New Client Research Uncovers Drivers of Engagement, Satisfaction, and Willingness to Refer

By Devon Coquillard

Investments & Wealth Institute has released new research findings in its 2019 High-Net-Worth Investor Study. The research explores how advisors can stand out in a crowded market, where high levels of client satisfaction and loyalty are not enough to set them apart. The study also examines how articulating the value of advanced credentials can provide meaningful differentiation among discerning high-net-worth (HNW) investors.

The research, fielded by Absolute Engagement.com, gathered input from more than 1,000 HNW investors across the United States and Canada. The research built upon the findings of previous studies conducted in 2017 and 2018. Of the 2019 study respondents, 578 investors reside in the United States and 425 are based in Canada. All respondents worked with a financial advisor and met specific household investable asset criteria (at least $500,000 in investable assets).

The survey found that 91 percent of clients are somewhat or very satisfied with their current advisors and 89 percent of clients are somewhat or extremely likely to continue to work with their current advisors. According to the survey results, the vast majority of advisors are meeting with a high level of satisfaction among their HNW clients. Although those findings are positive, the study suggests that satisfied and loyal clients aren’t enough to set an advisor apart from the vast majority of other advisors available to clients. The report highlights several key capabilities that can help distinguish exceptional advisors from their peers.

**DRIVERS OF HNW CLIENT ENGAGEMENT, SATISFACTION, AND WILLINGNESS TO REFER**

Not surprisingly, the clients who responded to the survey largely agreed that their advisors must be trustworthy (87 percent), have high ethical standards (80 percent), always act in clients’ best interests (80 percent), and be knowledgeable (77 percent). Beyond these basic capabilities, the survey identified four additional drivers that “engaged clients” tend to rate as significantly more important than clients do on the whole. In order of relative importance (from highest to lowest), these additional drivers are: providing meaningful guidance, delivering exceptional service, demonstrating advanced capabilities, and taking a personalized approach.

“Client engagement is the key goal of every successful advisory relationship,” said Julie Littlechild, founder of AbsoluteEngagement.com and author of the research report. “However, advisors must first establish a foundation of expertise and ethics, the two most important things to clients beyond the overarching attribute of trust. The study provides actionable steps advisors can take to communicate their value and measure their success.”

**HNW CLIENTS RANK INVESTMENT MANAGEMENT AS MOST IMPORTANT**

At the highest level, HNW clients turn to advisors to provide a range of services. When clients were asked to rank four services in order of importance, investment management topped the list (38 percent of HNW clients rank it as most important), and was followed by financial planning (29 percent), wealth management (21 percent), and retirement solutions (12 percent). However, although investment management is most important, two-thirds of investors say that they pay their advisors for more than investment performance. The top three additional services HNW investors say they pay their advisors for are...
the following: on-going guidance or advice to help reach their goals (90 percent), help in avoiding costly financial or investment mistakes (84 percent), and ongoing monitoring of their goals (81 percent).

**HNW CLIENTS BELIEVE VOLUNTARY DESIGNATIONS ARE IMPORTANT**

With ethics and expertise ranked as basic capabilities, and “strong technical expertise” and “advanced capabilities” ranked as differentiating factors for exceptional advisors, the study explores the value and importance of designations as the primary way that advisors demonstrate all of these capabilities. Seventy-three percent of HNW clients say that designations and credentials are an important way for advisors to demonstrate their technical expertise. In part this is because clients define expertise as going above and beyond the basic requirements of licensing or registration (see figure 1). Nearly 70 percent of HNW clients said it is important that their advisors achieve advanced certifications or voluntary education; three quarters of HNW clients said that voluntary designations and certifications would be important to their decision-making if they were choosing an advisor today. “HNW clients expect their advisors to have advanced ethics and expertise to drive tangible outcomes,” said Sean Walters, CAE, chief executive officer, Investments & Wealth Institute. “This study illustrates that for HNW clients, advanced capabilities mean knowledge and application of strategies and expertise they could not get from other advisors. Voluntary, advanced designations provide those capabilities.”

When communicating with clients and prospects about designations, some specific messages are more important than others. The following were identified as the most important aspects of how an advisor obtains and retains designations:

- My advisor would lose his/her credentials if he/she failed to meet ethics standards (89 percent said this was important).
- My advisor must meet ongoing standards in order to maintain his/her credentials, e.g., annual continuing education, adherence to ethical standards (89 percent said this was important).
- My advisor met a rigorous set of standards to be certified, e.g., ethics, experience, education, examinations (87 percent said this was important).

Drawing on the study’s findings, Investments & Wealth Institute created an online program for advisors called Exceptional Advisor® Communicate Your Value and Build Client Engagement. This five-module program is designed to provide advisors a better understanding of what clients consider important, provide meaningful guidance, demonstrate advanced knowledge through credentials, and highlight a commitment to ethics. Comprising webinars, videos, and readings, the program teaches advisors how to develop client communication and action plans. In addition, the Institute has developed an Exceptional Advisor® Toolkit that is available to Institute members and CIMA®, CPWA®, and RMA® certificants. The toolkit provides an array of client and advisor resources.

To access the study or learn more about the Institute, visit www.bit.ly/Institute2019clientresearch. To access the toolkit, visit https://investmentsandwealth.org/exceptionaladvisor.

Devon Coquillard is the Investments & Wealth Institute communications manager. Contact her at dcoquillard@i-w.org.