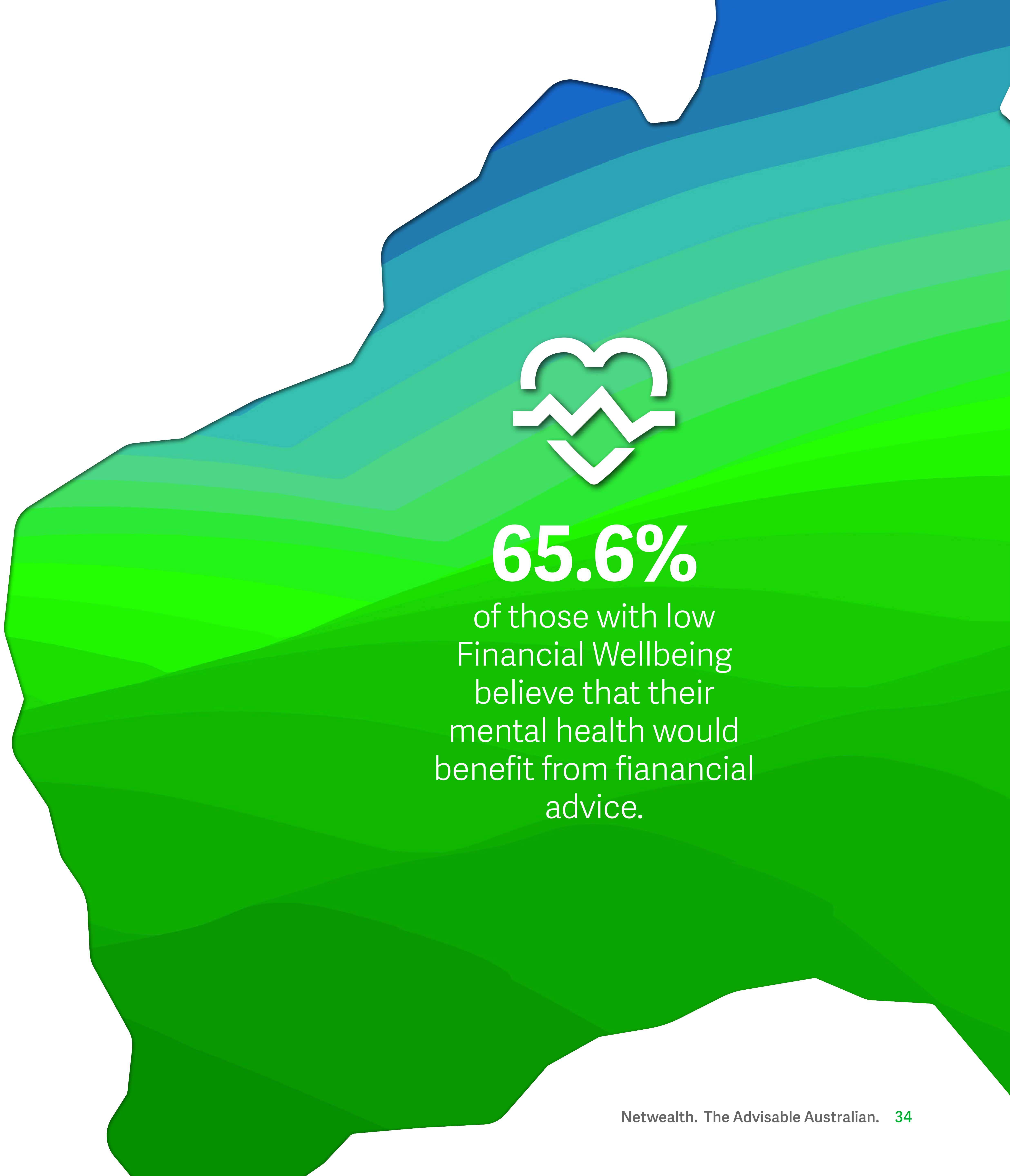
The role of financial advice for these lower Financial Wellbeing groups can be critical in improving the health and social fabric of the individual.

Fortunately, these people recognise this, with both the low and medium Financial Wellbeing groups indicating they believe financial advice can help them.

For instance, almost two-thirds (65.6%) of the low Financial Wellbeing group and over half (52.3%) of the medium group indicate their mental health would benefit from financial advice.

The role of the adviser is to shift people from low and medium Financial Wellbeing by taking on the role of encourager and educator to help them build a savings and financial plan that limits uncertainty.

It is important to make sure that they know there are options and to take things step by step.



4

Advice Propensity

What is Advice Propensity and why does it matter?

The Advice Propensity dimension is a measure of The Advisable Australians likelihood to seek or use financial advice services.

It encompasses an individual's openness to using advice, taking into consideration their understanding of what financial advice is and their perceptions, sentiment, and barriers, or lack thereof to seeking financial advice. It also considers their latent need for advice driven by the individual's life circumstances.

The benefits of receiving advice are well-documented, which are reinforced by our research. We found that those who receive advice are less likely to have financial issues impact their mental health (39.1% versus 51.0% of unadvised individuals), family life (35.7% versus 48.2% unadvised individuals) and social life (33.1% versus 45.5% unadvised individuals).

By understanding the Advice Propensity dimension advice firms can better articulate and market to their future prospective client base. The Advisable Australian universe falls into four naturally occurring Advice Propensity groups, split evenly among the population (excluding individuals who would never seek financial advice).

Advice Propensity group	Percent	Number of people	Total household wealth*	Total debt*
Use financial advice today	27.4%	2.35m	$3.4 trillion	$398.9b
Likely to seek advice	24.5%	2.10m	$2.1 trillion	$361.2b
Possible to seek advice	25.4%	2.18m	$2.3 trillion	$369.0b
Unlikely to seek advice	22.8%**	1.96m	$1.9 trillion	$193.2b

*Based on ABS population statistics (2019) and survey responses. **Figures may not add up due to rounding

Those that are 'likely' or 'possible' to receive financial advice are the most attractive future market for planners.

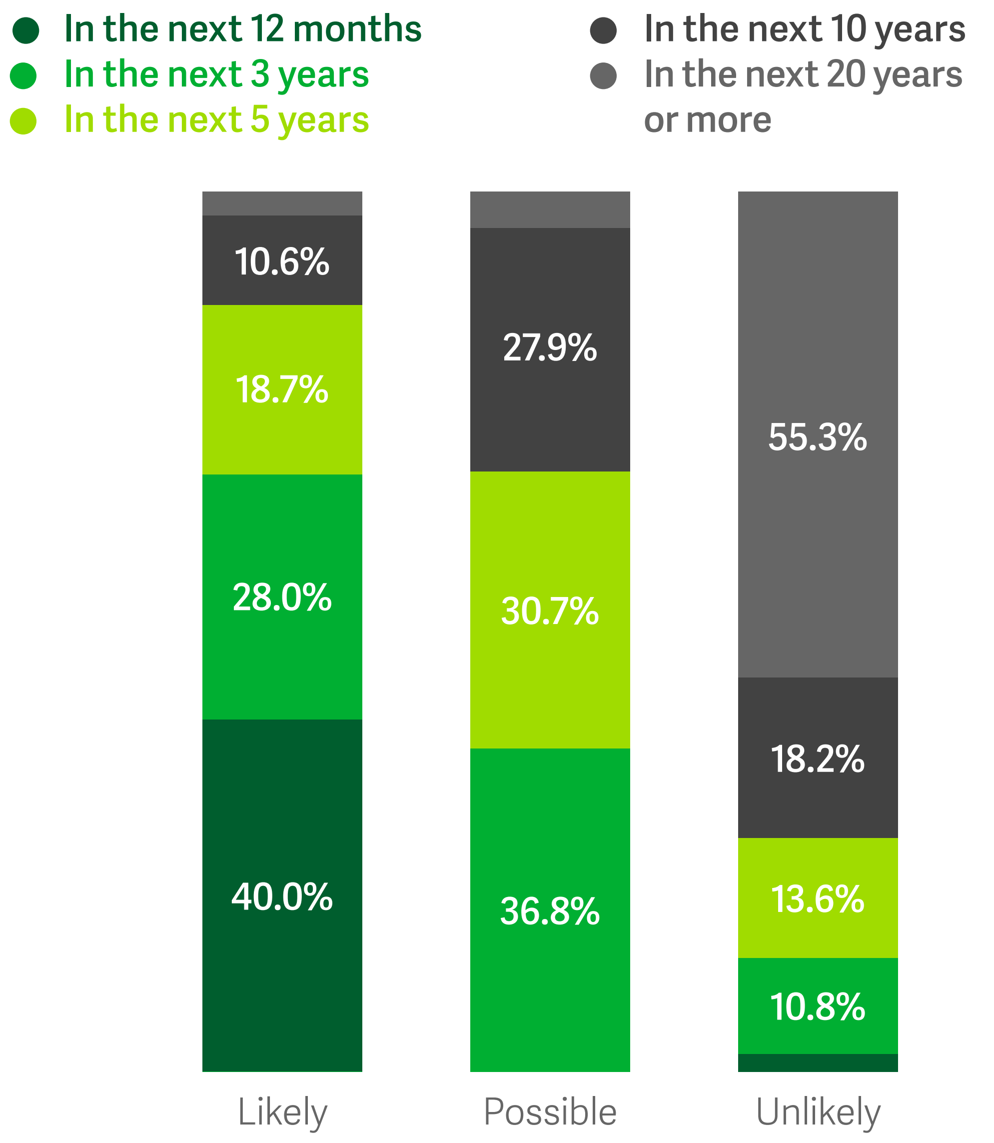
Combined, they consist of 4.28 million Australians and the value of their total household wealth is estimated to be $4.4 trillion, whilst their total debt is $0.73 trillion (where total household wealth is made up of total household investment portfolio, total household superannuation plus the value of residential property; and total household debt includes mortgages, personal loans, credit cards and other debts).

Forty percent of those 'likely' to seek advice claim they are realistically going to start or restart receiving financial advice in the next 12 months, with a further 28.0 per cent of this group likely to receive advice in the next 3 years. For the 'possible' group, almost 40 per cent are looking to start/restart receiving financial advice in the next 3 years and a further 30.7 per cent in the next 5 years.

For advice businesses looking to grow their business in the next three to five years, understanding the likely and possible Advice Propensity groups makes perfect sense.

Likelihood to use financial advice services

In what timeframe do you think you will realistically start/restart receiving financial advice from a financial planner?



Understanding the characteristics of Advice Propensity

Advice Propensity is not just about the wealth of a person or whether they can afford advice, although it plays a large role. It is also about a person's perceptions and attitudes towards financial advice.

Those Advisable Australians that are more likely to seek advice typically have wealth needs, an appreciation of what advice can offer them, a belief that advisers can do it better than they can, trust in a person or organisation and comfort that they can afford it.

Advice Propensity thus increases with:

1. Clarity on an individual's personal and household financial goals
2. An understanding of the role and benefits advice can deliver them
3. A belief that a wealth professional can service their needs better than they can themselves
4. A positive feeling about affordability and trust the person and organisation they hope to receive advice from

1. Life events, wealth goals and needs

Specific events or needs in a person's life are usually the starting point and a strong motivator in what drives The Advisable Australian to seek financial advice. We know that key events like buying a house or having children or starting a business often trigger the search for advice.

Specific events or needs in a person's life are usually the starting point and a strong motivator in what drives The Advisable Australian to seek financial advice. We know that key events like buying a house or having children or starting a business often trigger the search for advice.

Typically, those with higher Advice Propensity (that is, those who are likely to, or will possibly, seek advice) have more wealth needs due to recent changes in their life or specific financial goals in the near future. They are also more likely to be younger (Gen X and Y), emerging affluent individuals.

While the group with likely Advice Propensity are not invested in many assets right now, they do have the appetite to build and grow their investment portfolios. It is the second most popular financial goal for the next three years (37.2%), behind paying of mortgage or debts (40.4%) and above buying a property to live in (27.3%).

Those with more wealth needs due to recent changes in their life or specific financial goals will be more likely to seek advice

Which of the following financial goals are you actively working towards in the next three years (selected responses)?

Generation X and Y Advisable Australians have higher Advice Propensity

Advice Propensity group	Gen Y	Gen X	Total Gen Y & X
Use	30.5%	22.4%	1.4m
Likely	28.5%	28.8%	1.2m
Possible	24.7%	29.7%	1.3m
Unlikely	16.3%	19.1%	1.1m

2. Understanding the role and benefits of advice

The majority (47.9%) of those likely to seek advice would definitely use an adviser if they had a better understanding of what they could do for them. All of those with possible Advice Propensity would possibly consider using one if they had a better understanding of what an adviser does.

This implies that these two Advice Propensity groups don't know what advisers do, but this is not entirely correct.

Both the likely and possible Propensity groups understand the many areas a financial planner can help them with. Most (over 65 per cent) feel an adviser can help ensure their portfolios is diversified and their wealth is invested/managed wisely. The majority (over 50 per cent) of them also believe planners can assist manage money during retirement.

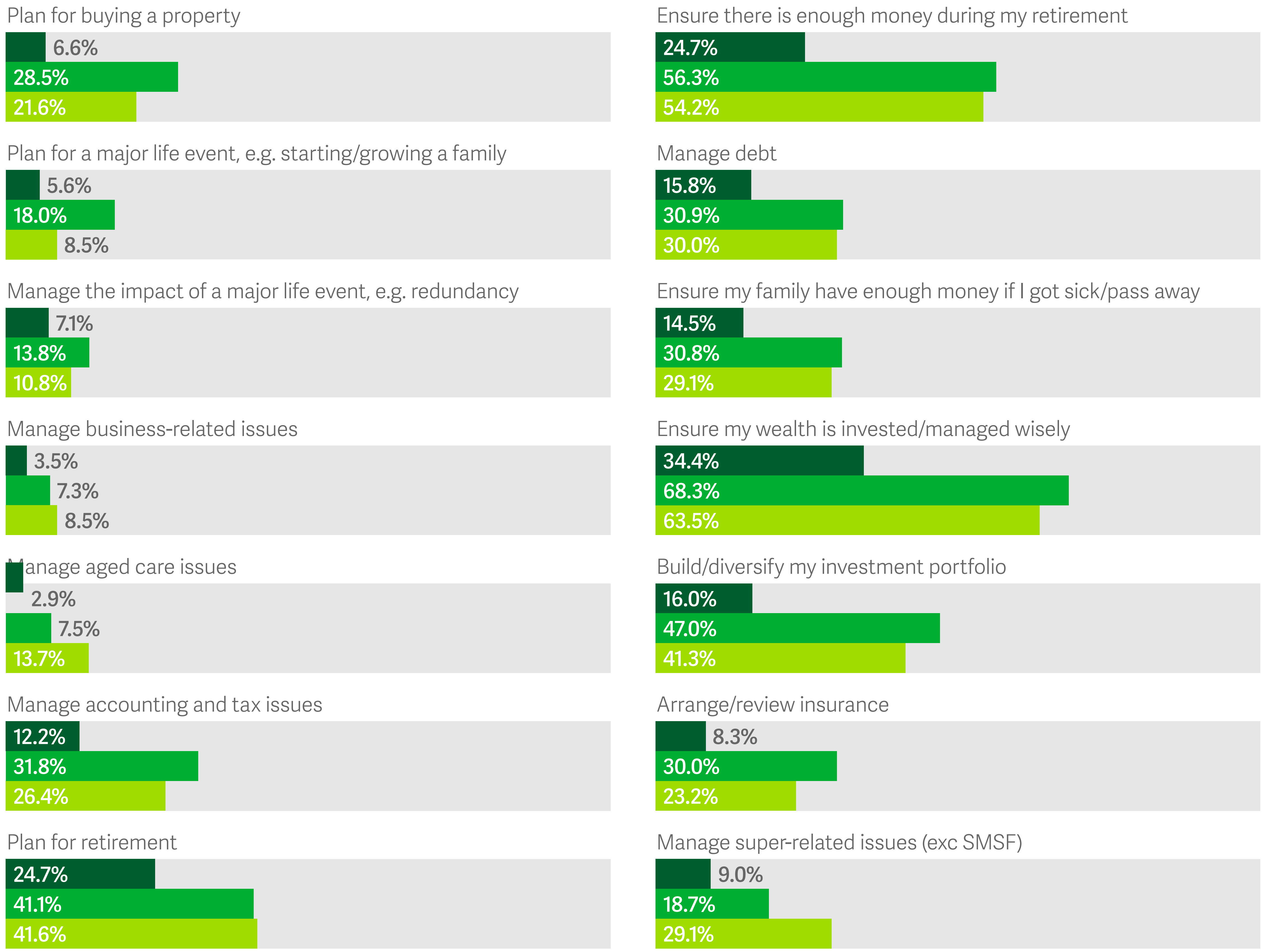
However, many other advice services, such as superannuation advice, managing debt, panning for major life events and contingencies and risk planning is not well appreciated. For many of these services, less than one in three of the likely and possible Propensity groups do not feel a financial adviser can help. This is a concern, yet an opportunity for advice firms and for the industry.

It is imperative that we do a better job of communicating the role of advisers and how they can assist The Advisable Australian throughout their entire life.

Both the likely and possible Propensity groups understand the many areas a financial planner can help them with, but may not know where to start

Which of the following areas do you think a financial planner can potentially help you with?

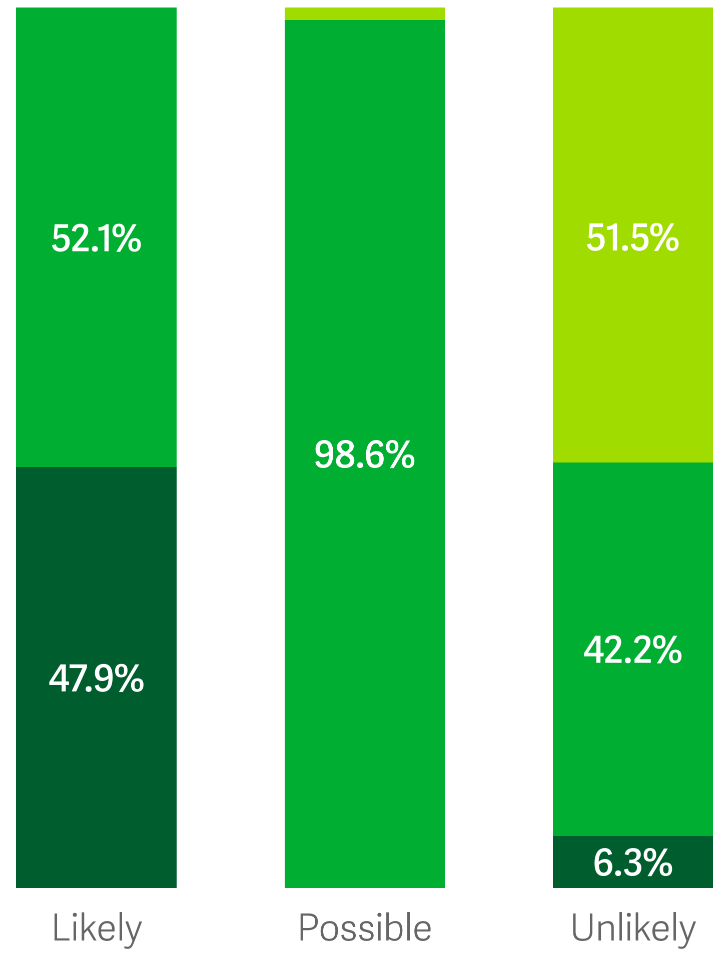
- Likely to seek advice
- Possible
- Unlikely



Financial advisers need to do a better job of communicating their role in wealth creation

Would you consider receiving financial advice from a financial planner if you have a better understanding of what they could do for you?

- Yes, definitely
- Yes, possibly
- No



3. Confidence in making wealth and financial decisions

Advice Propensity is linked to investment and wealth decision making.

Those with an unlikely Advice Propensity often believe that they can do it on their own. Almost one in five (17.7%) say they are extremely confident in making any financial and investment-related decisions with a further 27.4% saying they are very confident.

These individuals who are unlikely to seek advice are the most likely to say they can manage their own financial affairs (41.6% of them). This confidence means they are harder to obtain as future clients.

Those with higher levels of Advice Propensity on the other hand do have some basic understanding of financial concepts and the basic principles of investing, such as the relationship between risk and return, and the importance of diversification.

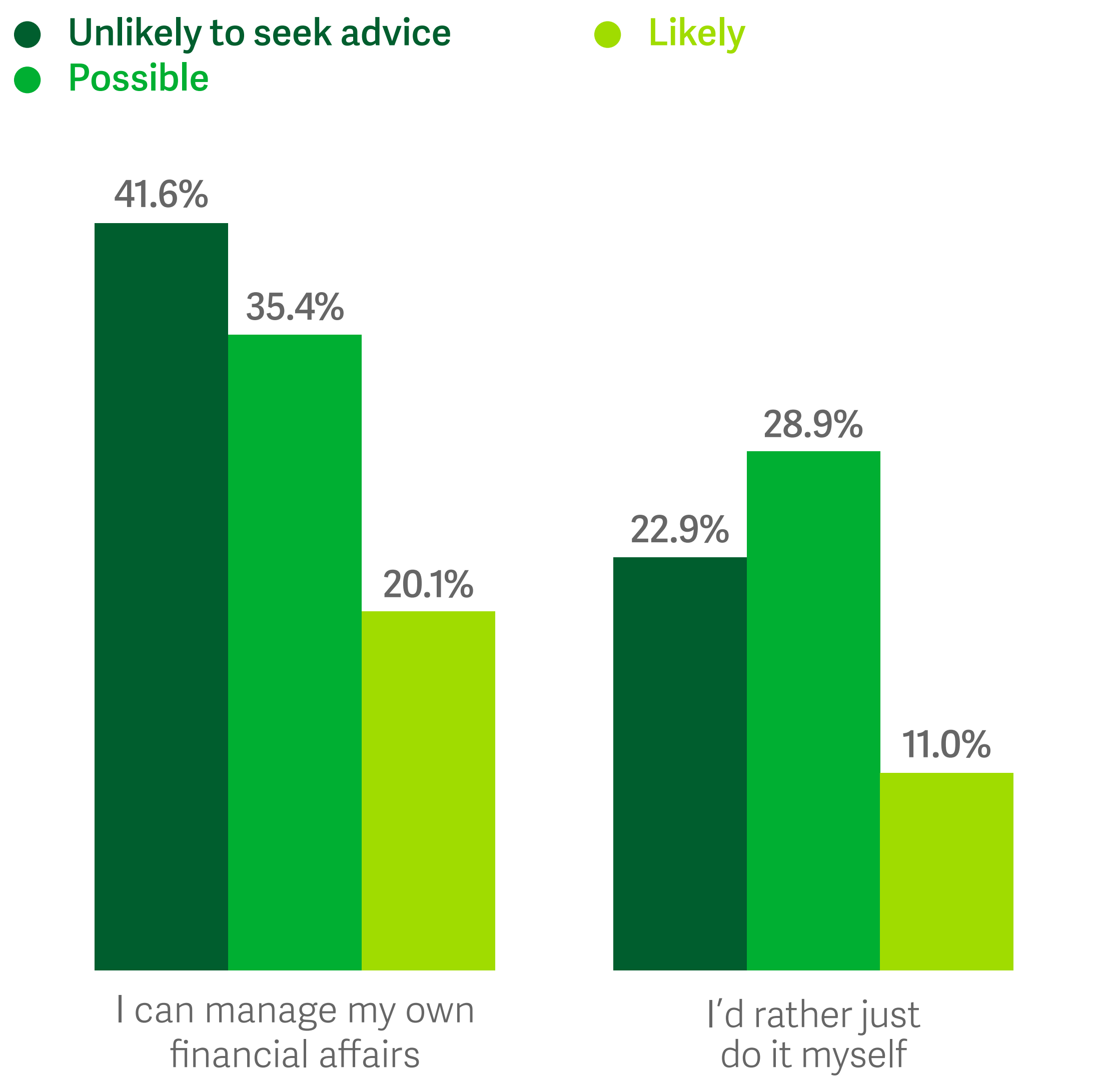
However, they are less confident in making financial and investment-related decisions overall (with around 50 per cent reasonably confident). As a result they are less open to doing do it themselves (only 11.0% of the likely group) and are more likely to seek advice, so are better prospects for financial advice firms.

Those who are likely to seek advice often are confident in making most financial decision but want the support of others to guide them

Which of the following best describes your confidence in making financial and investment-related decisions?

Those who are unlikely to seek advice often believe that they can manage their financial affairs and do it on their own

What are the key reasons you are not currently using or seeking financial advice from a financial planner?



4. Affordability, trust in a business and knowing where to start

Overcoming a person's negative attitudes, perceptions or impediments to financial advice are the next step to make them less hesitant in seeking advice.

"I'm ready but who should I trust and where do I start?"

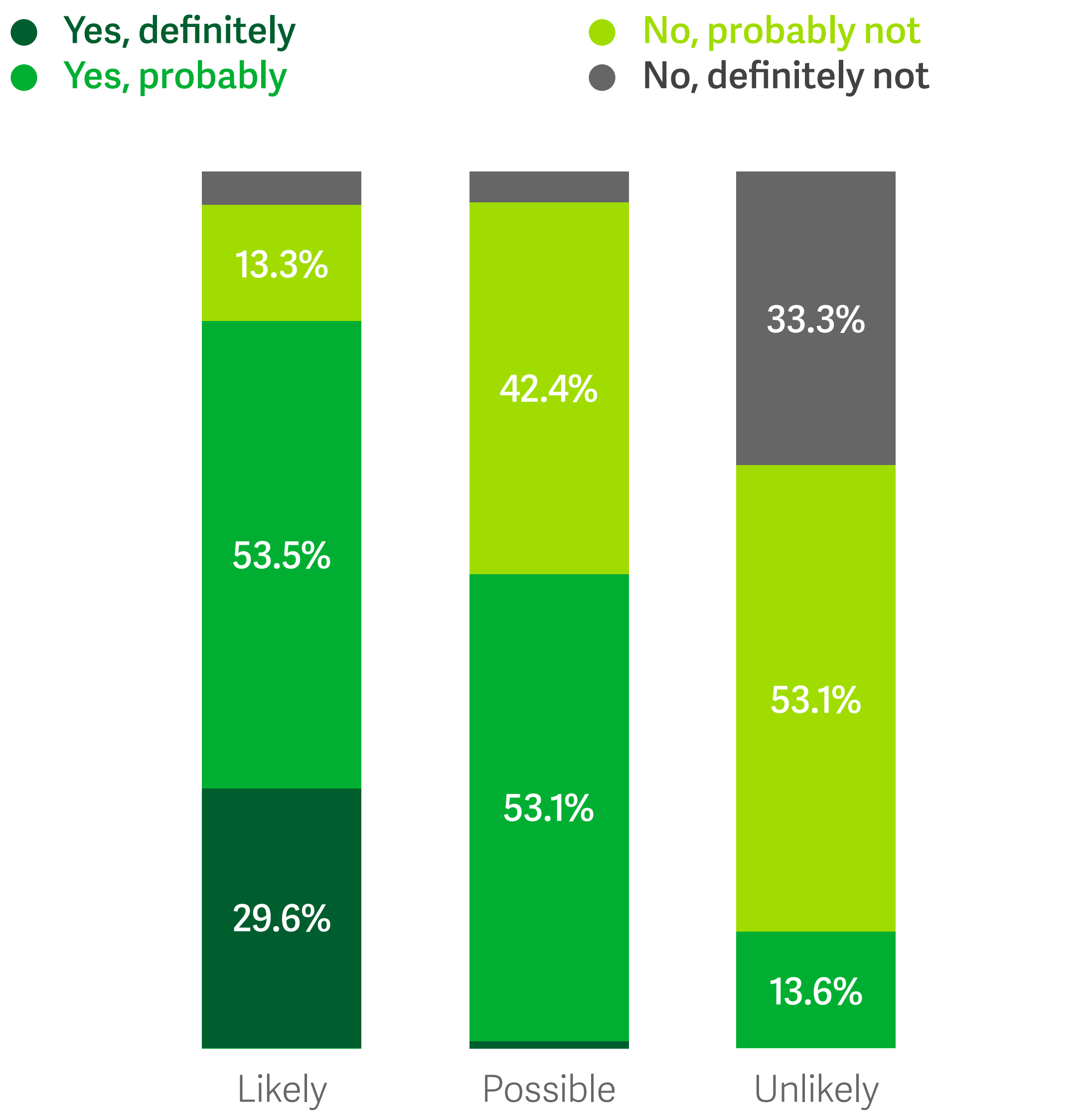
There are various issues individuals say stop them from receiving advice but generally they can be categorised into a few buckets, namely trust and affordability.

For those Likely to seek advice, almost one in three (29.6%) say they would definitely start/restart receiving advice from a financial planner sooner if they 'knew where to start', with a further 53.5 per cent probable to start/restart.

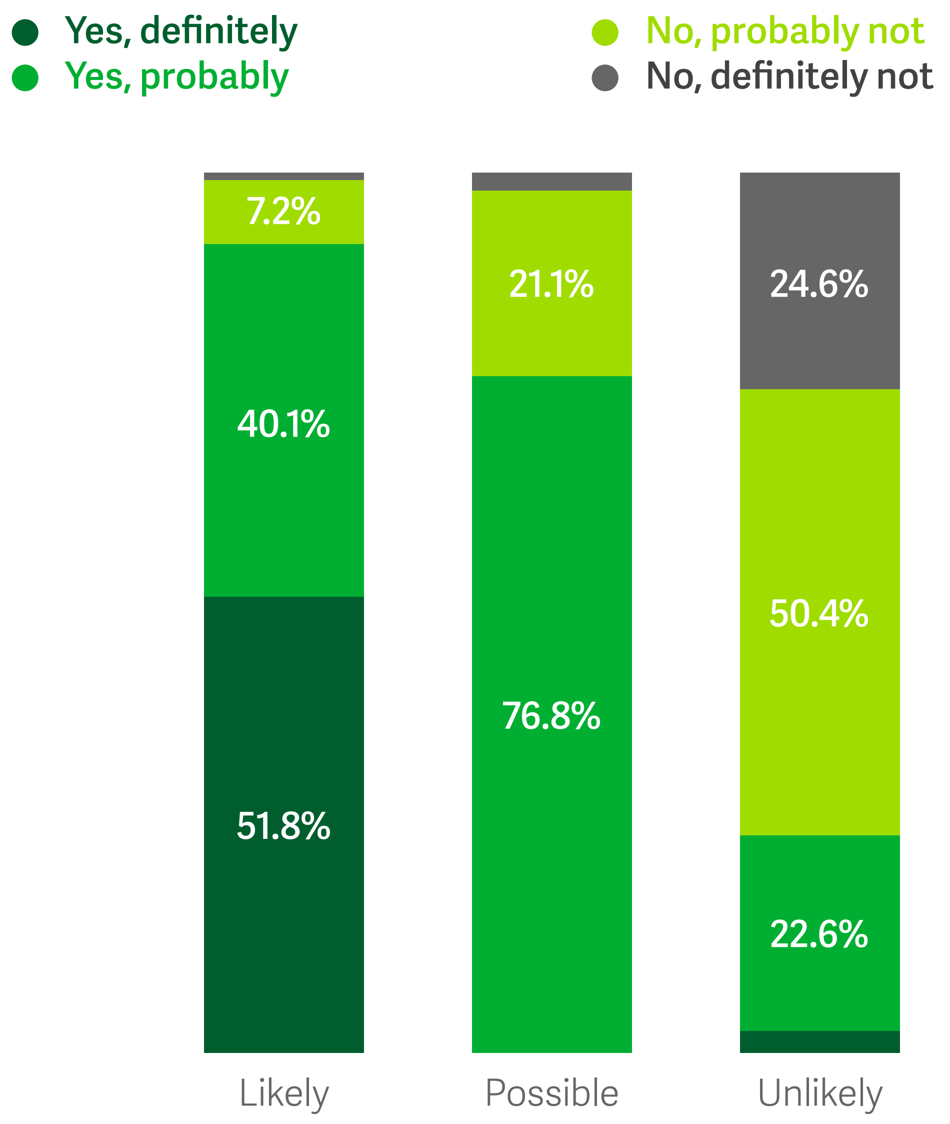
Over half (51.8%) of the Likely group say they would definitely start/restart a financial advice relationship if they could find an adviser that they could trust. And trust is more important for younger generations, with Generation X and Y more likely to start/restart an advice relationship than older generations if they found an adviser they could trust .

There are a number of factors that would make The Advisable Australian start or restart receiving financial advice, including knowing where to start and finding a trustworthy advice firm

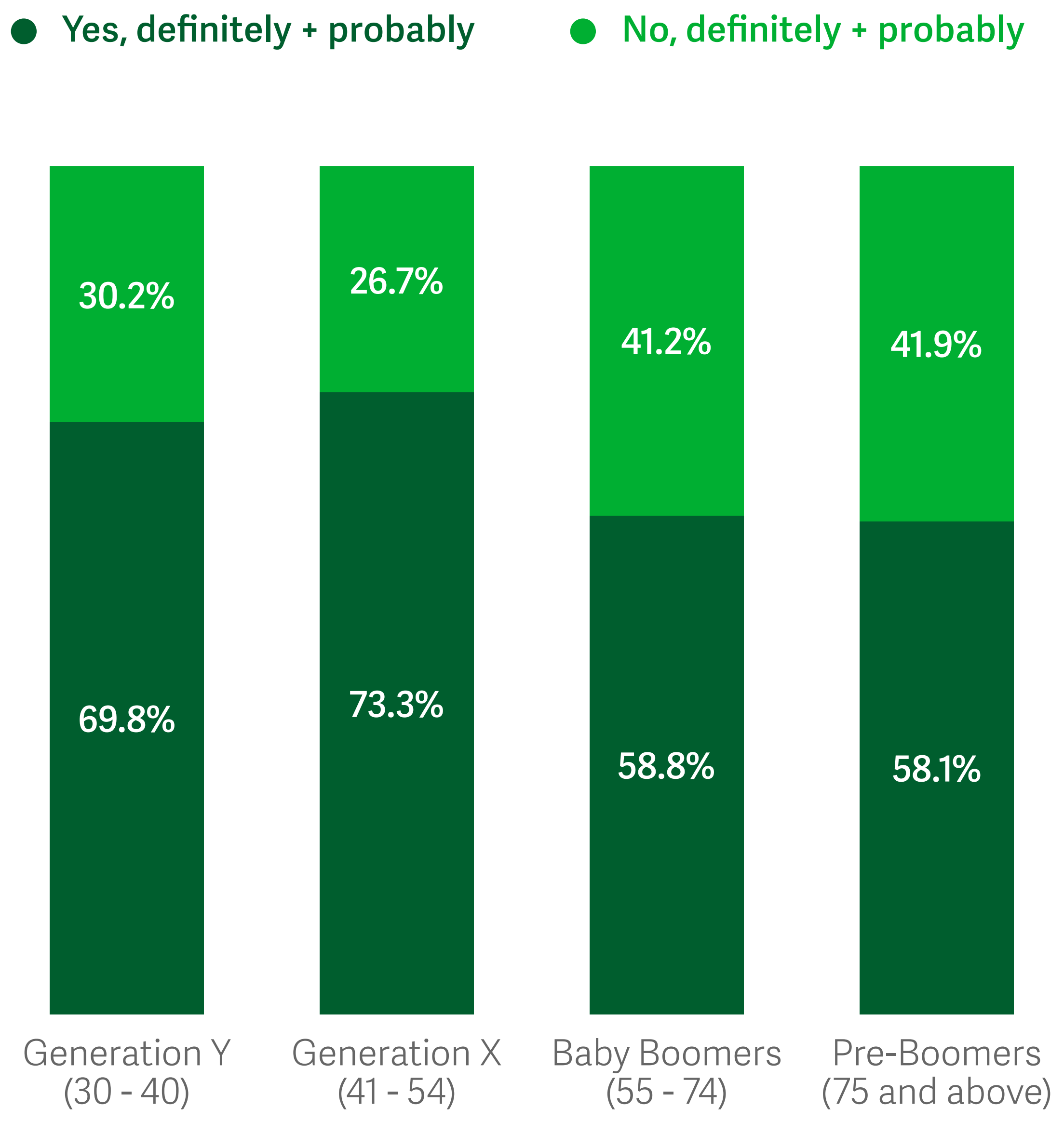
If I knew where to start, I would start/restart receiving financial advice from a financial planner sooner...



If I found one I could trust, I would start/restart receiving financial advice from a financial planner sooner...



(By generation) If I found one I could trust, I would start/restart receiving financial advice from a financial planner sooner...



The perception of value and affordability is something that any business must contend with when positioning itself to a new prospective customer – financial advice businesses are no different.

Regardless of the Advice Propensity group, convincing The Advisable Australian of value and affordability will in turn increase their likelihood to start/restart financial advice.

For almost three in 10 (29.6%) of those in the likely Advice Propensity group, demonstrating value and affordability would definitely lead to them looking to seek advice sooner.

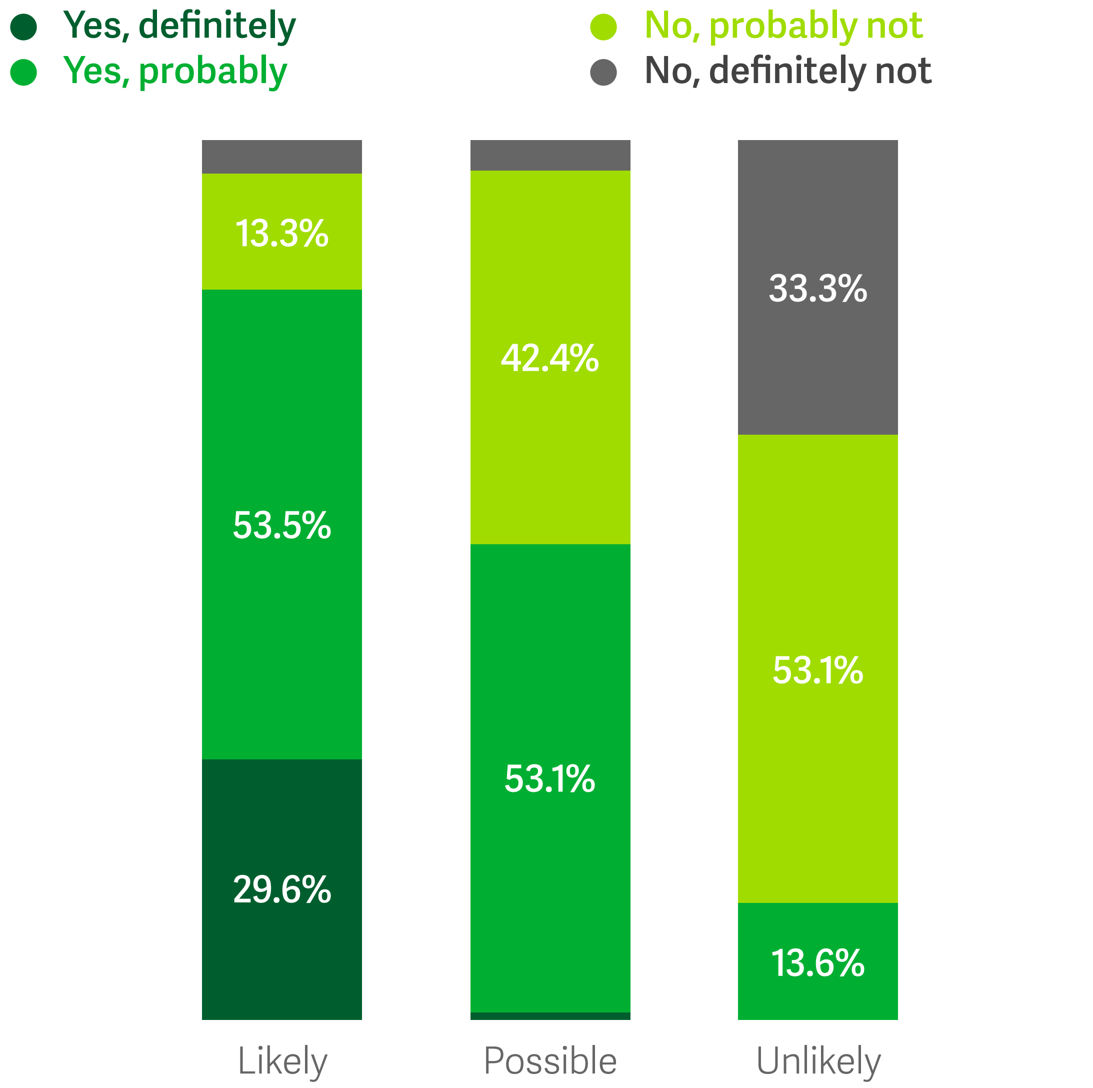
Logic would suggest that affordability is linked with a household's wealth, and this is partly correct. However, we have found that household income is even more important than a household's investable assets when driving an individual's sense of affordability of advice.

Being asset rich, but income poor (typical of retirees or start-up business owners) is likely to lead to attitude of not being able to justify or afford the cost of advice.

That is, it is a person's sense of being able to pay for advice out of their cashflow which provides a greater sense of affordability.

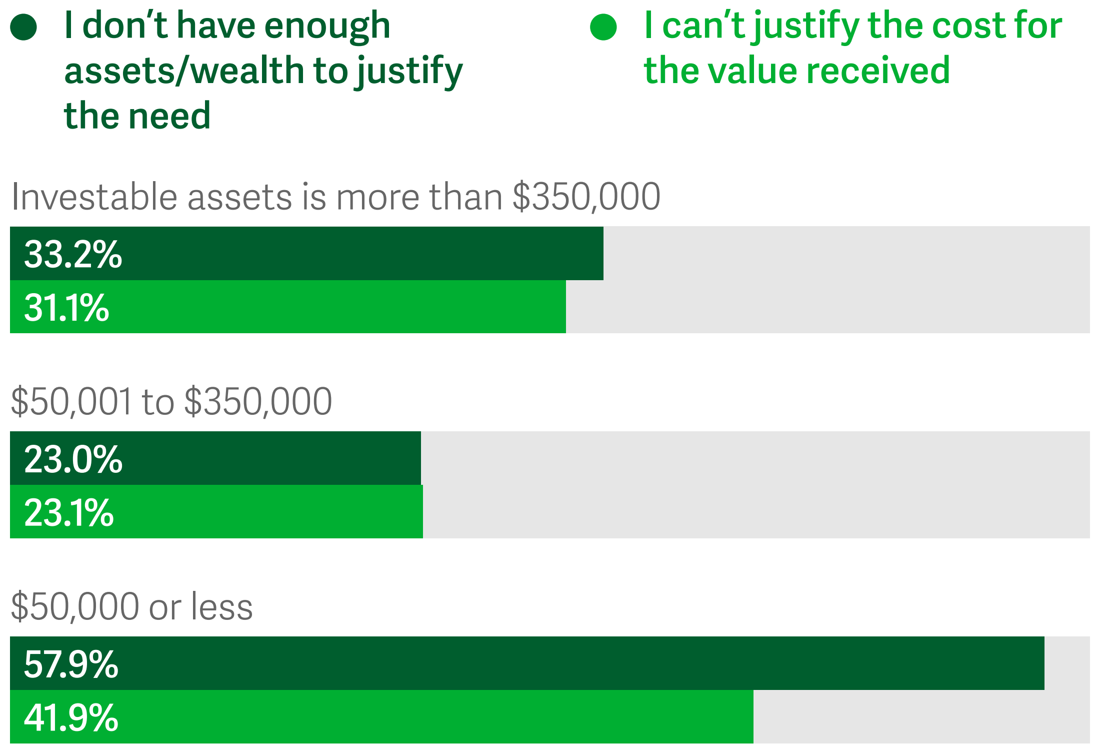
Affordability and value are key barriers to receiving financial advice

If it was more affordable it would drive me to start/restart receiving financial advice from a financial planner sooner



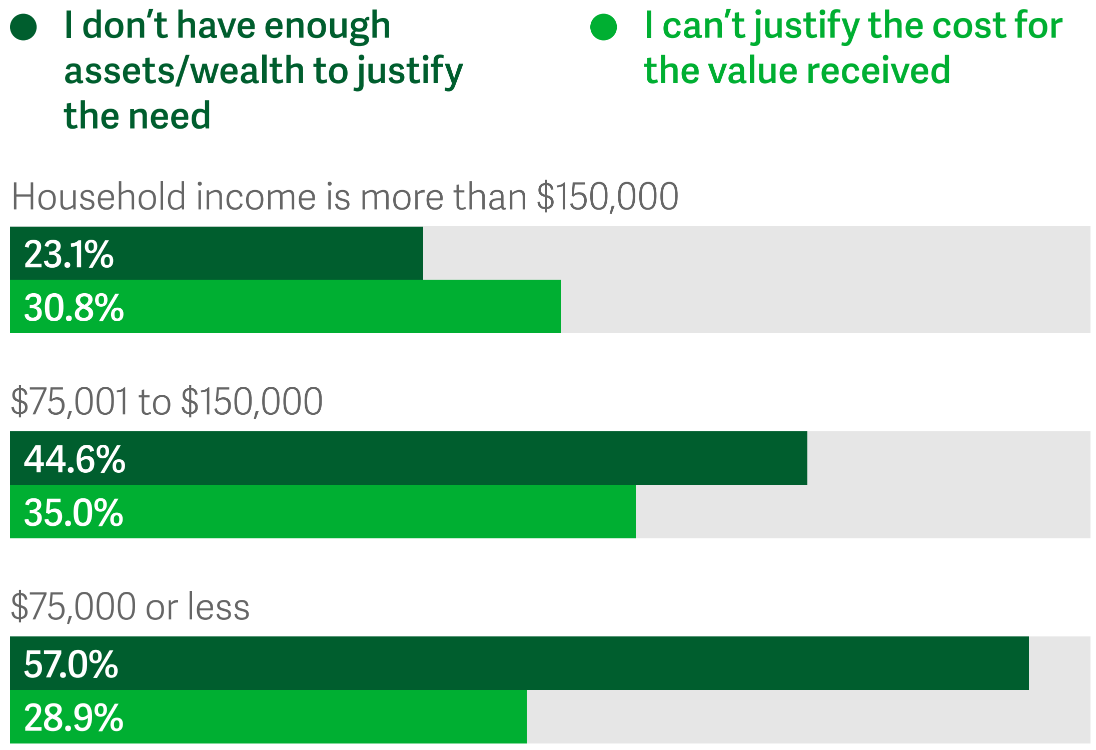
Being asset rich doesn't always equate to an increased sense of advice affordability

What are the key reasons you are not currently using or seeking financial advice from a financial planner (selected responses)?



But as household income increases, people are more likely to see advice as more affordable as they have the cashflow to pay for it

What are the key reasons you are not currently using or seeking financial advice from a financial planner (selected responses)?



Marketing and engaging with those most likely to seek advice

Using an understanding of the Advice Propensity dimension when targeting the prospective Advisable Australian can help advice practices evolve their communication and marketing approaches.

Using an understanding of the Advice Propensity dimension when targeting the prospective Advisable Australian can help advice practices evolve their communication and marketing approaches.

Whilst it is important to establish clearly what the individual's financial goals are, the business will certainly need to prove to the prospective client the value of the planners' skills and expertise, where each Advice Propensity group will value something slightly different.

For each of the different groups we provide some suggestions as to how to adjust marketing and messaging to improve the chances of winning them as clients.

Advice Propensity

Likely to seek advice

- Individuals in this group have certain wealth needs driven by life events and believe they are ready for financial advice. As such they will not need as much convincing that advice is valuable. Rather these people are not sure where to start or whom to turn to.
- They want someone who can foster a trusting relationship and someone who can help them achieve their financial goals.
- You will need to foster trust by proving your credentials and showing examples of experience you've had with other clients in their shoes, with similar financial goals and aspirations.
- They will be willing to shop around until they find someone they can trust.

Possible to seek advice

- Individuals in this group also have clarity on their wealth needs but have less clarity on the role a financial adviser can play in helping them achieve these needs.
- They are thus more likely to anchor their decision to use advice around value and cost. They will ask, "Does my situation really justify paying for advice?"
- You will need to prove your service is valuable to them and show them that they don't need to be extremely wealthy to get value from advice.

Unlikely to seek advice

- Individuals in this group will be the toughest market to crack. These individuals are typically very confident that they can do things on their own without the need for financial advice.
- This group will be harder to convince and you will need to highlight that you bring something new to the table, showing them expertise and ability to help them beyond what they can do themselves and proving there is value in it.
- Focus on the details and the technical abilities you as an adviser bring to the table demonstrating the things they can't do or find difficult to do on their own.

Building trust with your prospective audience is a critical step in winning over their heart and mind

A mixture of tactics ranging from digital to physical to brand positioning can help develop trust and win over those more likely to seek advice.

Using face-to-face meetings to build trust

With our shift to digital and online meetings, we sometimes forget the value of face-to-face interactions.

Regardless of a prospective client's Advice Propensity, face-to-face meetings are preferred for the initial meeting (with over 73 per cent of each group asking for this).

This lines up with the fact that face-to-face is still the most natural way to foster and build trust between people. First impressions matter a great deal in building a trusting relationship.

Using digital technologies to build trust

With over half of the likely and possible Advice Propensity groups saying a firms' digital or online capabilities are critical or play a major role in delivering a positive customer experience, we believe that those firms that can provide and demonstrate this ability through a mobile app, client portal, website and social media presence will be more likely to build trust and win the heart and mind of this prospective group.

Defining and living your organisation's purpose to build trust

When asked to rank the attributes of a brand or firm that would make them admirable, the Advisable Australian listed many characteristics, where 'experienced' and 'authentic' came up as being most important.

When we combined environmentally minded, plus social and community minded together, the brand attributes become almost as important.

Companies that live and breathe these characteristics are more likely to appeal to these groups.

We suggest that you consider embracing some of the more popular characteristics and articulate this through your marketing and messaging whenever you can. Look to your staff to demonstrate these characteristics as often as they can and as best as they can to appeal to your prospective target audience and build trust.

We discuss this in more detail in Section 6, Brand Affinity dimension.

Top 10 ranked characteristics most admired in a company

	% that admire		
	Likely to seek	Possible	Unlikely
Experienced	27.6%	32.2 %	25.0%
Authentic	17.8%	13.9%	10.5%
Environmentally minded	8.7%	13.4%	3.9%
Social and community minded	8.4%	6.5%	9.0%
Hardworking	6.6%	8.3%	9.4%
Intelligent	4.2%	5.0%	8.9%
Simple	2.3%	5.3%	5.7%
Compassionate	6.8%	2.8%	5.4%
Passionate	2.0%	3.3%	4.0%
Collaborative	1.0%	2.9%	2.2%

5

Technology Adoption

What is Technology Adoption and why does it matter?

The Technology Adoption dimension of The Advisable Australian is a measure of the current usage of, and value an individual places in, technology and digital services.

It considers the frequency of usage of digital services, how comfortable they are using technology and how keen they are on adopting new services. Higher levels of Technology Adoption will drive greater expectations that digital tools and services be offered by financial advice firms across both mobile and desktop devices.

These individuals want advice firms to invest in their online capabilities, such as their mobile app, client portal, website and social media presence.

8 in 10 (82.6%) of those in the very high Technology Adoption group and 6 in 10 (62.4%) in the high group say online capabilities play a critical or major role in delivering a positive customer experience.

These individuals are also most likely to use other digital financial and wealth services, including things like buy-now-pay-later (BNPL) services, money transfer services and digital wallets.

Like the other dimensions, The Advisable Australian universe falls into four naturally occurring Technology Adoption groups, with the largest group being the high group with 3.54 million people. Both medium and low groups combined are slightly larger (4.29 million) with the smallest group being the very high Technology Adoption group (780,000 people).

According to the 2020 AdviceTech Report where Netwealth investigated the technology uptake and behaviours of advice firms, we found that most advice firms were not focused on delivering excellent customer experiences using digital services, with only 8.9% of advice firms saying "technology was pervasive in all client engagement interactions their business offered".

For financial advice firms this should be a wake-up call. Technology is more than making the back-office administrative processes more efficient, it should extend to how technology can be used to enhance communications and advice services to deliver a better customer experience.

Technology Adoption groups by size

Financial Resilience groups	Percent	Number of people*
Very-high	9.1%	0.78m
High	41.1%	3.54m
Medium	31.0%	2.67m
Low	18.8%	1.62m

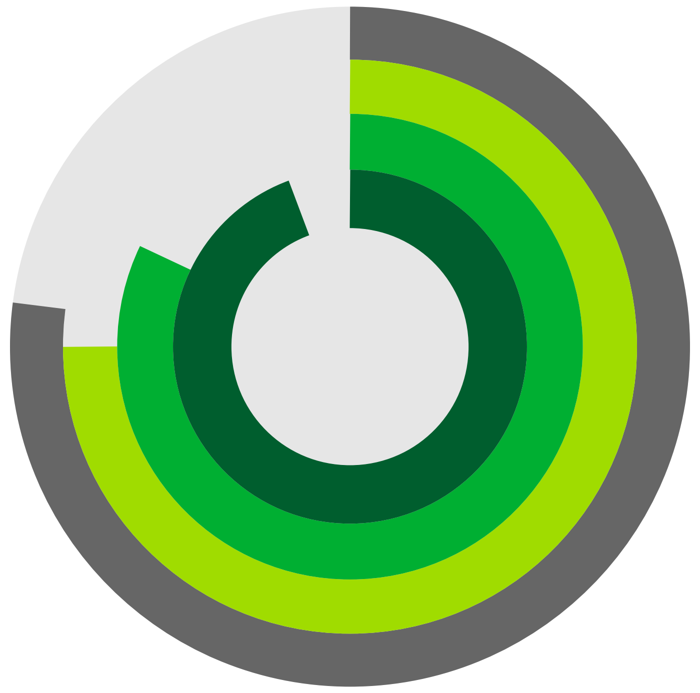
**ABS population statistics (2019) and survey responses were used to calculate populations.

Not surprisingly, higher Technology Adoption individuals expect a company to have high levels of digital capabilities

Agree - A brand or firm's digital or online capabilities is critical or plays a major role in delivering a positive customer experience

Those with higher Technology Adoption levels and use advice services are more likely to recommend

I am extremely likely to recommend my financial planner to family friends or colleagues



Delivering on this promise of an enhanced client experience can translate into real benefits for advice firms with clients in the higher Technology Adoption groups.

Those higher technology focused clients are more likely to recommend their financial planner to family friends or colleagues (93.8% of the very high group and 82.2% of the high group).

Understanding the characteristics of Technology Adoption

Technology Adoption reflects The Advisable Australians desire and confidence in using technology and their digital online preferences.

Technology Adoption can be best explained as:

1. **Confidence in technology** – an individual's confidence, savviness and trust in new technologies.
2. **Technology usage** – the frequency and variety in using different digital online services.

Younger generations are far more confident in adopting technology

	Tech Adoption group		
Age	**Low**	**High**	**Very high**
Pre-Boomers	42.0%	12.0%	0.0%
Baby Boomer	32.9%	16.7%	2.0%
Gen X	13.8%	54.7%	9.0%
Gen Y	0.7%	64.0%	20.8%

Not surprisingly, age is the most important factor in an individual's Technology Adoption. The younger generation has grown up with technology and digital services, is very familiar using it and likes to be on the cutting edge.

We see that almost 8 in 10 (64.8%) of Gen Ys are in the very high or high Technology Adoption group – this group also known as "digital natives", have grown up utilising technology in their everyday lives.

There is a gender bias towards Technology Adoption

Tech Adoption group	Male	Female
Very high	76.3%	23.7%
High	40.5%	59.5%
Medium	53.1%	46.9%
Low	36.1%	63.9%

Interestingly, males tend to have higher Technology Adoption profiles. More than three quarters (76.3%) of the very high Technology Adoption group are males.

Where a person lives influences Technology Adoption

Tech Adoption group	Metro	Regional
Very high	10.9%	5.6%
High	44.2%	35.2%
Medium	28.4%	35.9%
Low	16.5%	23.4%

There is also a relationship between individuals living in metro areas and a higher Technology Adoption. More than half (55.1%) of those who live in metro areas have a very high or high Technology Adoption profile compared to 40.8% of those in regional areas.

1. Confidence in technology

Confidence in technology and digital services refers to how comfortable The Advisable Australian is with using technology, adopting new technologies and their preferences for accessing the internet – whether that be mobile or desktop.

As expected, Technology Adoption rises with higher confidence in technology.

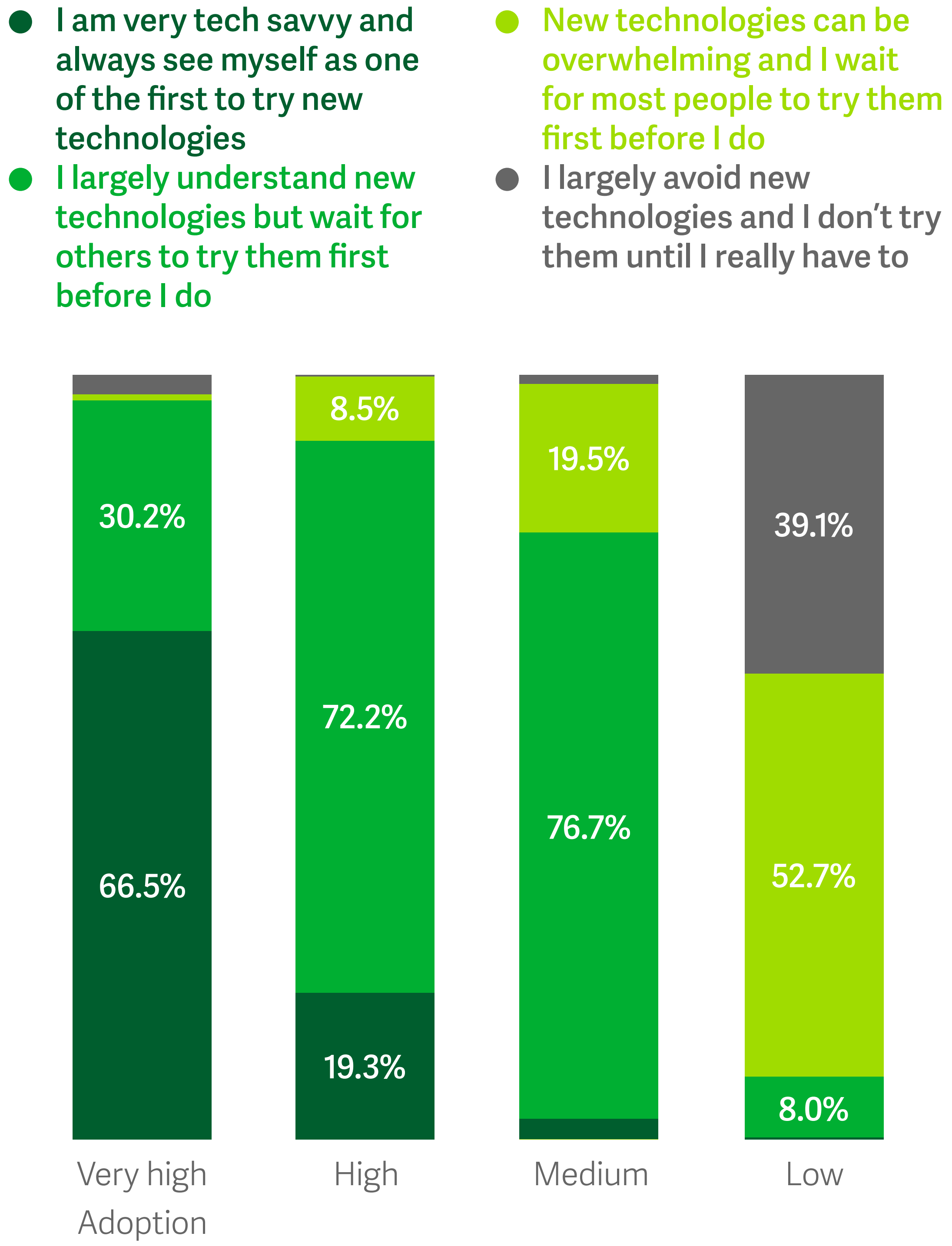
Two thirds (66.5%) of individuals in the very high Technology Adoption group describe themselves as very tech savvy and always first to try new technologies – being an early adopter is a key differentiator of this group.

Those in the high group are less likely to be early adopters, with the majority (72.2%) having a good understanding of new technologies yet more inclined to wait for others to try them. With that said, the high group (like the very high group) are extremely or very confident in using most types of technology (75.6% of them).

Higher Technology Adoption groups are also more likely to use the internet on mobile devices for non-work activities. What separates the top Technology Adoption individuals is the fact they are comfortable on whatever device they are using. The Advisable Australian in the high Technology Adoption groups are more likely to prefer mobile for personal and non-work activities (46.0% of them), whereas individuals in the very high group profile tend to use mobile and desktop in equal amounts (65.6% of them).

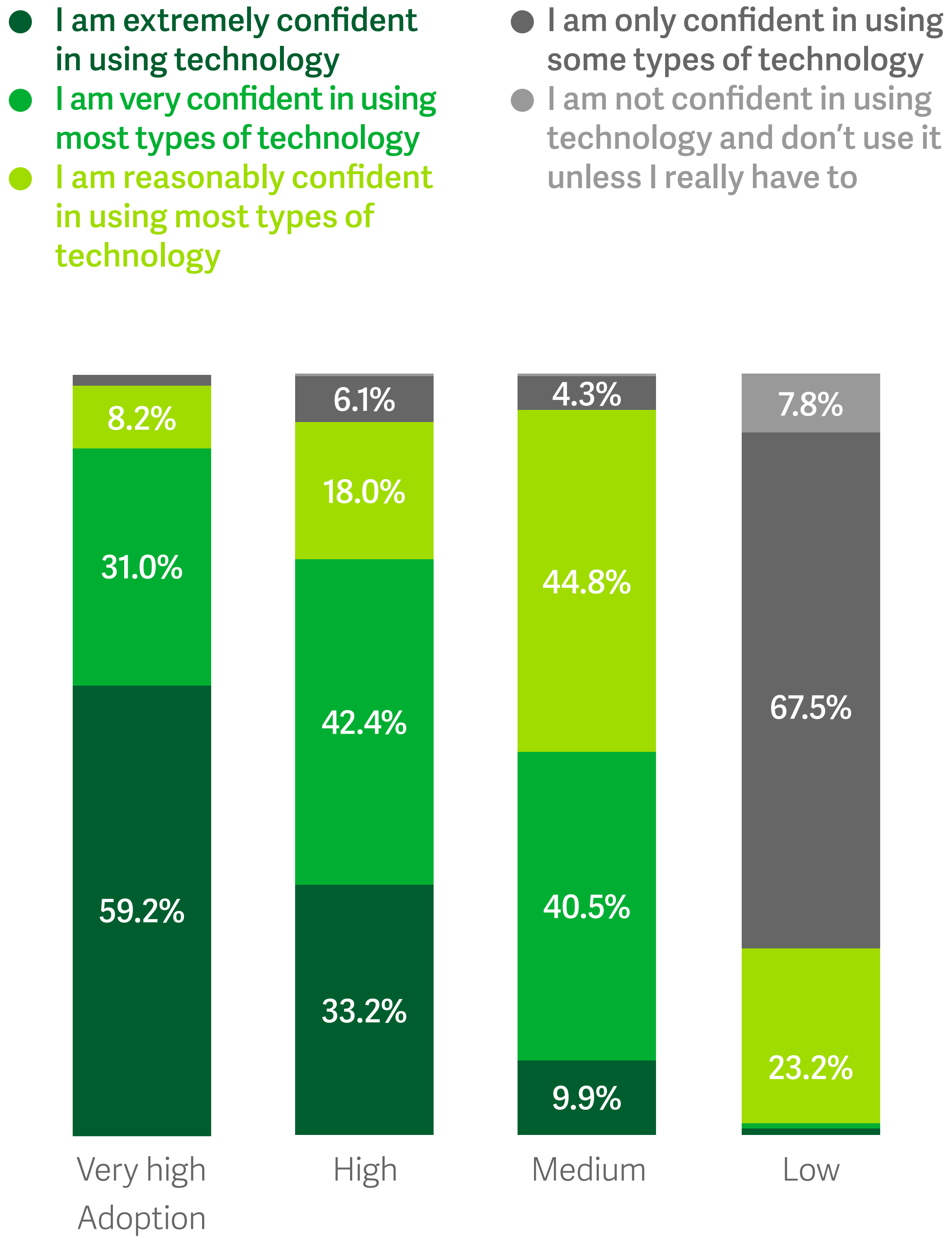
A person who sees themselves as a tech savvy and an early adopter, typically is one

Which of the following best describes your attitude towards adopting new technologies?



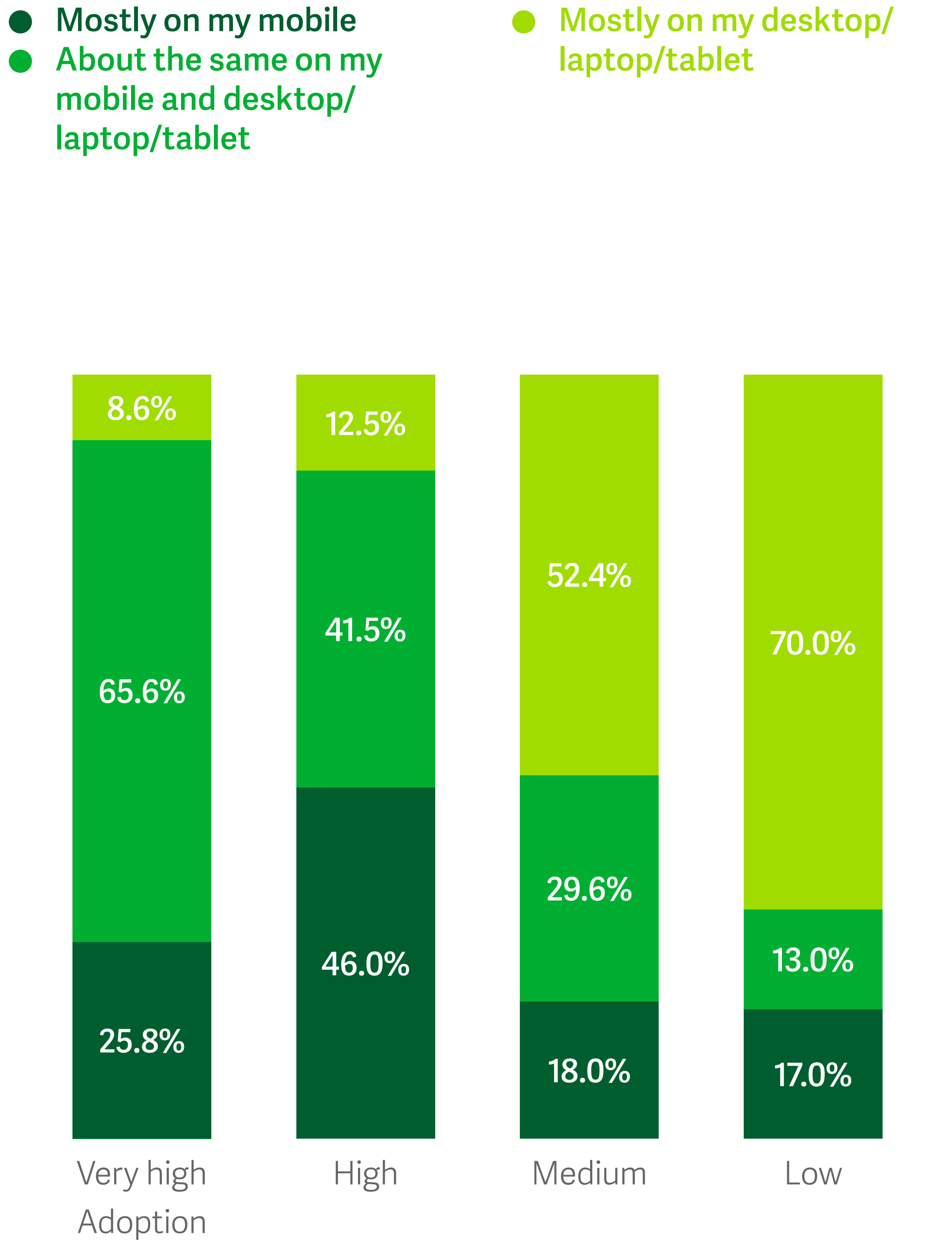
Confidence in using technology is an important driver in tech adoption

Which of the following best describes your confidence in using technology?



Accessing internet on mobile is the norm for higher Tech Adoption group

How do you typically access the Internet for personal non-work activities?



2. Technology usage

Technology usage covers what online digital services The Advisable Australian uses, the frequency in which they use them and the quantum or number of services they consume.

It stands to reason that individuals in the higher Technology Adoption groups use more online digital services and use them more frequently. Whilst the low group are far less likely to use digital services on a daily or weekly basis. Even the mainstream digital activities like searching for something online and using social media are consumed in vastly different frequencies between the different Technology Adoption groups.

Daily use of online search is close to 100% for the very high Technology Adoption group and over 80% for the high group whilst only 4 in 10 (39.1%) of the low group search the internet daily.

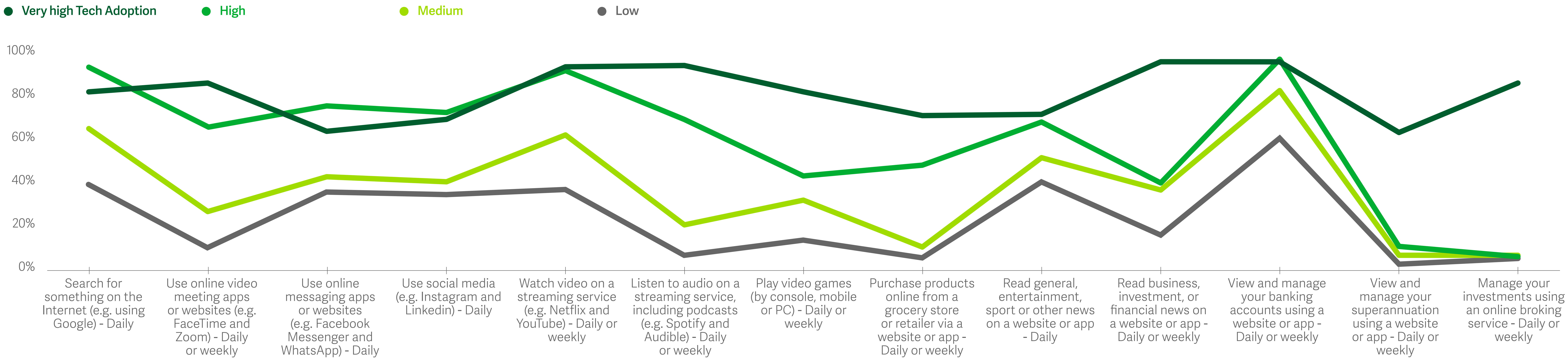
Emerging online activities, like watching streaming services (e.g. Netflix), listening to audio streaming services (e.g. Spotify) and podcasts and online shopping are more polarising, with the majority of high and very high Technology Adoption groups using them on a daily or weekly basis, whilst lower groups using them far less frequently.

We see the least divide with messaging apps (like WhatsApp), the consumption of news, entertainment and sport information and online banking.

High Technology Adoption also translates into the use of digital services for wealth management purposes. Those in the very high group are far more likely on a weekly basis to:

- read investment or financial news online (96.4% of the very high group compared to only 60.6% of the low group)
- read business, investment, or financial news on a website or app (96.3% compared to 16.0%)
- manage their super digitally (63.3% compared to 2.4%)
- manage investments using an online broker (86.0% compared to 5.0%)
- manage investment using a digital/robo service (59.3% compared to 0.9%).

How frequently do you typically do/use the following?



Using Technology Adoption to evolve your service and communication offering

The dimension of Technology Adoption is an attribute of The Advisable Australian that is important to understand to adjust the service offering to match the expectations of those with different Technology Adoptions profiles.

This is particularly important as the client-base of advice firms shifts to Gen X and Y who have grown up with technology and fit into the higher Technology Adoption groups, and who place more importance on a firm's digital or online capabilities. Yet it will be as important to identify those clients in the lower Technology Adoption groups who will become disenfranchised with the latest digital tech. When looking to expand a financial advice firms digital capabilities, consider:

1. Using appropriate digital communication and education tools, such as online meetings, that are most convenient to them.
2. Providing or emphasising digital services, such as client portals, that they value.
3. Putting in place technology systems that are scalable and customisable – so that they are simple enough for anyone to use but have a depth of features for tech advanced individuals.

Technology Adoption

Low	Medium	High	Very-high
• Offer digital tools sparingly and only when it is convenient to do so. • Adopt digital tools that are frictionless and make processes painless, but they need to be convenient and not require a steep learning curve. • Focus on more traditional communication mediums, such as face-to-face and phone and only introduce email for relevant, less important matters.	• Offer simple, easy to use tools that can show them at a glance the information that they need. • Don't anchor the service offering on technology. • Tailor communications to be digital friendly but not too technical or complex.	• Offer a comprehensive digital system that can be used on mobile, matching the experience of other services they may use. • Make communication easy and through digital platforms. • Meet face-to-face for key decisions but use channels such as a phone call for other discussions, as needed.	• Offer a comprehensive digital system that keeps them in the loop of decisions and updates. • Anchor the service offering in digital. • Offer face-to-face meetings facilitated through technology, such as online meetings.

1. Evolving your communication and education style with tech

Increased tech savviness and confidence means increased digital expectations in how advisers communicate ideas and support The Advisable Australian.

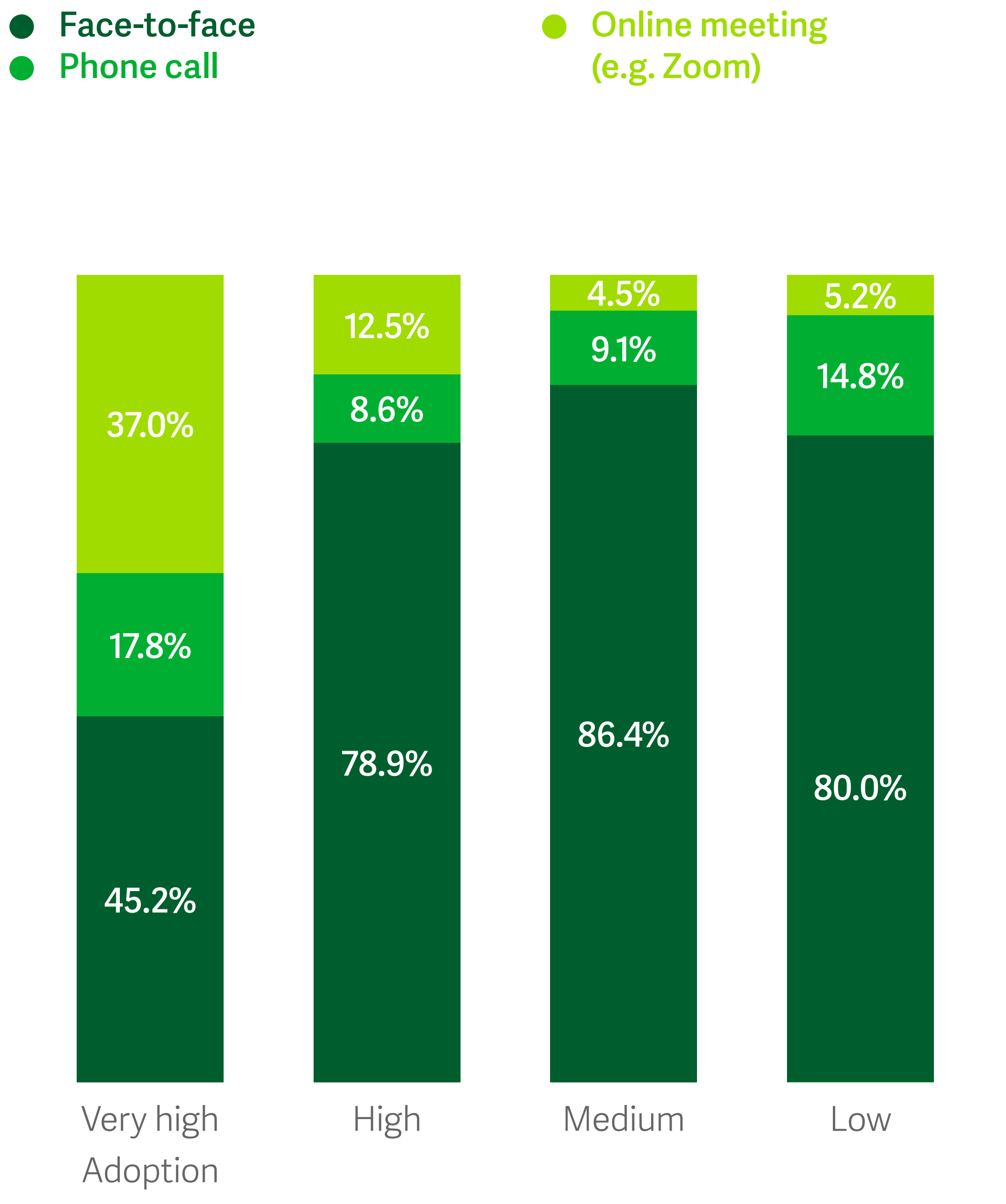
All Technology Adoption groups prefer initial meetings to be face-to-face, but that's much less likely for individuals in the very high group. Less than half (45.2%) want a face-to-face for the initial meeting compared to the average of around 80 per cent for the other groups.

This trend continues for subsequent advice meetings and other follow-ups as well, although face-to-face becomes less important, and the role of both phone calls and now online meetings becomes more important. Around one in three of both the high and very high groups place greater emphasis on digital (e.g. online meetings) for this form of communication.

In terms of general enquiries of an ad-hoc nature, The Advisable Australian prefers email, with at least 40% of each Technology Adoption group preferring this method. Face-to-face contact diminishes in importance as an individual has higher Technology Adoption status, with online meetings becoming more relevant for ad-hoc queries for the high and very high groups.

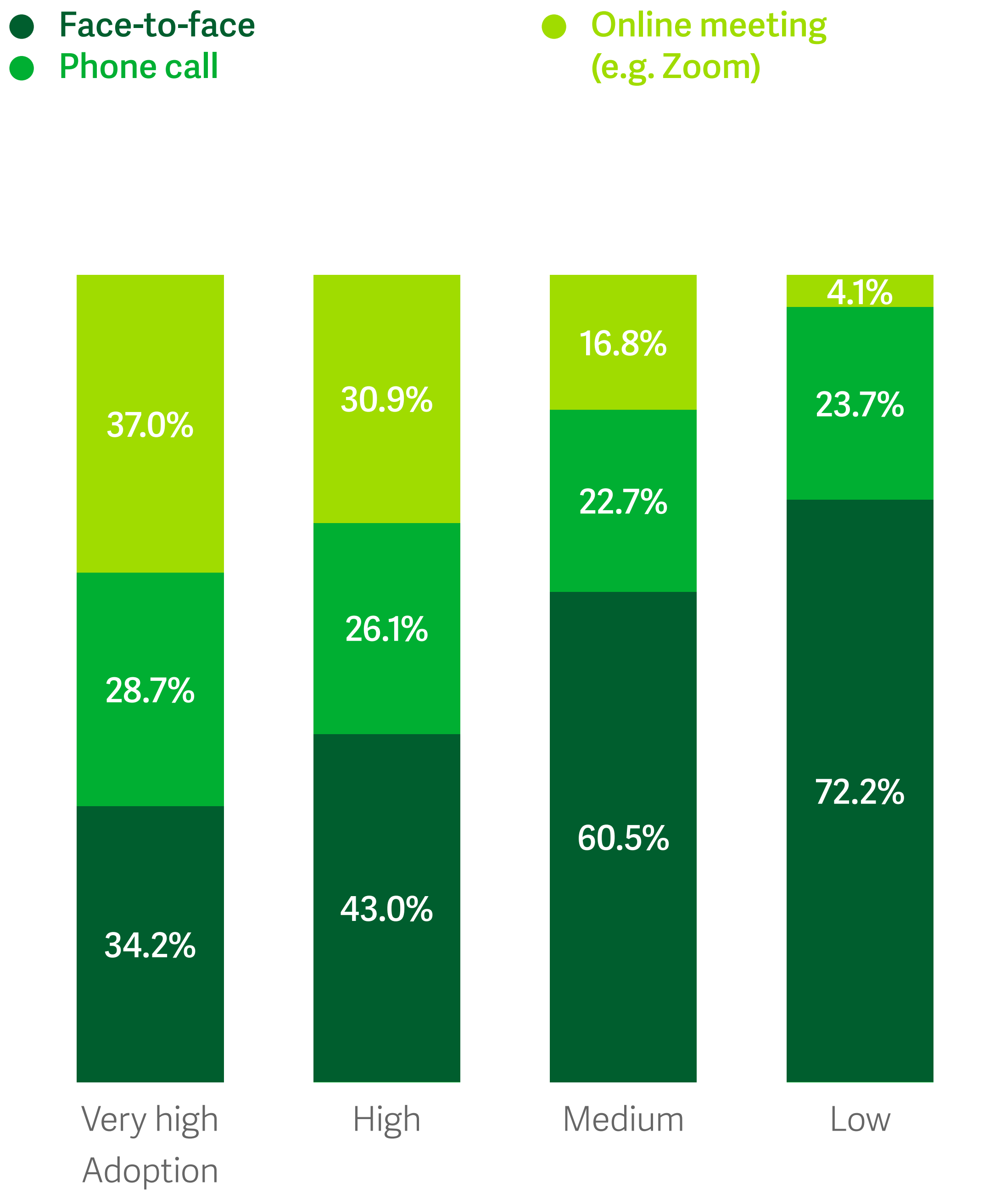
Face-to-face meetings are the preferred mode of communication for initial meetings regardless of a person's tech adoption profile

How would you prefer to interact for the initial meeting with the financial planner?



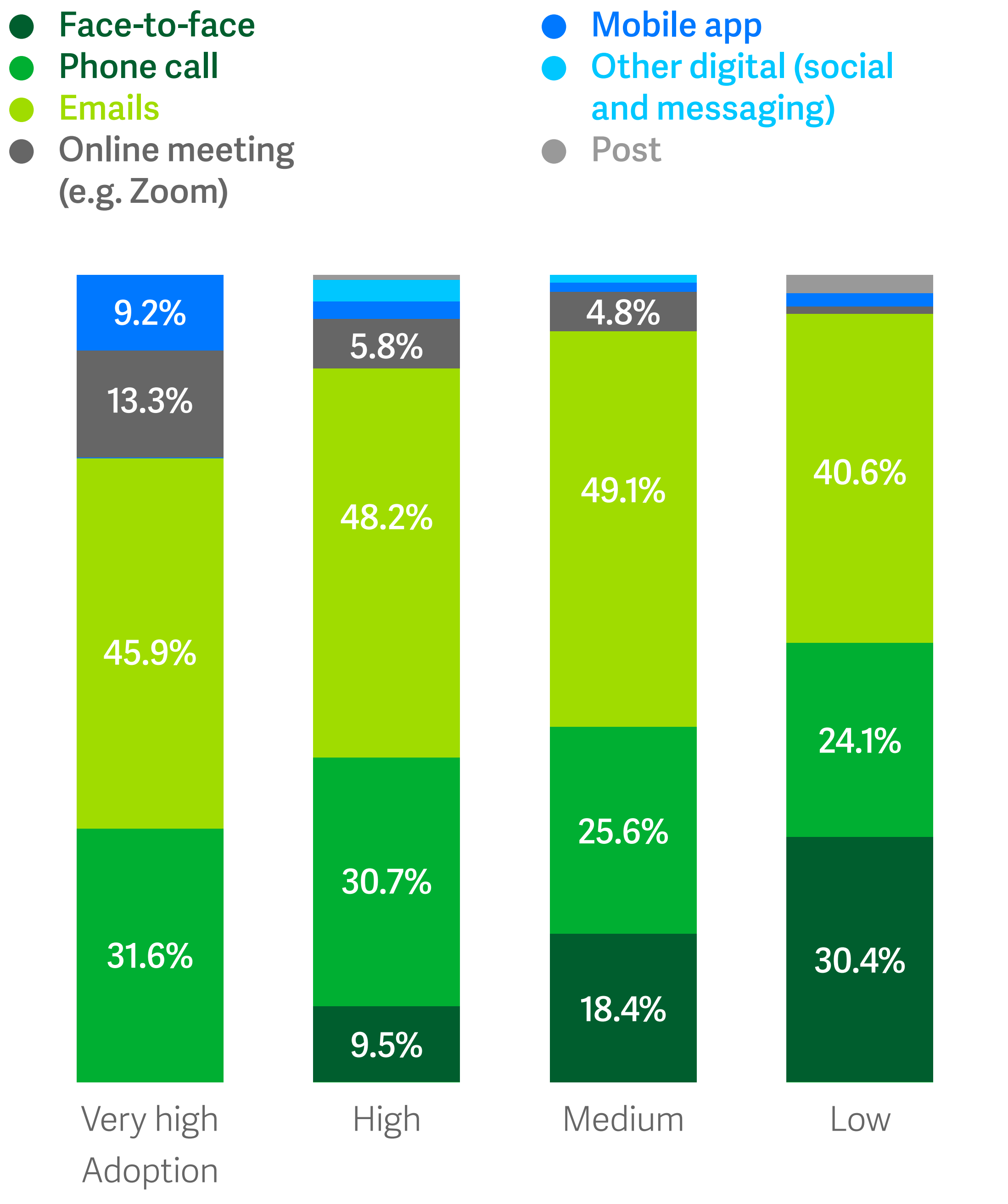
Digital online meetings increase in importance for subsequent meetings for higher tech adoption groups

How would you prefer to interact for follow-up or subsequent meetings when there are important advice-related matters to be discussed?



Email is the most preferred channel of communication for all individuals for responding to advice queries

How would you prefer to answers to your queries from a financial planner?



A large part of an adviser's role is providing timely and relevant information and education to their clients.

This may come in the form of portfolio information, legislative updates, introduction to new services or products and general news and insights.

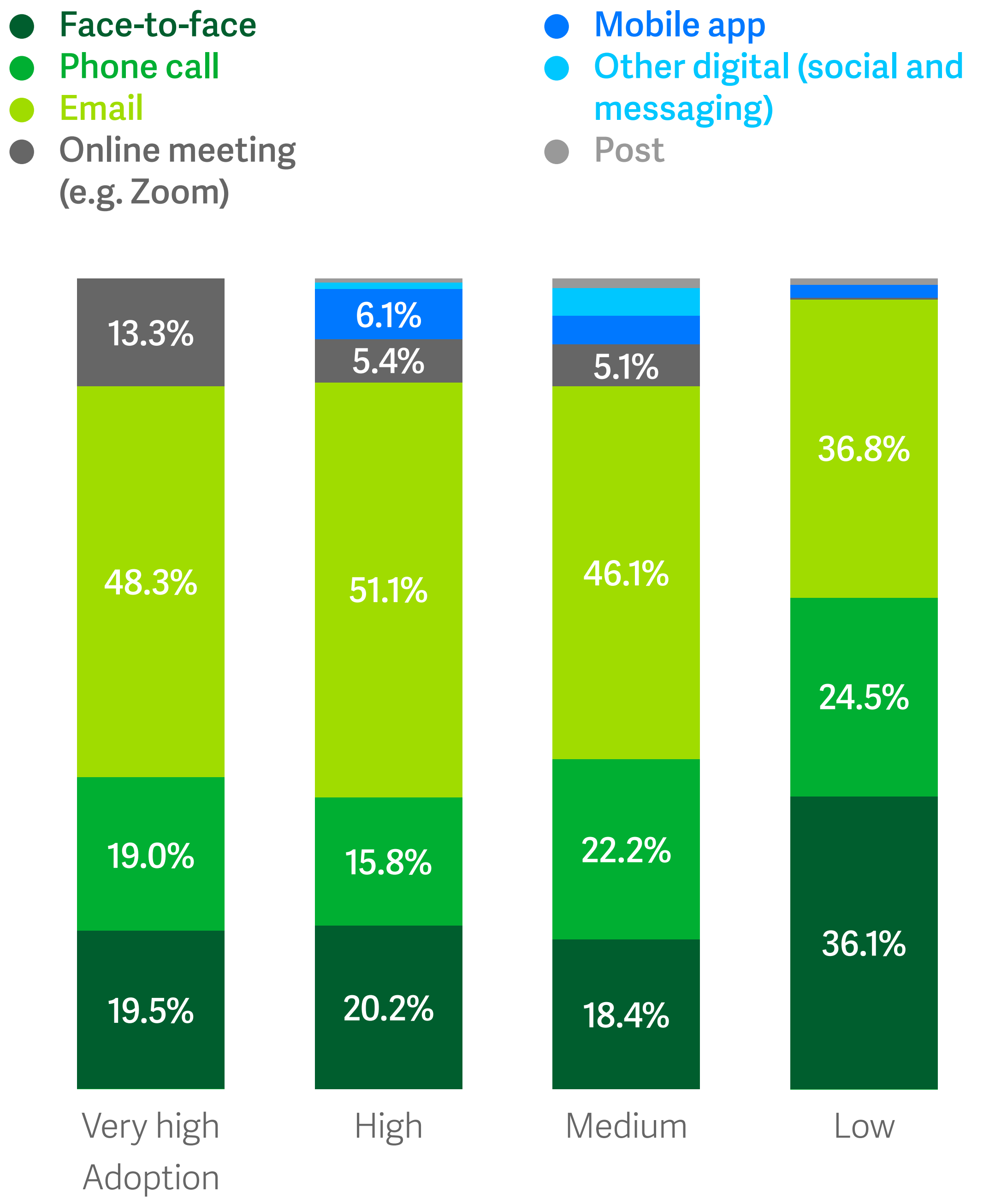
Email is the most preferred channel to receive such information by all Advisable Australians, regardless of Technology Adoption groups. For instance, over two-thirds of the medium through to very high group would prefer to receive information about new products and services or news and insights relevant to their advice.

Other digital distribution tools such as mobile app, online meetings and social and messaging seem to be most popular with the medium and high Technology Adoption groups.

We also see the importance of human interaction, with face-to-face, phone call and online meetings playing important roles as well, particularly with low the Technology Adoption group and for the receipt of important advice-related matters.

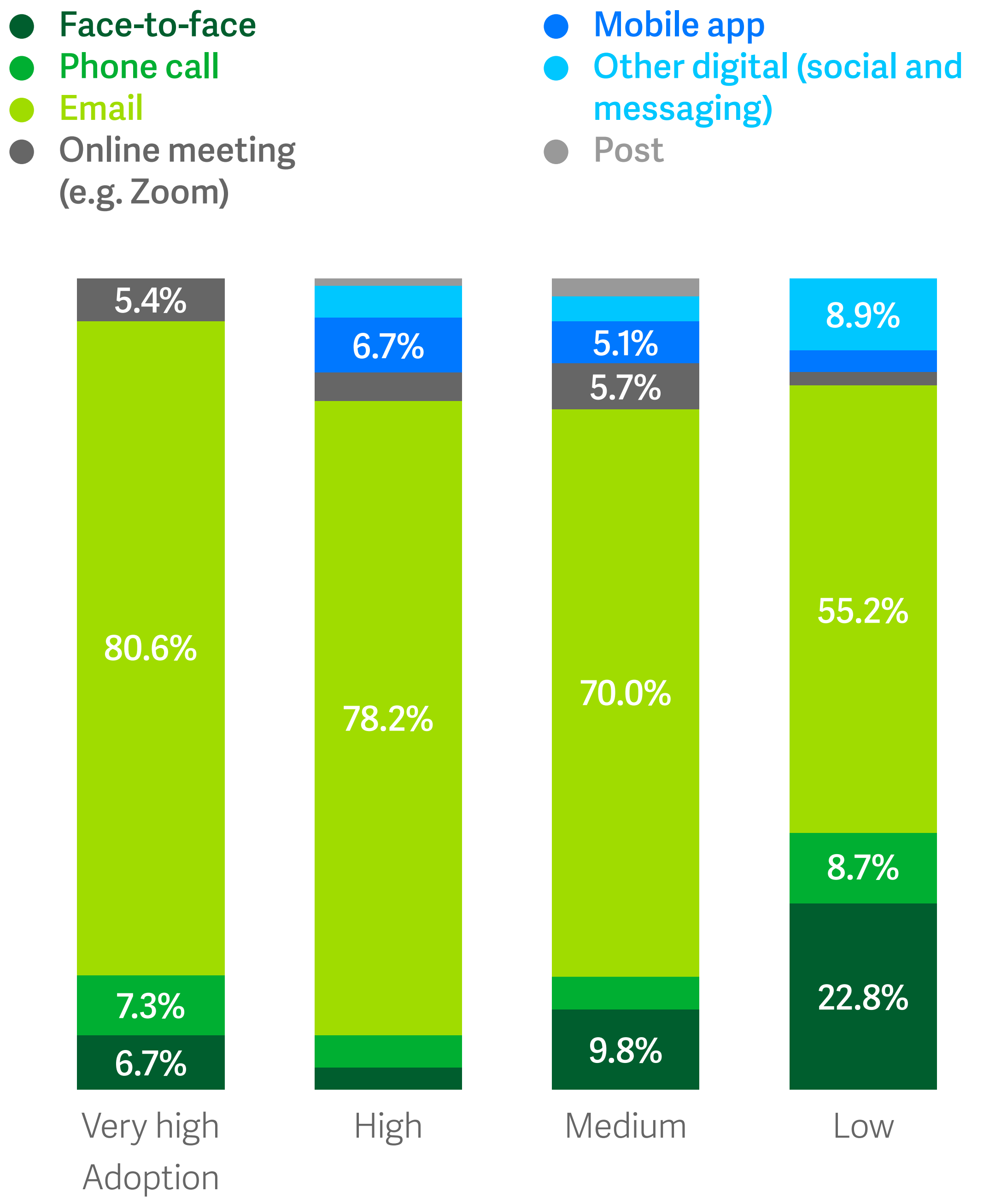
The majority of Advisable Australians want to receive updates on advice-related matters via email or other digital tools, although the lower Tech group still like face-to-face

How would you prefer to receive updates on important advice-related matters?



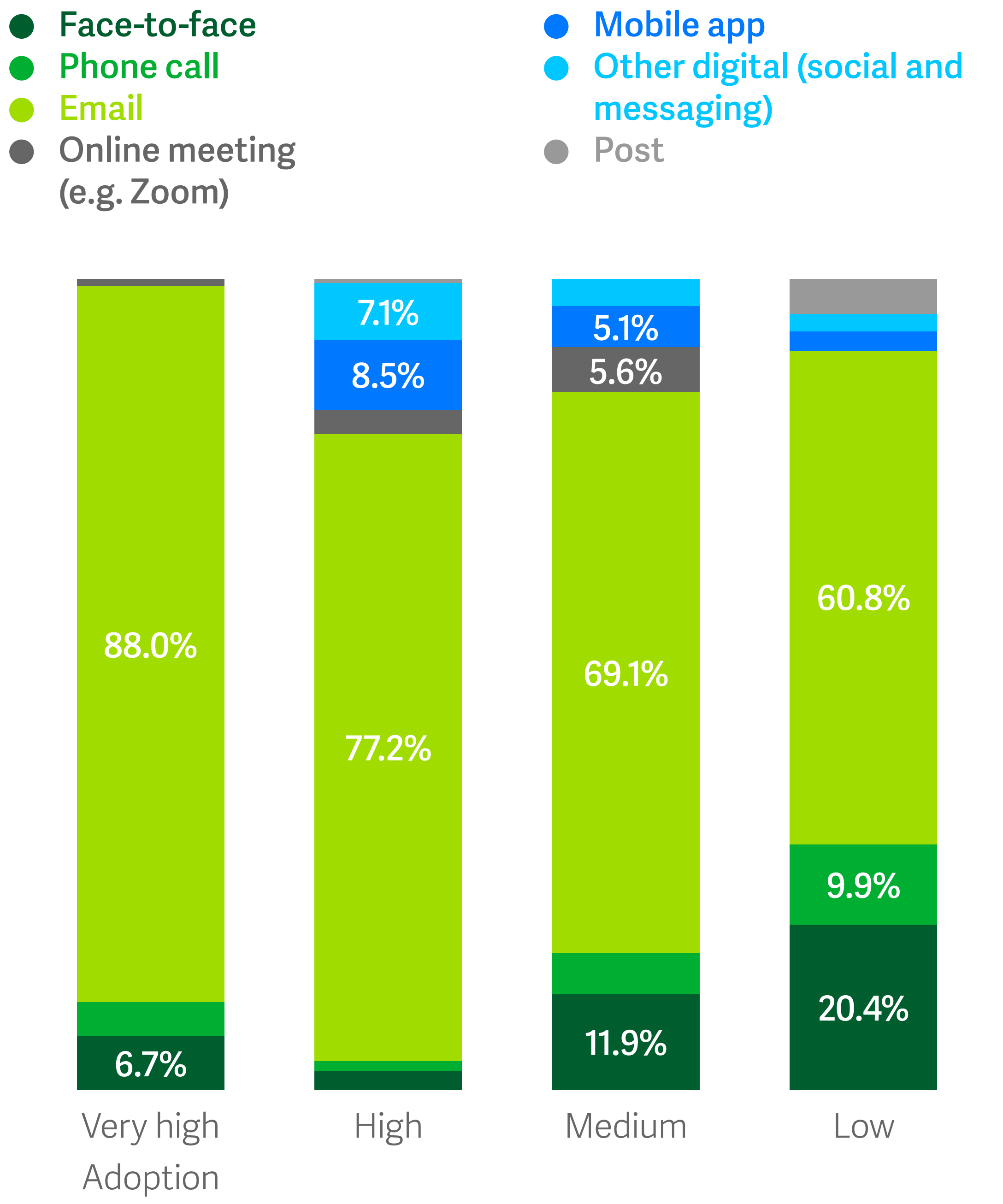
Email is the most important channel for information about new products and services with over 7 in 10 of the higher Technology Adoption groups preferring it

How would you prefer to receive information about new products and services?



Whilst email is most preferred for news and insights, digital tools such as mobile app, social and messaging are relevant for the high Technology Adoption group

How would you prefer to receive relevant news and insights?



As advisers look to improve Financial Capability and Financial Resilience, educating clients on financial concepts becomes more and more important, and digital tools play a crucial role in assisting this.

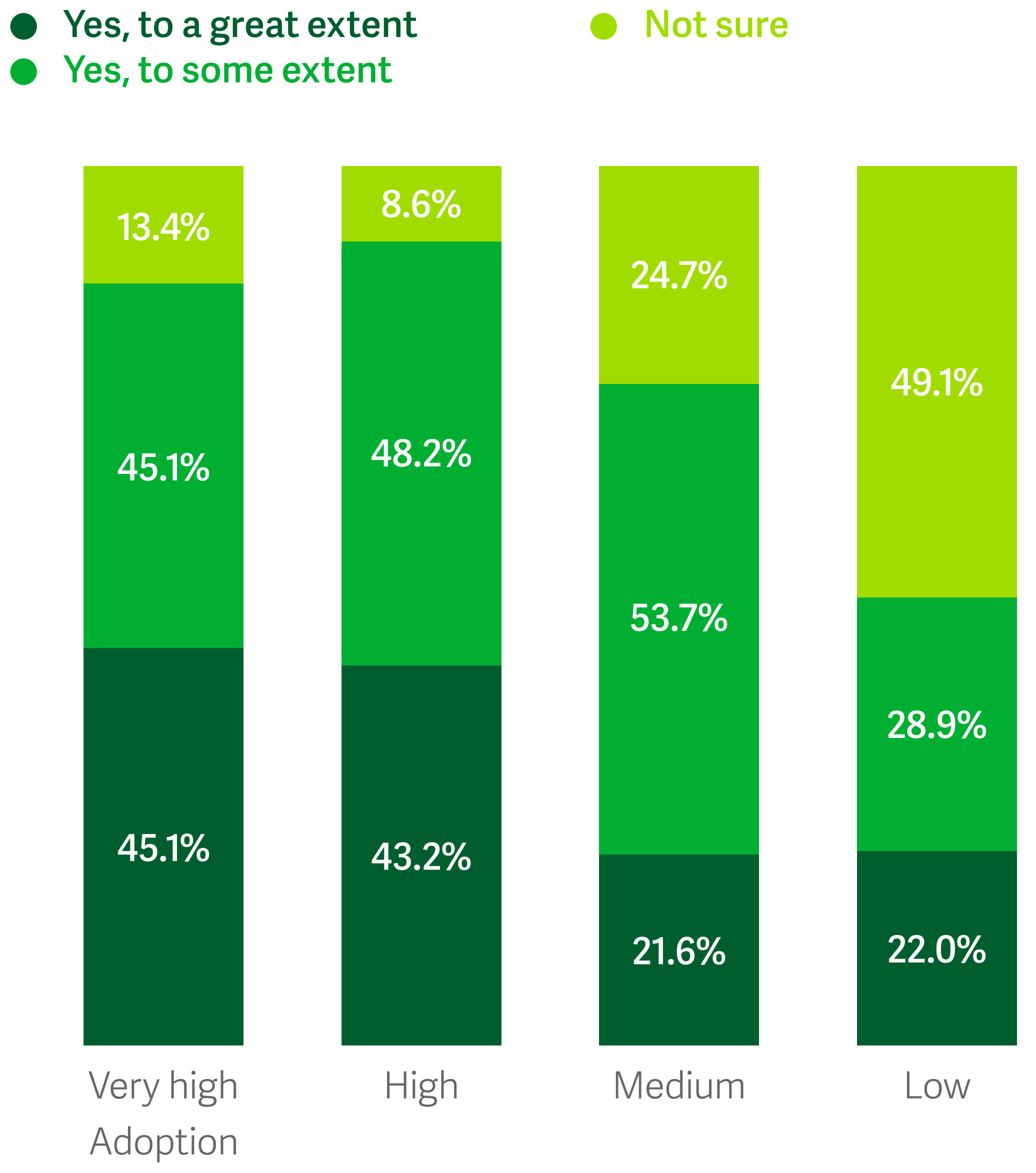
Regardless of Technology Adoption group, the majority say they want their financial planner to use digital materials and tools (such as online calculators, podcasts and videos) to some or a great extent to educate them on financial concepts. For the high and very high Technology Adoption groups, over 4 in 10 want advisers to adopt such technologies with rigour.

Further, more than half of those in the high and very high groups (54.6% and 58.6%) expect to a great extent that a financial adviser use digital tools to demonstrate how their investment portfolio is performing, and more than half (53.7% and 47.4%) of these groups also expect the use of digital tools to demonstrate how they are tracking to their goals.

Even the majority of low Technology Adoption individuals expect their planner to offer these digital services to at least some extent.

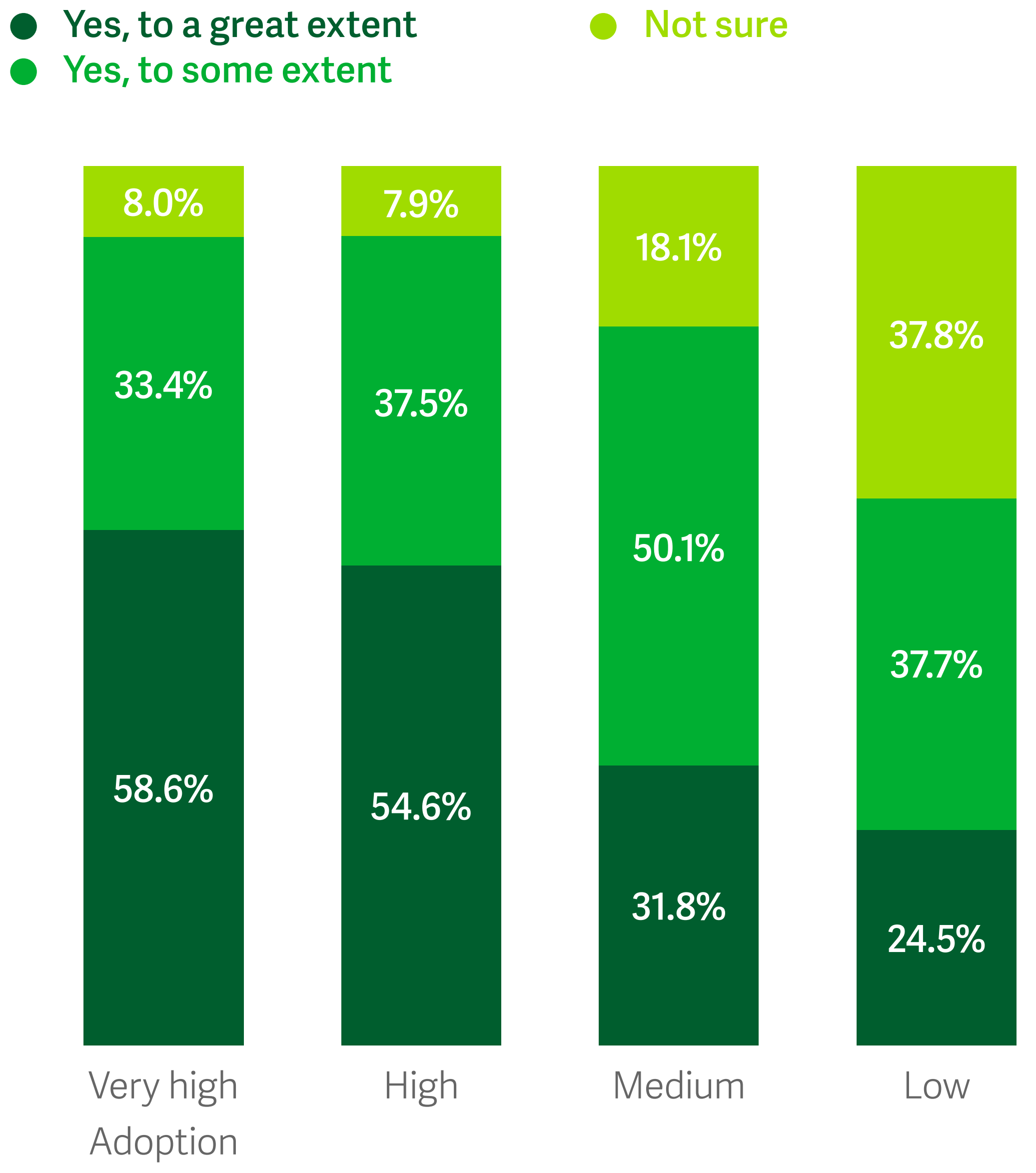
The majority of Advisable Australians expect to be educated on financial concepts digitally, using online calculators, podcasts and videos

Would you expect your financial planner to use any digital materials and tools (e.g. online calculators, podcasts and videos) to educate you on financial concepts?



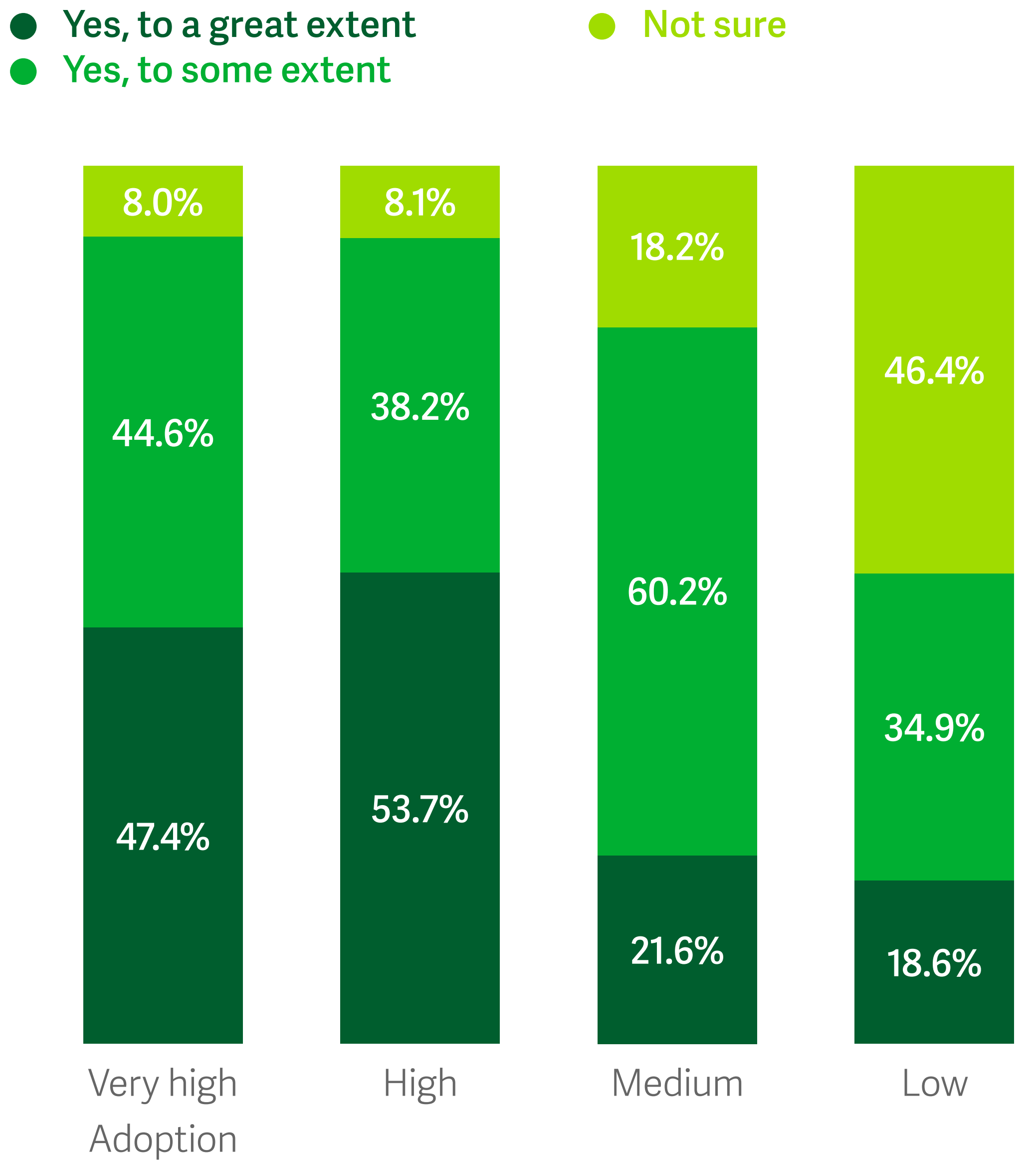
The majority expect a financial planner to adopt digital materials and tools to demonstrate how their investment portfolio is performing

Would you expect your financial planner to use any digital materials and tools (e.g. online calculators, podcasts and videos) to demonstrate how your investment portfolio is performing?



Dashboards and other digital tools to demonstrate goal tracking is expected by almost all of the higher Technology Adoption groups

Would you expect your financial planner to use any digital materials and tools (e.g. online calculators, podcasts and videos) to demonstrate how you are tracking to your goals?



What is clear is that the Advisable Australian places great value on a variety of digital wealth services, and financial advice firms need to evolve their digital offering to continue to meet their needs.

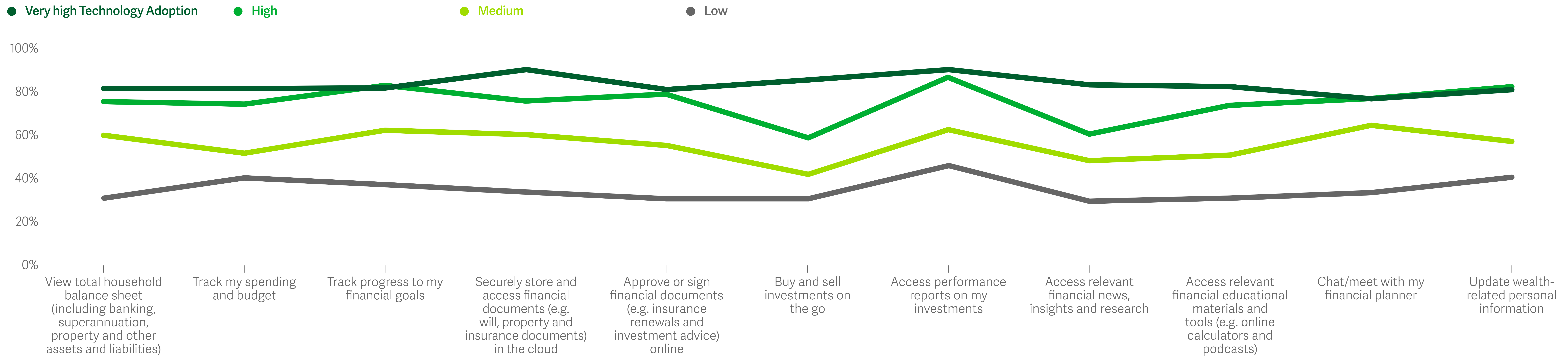
It's to be expected that the higher an individual's Technology Adoption status, the more important and appealing they find digital or online capabilities of an advice firm. With client portals and mobile app's that deliver a suite of services and features, financial advice firms can better meet the needs and expectations of those that value it.

Not surprisingly, those in the high and very high groups identify many must-have and highly appreciated online or mobile features that they would value from an advice firm.

These include the ability:

- To view their household's balance sheet (an amalgamation of their banking, super, property and other assets).
- To track spending, budgets and progress to financial goals.
- To securely store wealth related documents online (such as their will).
- To digitally sign financial documents (such as insurance renewals and investment advice).
- To buy and sell investments on the go.
- To see how their portfolio is performing digitally.
- To access financial news, insights and research, as well as other educational tools and materials.
- To chat/meet with their planner in a more convenient and online manner.
- To manager their personal information.

I highly value (must have) or somewhat value (highly appreciated) the ability to do the following online, including on mobile devices?



6

Brand Affinity

What is Brand Affinity and why does it matter?

The Brand Affinity dimension is a measure of how The Advisable Australian prefers to identify with a brand or business. It investigates their attitudes, loyalty and what's important when evaluating a business.

Brand is a marketing term to describe how a person identifies with a business – how they feel about it. The role of the business is to define a clear brand purpose and articulate it to its target audience through a variety of mechanisms – marketing, service, its products and the actions of its staff.

Take Patagonia as an example. It is one of the largest global clothing companies, yet its brand purpose is to "make the world a better place." Its products are largely made from recyclables, it donates large sums to environmental causes, as well as playing a role in global environmental education.

For The Advisable Australian, we looked to understand their brand preferences and attitudes as they relate to service providers, such as financial planners. It helps us understand how advice firms should interact with their current and prospective clients.

The Brand Affinity dimension considers whether an individual prefers to remain with one brand or to use multiple bands, and the kinds of service offering they are looking from a brand.

This dimension gives us an insight into their personal attitudes and preferences and how they anchor trust and value in a product or service.

Brand Affinity is different from the previous dimensions – it isn't measured in terms of a high to low scale; rather we have split Brand Affinity into four distinct types and allocated The Advisable Australian to the type they fit best.

The Brand Affinity types are:

- **Premium:** Those who look for and admire well-known premium brands that are feature-rich and with top digital capabilities.
- **Proven:** Those looking for well-known brands with a history or heritage, and for a business that looks to educate and collaborate with its customers. Digital is not a focus usually.
- **Purposeful:** Those looking for a business that has a social or environmental purpose and takes a stand.
- **Plain:** Those looking for a no-frills brand with a low complex service and limited digital offering.

The largest group is the 2.99 million Advisable Australians who prefer a Purposeful brand, closely followed by the 2.92 million who prefer a Plain brand. The Proven Brand Affinity group stands at about 1.49 million people and the Premium Brand Affinity group is the smallest of all, at 1.2 million people.

Brand Affinity groups by size

Brand Affinity Group	Percent	Number of people*
Premium	13.9%	1.20m
Proven	17.3%	1.49m
Purposeful	34.8%	2.99m
Plain	34.0%	2.92m

**ABS population statistics (2019) and survey responses were used to calculate populations.

Understanding the characteristics of Brand Affinity

Brand Affinity reflects The Advisable Australians attitudes and preferences when choosing a brand to engage with.

We clearly see diverging preferences among Advisable Australians, depending on their Brand Affinity, and this is something advice firms need to keep in mind when engaging with clients.

Brand Affinity can be best explained as comprising of:

1. **Brand attributes** – the things most important when deciding to use a brand or firm for professional advice services.
2. **Brand loyalty and preferences** – an individual's tendencies to seek services from one or multiple vendor, importance on brand name and how feature-filled they would like their brands to be.

Increased household income increases the likelihood and preference for more premium brand features

	Household income		
Brand Affinity Group	$75,000 or less	$75,001 to $150,000	More than $150,000
Premium	10.6%	13.7%	22.8%
Proven	18.8%	17.9%	16.2%
Purposeful	34.1%	37.0%	31.9%
Plain	36.6%	31.5%	29.1%

There is a correlation between increased income and preference for premium brand features.

Almost a quarter (22.8%) of Advisable Australians with household income of more than $150,000 exhibit Premium Brand Affinity compared to only 10.6% of those with incomes of $75,000 or less, who are more likely to associate themselves with being Plain (36.6%) or Purposeful (34.1%).

Younger generation are far more persuaded by digital features

Age	Premium	Proven	Purposeful	Plain
Pre-Boomer	5.1%	27.6%	23.7%	43.7%
Baby Boomer	5.7%	21.3%	29.4%	43.5%
Gen X	14.1%	16.5%	35.1%	34.4%
Gen Y	26.1%	11.2%	43.6%	19.0%

Generally speaking, we see that older individuals tend to prefer brands that do not focus on digital services and offerings, and have an affinity with proven or plain Brand Affinity characteristics.

Younger people typically prefer brands with digital features, having grown up with them – be they purposeful or premium brands.

We see that a quarter (26.1%) of Gen Y have a premium Brand Affinity and two in five (43.6%) have purposeful Brand Affinity, compared with only 5.7% and 29.4% for Baby Boomers.

1. Brand attributes

The top-ranking brand attributes all Advisable Australians admire is Experienced, Authenticity, Hardworking and Intelligent. These attributes are almost a 'ticket to play' for financial advice firms to exhibit.

Yet when examining the Brand Affinity groups separately, we see other brand attributes becoming more important.

For the Premium group, they differ from the other groups by admiring the following brand attributes:

- Creative
- Digital leader
- Visionary
- Exclusive
- Dynamic
- Playful

Not surprisingly, more than eight in 10 (82.6%) in this group believe that a firm's digital or online capabilities make up a critical or major role in delivering a positive customer experience.

The Proven group admire a company that is:

- Intelligent
- Collaborative
- Dynamic
- Passionate
- Educator

The Purposeful group admire a brand that is:

- Authentic
- Social and community minded
- Environmentally minded
- Compassionate

Not surprisingly, for this group they are more likely to consider environmental, social and governance (ESG) factors in their investment decisions, with 42.0 per cent of them actively seeking it, (compared to only 18.4% of the Premium group, 30.8% of the Proven group and 28.7% of the Plain group).

The Plain group admire the following brand attributes:

- Experienced
- Intelligent
- Hardworking
- Simple.

Check out our Celebrity Heads workshop which is part of the Netwealth Innovation Toolkit, to help you and your team explore and evolve how Brand Affinity can be used in your business and improve the customer experience.

Depending on a person's Brand Affinity, certain brand attributes are more important in what they admire in a company

Which of the following attributes of a brand or firm would make you admire them?

- Highly admired compared to the average Advisable Australian
- Less admired

		Brand Affinity group			
	Average	Premium	Proven	Purposeful	Plain
Authentic	37.6%	22.0%	38.8%	42.6%	38.4%
Experienced	56.7%	36.2%	58.4%	53.2%	67.8%
Intelligent	29.1%	20.6%	33.3%	26.3%	33.2%
Visionary	12.4%	21.4%	14.9%	10.3%	9.5%
Dynamic	6.8%	13.4%	18.0%	3.4%	1.7%
Passionate	14.2%	15.1%	17.3%	12.8%	13.7%
Collaborative	11.6%	14.7%	31.6%	8.1%	3.8%
Compassionate	14.8%	7.1%	12.1%	17.8%	16.3%
Playful	1.1%	7.8%	0.0%	0.0%	0.0%
Creative	9.5%	31.2%	9.7%	7.7%	2.3%
Hardworking	29.8%	20.2%	20.1%	31.8%	36.7%
Exclusive	3.0%	15.7%	4.4%	0.0%	0.0%
Simple	17.4%	18.3%	7.3%	16.0%	23.5%
Educator	7.0%	6.4%	14.6%	9.3%	1.1%
Social and community minded	22.0%	8.5%	16.0%	29.7%	22.6%
Environmentally minded	18.5%	13.5%	3.4%	24.3%	22.3%
Digital leader	4.4%	27.2%	0.0%	1.0%	0.7%

2. Brand loyalty and preferences

Brand loyalty and preferences encompass the likelihood that Advisable Australians will remain loyal to a single brand, whether they place great importance on brand name alone, and how feature-filled they would like their brands to be.

Our four Brand Affinity groups represent a combination of these preferences and tendencies towards these aspects of a brand.

The Premium Brand Affinity group is most likely to prefer well-known brands (59.6%), be open to multiple types of brands (64.5%) and to like brands with complex features and services (43.6%).

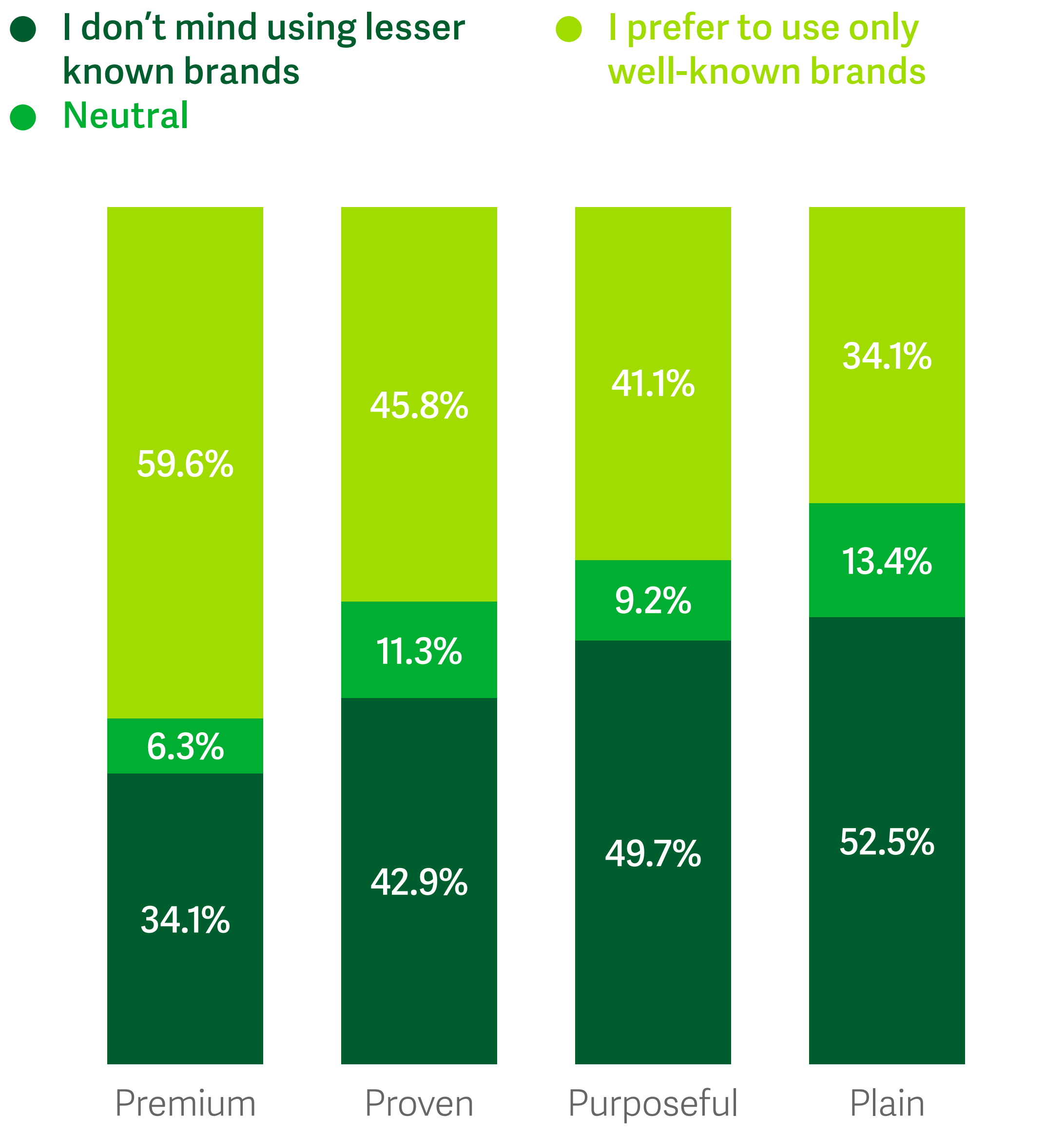
The Purposeful Brand Affinity group is similar, in that they also tend to be open to multiple numbers of brands (64.3%). However they are slightly less focused on complex services and features (34.8%) and are more likely to not mind using lesser-known brands (49.7%).

The Proven Brand Affinity group is all about dealing with entities that have a well-known brand (45.8%) and they prefer a simple product or service (55.9%), no matter the number of brands they use.

The Plain Brand Affinity group is different to the proven affinity group in that they do not mind using lesser-known brands (52.5%) and they are the most likely of all the groups to remain loyal to a brand (32.2%), although the majority still would be open to using multiple brands. They overwhelmingly prefer brands with a simple-to-use product or service (62.7%).

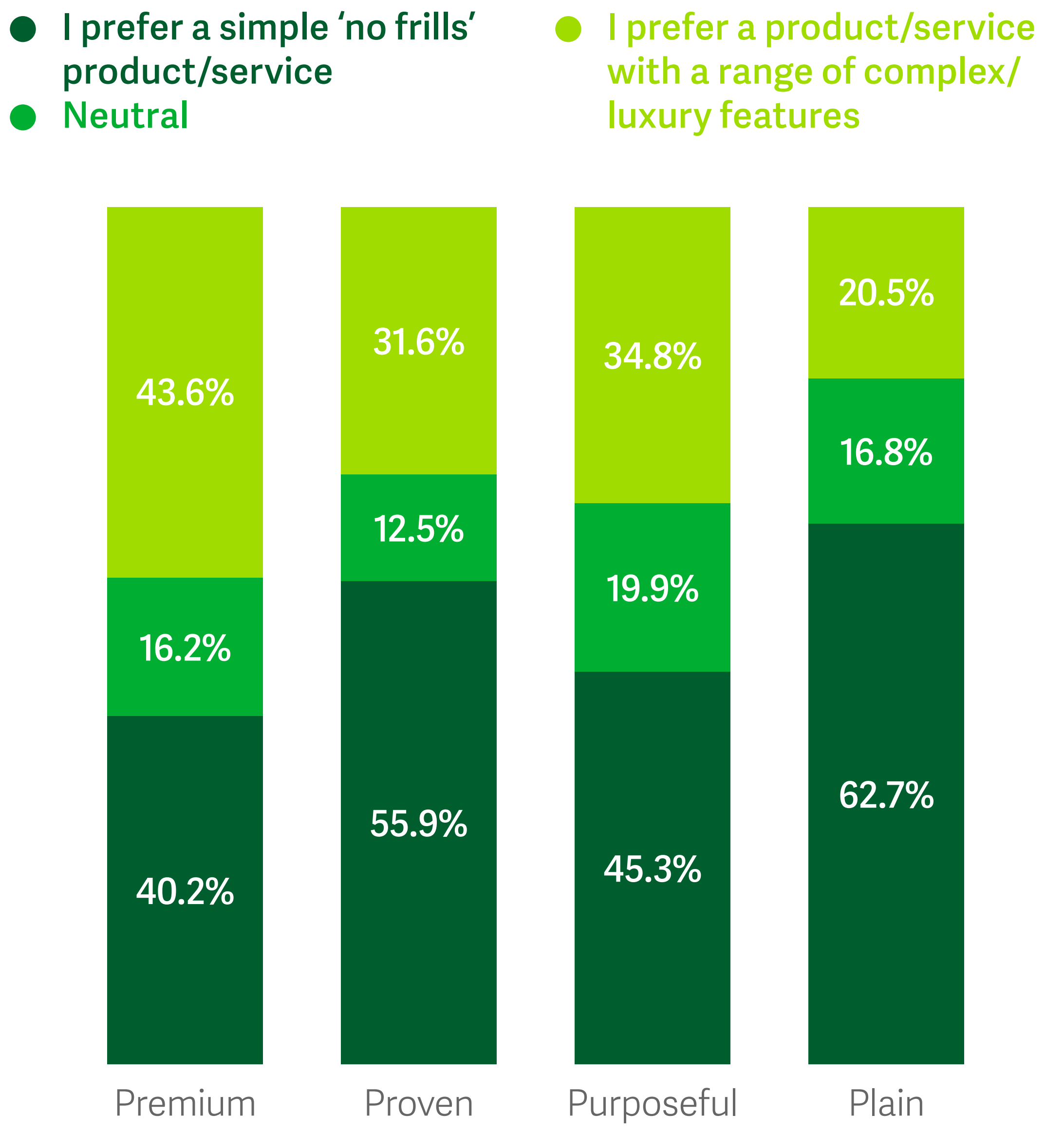
Premium and proven Brand Affinity groups are more likely to prefer well-known brands

How would you best describe your typical attitude towards brands and firms on each of the following dimensions?



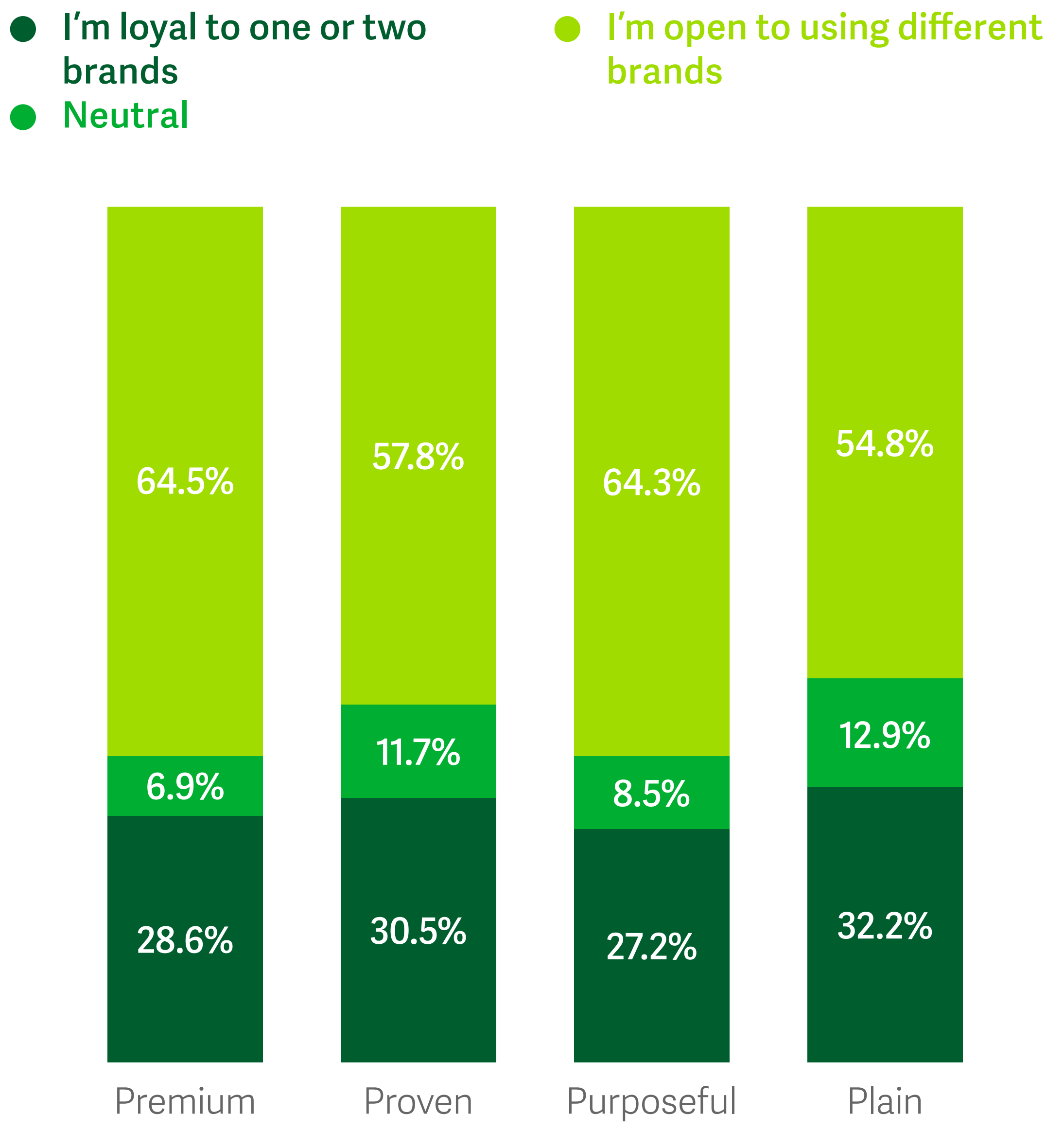
Premium Brand Affinity group is skewed towards more complex features

How would you best describe your typical attitude towards brands and firms on each of the following dimensions?



All Brand Affinity groups are open to using different brands

How would you best describe your typical attitude towards brands and firms on each of the following dimensions?



Using Brand Affinity to anchor your practice in what matters most to your clients

The Brand Affinity dimension is important to understand for advice firms so they can adjust their service offering, communication language and marketing activities to The Advisable Australian.

Matching how advice is delivered and the engagement style to the target client's Brand Affinity attributes will go a long way to improving client satisfaction, advocacy plus also help win new clients.

When using this dimension as a tool, consider how the business can evolve all client touchpoints so these attributes become visible and memorable to the client - from a business website and social media presence, to the first office meeting, to the ongoing relationship and how advice is delivered. Consider:

- The key messaging, language and tone of voice used in marketing and all client communication touchpoints - for example, if digital capabilities are the most important factor, reinforce them during your all client interactions.
- Matching the visual identity or "look and feel" of your business to the relevant attributes – for example for those admiring hardworking as an attribute, have an appropriate look and feel (think Hard Yakka or JEEP).
- How the utility of your service offering aligns with the desired attribute of the person – for example don't offer a complex offering to Plain Brand Affinity individuals.

Financial Capability

Premium

- Want to be part of a premium and exclusive "club".
- Value complex or hard-to access services or features in wealth.
- Want digital customer experience tools, such as online communication modes, to be a major part of their service offering.
- Appreciate creative and perhaps somewhat playful approaches to service and communication style.

Proven

- Want a financial adviser who can educate and collaborate with them on their wealth journey.
- They don't rely on brand name alone and want their partner to simply demonstrate capability.
- Want a less complex service offering, with a lower focus on digital tools.

Purposeful

Want their financial adviser to be authentic and compassionate standing for something, like the environment, have a social cause or is community minded.

- Like a simple and clean service that has digital tools embedded.
- Just as comfortable with smaller businesses as they are with larger ones.

Plain

A plain and easy to use service where the customer experience is not digitally focused.

- Are looking for experience, history and reputation so will look for past achievements, recommendations and how similar clients in their position have been helped.
- Just as comfortable with smaller businesses as they are with larger ones.

Appendix and methodology

The Advisable Australian universe is defined as Australians aged 30 and above who are currently receiving advice from a financial planner ('currently advised') or who are not currently receiving financial advice from a financial planner but could consider receiving it in the future.

The universe includes those who have never previously received financial advice but would consider receiving it in the future ('never advised') and those who previously received financial advice and would consider receiving it again in the future ('previously advised').

Those who would not consider receiving it in the future are excluded from the universe.

The Advisable Australian survey was conducted by CoreData as was in field from September 28 to October 10 and received 1,012 valid responses consisting of 618 'currently advised' responses and 235 'never advised' and 159 'previously advised' responses.

Key dimension formation

The segmentation models for the key construct dimensions were developed from both a-priori and ad-hoc perspectives, using cluster analysis and latent class analysis to derive key variables and group allocations. Cluster analysis is a group of tools algorithms which focus on 'unsupervised' learning (i.e., there is no response variable). Cluster analysis allows us to find hidden grouping in the data, forming the basis of segmentation modelling.

It is used to classify different objects into groups in such a way that the similarity between two objects is maximal if they belong to the same group and minimal otherwise i.e., it identifies the natural groupings of 'tribes' within a diverse sample.

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