

Winning Affluent Millennials

How this New Power Persona is
Reshaping the Finance Industry



Background

About the Study

In April of 2015, LinkedIn and Ipsos conducted a global study of 9,200 Millennial and GenX Internet users across 10 countries. This report focuses on data gathered from a subset of 1,507 individuals from across the United States. The 20-minute online survey measured respondent usage of and engagement with financial services offerings, as well as their attitudes and opinions about the finance industry.

About the Sample Population

The study targeted Millennials, which are defined as individuals born from 1981 to 1997, and GenXers, which are those born 1966 through 1980. The study further broke down these generations into subgroups of affluent members, which refers to those living in households with investable assets in excess of \$100,000.

Study Objectives

The study set out to gain greater understanding of Millennials, particularly:

- The differences between Millennials and GenXers with regard to brand affinity, purchase process and information-gathering.
- The role that social media plays and the influence that content and context have on the decision journey for retail financial products.
- The unique mindset, behaviors and expectations of the “Affluent Millennial” subset.

KEY FINDINGS

This white paper breaks down the data collected through the study. In summary, the study revealed the following about Affluent Millennials:



ETERNAL OPTIMISTS

Affluent Millennials have a progressive and optimistic outlook for the future. Their confidence and trust are unparalleled.



CONTROL FREAKS

Affluent Millennials want to conduct research, make financial decisions and execute transactions on their own.



OPEN-MINDED

Despite being loyal customers, they are open to financial offerings from traditionally non-financial brands.



SOCIAL-CENTRIC

Social networks are a must-have among any financial institutions that want to win over Affluent Millennials. They are central to the group's financial decision-making process.



HUNGRY FOR EDUCATIONAL INFO

They actively seek out financial content, particularly through their social networks, including customer reviews, expert opinions, educational articles and literature on products and services.

Who are Affluent Millennials?

If you were born between the years 1981 and 1997, you're a member of the Millennial generation. What's more, if you are a Millennial and hold at least \$100,000 in investable assets, excluding real estate, then you are, by definition, an Affluent Millennial.

There are 15.5 million of these Affluent Millennials in the United States alone. They are vital to the United States economy, spending \$2.0 trillion annually across a range of products and services.¹ Research study findings revealed that the Affluent Millennial has a very bright financial future and is a persona not to be ignored by today's financial services provider.

! WHY ARE THEY RELEVANT?

In addition to the wealth members of this generation are poised to build on their own, they will also be on the receiving end of a massive generational transfer of at least \$59 *trillion* in personal wealth over the next several years.²

This shift will drastically change the primary buyer persona of financial services firms around the world, thus forcing massive changes to their business models and marketing strategies. So, how can financial services providers best prepare for these drastic changes?

To help answer this question, LinkedIn and Ipsos' study worked to identify the Affluent Millennials' preferences and behaviors regarding savings and investments, as well as their attitudes and beliefs about financial services providers. Perhaps most importantly, it elucidates key opportunities for financial institutions to reach, nurture and deepen relationships with Affluent Millennials as they prepare for their future.

As their incomes and investable assets grow, this

powerful generation will command major changes within the finance industry. One thing is for sure: The firms that work *now* to understand Affluent Millennials and proactively target this new persona with products, services, content and communication that appeal to their unique preferences, challenges and dreams will succeed. They won't falter through the disruption. Instead, they will win the long-term loyalty of this powerful persona.

The study found that Affluent Millennials have a uniquely progressive view of future financial conditions. For example, Affluent Millennials are particularly likely to envision a cashless, sharing-based economy in the future where banks no longer serve as their primary financial institutions.

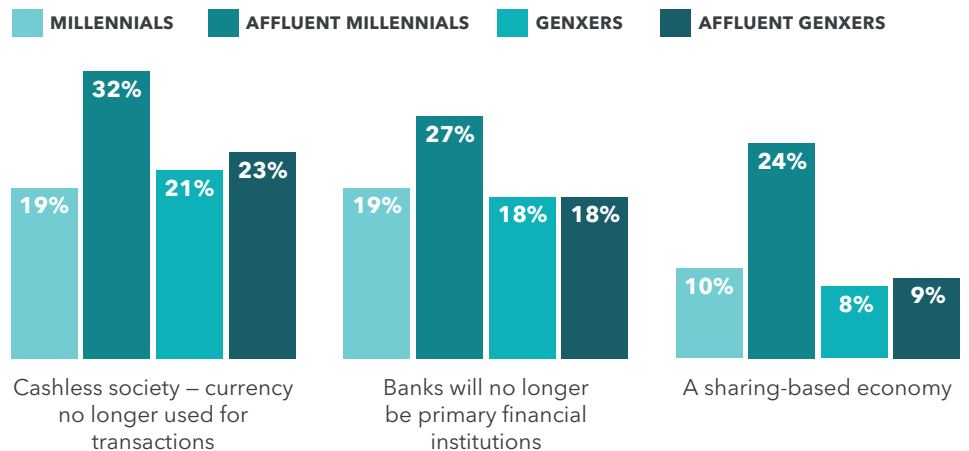
Crisis is Looming

While all groups studied – affluent as well as general classifications of Millennials and GenXers – share similar expectations of an impending financial crisis, Affluent Millennials are by far the most convinced that one is on the way.

Confidence in the Country

They aren't all doom and gloom, though. Affluent Millennials have the highest level of confidence in the future economic growth of their country. Also, more than any other group, they believe that the American Dream is *definitely* possible.

TOP 3 POINTS OF VARIATION IN FUTURE PREDICTIONS

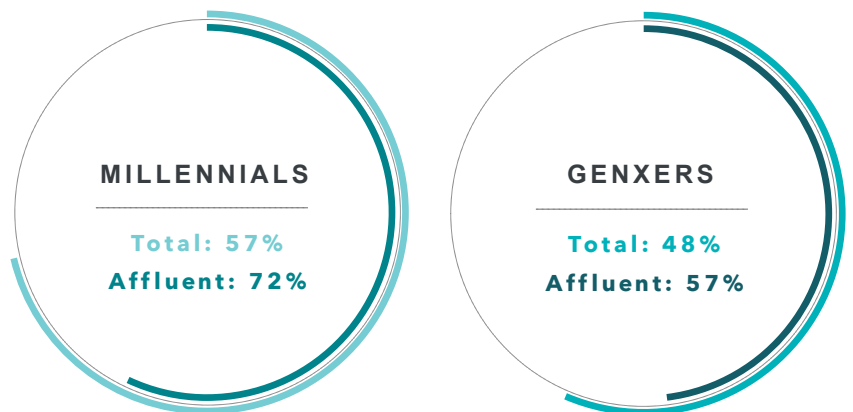


Sacrifices Today Make a Brighter Tomorrow

Affluent Millennials are disciplined and future-oriented – 72% agree that the sacrifices they make now will pay off in the future, whereas only about half of all other groups surveyed agreed with this perspective.

AFFLUENT MILLENNIALS WILL SACRIFICE NOW FOR THE FUTURE

Percentage who agree: The sacrifices I make now will pay off in the future



Setting Ambitious Goals

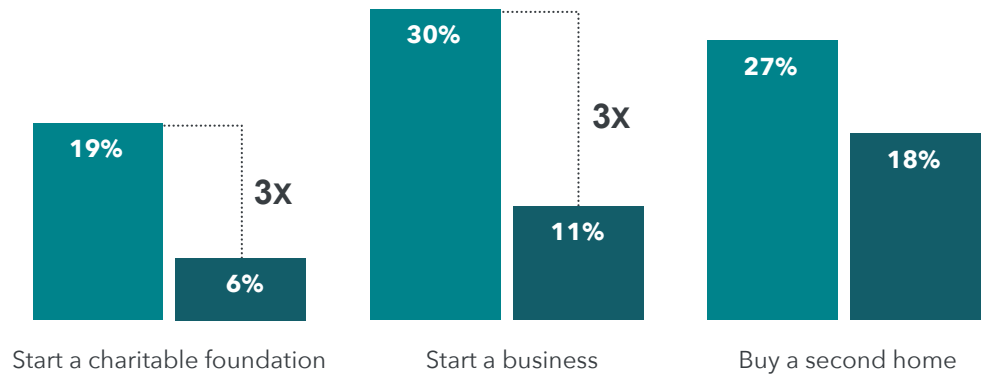
With the sacrifices they're making today, Affluent Millennials are gearing up to achieve big goals in the future. While goals among all affluent groups surveyed did tend to vary by age group, the study shows that Affluent Millennials are three times more likely than Affluent GenXers to have the life goal of establishing a charitable foundation.

But perhaps most compelling is that Affluent Millennials are also three times more likely to dream of starting their own business. And it appears as though many have already acted on this goal, with 35% of Affluent Millennials in possession of a business loan. In fact, they are seven times more likely to have a business loan than

Affluent GenXers. Furthermore, compared to Affluent GenXers, Affluent Millennials are three times as likely to have gained any of their wealth from their own businesses and twice as likely to have generated any of their wealth from income properties.

AFFLUENT MILLENNIALS SET AMBITIOUS GOALS FOR THEIR LIVES

- Affluent Millennials
- Affluent GenXers



KEY TAKEAWAY

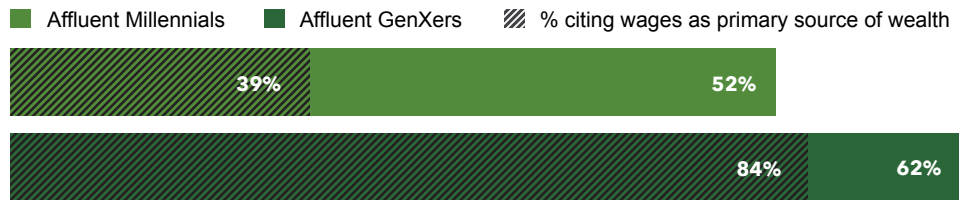
An entrepreneurial spirit and unparalleled ambition is shared among Affluent Millennials and will drive them toward their unique future goals.

Diversifying Income Sources

52% of Affluent Millennials stated employment wages as either primary or secondary source of how they gained their wealth. 39% of the 52% of Affluent Millennials stated employment wages as a primary source of how they gained their wealth.

Where are Affluent Millennials generating their income outside employment wages? Affluent Millennials are especially likely to be building their wealth through investments and income properties, as well as gaining assets through inheritance.

SOURCES OF AFFLUENCE ARE SHIFTING ACROSS GENERATIONS Wages are losing dominance as primary source of wealth



Percentage who acquire assets from wages

Compared to Affluent GenXers, Affluent Millennials are:

- 4x** more likely to have gained assets from their family's business
- 3x** more likely to have gained assets from their own business
- 2x** more likely to have gained assets from an income property
- 2x** more likely to have gained assets from inheritance, clearly reflecting the ongoing \$59 trillion generational wealth transfer projected from 1998 to 2052

More Debt ... but Also More Saving

Two-thirds of Affluent Millennials have at least one loan that is not a mortgage. This is a significantly higher proportion than Affluent GenXers, of whom approximately half hold at least one loan other than a mortgage.

The debt these Affluent Millennials are taking on comes in the form of credit cards (67%), personal loans (43%), student loans (43%)

and business loans (35%). Notably, Affluent Millennials are seven times more likely to have a business loan and twice as likely to have a personal loan as Affluent GenXers.

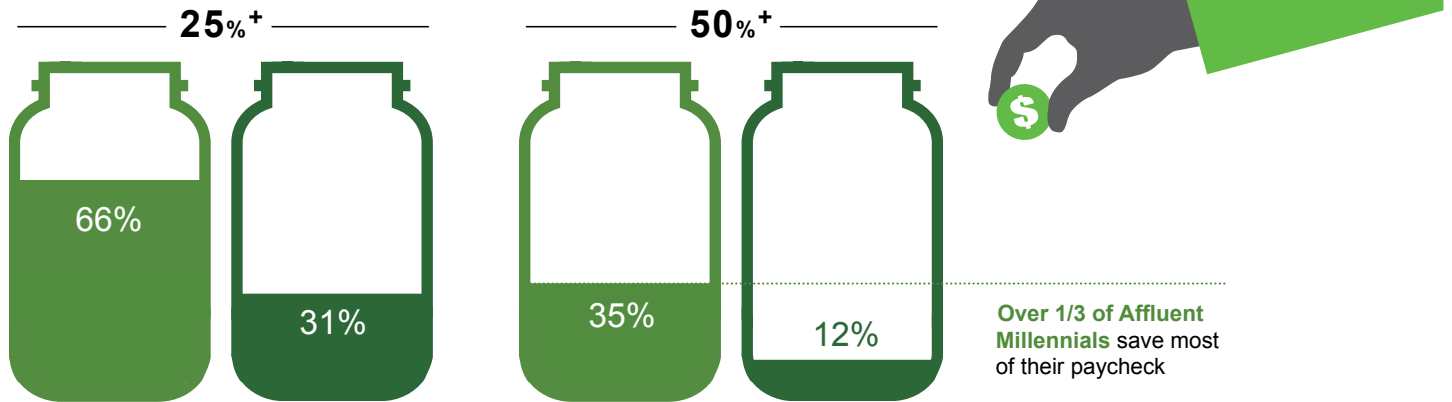
In spite of their collective debt, Affluent Millennials are saving ... a lot. While Affluent GenXers save a median of 18% of each paycheck, Affluent Millennials save a median of 24%.

Furthermore, Affluent Millennials are almost three times as likely to save more than half of their paychecks each month. More than a third of them put the majority of each paycheck into savings, compared to just 12% of Affluent GenXers who do the same.

COMPARED TO AFFLUENT GENXERS, AFFLUENT MILLENNIALS ARE TWICE AS LIKELY TO SAVE THE MAJORITY OF THEIR PAYCHECK EACH MONTH

% OF PAYCHECK SAVED PER MONTH

■ Affluent Millennials ■ Affluent GenXers

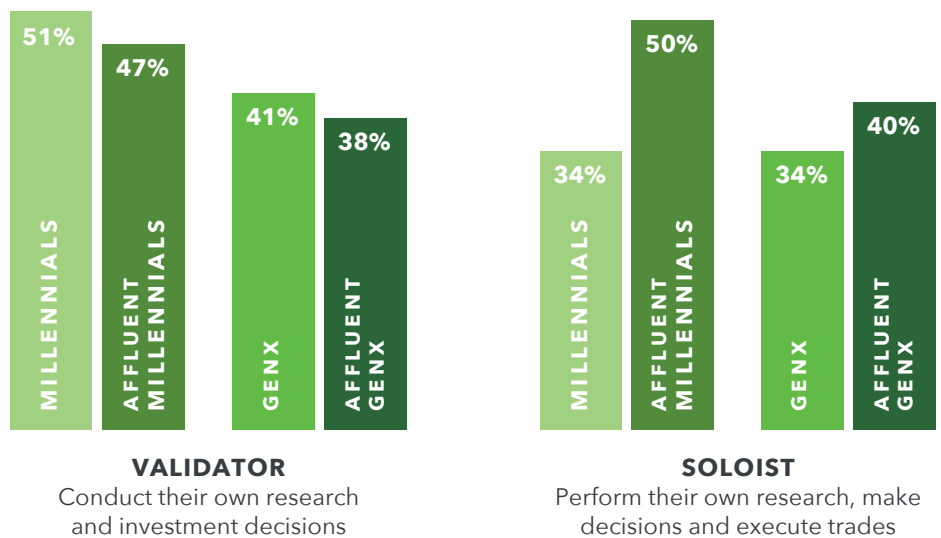


Taking Ownership of Financial Decisions

It appears that Affluent Millennials might approach their own finances with a greater sense of ownership than previous generations. When it comes to managing their finances, it's clear that Affluent Millennials want more control.

Half are considered Soloists, meaning they prefer to do their own research, make their own decisions and execute trades on their own. Only about a third each of overall Millennials, overall GenXers and even Affluent GenXers aligns with the Soloist designation.

AFFLUENT MILLENNIALS SEEK GREATER INVOLVEMENT AND CONTROL IN FINANCIAL DECISIONS

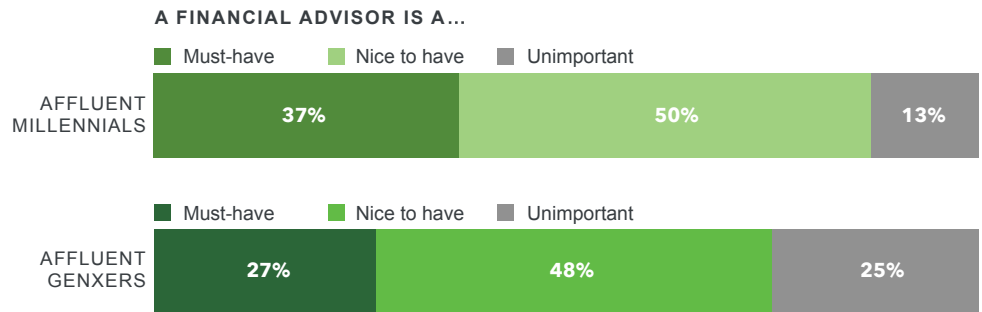


Guided Independence

Although they want to take the helm when it comes to their finances, Affluent Millennials don't want to navigate these waters alone. Yes, they want to conduct their own research, make their own decisions and execute their own trades. But they also value the insights and guidance of experienced financial advisors.

Today, 87% of Affluent Millennials consider financial advisors important, with 37% calling them a "must-have." Interestingly, 24% of Affluent Millennials who self-reported as Soloists consider financial

AFFLUENT MILLENNIALS CONSIDER FINANCIAL ADVISORS A MUST-HAVE



advisors to be a "must-have," despite the fact that they want complete control over their financial decision-making. This finding is quite telling, as it clearly defines the new relationship

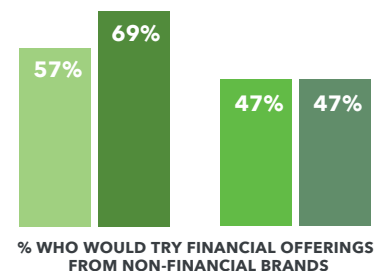
these individuals wish to have with their financial services providers. They want guided independence, expert advice to help them make smart decisions.

Loyalty and Trust ... but Also Thinking Outside the Box

A striking fact revealed by the study is that Affluent Millennials are very open to trying financial products and services from brands outside the finance industry. Nearly seven out of ten Affluent Millennials are likely to consider such offerings, compared to just 47% of Affluent GenXers.

AFFLUENT MILLENNIALS ARE OPEN TO FINANCIAL OFFERINGS FROM TRADITIONALLY NON-FINANCIAL BRANDS

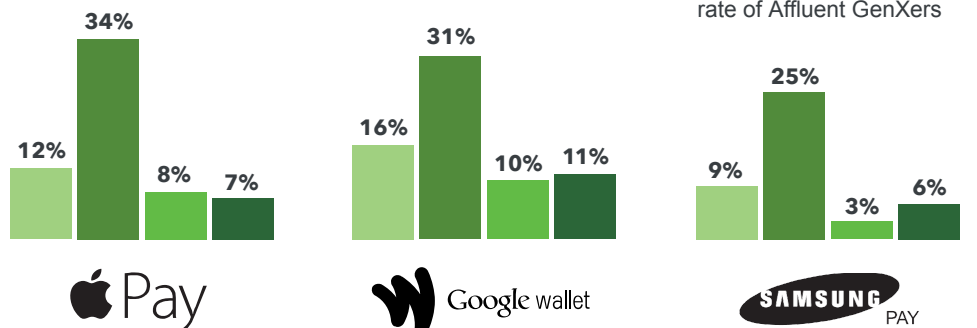
Millennials Affluent Millennials
GenXers Affluent GenXers



In fact, many Affluent Millennials are early adopters of financial products and services from outside the industry, as evidenced by their adoption of NFC mobile payment platforms. Currently, one in three Affluent Millennials uses Apple Pay or Google Wallet and a quarter use Samsung Pay. That's more than three times the rate of Affluent GenXers adopting such offerings.

AFFLUENT MILLENNIALS HAVE HIGH ADOPTION OF NFC MOBILE PAYMENT PLATFORMS

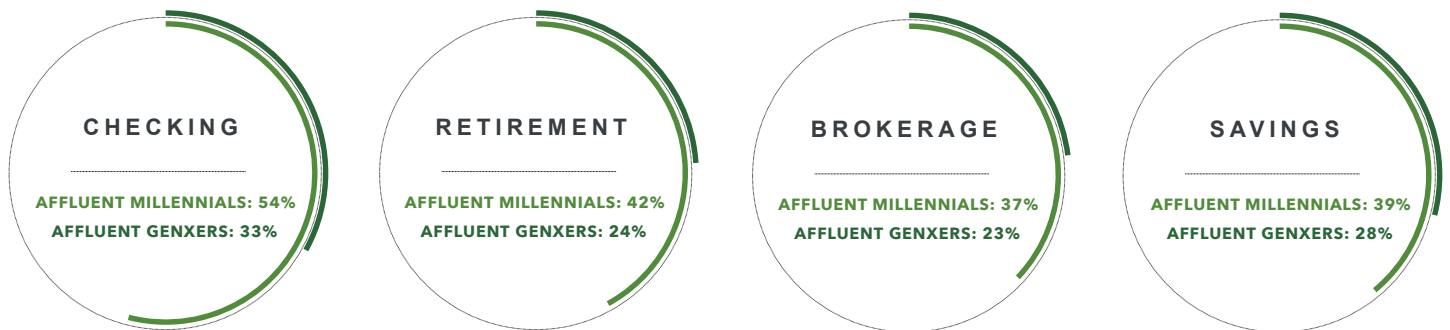
Millennials Affluent Millennials
GenXers Affluent GenXers



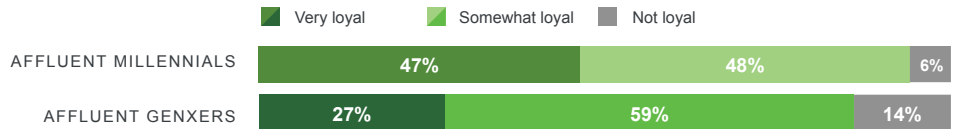
While these statistics alone may make financial services brands stand and take attention, there's more: Once Affluent Millennials become customers of a financial services provider, they remain highly loyal to that brand. This is particularly true for Affluent Millennials, of whom half say they are very loyal and plan to do more business with their chosen financial services providers.

ONCE THEY ARE CUSTOMERS, AFFLUENT MILLENNIALS ARE HIGHLY LOYAL TO THEIR FINANCIAL INSTITUTIONS

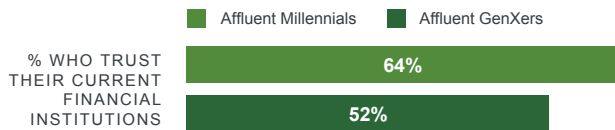
AMONG THOSE WITH MULTIPLE ACCOUNTS OF EACH TYPE, % WHO HOLD ALL WITH THE SAME INSTITUTION:



Affluent Millennials are significantly more likely to say they are **very loyal** and plan to do more business with financial institutions they work with



Affluent Millennials' loyalty goes hand in hand with trust for their financial institutions



Together, all this means that there is a very high risk of traditional financial services providers losing the long-term business of Affluent Millennials as they seek out products and services offered from outsider brands.

What do Affluent Millennials Want?

Aside from their age and assets, a strong indicator that sets Affluent Millennials apart from Millennials overall, as well as both Affluent and Non-Affluent GenXers, is what they look for in a traditional financial services provider.

When evaluating a potential financial services provider, all groups are likely to care about things like low fees and data privacy, but Affluent Millennials are unique in placing importance on the following factors:

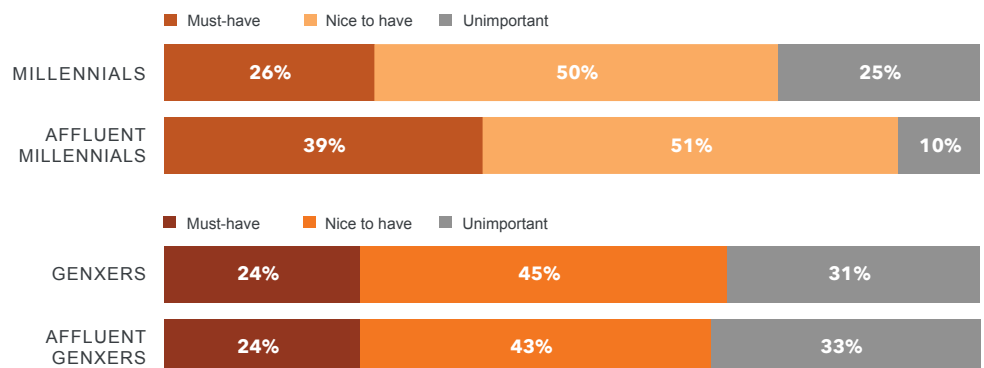
 <p>SOCIAL</p> <ul style="list-style-type: none"> • Does the company have a strong social media presence? • What content is available from the company via social networks? • Is it possible to communicate with the company through social media? 	 <p>RELATIONSHIP</p> <ul style="list-style-type: none"> • Do I already have a relationship with this company? • Does this company already have my business in some way or another? • Have I worked with this company in the past? 	 <p>INFLUENCE</p> <ul style="list-style-type: none"> • Do any of my family members use this company? • Do my family members have positive or negative feelings about the brand? • Would my family recommend other companies over this one? 	 <p>SOCIAL PRESENCE</p> <ul style="list-style-type: none"> • Does the company have a positive buzz online? • How does my personal social network feel about this company? • How has the company influenced the industry? 	 <p>PURPOSE</p> <ul style="list-style-type: none"> • Does the company have a social mission that I agree with? • Do the company's values seem to align with my own? • Do I care about the company's vision?
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Where do they find the answers to these questions? Online, through their social networks, to be exact. This study found that social networks are of critical importance to Affluent Millennials because they are central to their financial decision-making process.

Social Networks are a Must-Have

Affluent Millennials trust their social networks and turn to them often for financial content, guidance and advice. In fact, they are twice as likely as Affluent GenXers to seek financial content on social networks.

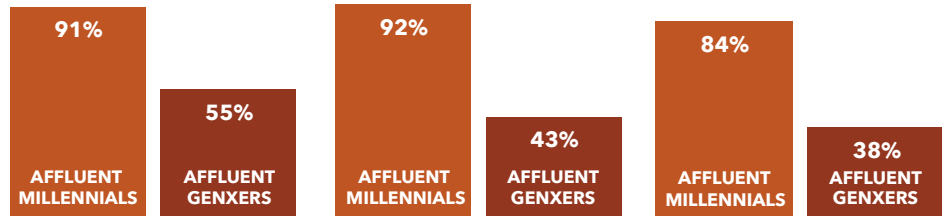
AFFLUENT MILLENNIALS CONSIDER SOCIAL NETWORKS A MUST-HAVE



What are Affluent Millennials Looking for in Their Social Networks?

While previous generations may have seen financial matters as private and would never consider discussing them with their peers, nine in ten Affluent Millennials use social networks to seek opinions and comments regarding financial markets and events. This compares to just 55% of Affluent GenXers.

Further, 84% of Affluent Millennials turn to social networks for reviews of financial products and services provided by current customers, compared to just 38% of Affluent GenXers.



Peer Opinions

Helpful commentary shared within their networks about financial markets, investment opportunities, financial events, etc.

Thought Leadership

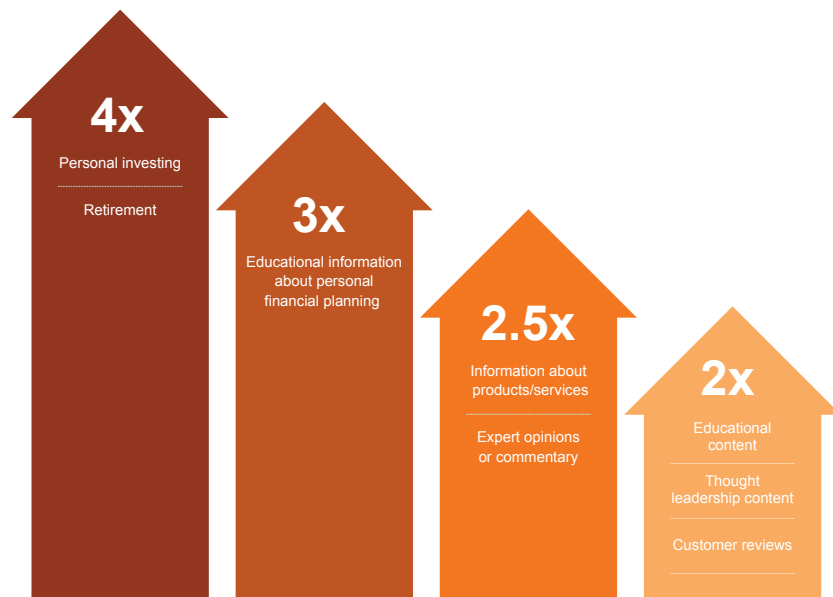
Content with new insights and innovative ideas for smarter investing, savvier saving and expedited generation of wealth.

Product Reviews

Candid and honest reviews from current customers about financial products, services and brands.

The demand is high when it comes to educational content for topics like retirement planning and personal investing on social networks. Affluent Millennials are four times as likely as Affluent GenXers to seek out this information on social networks.

AFFLUENT MILLENNIALS ARE SIGNIFICANTLY MORE LIKELY TO SEEK RELEVANT FINANCIAL CONTENT ON SOCIAL NETWORKS



While Affluent Millennials may regularly seek out peer opinions, thought leadership content and product reviews through their social networks, it's important to note that there are no "hot topics" or particularly successful types of content. It's not a one-size-fits-all approach.

There is just one common thread among all the successful content published by financial services providers on social media: **Personal Relevance**. While not all Affluent Millennials necessarily want insights about the same financial topics, or answers to the same investing

questions, they all do want content that provides solutions and advice that is relevant to *them*.



KEY TAKEAWAY

If financial services providers furnish content that's personally relevant to Affluent Millennials' financial needs, they will win – but only if they reach them in the context where they're seeking this information: via social media networks. This is easier said than done, however.

Thankfully, the same social networks Affluent Millennials use to access this information can also help marketers deliver that personalized, highly relevant content.

When it comes to Affluent Millennials' behavior, specifically on LinkedIn, their uniquely high level of engagement – particularly with financial content – is in line with the types of activity found in the research. They have large networks built from many connections; they engage in groups, follow companies and thought leaders; they frequently post and share content. Perhaps the most exciting and promising information here is that Affluent Millennials share *13 times* more financial content than all other LinkedIn users.

AFFLUENT MILLENNIALS ARE ESPECIALLY ACTIVE ON LINKEDIN

COMPARED TO THE GENERAL POPULATION ON LINKEDIN, AFFLUENT MILLENNIALS ON LINKEDIN HAVE:



Challenges and Threats

Affluent Millennials are poised to present significant challenges to the finance industry.

CHALLENGE #1

Demand for Do-It-Yourself Financial Services

Affluent Millennials, unlike previous generations, want more control over their finances. They are entrepreneurs. They want to make their own decisions and manage their own transactions.

Because the finance industry hasn't traditionally been structured to accommodate do-it-yourselfers, the Affluent Millennials' approach to financial management is sure to cause quite a challenge.

Traditionally, financial services firms provide experts to work with consumers and make financial transactions on their behalf. This model simply doesn't jive with Affluent Millennials.

Instead of this traditional approach, they want financial advisors who are there to support and guide them, but ultimately allow them to make their own decisions and execute their own transactions. If they can't get this working relationship from a traditional financial services firm, they will be quick to look outside the finance industry for guidance that aligns with their preferences for financial decision-making.

CHALLENGE #2

From Established Institutions to Online Social Solutions

Will social networks be the primary source of financial information in the future? Affluent Millennials are particularly likely to envision this. In fact, they are two times more likely than Affluent GenXers to believe social networks, including online groups, communities, apps and platforms are the future of financial services.

Remember, Affluent Millennials are also more likely to predict a cashless, sharing-based economy in the future. Many even believe that someday our primary financial institutions will no longer be banks. This means that they don't see the same value in the brick-and-mortar institutions previous generations have trusted for decades. Instead, they put value in products and services that deliver the solutions they need along with the independence they crave, regardless of the corporate history they may have established within the finance industry.

Altogether, these perspectives create the recipe for quite a transformation. Based on the outlook of Affluent Millennials, it won't be long before financial information and financial transactions will all take place *exclusively* online through social networks.

CHALLENGE #3

Wandering Eyes + Loyalist Tendencies = Looming Threat

The study revealed that Affluent Millennials are very open to trying products and services offered by brands outside the finance industry. This willingness to venture outside traditional financial services brands, combined with the tendency among Affluent Millennials to remain loyal to providers

once they become customers, could cause quite a shakeup throughout the finance world.

Unless financial companies proactively attack this challenge by understanding and targeting Affluent Millennials with relevant offerings, financial services providers face the possibility of losing customers en masse. The time is now to begin building relationships with this powerful, influential generation.



Optimize the Opportunities

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Along with these challenges come a number of opportunities for financial services firms to navigate these changes successfully, and also to differentiate themselves to the new era of Affluent Millennials.

OPPORTUNITY #1

Personalize and Socialize

The study revealed that Affluent Millennials, more than any other generation, are turning to their social networks for guidance and advice on their finances. It also found that they are twice as likely as Affluent GenXers to use social networks to seek out educational content from financial companies.

The key takeaway here is that Affluent Millennials are hungry for information that is relevant to *them*. They want information that can be directly applied to their specific financial situations and they are looking for it within their social networks.

“Conditioned by service experiences with digital leaders in other industries, today’s banking customers expect personalized solutions for how, when and where they want to bank.”³

There’s a big opportunity for financial firms to leverage the social networks Affluent Millennials are scouring for relevant content. LinkedIn in particular is a valuable resource for financial firms because it provides the ability to market specifically to Affluent Millennials as a persona and use detailed demographic and psychographic information to deliver the personally relevant content they seek.

OPPORTUNITY #2

Expert Advice to Establish Trust and Enable Independence

Affluent Millennials want more control over their finances, but they are wise enough to realize that there are certain details they don’t know. They also understand that making decisions about investments without this knowledge could be very costly.

Affluent Millennials are looking for financial advisors that act more as consultants than as account managers. Financial services firms have a new opportunity to deliver the consultative approach Affluent Millennials are seeking.

Accenture’s research similarly acknowledges the need for this shift in approach among financial services providers. Highlighting the opportunity to “transform customer relationships by becoming vital resources that support customers’ daily activities, both financial and non-financial,” Accenture’s study suggests three roles that financial firms, particularly banks, should establish with customers:

Advice Provider. Draws insights from customer data to recommend the best products and services for customers, whether or not these options come from the bank or from third parties, including other banks.

Access Facilitator. Connects customers to financial and non-financial products and services that make their lives easier, using the channels they prefer and streamlining payment options.

Value Aggregator. Brings customers relevant merchant-funded offers, everyday purchase discounts and loyalty rewards that go beyond the financial value proposition.⁴

Financial services providers can earn trust and build relationships with Affluent Millennials by delivering the balance of expert advice and encouraged independence they crave. They must provide the expert advice Affluent Millennials need, but also offer the ability for them to make their own decisions and execute their own transactions.

OPPORTUNITY #3

Establish Loyalty Early

Many firms may be startled to learn that Affluent Millennials are ready, willing and able to try financial services offerings from brands outside the industry. And there is good reason for alarm, because once these Affluent Millennials become customers, they are very likely to stay with these new brands long term.

But it's not time to panic – yet. There's an opportunity here for financial services firms to promote their trustworthiness and credibility. There's a chance to reach out to Affluent Millennials now and build relationships with them before the competition is able to. If trust is earned and loyalty is secured now, the outsider brands won't have a chance.

OPPORTUNITY #4

Emerging Affluent Millennials

Affluent Millennials are on par with Affluent GenXers when it comes to brokerage account ownership. About half of both personas have at least one non-retirement brokerage account. However, a surprising discovery of this study is that only one in four *Emerging* Affluent Millennials has such an account.

What does this mean? It reveals that Emerging Affluent Millennials, or those with \$25,000 to \$100,000 in investable assets outside real estate, present a huge opportunity. Building relationships with Emerging Affluent Millennials now can earn the long-term loyalty that's characteristic of these personas as their wealth grows and they become mature Affluent Millennials.

OPPORTUNITY #5

Retirement Planning

Although the majority of Affluent Millennials do have retirement accounts, one in three still does not.

This presents a key opportunity for financial services providers to establish relationships with a large portion of Affluent Millennials, becoming trusted advisors that help cast a vision and execute a long-term plan for retirement.

Conclusion

There are dramatic changes ahead for United States financial services providers. The massive generational transfer of more than \$59 trillion in personal wealth to Millennials, along with the imminent growth in their own incomes and personal assets, will equip the 15.5 million-member generation with exceptional power.

Affluent Millennials are reshaping the future of the finance industry and forcing drastic changes to financial services providers' business models and marketing strategies.

"Banks that try to retain Millennial customers by serving them like they have served their parents and grandparents do so at their own peril. Millennials are a wholly new kind of banking customer. Their life experiences color their expectations of their banking experiences. They are digital natives."⁵

The financial services providers that acknowledge this impending shift and proactively reach out to the Affluent Millennial persona will succeed. The firms that meet them within their social networks and deliver products and services, content and communication, and an overall approach that works for them will thrive – not just during the shift, but for generations to come.



CONTACT US

Jennifer Grazel

Global Financial Services Marketing Lead
LinkedIn Marketing Solutions
jgrazel@linkedin.com

Menaka Thillaiampalam

North America Financial Services Marketing Lead
LinkedIn Marketing Solutions
mthillaiampalam@linkedin.com

Emily Friedman

Senior Global Research Consultant
LinkedIn Insights
efriedman@linkedin.com

VISIT US AT

<https://business.linkedin.com/marketing-solutions>

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NOTES

¹ **Affluent Population Expands in Size, Spending Power and Marketplace Importance, September 2014.**

<http://www.ipsos-na.com/news-polls/pressrelease.aspx?id=6600>

² **A Golden Age of Philanthropy Still Beckons: National Wealth Transfer and Potential for Philanthropy Technical Report; Center of Wealth and Philanthropy; Boston College, May 2014.**

https://www.bc.edu/content/dam/files/research_sites/cwp/pdf/A%20Golden%20Age%20of%20Philanthropy%20Still%20Bekons.pdf

³ **2015 North America Consumer Digital Banking Survey; Accenture**

https://www.accenture.com/us-en/~/_media/Accenture/Conversion-Assets/Microsites/Documents17/Accenture-2015-North-America-Consumer-Banking-Survey.pdf

⁴ **2015 North America Consumer Digital Banking Survey; Accenture**

https://www.accenture.com/us-en/~/_media/Accenture/Conversion-Assets/Microsites/Documents17/Accenture-2015-North-America-Consumer-Banking-Survey.pdf

⁵ **2015 North America Consumer Digital Banking Survey; Accenture**

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