Marketing to Millennials

A guide for Financial Advisers

Learn how to reach and resonate with the next generation of wealth.

FLAGSTONE

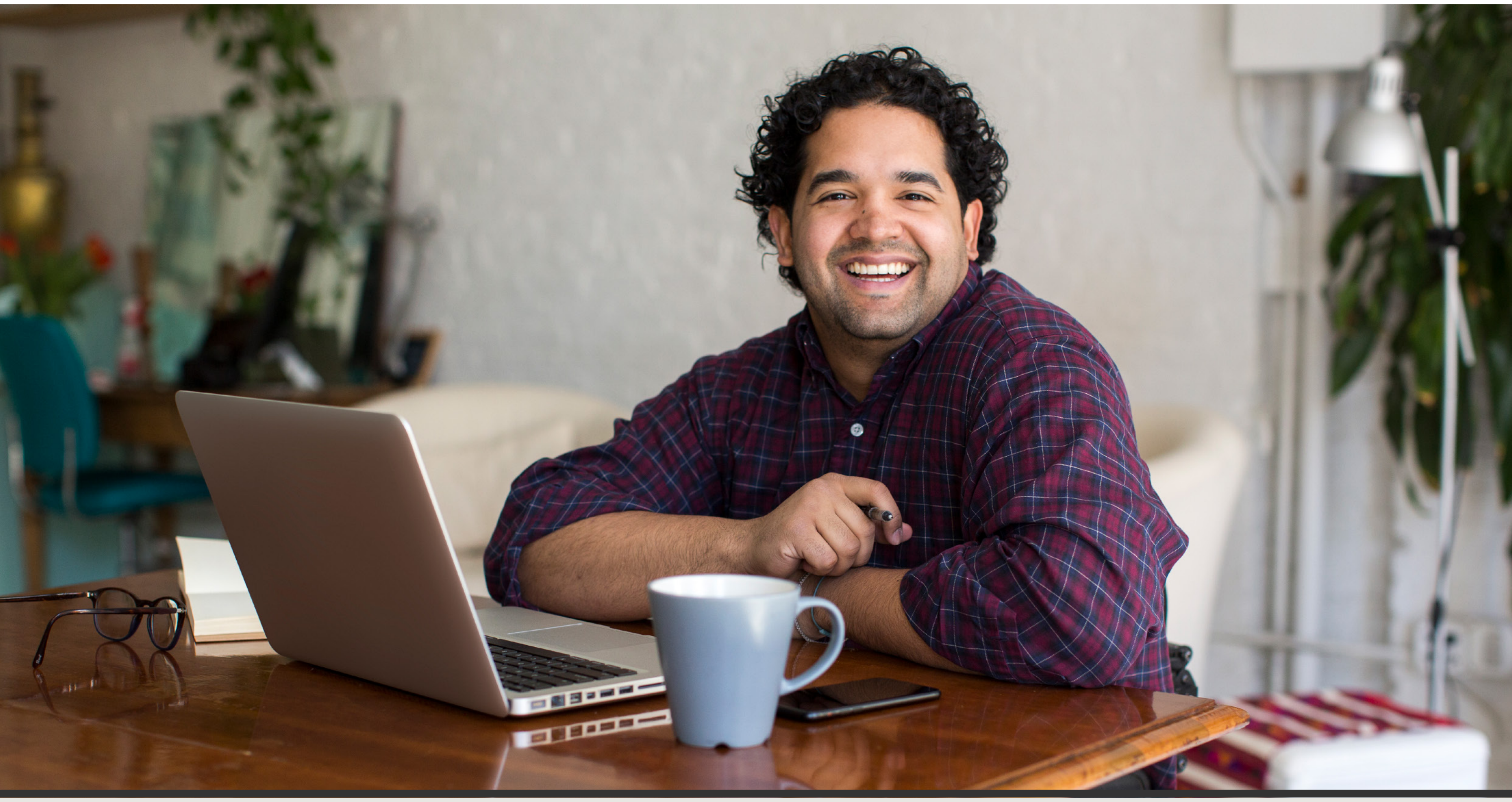
Contents

Introduction

We are all constantly looking for the next marketing opportunity. But we can be so invested in our core client base, we forget to think outside the proverbial box. While many advisers concentrate on finding new and ever more enticing ways to attract and engage older, established individuals and businesses, younger investors – especially millennials – are often overlooked.

But are they missing a trick? Far from the typical media portrayal of millennials as the easily-bored, 'want it now' generation, they are in fact financially-savvy, tech-savvy – and set to inherit greater wealth than any of their predecessors. They are also ready to invest with those who meet their specific requirements.

Our guide to marketing to millennials tells you all you need to know about tapping into the millennial market and seizing this potentially huge growth opportunity.



1946-1964

Baby Boomers

So-called because of the high birth rate following the end of the second world war, this covers people born between 1946 and 1964.

Baby Boomers are considered to be committed, competitive and self-sufficient, with careers defined by employers and a preference for a face-to-face approach to financial decisions.

1964-1980

Generation X

Roughly spanning post-1964 to 1980, Gen X is resourceful, logical and good problem-solvers. They are 'digital immigrants' who grew up before the onset of technology.

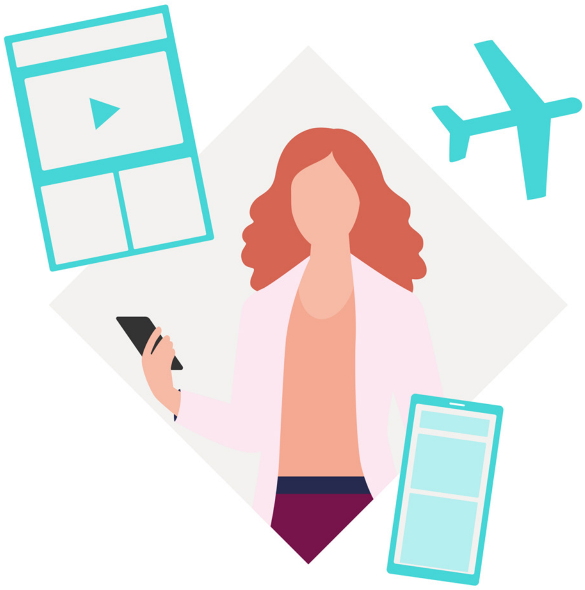
Gen X tend to be loyal to a profession rather than an employer, and value a work-life balance. While they prefer face-to-face meetings about finance if they have the time, they are willing to search online if not.

1980-1995

Millennials (Generation Y)

Approximately covering those born post-1980 up to around 1995. Millennials are digital natives and entrepreneurs who want freedom and flexibility when it comes to work, and who see themselves as working 'with' companies, rather than 'for'.

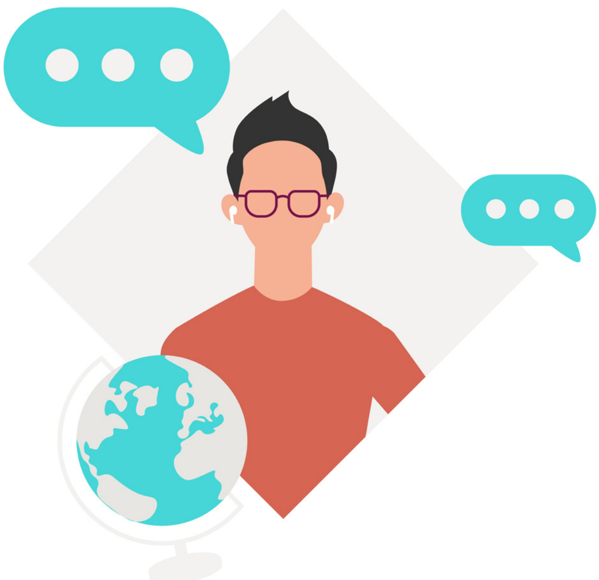
While millennials can be distrustful of financial institutions and often ask their peers online where to find information, they still value impartial, face-to-face financial advice from people and companies they see as reputable.



1964-1980

Generation Z

Born around the mid-90s, Gen Z is the first generation to have grown up surrounded by, and dependent on tech. They are seen as career multi-taskers who move seamlessly between organisations, and get all their information online.



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Busting the 'millennials and money' myth

With Baby Boomers either retired or nearing retirement, and Generation X already well-established as our core demographic, millennials should already be seen as the next investing generation, (followed by the up-and coming Gen Z-ers).

Instead, millennials often get a bad press, stereotyped as a live-for-today, easily-bored, instant-gratification generation who would rather spend money on avocado toast instead of saving for their future. They are also considered to be financially worse off than their Baby Boomer and Generation X grandparents and parents. The result is that they are largely ignored by IFAs.

Millennials are set to inherit £5.5tn

While the Institute of Fiscal Studies (IFS) suggests there is a 20% gap in the wealth accumulated between those born in the 1970s and millennials, this is nothing to do with the latter's spending habits. Instead, IFS blame a combination of lower average earnings, rising house prices and lower home ownership in the wake of the financial crisis[2].

However, millennials are also likely to inherit greater wealth than ever before. A 2019 study revealed that the preceding generation of baby boomers are now the wealthiest group in the UK and 20% of over 65s are millionaires. This means their beneficiaries are set to receive what is expected to be the largest intergenerational wealth transfer the UK has ever seen – estimated at £5.5tn[3].

Far from their frivolous-spending stereotype, millennials are financially and technology-savvy, aspirational people who are ready to willingly invest. They also see themselves as protectors who want to preserve the wealth they inherit while making their own money.

> The average value of inheritance is estimated to grow to £91K in 2027[4]

Millennials want financial advice but are unsure who to trust

Millennials are already rapidly becoming the UK's largest and most influential age group. And as they move up the career ladder into responsible and leadership roles, their financial expectations, workplace behaviours, and social attitudes will become even more powerful –disrupting the financial sector for years to come[5].

Clearly, millennials are a financial force to be reckoned with, offering limitless potential for IFAs. However, there is a disconnect when it comes to financial advice.

Almost two-thirds (61%) of over-55s felt younger generations are not getting adequate financial advice and 40% are concerned about what they will do with their inheritance. More than half (59%) of inheritance donors want their children to see a financial adviser, but only 9% have spoken about it[6]. Despite this, 40% of millennials are already interested in planning for their retirement, and 40% are willing to pay for a quality financial service that can help assure they will be able to afford their important lifestyle events[7].

The problem is that millennials often distrust financial corporations. In a world of 'always on' interconnectivity, they look for recommendations from peers and shared good experiences. The key to getting their attention is understanding what they want and expect from an IFA, and using the right approach to build credibility and trust.

59%

of inheritance donors want their children to see a financial adviser

40%

of millennials are thinking about their retirement

Understanding millennials' approach to finance

Ethical investing has never been so important

The financial sector has sometimes found marketing to the younger investor a challenge – often offering music-related gimmicks and gifts when opening accounts, instead of providing the financial services they actually need.

Millennials are more switched on to the wider world, and want authentic products and services that are simple to understand. More diverse and environmentally aware than their parents, they also have a drive to right the injustices of the past and a focus on ethical investing that supports their social interests, while still rewarding them financially.

Their focus on ethical investing is also likely to lead to the demand and creation of new innovative products and services – especially as they acquire more wealth. Having trusted advisers who can steer them in the right direction will be a key weapon in attracting young investors.

Technology is a must-have, not a nice-to-have

Using technology is an absolute must. Millennials have been brought up on tech, are confident in using it, and expect to be able to do so in their daily lives – including their finances. They expect platforms that use the latest cutting-edge tech to provide easy, immediate access to their money, computer-generated results, customised suggestions, and the ability to self-serve with options to personalise their experience.

Millennials want to preserve the wealth they inherit

What millennials want from digital financial advice

1.

Computer-generated recommendations as a basic service.

2.

A self-directed investment portal with adviser access.

3.

A mobile platform that connects directly to advisers.

4.

Software that tracks transactions, payments and other financial data in real-time to provide better recommendations.

Source :8

Blending the digital and personal touch for the ideal hybrid approach

While millennials frequently seek advice digitally and demand the latest technology, they still favour the human touch when making big decisions. And as their growing needs get more complex, sound, trusted advice will take on even greater importance.

However, ultimately, millennials want to decide for themselves. They will get advice from parents and peers, and ask advisers searching questions so they have all the information they need to make an informed decision. So marketing your firm as having all the facts and resources they need, transparently, without any bias or 'green-washing' is vital.

Thinktank Common Vision suggests millennials value a number of key requirements, so when marketing your financial firm or service, make sure your communication is:

- **Impartial**
- **Relevant** (to their lifestyle and events)
- **Tangible** (showing visible results)
- **Relatable** (in the tone of voice and marketing style)
- **Peer-verified**
- **Personalised**

Only then can you build the trust younger investors want and appreciate.

Remember too that younger people are influencing older investors with their use of technology and their beliefs. While Baby Boomers and Generation X have always valued good financial advice, they are rapidly changing their attitudes to wealth management and how they receive information. A hybrid approach to banking can tick all your client boxes in a definite win-win scenario.

How to market to millennials

There are a number of key points to consider when it comes to marketing to millennials:

Speak their language

They value straight-talking, authentic communication that really speaks their language, so a straight sales pitch is unlikely to gain traction. Instead, ensure you demonstrate you understand what matters most to them and their lifestyle – such as banking ethically – and illustrate how you can meet their needs.

And think a little differently. Entertaining, unique content that goes beyond the informative can really resonate with millennials, resulting in increased engagement, and positioning you as someone to watch. Be sure to avoid using industry jargon and stick to benefits-oriented language.

So how and where do you get the message across effectively and in ways that will engage them?

Explore multiple marketing channels

Millennials receive information and educate themselves using multiple sources and a wide range of media channels available at their fingertips.

So where possible, you should make the best use of these to attract and engage your target audience. While this means your traditional methods of marketing such as email campaigns and banner ads can have a place, digital marketing is vital.

Even if you're a smaller business that lacks the resources of your bigger brethren, you can still take advantage of no-cost or low-cost channels that are readily available to everyone.

Expand your use of social media

The chances are you are already active on LinkedIn. But if this is your only foray into social media, you are missing key social media touchpoints. As a B2B platform, LinkedIn may bypass some of your potential audience. Platforms including Facebook, Twitter, WhatsApp and Instagram are all used by millennials and often include a dedicated business arm.

While they all have different nuances and require regular attention, making the effort can be extremely beneficial. With peer-approval an important factor for millennials, social media allows them to share information and support tools that allow them to learn and personalise their investing experience.

Tap into the rise of video and audio

Exploring new ways of marketing can also reap rewards. With statistics showing that 51% of millennials had viewed a video on Facebook and 32% had watched a video story on Instagram[8], videos can be an effective marketing strategy that enables you to showcase your services in a way that captures the attention, while being less intrusive than banner ads.

For an audience that frequently searches for information ‘on-the-go’, podcasts are another option. Essentially an audio story, podcasts can be recorded simply and uploaded to the sites millennials frequent.

However you decide to deliver your information, remember to keep it short. Millennials prefer ‘to the point’, transparent, bite-sized chunks of information that can be easily digested or further researched to help make them that all-important final decision on the future of their finances.

Source: 9

Why a holistic overview builds firm foundations

Positioning yourself as someone who takes a holistic, all-over approach to millennials' wealth shows you understand that many are looking beyond the short term and are already thinking of how they fund life events – and even retirement.

Rather than communicating a preference to one investment avenue, promote a range of investment opportunities that meet both their current needs and their future aspirations.

Remember, this generation are set to inherit a greater wealth than ever seen before, so being recognised as someone who has their long-term financial health in mind will go a long way to attract this audience and build mutually-beneficial client relationships.

Your top 5 takeaways

1.

Millennials are set to inherit greater wealth than any previous generation – a estimated and colossal £5.5tn.

2.

Millennials are committed to ethical concerns and the environment. They value choice, transparency, and authenticity when it comes to choosing where to invest their time and money.

3.

Millennials typically look to their peers or parents for advice about major life choices, but want financial advice from advisers who can demonstrate they are trustworthy.

4.

To reach millennials, financial advisers need to go beyond traditional methods of marketing and embrace digital, including social media, videos and podcasts.

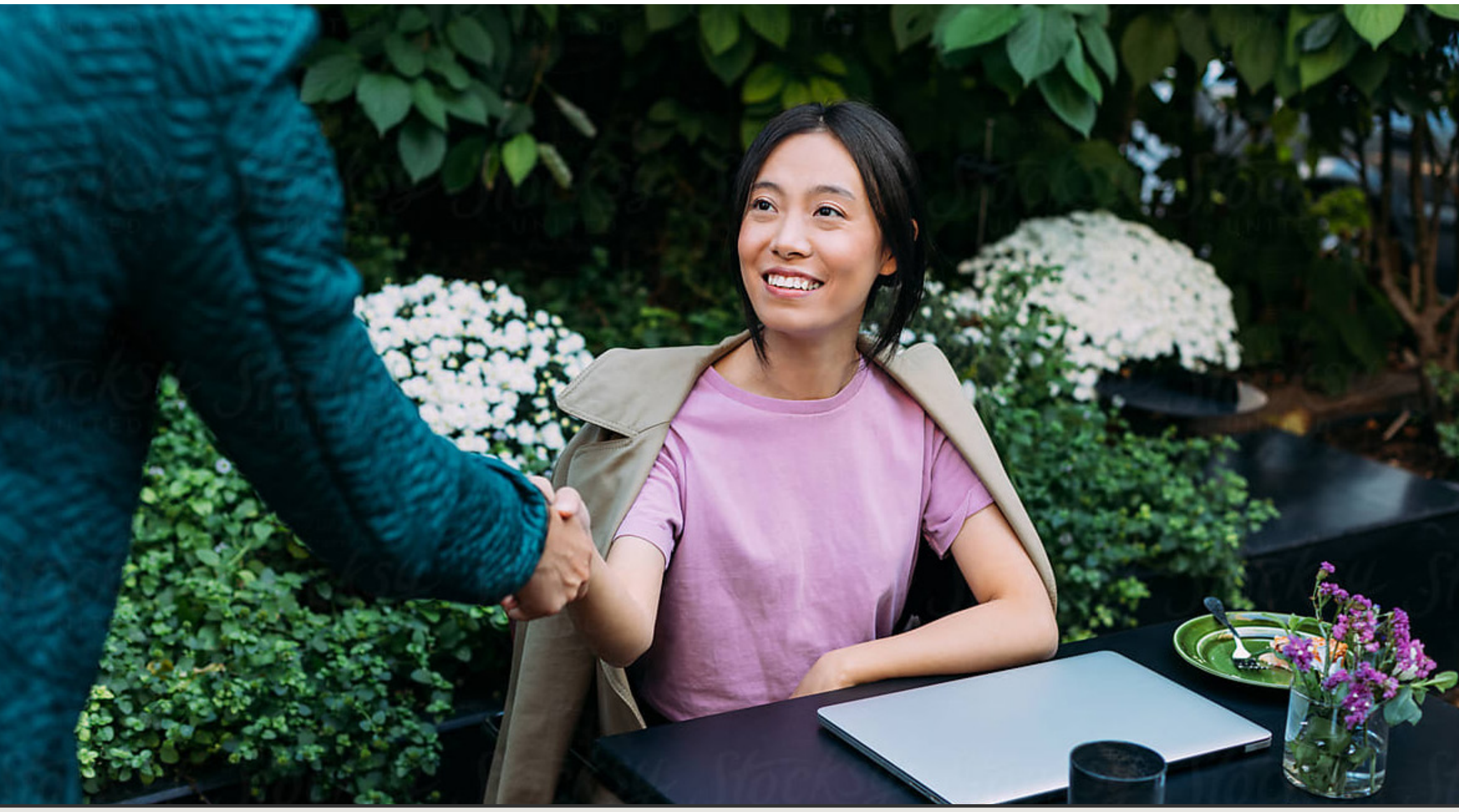
5.

As millennials acquire greater wealth during their lives and careers, they will demand innovative products and services that match their beliefs and aspirations – and will value advisers who can steer them in the right direction.

IFAs who actively encourage, engage and attract younger investors are tapping into a wealth of opportunity. Getting on the ground floor today will help you realise an incredible potential of wealth management, while building trust and a loyal client base that values an organisation that recognises their particular needs and expectations.

The young investor of today is also the older investor of tomorrow – building wealth, creating business opportunities and paving the way for a potential lifetime of mutual opportunity.

Source 1: https://www.emploilr.com/docs/Barclays-study092013.pdf and https://www.bbc.co.uk/bitesize/articles/zf8j92p
Source 2: https://www.weforum.org/agenda/2019/11/millennials-income-wealth-inequality/
Source 3: https://www.ft.com/content/c69b49de-1368-11e9-a581-4ff78404524e
Source 4: Source: https://halcyonfinancialplanning.co.uk/are-you-ready-for-the-great-wealth-transfer/
Source 5: http://covi.org.uk/dev4/wp-content/uploads/2020/03/Millennials-and-Money-summary-report_Common-Vision-FINAL.pdf
Source 6: https://www.sanlam.co.uk/knowledge-hub/insights/intergenerational-wealth-transfer
Source 7: https://www.accenture.com/_acnmedia/pdf-68/accenture-millennials-and-money-millennial-next-era-wealth-management.pdf
Source 8: https://www.accenture.com/_acnmedia/pdf-68/accenture-millennials-and-money-millennial-next-era-wealth-management.pdf
Source 9: Millennials – Social media – GWI 2021



How Flagstone can help

Flagstone is the UK's leading cash deposit platform and an award-winning Fintech providing access to hundreds of accounts – including market-leading and exclusive rates – from up to 50 banks through a single Flagstone account.

We offer advisers the ideal way to manage millennials' money, providing complete visibility of their wealth, a choice of products and services, 24/7 quick and easy access through a cutting-edge digital platform, and the ability to self-serve.

To find out more about how Flagstone can help grow your business and your clients' wealth, contact **020 3745 8130** or visit www.flagstoneim.com/referrers.