

Economics of Loyalty Benchmark Report: US

Introduction

About the Participants

In 2010 and 2012, Advisor Impact conducted a study among investors across the United States on the relationship between investor and advisor. Participants were required to have a financial advisor, be the primary decision maker or shared decision maker of the household regarding investments, and had a minimum of \$50,000 in investable assets. The information presented in this benchmark report was gathered as part of Advisor Impact's annual Economics of Loyalty study, which gathers data from more than 1,000 investors across the country.

Economics of Loyalty

The Economics of Loyalty study is conducted by Advisor Impact among investors in three countries: The United States, Canada and the United Kingdom. The study identifies and examines an advisor's deepest and most profitable relationships - the engaged client. From there it helps advisors execute on two key strategies: driving more engagement and leveraging relationships that were already engaged. You can download a copy of the full reports and white papers at www.advisorimpact.com or contact us at info@advisorimpact.com

About the Benchmark Report

All data presented in this report has been gathered from the Economics of Loyalty Study. Only questions that are relevant to Client Audit clients are present in this report. To view the full Economics of Loyalty reports, please visit our website: www.advisorimpact.com, or contact us at info@advisorimpact.com

Drive Client Engagement

Client Satisfaction Overall

Q: Please rate your overall level of satisfaction with your relationship with this financial advisor.

	2010	2012
Average	4.4	4.4
Very satisfied	53%	56%
Somewhat satisfied	36%	32%
Neutral	9%	8%
Somewhat dissatisfied	2%	3%
Very dissatisfied	1%	2%

Client Engagement

	2010	2012
Engaged Clients	24%	28%

We have shown engagement figures for the industry. Note that the industry-level number is calculated very differently when compared to the Client Audit engagement numbers and is based on a variety of factors, specifically loyalty, share of wallet and referral activity. The industry benchmark is highly correlated with satisfaction. As we are dealing with a smaller data set for individual Client Audit programs, we have calculated engagement based on being 'very satisfied' and having provided a referral. While not exactly the same, we consider these a helpful point of comparison.

Client Satisfaction: Specific Drivers

Q: My financial advisor is trustworthy.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.8	4.7	Average	4.8	4.7
Strongly agree	78%	77%	Critical	80%	74%
Somewhat agree	14%	13%	Somewhat important	18%	20%
Neutral	2%	6%	Neutral	3%	5%
Somewhat disagree	1%	1%	Not very important	0%	1%
Strongly disagree	0%	1%	Not at all important	0%	0%
I don't know	N/A	2%			

	2010	2012
Gap (Satisfaction - Importance)	0.0	0.0

Client Satisfaction: Specific Drivers cont'd

Q: My advisor adds value above and beyond investment performance.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.1	4.0	Average	3.9	N/A
Strongly agree	41%	33%	Critical	32%	N/A
Somewhat agree	30%	46%	Somewhat important	36%	N/A
Neutral	16%	15%	Neutral	25%	N/A
Somewhat disagree	5%	4%	Not very important	6%	N/A
Strongly disagree	3%	2%	Not at all important	2%	N/A
I don't know	N/A	N/A			

Gap (Satisfaction - Importance) **2010** **2012**
 0.2 N/A

Q: My advisor takes a proactive approach to managing my plan / portfolio. (2012: Is proactive in managing our relationship.)

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.4	4.1	Average	4.3	4.0
Strongly agree	55%	46%	Critical	50%	31%
Somewhat agree	27%	29%	Somewhat important	37%	47%
Neutral	9%	17%	Neutral	10%	18%
Somewhat disagree	3%	5%	Not very important	2%	3%
Strongly disagree	2%	3%	Not at all important	1%	2%
I don't know	N/A	1%			

Gap (Satisfaction - Importance) **2010** **2012**
 0.0 0.1

Q: My advisor puts the needs of me and my family first, when making recommendations regarding our plan or portfolio.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	N/A	4.5	Average	N/A	4.4
Strongly agree	N/A	63%	Critical	N/A	56%
Somewhat agree	N/A	22%	Somewhat important	N/A	34%
Neutral	N/A	9%	Neutral	N/A	10%
Somewhat disagree	N/A	2%	Not very important	N/A	1%
Strongly disagree	N/A	2%	Not at all important	N/A	1%
I don't know	N/A	2%			

Gap (Satisfaction - Importance) **2010** **2012**
 N/A 0.0

Client Satisfaction: Specific Drivers cont'd

Q: I have a strong personal relationship with my advisor.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	3.6	3.9	Average	3.4	3.8
Strongly agree	33%	39%	Critical	20%	23%
Somewhat agree	21%	29%	Somewhat important	29%	42%
Neutral	21%	21%	Neutral	29%	25%
Somewhat disagree	10%	6%	Not very important	13%	6%
Strongly disagree	9%	4%	Not at all important	10%	3%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.3	0.2

Q: I am comfortable with the level of risk in my portfolio.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.4	4.5	Average	4.5	4.5
Strongly agree	52%	62%	Critical	60%	59%
Somewhat agree	37%	28%	Somewhat important	33%	34%
Neutral	8%	7%	Neutral	6%	6%
Somewhat disagree	2%	1%	Not very important	1%	0%
Strongly disagree	1%	1%	Not at all important	0%	0%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	-0.2	0.0

Q: The frequency with which my advisor contacts me meets my needs.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.4	4.3	Average	3.7	3.8
Strongly agree	56%	57%	Critical	21%	16%
Somewhat agree	28%	26%	Somewhat important	37%	50%
Neutral	10%	11%	Neutral	31%	26%
Somewhat disagree	3%	4%	Not very important	8%	6%
Strongly disagree	1%	2%	Not at all important	3%	1%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.7	0.6

Client Satisfaction: Specific Drivers cont'd

Q: I am confident in the skills of my advisor's support team / assistant.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.5	4.4	Average	4.3	4.3
Strongly agree	56%	62%	Critical	46%	45%
Somewhat agree	28%	22%	Somewhat important	39%	43%
Neutral	8%	10%	Neutral	12%	11%
Somewhat disagree	2%	3%	Not very important	2%	2%
Strongly disagree	1%	1%	Not at all important	1%	1%
I don't know	N/A	2%			

	2010	2012
Gap (Satisfaction - Importance)	0.2	0.2

Q: My calls and e-mails are returned promptly.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.7	4.6	Average	4.6	4.3
Strongly agree	75%	70%	Critical	67%	43%
Somewhat agree	16%	19%	Somewhat important	28%	47%
Neutral	4%	7%	Neutral	5%	9%
Somewhat disagree	1%	2%	Not very important	0%	1%
Strongly disagree	1%	1%	Not at all important	0%	1%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.1	0.3

Q: I have a clear plan in place for retirement.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.2	4.3	Average	4.1	4.2
Strongly agree	48%	55%	Critical	48%	47%
Somewhat agree	32%	27%	Somewhat important	30%	35%
Neutral	14%	12%	Neutral	12%	14%
Somewhat disagree	4%	3%	Not very important	4%	2%
Strongly disagree	3%	2%	Not at all important	6%	3%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.1	0.1

Client Satisfaction: Specific Drivers cont'd

Q: My advisor fully understands my goals for the future.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.5	4.5	Average	4.5	4.5
Strongly agree	63%	66%	Critical	61%	59%
Somewhat agree	23%	23%	Somewhat important	32%	33%
Neutral	7%	6%	Neutral	7%	8%
Somewhat disagree	1%	2%	Not very important	1%	1%
Strongly disagree	1%	1%	Not at all important	0%	0%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.0	0.0

Q: My statements are clear and easy to understand.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.5	4.5	Average	4.4	4.4
Strongly agree	59%	62%	Critical	52%	52%
Somewhat agree	27%	26%	Somewhat important	38%	39%
Neutral	8%	8%	Neutral	9%	7%
Somewhat disagree	2%	3%	Not very important	1%	2%
Strongly disagree	1%	1%	Not at all important	0%	0%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.1	0.1

Q: Access to other professional advisors, such as to accountants or lawyers, is provided when appropriate.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	3.6	3.6	Average	2.9	3.1
Strongly agree	27%	26%	Critical	13%	11%
Somewhat agree	18%	21%	Somewhat important	23%	32%
Neutral	16%	36%	Neutral	28%	29%
Somewhat disagree	8%	6%	Not very important	17%	18%
Strongly disagree	10%	5%	Not at all important	19%	12%
I don't know	N/A	7%			

	2010	2012
Gap (Satisfaction - Importance)	0.6	0.5

Client Satisfaction: Specific Drivers cont'd

Q: The range of services that my advisor provides meets all of my financial needs.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.3	4.3	Average	4.2	4.0
Strongly agree	46%	52%	Critical	43%	31%
Somewhat agree	39%	28%	Somewhat important	39%	45%
Neutral	11%	13%	Neutral	14%	17%
Somewhat disagree	3%	4%	Not very important	3%	5%
Strongly disagree	1%	2%	Not at all important	2%	2%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.1	0.3

Q: The long-term performance (6+ years) of my plan/portfolio meets my expectations.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.1	4.3	Average	4.5	4.4
Strongly agree	42%	52%	Critical	58%	51%
Somewhat agree	36%	30%	Somewhat important	35%	39%
Neutral	17%	11%	Neutral	6%	8%
Somewhat disagree	4%	4%	Not very important	0%	1%
Strongly disagree	2%	2%	Not at all important	1%	1%
I don't know	N/A	2%			

	2010	2012
Gap (Satisfaction - Importance)	-0.4	-0.1

Q: My advisor demonstrated leadership by reassuring me during a turbulent market.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.2	N/A	Average	4.1	N/A
Strongly agree	49%	N/A	Critical	41%	N/A
Somewhat agree	28%	N/A	Somewhat important	35%	N/A
Neutral	11%	N/A	Neutral	17%	N/A
Somewhat disagree	5%	N/A	Not very important	4%	N/A
Strongly disagree	3%	N/A	Not at all important	3%	N/A
I don't know	N/A	N/A			

	2010	2012
Gap (Satisfaction - Importance)	0.1	N/A

Client Satisfaction: Specific Drivers cont'd

Q: My advisor helped me to understand the impact that market turbulence would have on my ability to reach my financial goals.

Satisfaction			Importance		
	2010	2012		2010	2012
<i>Average</i>	4.2	N/A	<i>Average</i>	4.1	N/A
<i>Strongly agree</i>	50%	N/A	<i>Critical</i>	41%	N/A
<i>Somewhat agree</i>	28%	N/A	<i>Somewhat important</i>	35%	N/A
<i>Neutral</i>	12%	N/A	<i>Neutral</i>	17%	N/A
<i>Somewhat disagree</i>	3%	N/A	<i>Not very important</i>	4%	N/A
<i>Strongly disagree</i>	3%	N/A	<i>Not at all important</i>	3%	N/A
<i>I don't know</i>	N/A	N/A			

Gap (Satisfaction - Importance) **2010** **2012**
 0.2 N/A

Q: My advisor has helped to keep my long-term plan on track, despite market turbulence.

Satisfaction			Importance		
	2010	2012		2010	2012
<i>Average</i>	4.3	N/A	<i>Average</i>	4.3	N/A
<i>Strongly agree</i>	53%	N/A	<i>Critical</i>	49%	N/A
<i>Somewhat agree</i>	27%	N/A	<i>Somewhat important</i>	35%	N/A
<i>Neutral</i>	11%	N/A	<i>Neutral</i>	12%	N/A
<i>Somewhat disagree</i>	3%	N/A	<i>Not very important</i>	3%	N/A
<i>Strongly disagree</i>	2%	N/A	<i>Not at all important</i>	1%	N/A
<i>I don't know</i>	N/A	N/A			

Gap (Satisfaction - Importance) **2010** **2012**
 0.0 N/A

Q: My advisor helps to keep me focused on the long-term performance of my plan, than on the recent market downturn.

Satisfaction			Importance		
	2010	2012		2010	2012
<i>Average</i>	4.4	N/A	<i>Average</i>	4.3	N/A
<i>Strongly agree</i>	56%	N/A	<i>Critical</i>	48%	N/A
<i>Somewhat agree</i>	27%	N/A	<i>Somewhat important</i>	36%	N/A
<i>Neutral</i>	8%	N/A	<i>Neutral</i>	11%	N/A
<i>Somewhat disagree</i>	3%	N/A	<i>Not very important</i>	3%	N/A
<i>Strongly disagree</i>	2%	N/A	<i>Not at all important</i>	2%	N/A
<i>I don't know</i>	N/A	N/A			

Gap (Satisfaction - Importance) **2010** **2012**
 0.1 N/A

Client Satisfaction: Specific Drivers cont'd

Q: My account is handled with few errors.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.6	4.6	Average	4.6	4.7
Strongly agree	72%	73%	Critical	63%	76%
Somewhat agree	19%	16%	Somewhat important	31%	19%
Neutral	4%	6%	Neutral	5%	5%
Somewhat disagree	1%	1%	Not very important	0%	0%
Strongly disagree	1%	1%	Not at all important	0%	0%
I don't know	N/A	3%			

	2010	2012
Gap (Satisfaction - Importance)	0.1	-0.1

Q: Any problems I encounter are resolved quickly.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.7	4.6	Average	4.4	4.4
Strongly agree	67%	68%	Critical	50%	52%
Somewhat agree	21%	20%	Somewhat important	41%	39%
Neutral	4%	8%	Neutral	8%	8%
Somewhat disagree	0%	2%	Not very important	1%	1%
Strongly disagree	1%	1%	Not at all important	0%	1%
I don't know	N/A	2%			

	2010	2012
Gap (Satisfaction - Importance)	0.3	0.1

Q: Difficult financial concepts are clearly explained.

Satisfaction			Importance		
	2010	2012		2010	2012
Average	4.4	4.5	Average	4.4	4.4
Strongly agree	52%	64%	Critical	49%	50%
Somewhat agree	29%	24%	Somewhat important	42%	42%
Neutral	10%	9%	Neutral	7%	8%
Somewhat disagree	2%	2%	Not very important	2%	1%
Strongly disagree	1%	1%	Not at all important	1%	0%
I don't know	N/A	1%			

	2010	2012
Gap (Satisfaction - Importance)	0.0	0.1

Client Satisfaction: Specific Drivers cont'd

Q: My financial advisor gives me peace of mind.

Satisfaction			Importance		
	2010	2012		2010	2012
<i>Average</i>	4.4	N/A	<i>Average</i>	4.4	N/A
<i>Strongly agree</i>	56%	N/A	<i>Critical</i>	52%	N/A
<i>Somewhat agree</i>	30%	N/A	<i>Somewhat important</i>	36%	N/A
<i>Neutral</i>	8%	N/A	<i>Neutral</i>	10%	N/A
<i>Somewhat disagree</i>	2%	N/A	<i>Not very important</i>	1%	N/A
<i>Strongly disagree</i>	1%	N/A	<i>Not at all important</i>	1%	N/A
<i>I don't know</i>	N/A	N/A			

	2010	2012
Gap (Satisfaction - Importance)	0.1	N/A

Q: My advisor provides good value for the fees I pay.

Satisfaction			Importance		
	2010	2012		2010	2012
<i>Average</i>	4.4	N/A	<i>Average</i>	4.4	N/A
<i>Strongly agree</i>	50%	N/A	<i>Critical</i>	55%	N/A
<i>Somewhat agree</i>	31%	N/A	<i>Somewhat important</i>	36%	N/A
<i>Neutral</i>	11%	N/A	<i>Neutral</i>	8%	N/A
<i>Somewhat disagree</i>	2%	N/A	<i>Not very important</i>	1%	N/A
<i>Strongly disagree</i>	1%	N/A	<i>Not at all important</i>	1%	N/A
<i>I don't know</i>	N/A	N/A			

	2010	2012
Gap (Satisfaction - Importance)	-0.1	N/A

Structure a Meaningful Client Service Plan

Direct Contact

Q: In a typical 12-month period, how often do you **expect** to meet with your advisor (either face-to-face or by telephone) to review your financial plan or portfolio?

Q: Thinking about the last 12 months only, how often did you **actually** meet with your advisor (face-to-face or by telephone) to review your financial plan or portfolio?

Expect			Actual		
	2010	2012		2010	2012
0	4%	7%	0	6%	9%
1	18%	17%	1	14%	17%
2	26%	28%	2	22%	23%
3	16%	15%	3	17%	18%
4	20%	21%	4	18%	15%
5+	17%	13%	5+	23%	18%
<i>Average meetings/year</i>	2.8	2.7	<i>Average meetings/year</i>	3.0	2.7

	2010	2012
Gap (Expect - Actual)	-0.1	0.0

Streamline Service Delivery

Client Selection Strategy

Q: Please tell us which best describes your current total investable assets, including all mutual funds, stocks, bonds, 410(k), IRA and other retirement accounts (excluding real estate)?

	2010	2012
<i>under \$100,000</i>	10%	11%
<i>\$100,000 - \$499,999</i>	29%	33%
<i>\$500,000 - \$999,999</i>	25%	25%
<i>\$1,000,000 - \$4,999,999</i>	26%	23%
<i>\$5,000,000 or more</i>	10%	8%

Increase Client Revenue

Share of Wallet

Q: What percent of your investable assets are managed by your financial advisor?

	2010	2012
Less than 10%	4%	5%
10-24%	7%	8%
25-49%	17%	17%
50-74%	28%	28%
75-99%	35%	33%
100%	9%	9%
I don't know	N/A	2%

Q: How many years have you been working with your primary advisor?

	2010	2012
Less than 1 year	4%	4%
1 to 2 years	9%	10%
3 to 5 years	24%	19%
6 to 9 years	22%	20%
10 years or more	42%	46%
I don't know	0%	0%

Increase Referrals

Client Referrals

Q: I am comfortable referring my advisor to friends, family and colleagues.

	2010	2012
Strongly agree	52%	63%
Somewhat agree	31%	21%
Neutral	13%	10%
Somewhat disagree	2%	3%
Strongly disagree	2%	3%
I don't know	N/A	1%

Q: Have you provided a referral to your financial advisor in the last 12 months?

	2010	2012
Yes	29%	28%
No	71%	69%
I don't know	0%	3%