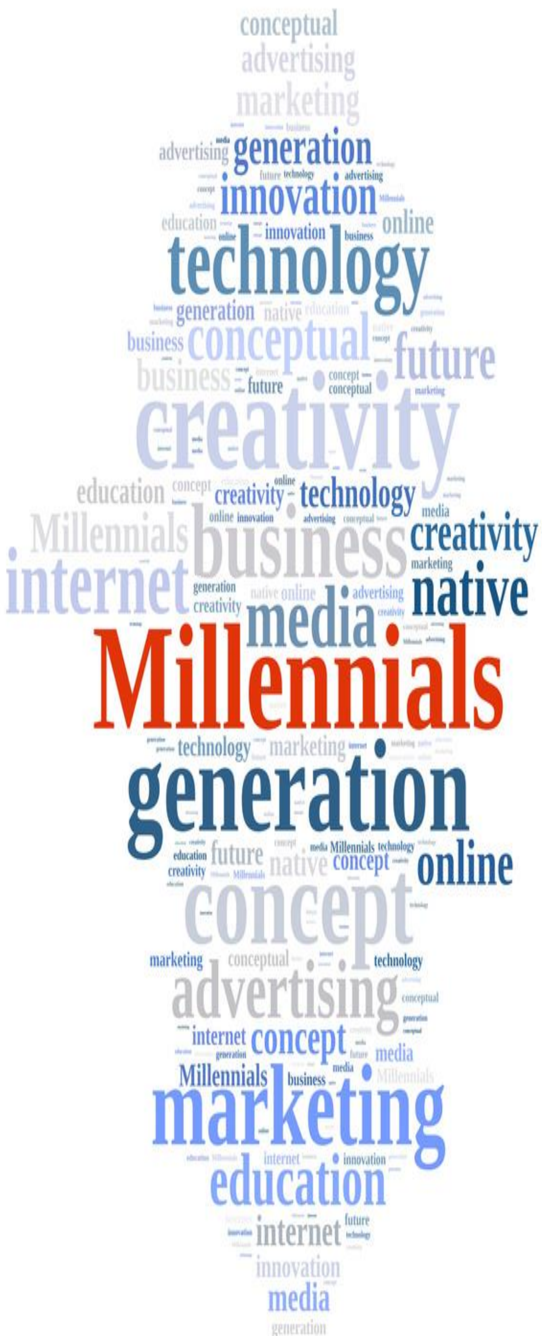
# Marketing to Millennials




**Inside:**



Dubick & Associates
Financial Services Marketing

# Are You Ready for the Millennials?

Most advisors would not recommend a portfolio without any component for growth, but if you are ignoring the millennial generation that's exactly what you are doing with your practice. Advisors who are not learning about this generation, understanding their needs and figuring out how they fit into their business run the risk of seeing their assets decline as their clients' age. This will mean fewer options for them as they reach retirement age and want to bring in a partner or sell their practice.

This is not to suggest that you add a robo advisor to your practice, but there are some fairly straight forward ways of connecting with your clients' children to increase the likelihood of retaining their assets and attracting millennials who, you may be surprised to learn, share many of your values. It starts with finding out who they are, what they want, and what makes them tick.

## Who Are Millennials?

Born between 1980 and 2000, millennials are the largest generation in our history. They comprise one quarter of the U.S. population and by 2020, reports PWC, nearly one half of the workforce will be millennials. While growing up in the age of the Internet is often cited as their most distinguishing difference, there are other factors that have had a major impact on this group.

First, they were raised by a generation that, in many instances, wanted to have a different relationship with their children than they had had with their parents. These baby boomer parents wanted to foster their children's self-esteem and remain active participants in their lives.

Second, while individuality was valued, so was teamwork. Collaboration was taught at a young age, as well as the importance of supporting your friends. This is a generation raised on Facebook "likes."

Third, unlike baby boomers who grew up in a relatively safe world and rapidly expanding economy, 9/11 and the war on terrorism has been a constant in millennial lives. The collapse of the stock market in 2001 and 2008 and the boom and bust of the housing market were signature moments in their childhood.

## How Are Millennials Like Other Generations?

Much is made of how millennials are different from other generations, but very little is written about how they are alike. However in one of their initial studies on millennials The Pew Research Center, wrote

"To a large extent, the things that Millennials value in life mirror the things older generations value. Family matters most, and fame and fortune are much less important. When asked to rate how important a series of life goals are to them personally, being a good parent ranked at the top for all four generations."

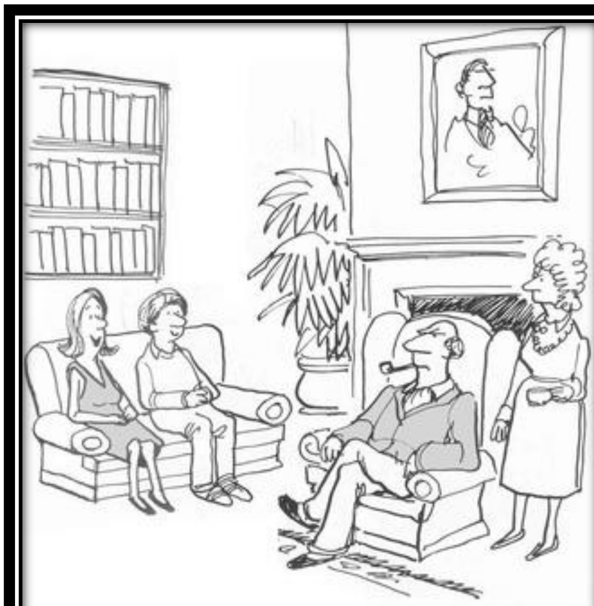
Another value that many millennials share with their parents and grandparents is the desire to work with a financial advisor. In its 2015 study, *Wealth Management for Connected investors*, Salesforce Research found 81% of millennials surveyed wanted to either delegate their asset management to an advisor, or work with an advisor to manage their assets. Only 19% said they would prefer to do it all on their own.

In the study '*Think you Know the NextGen Investor? Think Again,*' published by UBS in 2014, they reported that when it came to risk, millennials were closely aligned with the World War II generation. Both groups believed that hard work, rather than investing, was the best way to get ahead.

The study also found that like other generations, millennials are focused more on their personal investing goals than benchmarks. Nearly a quarter agreed with the statement, "I am primarily focused on how I am doing toward meeting my goals and less on how I'm doing compared with the market." Only 17% agreed with the statement "I am trying to outperform the market in rate of return."

## How Will Millennials Change Your Business?

Despite sharing many of the values of previous generations, millennials will profoundly impact the financial advisory business in three important ways.  These will require advisors to think differently about their business and the services they provide, but those who can adapt and respond to these changes will have a distinct advantage.



"We're doing everything you guys did-marriage, career, children-only in reverse."

1. **Think more broadly about financial planning.** Millennials are the first generation in which a significant number of people will not live their lives in the sequence that nearly all others have followed; school, work, retirement.

Faced with the likelihood that they will work well into their 70's, millennials don't want to wait until then to travel, volunteer, or simply take time to reflect. They will want to transition in and out of work, perhaps trying a different career, or returning to school. This new sequence will require advisors to rethink how they create financial plans and manage assets for their millennial clients.

2. **Let business and personal relationships develop simultaneously**. Traditionally advisors have gotten to know their clients first on a professional basis and then moved to a personal relationship.

Google and social media are turning this inside out. Millennial prospects may know quite a bit about an advisor's personal life before becoming clients.

**3. Communicate using new technologies**. Technology has enabled millennials to communicate in more ways than previous generations ever imagined. Advisors will need to be able to talk with their millennial clients via text, Skype, or Whatsapp.

Advisors should expect that their millennial clients will find the paperwork that is standard operating procedure at nearly all financial services firms antiquated, since they are accustomed to having most things available at their fingertips.

## Understanding Millennials

While technology will require advisors to go beyond email and cell phones, there is more to connecting with millennials than the application or device that is used. It starts by understanding their mindset. Like any other generation, millennials are not all alike, but generally they favor an experience over ownership, authenticity over the fake, and concern for the greater good over the status quo.

How does that translate into the advisor's world? Home ownership was often considered an important first millstone to previous generations, but millennials may not feel that home ownership tops their list of desires. Advisors need to ask, not assume, what is important to the millennial.

When it comes to impressing millennials, advisors may find that items or places that traditionally conveyed status do not seem genuine to this generation. When considering events or gifts advisors need to think about what a millennial would enjoy or value.

In fact, they may prefer participating in a community event, which reinforces their commitment to helping others or a donation to their favorite charity, rather than a gift for themselves. Their interest in the environment and social justice may also affect the type of investments they prefer.

> 66% of children fire their parent's financial advisor
>
> 2015 Investment News Survey

## Retaining Your Client's Children

Most of your clients will bequeath assets when they die, and in most cases those assets will go elsewhere when their children choose their own advisors. The time to try and change that isn't when your client passes, but years earlier. Use both personal and professional opportunities to build relationships with your client's children and grandchildren:

- Start young. Sending clients' children or grandchildren books on money and investing is an ideal way to initiate a cross-generational relationship. Consider creating a bookshelf for them starting with "Bunny Money" by Rosemary Wells and adding to it over the years with books such as "The Complete Idiot's Guide to Money for Teens" by Susan Shelley.

- Be entertaining. Many advisors hold family themed events once a year, which gives them the opportunity to meet their clients' families. Tennis tournaments or softball games, a color war or cookout can all be a good way to get to know the next generation in a casual setting.

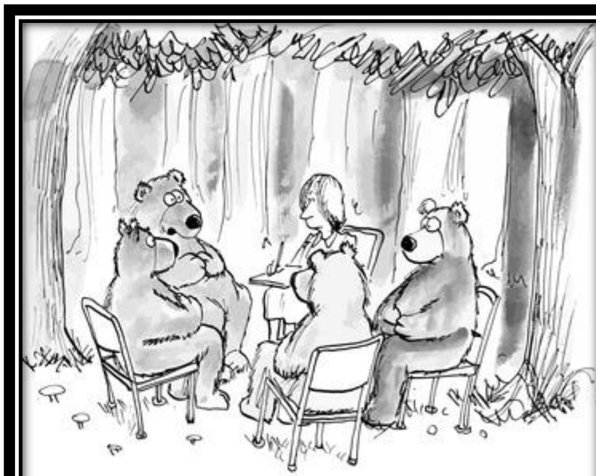
- Host family meetings. Parents often like to encourage their children to save and think of others at an early age. At an annual family meeting they can discuss what they would like to save for and which charities they would like to contribute to in the coming year. As the children age, encourage your clients to include them in their annual portfolio reviews so they will see you in action.

- Contact beneficiaries and future POAs. Ask your clients if you can contact their beneficiaries or designated POAs. This is a simple call to let the child or relative know he or she is your client's beneficiary or future POA if needed. In the case of the beneficiary you may explain that it will require them to open an account, which can be done right then if they like. This provides a great opportunity for you to develop the relationship further.

- Help with 401 (K) allocations. Most of your clients' children and grandchildren will eventually be opening a 401(k) account. Helping them with the allocation is an opportunity to be not just their parent's or grandparent's advisor, but theirs.

### Conversing with Millennials

Millennials have taken informality to a new level. Remember when half of the Northwestern University's girls lacrosse team wore flip-flops to the White House? To a millennial jeans and a t-shirt may make as much sense as a dress or suit do to you. A lack of formality does not mean they are any less serious about achieving their financial goals.



"We are communicating better, but we are still not out of the woods."

Their speech may also be informal, and like other generations, they have their own shorthand. They have given us TTYL, OMG and of course LOL. They consider "hey" an appropriate salutation in all situations. To the extent advisors are comfortable, they should try to be informal as well when working with millennials.

When discussing investments with millennials advisors should use references that are relevant. Many advisors were trained to use IBM as an example when explaining how stock works, but choose examples such as Apple or Nike that will be more meaningful to them.

Most millennials are aware of the robo-advisor firms such as Wealthfront, Betterment and FutureAdvisor so advisors should have some knowledge of these and help millennials understand what these sites can and --more importantly-- cannot provide. And, while the Internet offers access to thousands of pages on investing, like other generations millennials need help sorting it all out. They will appreciate your providing information on your website, or directing them to sources you like.

## Finding New Generations of Wealth

Just as there isn't one right way to prospect, there is no magic route to millennials. Advisors need to consider their options, and determine what makes the most sense for them given their strengths and interests. These are strategies that are already being used successfully by advisors:

**Hire a millennial associate**. The wirehouses have been aggressively hiring millennials in recent years; bringing them onto teams where they can learn the business and attract their peers. RIA's are now doing the same, recognizing that this also provides a succession plan. Many colleges and universities are preparing their students for careers as financial advisors, and organizations such as the FPA are helping firms integrate millennials into their practices.

Having an advisor of their own generation is obviously appealing to millennials but baby boomers are also happy when their advisor adds a young associate. They appreciate knowing that their advisor has a continuity plan and that they will not have to look for a new advisor when theirs retires.

> 87% of working millennials contributed money to a non-profit in 2013
>
> 2014 Millennial Impact Report

**Organize and attend charitable events.** There are a host of local, national and international organizations that interest millennials, though they tend to favor social and environmental causes versus the arts or cultural charities that their parents have supported.

Consider buying a table to a charity event that would attract millennials, organizing a group for Habit for Humanity or creating a team to walk, run or cycle in a fundraiser. Another option is to adopt a cause that can be identified with your firm and supported throughout the year. Millennials are more likely to be inspired by causes they feel passionate about than the tax breaks they offer, so be sure to lead with that.

**Participate in alumni groups**. A shared experience is a great platform for building relationships, which is why alumni groups are one of the best ways to connect with millennials. While this likely starts with your college or university, it helps to think more broadly.

You may have an affiliation with a school because you taught there or were a guest lecturer, volunteered in the placement office or participated in a community event. It could be also be a high school, camp, or travel group. All of these have alumni groups that cut across generations.

Schools and organizations recognize the importance of maintaining alumni relationships and regularly sponsor events. They are also on the lookout for alumni who can host events, or be speakers. Contact the alumni groups you belong to and find out how to get involved.

**Create a special group experience**. Millennials enjoy making memories (that they can record and share) so consider events that are participatory. Rather than a meal at a great local restaurant, invite them to prepare it with the chef. Or instead of watching a magician, learning a few tricks themselves.

Also, although their childhood is not that far gone, they enjoy "nostalgia events" like bowling or a trip to the batting cages.

Millennials are notorious for having a short attention span so keep things moving. Resist the urge to lecture and be sure to leave time for networking, which they value. Give them an opportunity to make new connections, and they will return the favor.

**Join a fitness center or team.** 25% of millennial men and 17% of millennial women prefer to use their free time to go to the gym, exercise, or engage in indoor sports according to a 2013 study from the Urban Land Institute. Whether it's Crossfit, Pilates, or a Zumba class, today's gyms have become a popular venue for making friends and making contacts.

Softball leagues, a pick-up basketball game or running are all popular activities for millennials. Less so is golf, the sport most often associated with financial advisors. Although the National Golf Foundation reports that approximately 6 million millennials currently play golf, most find it too slow, too time consuming and too expensive.

**Develop an online strategy**. The first thing any millennial prospect (actually any prospect) does when considering an advisor is check him or her out online. Since most advisors' websites are geared to baby boomers, advisors should review theirs and make sure the content and look works across generations.

"Give me insights on marketing to your age demographic ... and I'll give you a bright shiny penny."

Generational expert Cam Marston recommends the 3/30/3 test. First, will it catch their attention for 3 seconds? Second, will they read on for 30 seconds? Third, will those 30 seconds be interesting enough for them to read on for 3 minutes?

A website is just a starting point. To build awareness advisors need to connect with other people via social media; consider it today's version of cold calling. LinkedIn and Facebook are the two most popular platforms for advisors.

While you will want to check with your compliance team, many firms permit their advisors to use them as long as the focus is on education. What are alternative investments? What does the latest government statistic mean? How does a 529 plan work? These kinds of questions can be addressed by you, or you can link to an article that answers them.

Also, particularly on Facebook, include some posts that share personal information such as clubs you belong to, sports you enjoy or a restaurant or movie you liked.

## Get Ready for Growth

The online advisory firm Wealthfront reports that millennials control about $2 trillion in liquid assets today which is expected to grow to $7 trillion by 2020. This number will get vastly bigger as millennials enter their prime earning years and the massive wealth transfer from their boomer parents begins.

While there is a tendency to stereotype millennials as the sad sack in the basement, the thrill seeker shouting YOLO, or the entitled taker of selfies, they are much more. Research shows they are focused on their goals, recognize the value of professional help and share many of their parents' beliefs.

At the same time millennials are concerned that they will have fewer opportunities than previous generations and be less well off than their parents. Add to this the likelihood that a millennial will have a longer life span, and perhaps no generation has needed as much help planning for their financial future as them. Advisors can play an important role in helping this next generation prepare for the future while securing their own.