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Media Release

Generation D Investors: Social Media Will Help Advisers Regain Trust

Tuesday July 23, 2013. Mr. Claudio O. Pannunzio President and Founder of US based i-Impact Group said financial advisers earnestly overestimate the average investor's knowledge of financial markets and this has been reflected in a recent survey by Accenture*. Although the survey was conducted in the USA, Pannunzio believes the findings have global ramifications, especially in sophisticated mature markets such as Australia.

The Accenture survey was conducted among an emerging investor population called Generation D (D for Digital) – a diverse group spanning multiple demographics and representing more than 75 million people with \$27 trillion in assets – and 400 US financial advisers, revealed that the latter believe 42% of investors are extremely knowledgeable about investing, while only 12% of investors regard themselves as very knowledgeable.

“This creates both a challenge and an opportunity for advisers,” said Pannunzio.

“On one hand, clients tend to regard advisers' communication on investment topics and products as promotional and, most importantly, frequently well beyond their real comprehension capabilities.”

“On the other hand, it creates a unique and powerful opportunity for advisers to increase the frequency of client communication. This can be achieved by establishing consistent flow of communication focused on educational content, which will resonate with clients and help advisers address their fears and concerns about their investments.”

The survey also revealed that advisers in the USA tend to misconstrue their clients' risk tolerance, often assuming a threshold for risk higher than what the client can actually endure.

This appears to be particularly true with Millennials of Generation D, a segment of the investor population with a pronounced lack of trust in the financial system – consequence of the recent global financial crisis (GFC) – and a subsequent prudent and conservative attitude toward their investments.

Here too, the situation presents a great opportunity for advisers.

According to the Accenture study, Generation D is by far the most technology and social media savvy.

This gives advisers an exceptional opportunity to tap this vast audience in a cost – effective manner by simply maximizing their use of digital tools and platforms.

Pannunzio continued, "Because of this group's predilection for digital communication, advisers will be able to provide increased investment education, and intensify the frequency and speed of client communication by using video messages, Webinars, Webcasts and online communities."

"This will ultimately help advisers to regain Generation D trust."

Another notable finding of the Accenture survey has to do with advisers' responsiveness.

In a previous industry communiqué, *What We Have Here Is an Enduring Failure to Communicate*, Pannunzio referred to a Spectrem Group study**, indicating that 73% of affluent investors would leave their adviser if he/she would *not return their calls in a timely fashion*.

Fortunately, the Accenture survey reported that 59% of advisers recognize the ability of responding and addressing clients in a faster manner as one of the chief benefits of social media.

Other key results of the survey, included:

- More than 50% of advisers understand that social media plays an instrumental role in their successful interaction with Generation D
- 40% of advisers landed new clients through Facebook and 25% through LinkedIn
- 77% of advisers report that the use of social media helped them with client retention
- 74% report an increase in AUM and 73% an overall increase in client interactions, due to their adoption of social media

Pannunzio concluded, "The findings of the Accenture survey unquestionably reiterate how rapidly advisers are embracing social media. The use of digital tools and social media platforms will undoubtedly continue to play an increasingly instrumental role in delivering the financial education that investors want and need."

"Ultimately, social media will empower advisers to stay relevant with their clients, build credibility and regain trust."

* Accenture *Closing the Gap How Tech-Savvy Advisors Can Regain Investor Trust* March 2013

** Spectrem Group *2013 Ultra High Net Worth Investor* report April 2013

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