



The Future Wealth Report

A client revolution
Insight from the world's wealthy
January 2012



scorpiopartnership
what wealth needs next

SEI Global Wealth Services

ABOUT THE PARTNERS

Scorpio Partnership

Scorpio Partnership is a pioneer in the art of translating the complex needs of wealthy clients into practical, innovative and profitable solutions to target these customers. This award-winning firm has developed client insight from thousands of millionaires and billionaires around the world. With this knowledge, the firm has implemented strategic research, practical consulting and business innovation projects in over 35 countries.

Standard Chartered Private Bank

Standard Chartered Private Bank is the private banking division of Standard Chartered Bank. Headquartered in Singapore, the Private Bank has over 1,300 employees including over 450 relationship managers globally. It has 31 offices in Asia, Africa, the Middle East, Americas and Europe.

The Private Bank leverages the natural strengths of Standard Chartered: a heritage of over 150 years in international banking, an international network across more than 70 countries and strong local presence in growth markets. This puts the Private Bank in an advantaged position to build and deepen relationships with its clients.

SEI Global Wealth Services

SEI's Global Wealth Services is an outsourcing solution for wealth managers encompassing wealth processing services and wealth management programmes, coupled with business process expertise. The integrated offering aims to provide wealth management organisations the infrastructure, operations and administrative support necessary to capitalise on their strategic objectives in a constantly shifting market.

Morar Consulting

Morar Consulting was founded to bring new approaches to brand strategy and brand measurement to help our clients grow the value of their brands. Their work is built on a combination of four key elements: insight, expertise, technology and action. Morar has co-created the BrandLove methodology based on the triangular theory of love developed by American psychologist, Professor Robert Sternberg. The BrandLove framework assesses the three components of love that have been empirically shown to predict the stability of relationships: passion, commitment and intimacy.

Important Information

All graphical and image material in this report are sourced by and to Scorpio Partnership.

Standard Chartered Bank (SCB) is incorporated in England and Wales with limited liability by Royal Charter 1853, Reference number ZC 18. The Principal Office of the Company is situated in England at 1 Aldermanbury Square London EC2V 7SB. Standard Chartered Bank is authorised and regulated by the Financial Services Authority under FSA register number 114276. In Hong Kong, Standard Chartered Private Bank is the private banking division of Standard Chartered Bank (Hong Kong) Limited (CE#AJI614) which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong. Banking services may be carried out internationally by different SCB legal entities according to local regulatory requirements. Not all products and services are provided by all SCB branches, subsidiaries and affiliates. Product availability may vary depending on your Investment Centre.

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INTRODUCTION – SCORPIO PARTNERSHIP

This is our third year of the Futurewealth project and it is testimony to the global interest in this work that we have seen an increase of 130% in the number of wealth creators taking part in the research since we launched. In fact, to date almost 9,000 Futurewealthy from around the world have taken part in the project giving us a deep and very rich insight into what it is that really drives them.

When we first started the project, there were many who said it simply could not be done. Now that it has, we are excited to find that other firms are starting to use similar tools to gain a better understanding of what it is that their own wealthy customers want.

For us, this is quite simply the customer revolution we wanted to start.

In our own work carrying out market research with high-net-worth customers in the financial services sector, we have found that these clients are among the most engaging, interesting and insightful people you could hope to meet. So, we have been puzzled why so many firms across the wealth management industry were struggling to engage these customers, let alone tap into their energy and enthusiasm.

The Futurewealth project was born out of our interest in exploring the science of the possible. We asked ourselves: is it possible to get busy, hard-to-reach people to tell us about themselves using online technology?

We are deeply grateful to Standard Chartered Private Bank and SEI, who have given us their support in this exploration. Because, what we are doing here is not typical. This is not about likes and dislikes of customer groups; or what they buy and what they don't.

This is an exercise in understanding what drives the attitudes and behaviour of the world's nearly wealthy of today, so that firms that care about getting things right for these customers can plan for when they are really wealthy in the future.

In this report, we look in detail at what is important to the Futurewealthy in the experiences they have with different kinds of firms. Whether they are spending, investing or giving their money away, what matters to them? We look at what firms can learn from each other about the way they offer services and how they may need to adapt that for different types of Futurewealthy clients.

We hope you will find the results as interesting as we do. More than that, we hope it will continue to spark new ideas for those that want to start their own customer revolution.

Sebastian Dovey
Managing Partner
Scorpio Partnership



FOREWORD – STANDARD CHARTERED PRIVATE BANK

Like the Futurewealthy, we recognise that change is taking place in the world today – and change brings with it new opportunities. With Standard Chartered's natural footprint in Asia, the Middle East and Africa the Private Bank is well placed to meet the private wealth needs of the most dynamic individuals in these fast-changing countries. We are embracing this change and we are already helping our clients today prepare for the world of the future.

With change being the only constant, it is essential for us, as an organisation, not only to have a footprint in the present but also a hand in the future. It is for this reason that Standard Chartered Private Bank was proud to become the first sponsor of the Futurewealth project. When the initiative was conceived, we knew this work would be pioneering because it showed that organisations like ours can reach out and proactively connect directly with our potential future clients.

This connection gives us a privileged view on how this community of global wealth creators thinks and acts: what their motivations are and what they will need from companies and providers as they seek to fulfil their wealth potential.

This latest chapter in the Futurewealth project shows in detail how we can respond to those needs for each individual. It maps out how different Futurewealthy clients navigate our organisation and what their expectations are at each step. It shows us where we need to focus our efforts to meet and beat those expectations and how we can ensure their journey is as rewarding as possible.

In short, this year's Futurewealth report is a road map for any organisation that genuinely wants to put its most valued clients at the centre of everything it does. It is about building and delivering the best and most relevant client experience.

As part of this initiative, we believe that if other organisations can also embrace change then there is potential through this work for a genuine customer revolution, delivering on each and every client's expectations.

In these times of uncertainty, we believe this is a future worth celebrating.

Shayne Nelson
Global Head, High Value Client Coverage
& CEO Private Bank

FOREWORD – SEI

At SEI, we see it as our job to support private banks and wealth management firms with tools and services that enhance the client experience of each and every client. We are proud to support the Futurewealth project because, like us, the work aims to find new ways and new answers to ensure that all clients, whether current or future, enjoy their experience of financial services.

This year's Futurewealth survey looks at some of the fundamental challenges that wealth managers are facing today: how firms can engage clients in a time of uncertainty and how they can build client confidence through deep understanding of client needs and expectations.

It is encouraging to find in this year's results that the Futurewealthy who have a relationship with a private bank or a wealth manager typically find it a rewarding experience. But, we also find that their expectations from their private banks or wealth managers are high for every step of the customer journey. This presents a complex challenge for firms that want to deliver a consistent customer experience to each client, every time.

The report also highlights that different client groups value different touchpoints, demonstrating the importance of capturing and managing customer information as a tool to help deliver a personal client experience.

Many of these themes chime with our own experience of working with private banks and wealth managers that want better and more efficient ways of handling and processing transaction and client data. We genuinely believe that technology can be used to power the client experience of financial services and this report provides much food for thought on what the future of that experience might be.

Joseph P. Ujobai
Executive Vice President
SEI

Section one: Ups and downs



Life's bumps are just wrinkles to remind you where the smile goes

In brief

- We began our research into who are the world's Futurewealthy in the depths of the financial crisis in 2009. What we found was a surprising level of optimism about their ability to weather the storm – we call this wealth confidence.
- Three years on, though, and wealth confidence among the Futurewealthy has had a wobble. In spite of making money over the last 12 months, their collective confidence has taken a knock. Many are far less sure than before whether the coming year will be quite so rosy.

SO, JUST WHO ARE THE WORLD'S FUTUREWEALTHY?

In 2009, we began an annual initiative aimed at investigating the attitudes and buying preferences of the up-and-coming wealthy. As ambitious wealth accumulators, the Futurewealthy will become the most prized customers of the future. So, understanding what is making them tick now on their fast track to wealth is a good guide for how businesses need to prepare and adapt for the future.

In our first survey of this hard-to-reach group, we asked all about what actually motivates them as individuals and as wealth creators. We found them to be confident and actually enjoying life's many challenges. In year two, we asked what does success mean to this already successful group, and their responses focused our thoughts on energy and innovation. These are the qualities they admire in successful people and in successful organisations.

In fact, along the way, we have found that many of their characteristics could be called tribal. Despite great differences in background, career and location, the optimistic attitude of the Futurewealthy to money itself is a defining characteristic. Already high-flying, they plan to fly higher still. On average, the Futurewealthy are worth USD2 million today and plan to triple or even quadruple that wealth in the next 10 years.

Indeed, their commonly-held attitudes are so strong that we have been able to identify four sub-groups that show remarkably similar behavioural profiles.

Some are Quietly Confident about their ability to make money. Others seek out the limelight in business and enjoy being in it, we call them our Headliners. Others still mix a good measure of fun and enjoyment into their busy lives, we call them our Life Surfers. Our fourth group we call Family Activists, because for them family is a big motivator in their success.

This year, we have gone one step further, asking how these personal characteristics influence the ways in which they choose to spend their money. We ask how they use their buying power to organise their lives. And, when it comes to enjoying the little luxuries that their success affords, what is the experience they are really looking for.

MARKETS CRASH, WEALTH WOBBLES

These questions are perhaps more pertinent now than in the depths of the global financial crisis when we began the Futurewealth project. Back then, we were surprised just how confident the Futurewealthy were in their ability to make money. We call this their wealth confidence and it largely defines the Futurewealthy group.

Since then, we have been tracking their wealth confidence on a 100-point scale: asking how much money they made in the last year and how much they expect to make in the next one. So far, we have found wealth confidence for the future consistently outstrips past performance by a considerable margin.

And, while this remains the case this year, this time around the future confidence of the world's wealthy has apparently started to wobble. Sentiment around their expected performance in the next 12 months has fallen 10 points since last year, in spite of the fact that actual performance was better this year than last [Figure 1].

The gap between expected and actual performance has also narrowed significantly. In 2010, we found wealth confidence outstripped actual performance by 42 points. This year, that confidence gap has narrowed to 33 points.

So, while there is something of a recovery in terms of actual wealth creation since the market crash, expectations are clearly being reset for the future.

The question now is how has this wobble affected the Futurewealthy. We know for sure that they will bounce back. But in the meantime, anyone who regards the Futurewealthy as their most valued customers may want to put a little more love into their client care.

Figure 1: Global wealth confidence index

To what extent has the wealth confidence of the Futurewealthy changed in the last 12 months relative to actual performance? (All responses)

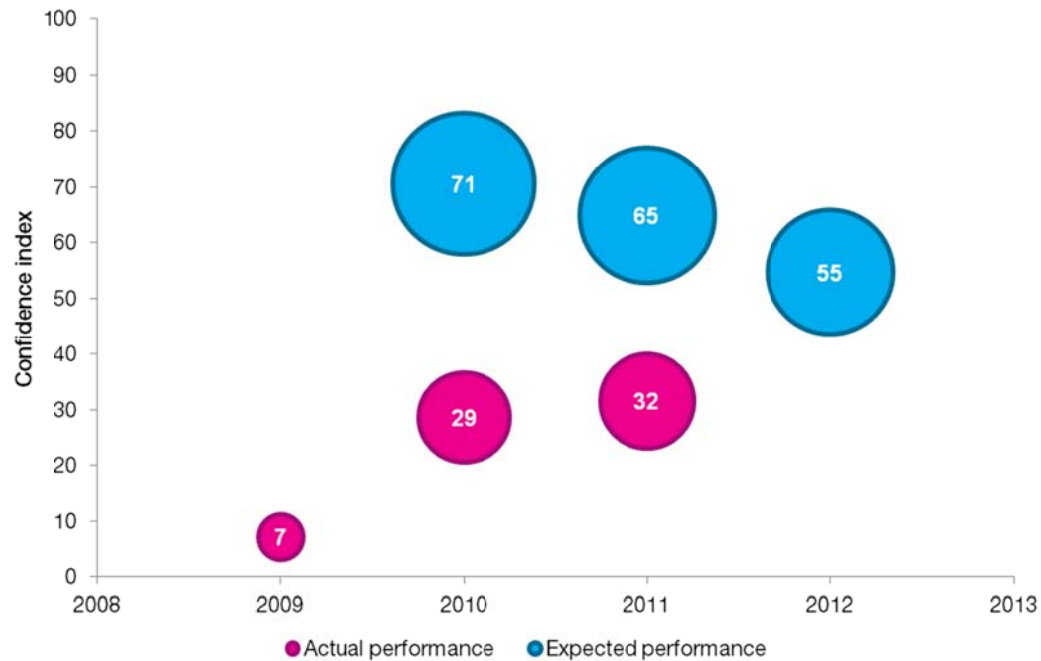
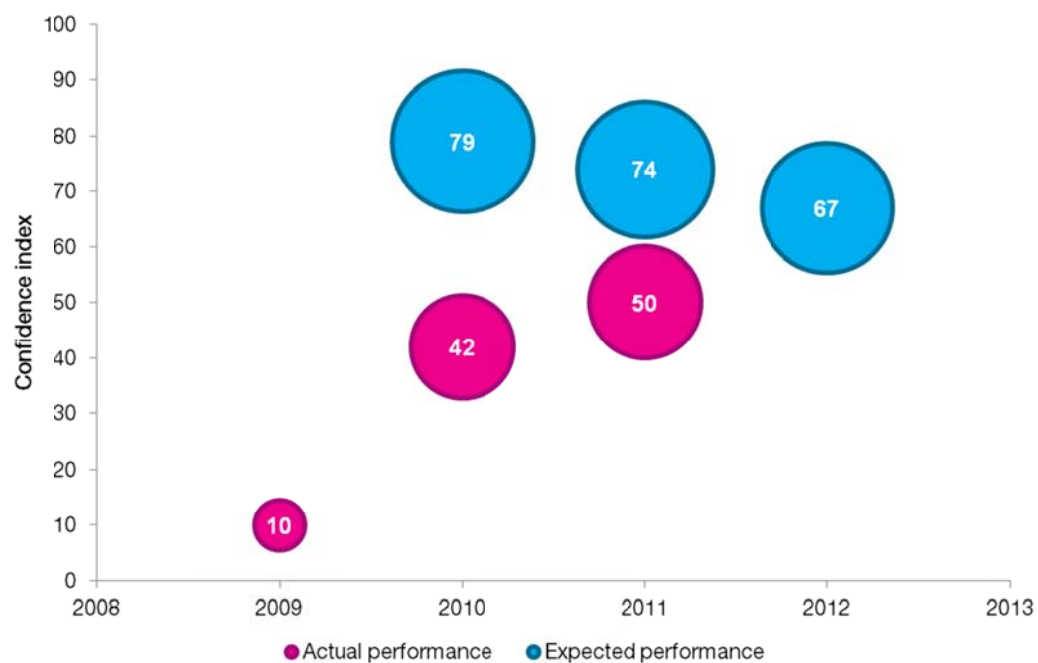


Figure 2: Asia-Pacific wealth confidence index

To what extent has the wealth confidence of the Futurewealthy changed in the last 12 months relative to actual performance? (Asia-Pacific responses)



Of course, the global picture is not the full story here.

For reasons well-known and well-worn, Europe and North America have been having a lean time of things recently. This has also had a major impact on future expectations for wealth creation in these countries. Indeed, in both regions about a quarter of the Futurewealthy reported their wealth had decreased in the last year. This was worse than last year for those in Europe; although, not nearly as bad as in 2009.

In the Asia Pacific countries, meanwhile, the picture is very different. Here there has been strong growth in the number of Futurewealthy reporting they have made money in the last 12 months. In fact, since 2009, the figure has leapt up from 10 points to 50 points on our 100-point scale [Figure 2].

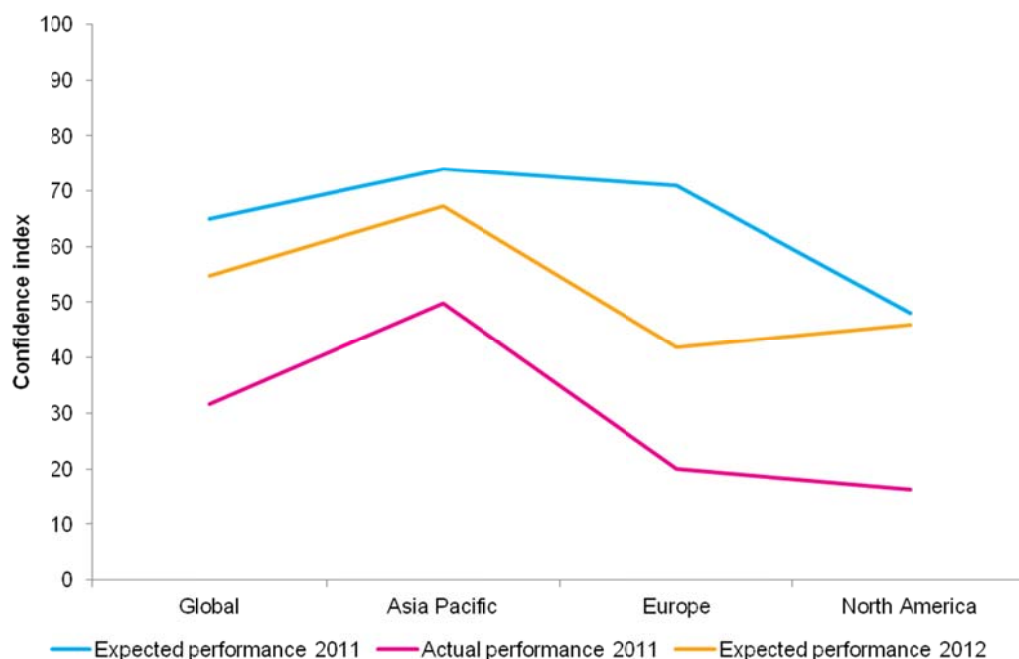
Yet, despite this surge, confidence in the region remains tempered for the future.

Indeed, overall, the Futurewealthy in the Asia Pacific countries are far more cautious in general than their counterparts in Europe and North America. Not only is their level of confidence for the next 12 months below where it was a year ago, in spite of recent gains, the gap between actual and expected performance is narrower for those in this region than for the Futurewealthy in Europe or North America. Put simply, their optimism is generally more cautious [Figure 3].

North Americans also slightly reined in their expectations last year. But, it is the confidence of the European Futurewealthy that has taken a severe battering in the last 12 months and many have radically revised their short-term expectations.

Figure 3: Regional wealth confidence index

To what extent has the wealth confidence of the Futurewealthy changed in the last 12 months relative to actual performance? (Regional responses)



Section two: A life less ordinary



To desire is to obtain; to aspire is to achieve

In brief

- Even in the lean years it is OK to dream. In fact, we positively encourage it. After all, our Futurewealthy see themselves on the path to financial success. So, what will those riches bring for them? We asked the Futurewealthy what they really, really want and how they think money will change their lives and their lifestyles.
- The surprise result is not that the Futurewealthy in general would have more fun and family time if they were given unlimited financial resources to play with. The surprise, in fact, is that the wealthiest – those who already have more than USD2 million – would dig deep and throw even more energy into their careers, their finances and their personal power even if they were worth 10 times the wealth they have today.
- To achieve this feat, they have a clear strategy to get organised, bringing in a team of personal support staff to help them focus their energies on what they do best and what they want to do more.

LA DOLCE VITA

As the years roll on, we tend to see life as less like a sweetshop, and more like a supermarket – or even a hardware store. The mundane tasks overshadow the simple pleasures and money is often seen as the only route to a life that is just a little sweeter.

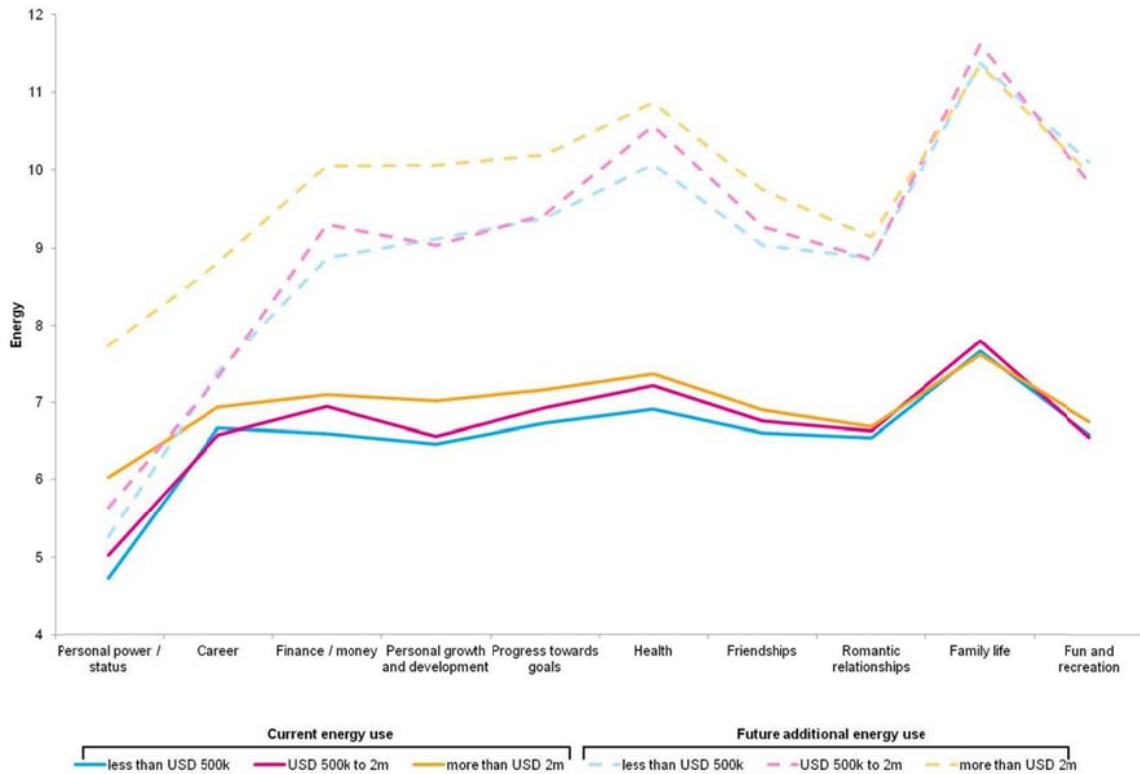
We know already that ambitious money-making goals mark the Futurewealthy out from a crowd. We also know from last year's study that the wealthier Futurewealthy focus their energy on the tasks they have decided are key to their success.

But, how would that energy change if money were no object? If, let's say, they had 10 times their current level of wealth. Would we find that those who have made it start to kick-back and enjoy the fruits of their labours?

Not a bit of it. In fact, if we look at their energy levels across all aspects of life now and hypothetically once they have made their millions in the future, we find that our wealthiest Futurewealthy – those with more than USD2 million – pull away from the pack. They would tap their deep energy reserves to put even more emphasis on finance, career and personal power. It seems, even if money is no obstacle, success remains a passion for the most successful [Figure 4].

Figure 4: Future life energy

If you had 10 times your current wealth, would you change how you use your energy? (Responses by wealth level)



NOMINATIONS FOR BEST SUPPORTING ACTOR

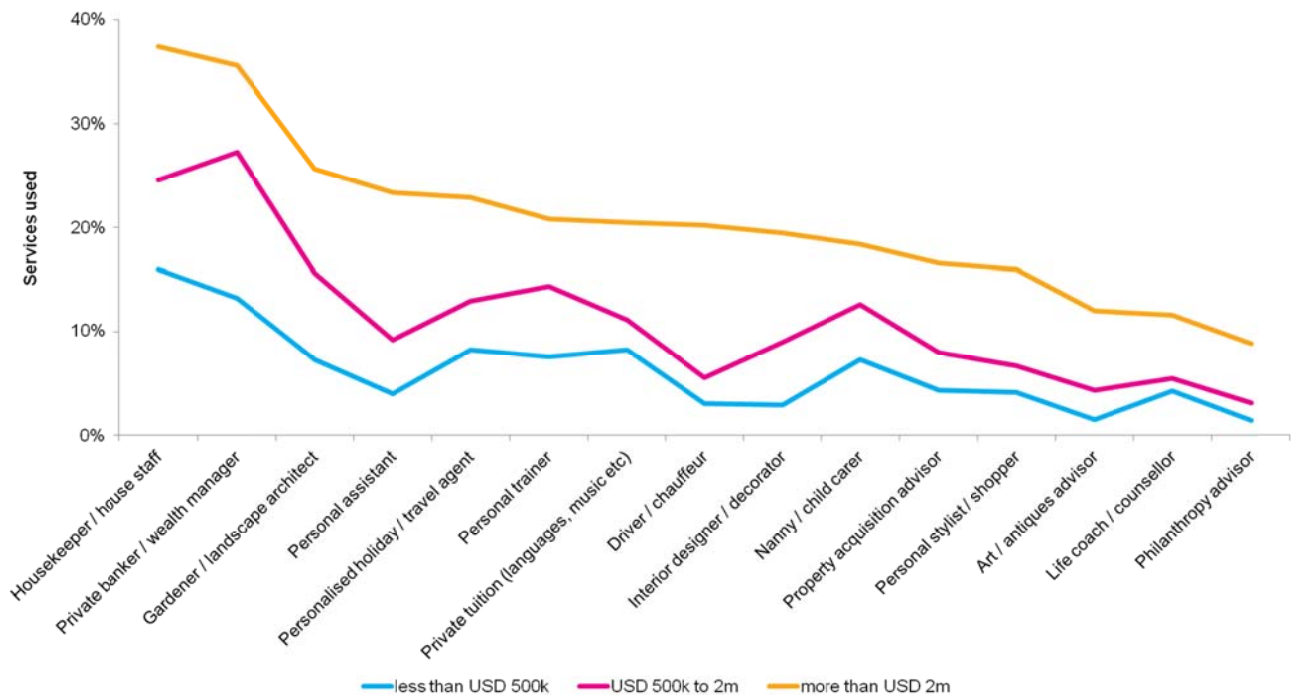
Indeed, on their path to success our big earners are already big spenders on a whole team of staff to provide them with the lifestyle support they need. Given their desire to power ahead, the focus is on getting organised.

As we can see from Figure 5, housekeepers and private bankers top the list when it comes to hired help. However, the wealthiest are also far more likely to employ a personal assistant, a chauffeur and seek private tuition to maximise their skills and knowledge than the Futurewealthy of more modest means.

In fact, they are much more likely to plan all aspects of their lives and lifestyle, including their downtime. Landscape architects, travel consultants, personal trainers and shoppers all have a place in the lifestyle support crew of the already rich Futurewealthy.

Figure 5: The Help

Do you regularly employ anyone to help or assist you in your life? (Responses by wealth level)



And when we look at how they help, the members of this team are much more than just “bag-carriers” that bring a level of convenience into their busy lifestyles. In fact, the Futurewealthy expect their back-up crew to bring much more to their lives and lifestyles in terms of specialist knowledge and skills in order to help them to perform at their best [Figure 6].

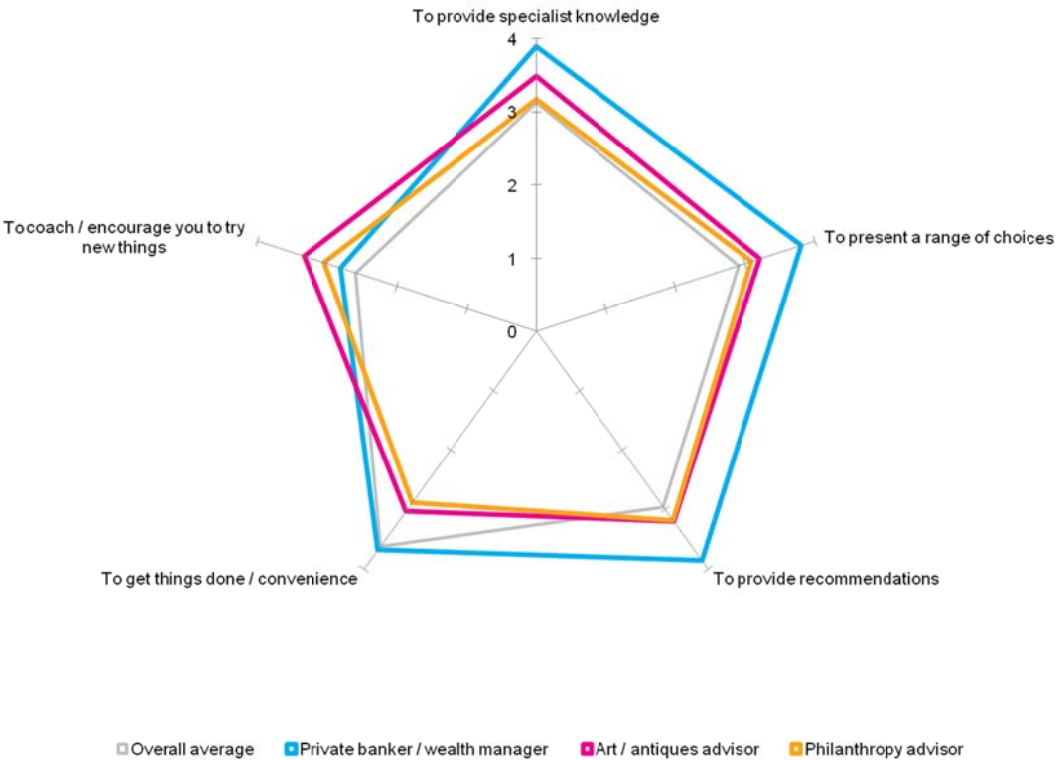
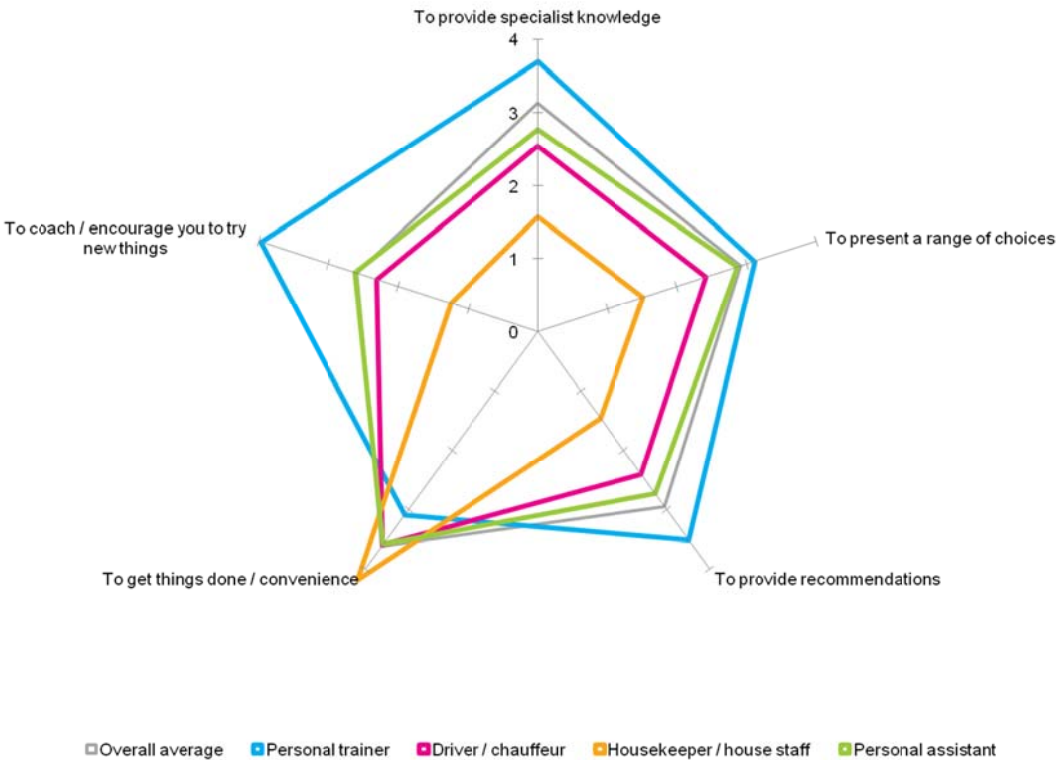
It seems, a real lifestyle advisor is a genuine factotum, able to take the strain *and* bring their knowledge and experience to bear. We see this best when we look at the level of importance the Futurewealthy place on the ability of their lifestyle team to bring convenience into their lives at the same time as knowledge, recommendations, new choices and the encouragement to try new things in life.

Of particular note, all members of the team are expected to bring all these qualities to some degree. From housekeeper to art advisor, everyone is expected to bring something extra to the household.

Indeed, advisors of all sorts should not forget that the value of their advice is not just about the knowledge they bring to a situation. Good advice is as much about encouragement, conviction and convenience. And, one should simply never underestimate the importance of just getting things done.

Figure 6: How they help

Why do you turn to support staff for help? (All responses)



Section three: Money in motion



Count your journeys in friends, not in individual steps

In brief

- While waiting for the bounce that will catapult our Futurewealthy back onto the road to a richer lifestyle, the companies that cater to these savvy buyers need to focus harder than ever on customer care. When times are tough, you need to grab customers and hold onto them far more than in the good times.
- Relationships come in many forms: close, faithful, passionate. Luxury brands try to tap into these emotions and the best brands tap into them all to ensure their special clients are infatuated from the start.
- This is important because the Futurewealthy are discerning customers. On average, they spend 43 days to decide on a big-ticket purchase and spend an average of USD17,300.
- And, whether they are splashing this kind of cash on a watch, jewellery, a car or fine art, making a donation to charity or paying private bankers to manage money for them, every step of that buying experience is important to them.
- Their expectations are high, which means companies have to try hard to deliver. And, in the main, they do. We tracked performance at each step for six different high-quality customer purchases and found on average firms deliver a customer experience that is 10% better than Futurewealthy customers expect.

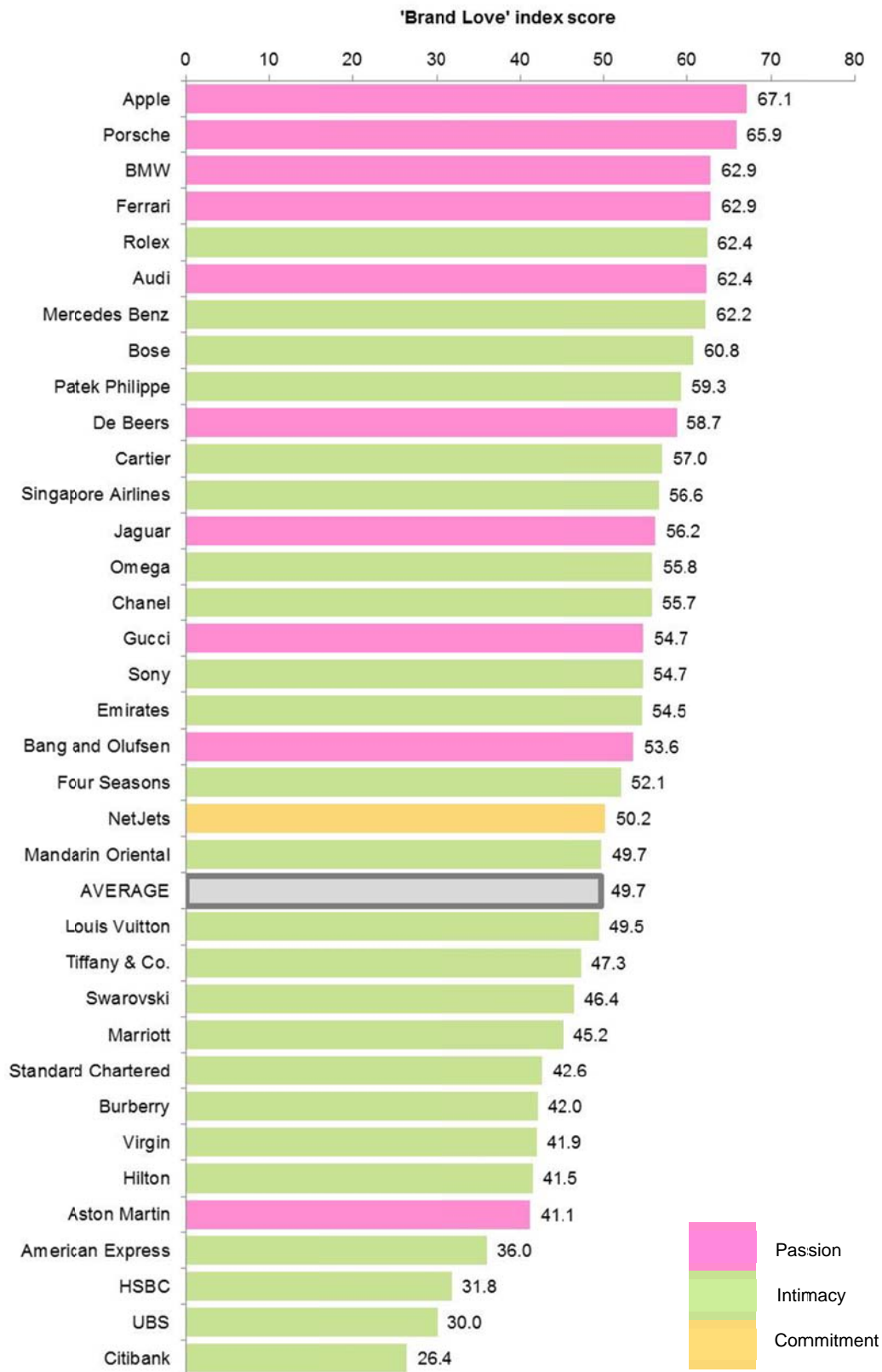
THE HONEY TRAP

A year ago, we asked the Futurewealthy which brands they associated with success. Technology was the clear winner with Apple and Google slugging it out for the leading place in our Futurewealthy's affections. This year, we thought we would go a little deeper and ask if this romance is more than a mere infatuation.

We asked our Futurewealthy to describe the relationships they have with the brands they use in an exercise we call "brand love". Does the brand make them feel excited or warm and would they stay loyal even if the brand made a mistake? The exercise teases out if the love affairs people have with the brands they use are founded on passion, intimacy or commitment.

Figure 7: Brand love

How do you feel about the brands you use? (All responses)



We find that the Futurewealthy are in meaningful relationships with a wide range of high-end brands. What they look for, in fact, is a balance of passion, intimacy and commitment to establish a really personal long-term relationship.

And, the leading luxury brands do all three well. On a 100-point scale these high-end brands scored an average of 58 for intimacy, 52 for passion and 38 for commitment. This highlights, they are particularly good at creating an intimate relationship with their customers and indeed, among the group, more than two-thirds excel at giving their clients the warm glow that comes from a corporate cuddle [Figure 7].

Yet, what the Futurewealthy really love is passion. They like brands that can excite them. And, those that do it well shoot quickly to the top of the Futurewealthy's brand love index.

Apple, Porsche, BMW and Ferrari – all strong brands in last year's success league – also hold their own when it comes to long-term romance too, leading the field in brand love. Indeed, car firms in particular have really tuned in to the allure of excitement and reap obvious rewards from this passion.

These expressions of brand love show how different firms try to connect with their clients and make them feel extra special. But brand love, like first love, is just the start. At the core of these relationships are the purchases and transactions that firms lead their customers to and through in this courtship. What makes an ordinary purchase more special is not just about the feelings the brand can induce. It is what they deliver and how that turns a simple necessity or frivolity into a real luxury experience.

IS IT POSSIBLE TO OVERDO LUXURY?

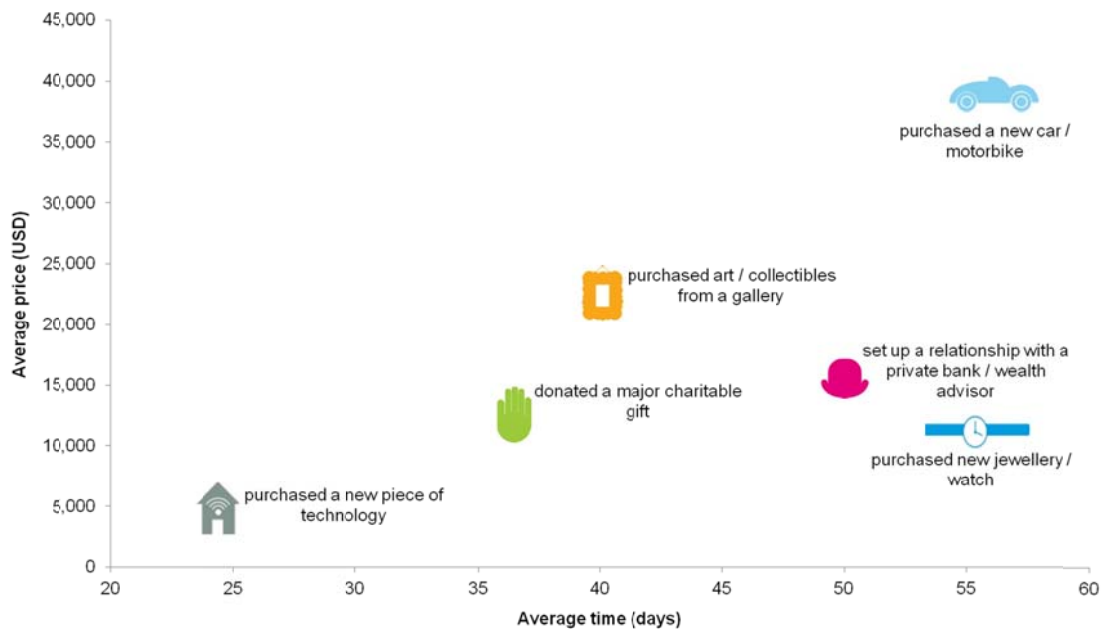
It is important to remember here that defining luxury is notoriously hard to do. One person's treat is another's trash and for some the word itself has all the wrong overtones. And yet, those who work hard and play hard do expect more and a whole industry has grown up to meet their standards for extra quality and care.

Whether giving to charity or buying a new car, we found that when the Futurewealthy are prepared to splash out on something special these decisions are not taken lightly.

We found a big-ticket spend averages USD17,300 for the Futurewealthy and they take 43 days to decide. Decision-making time varied significantly depending on the purchase from 25 days for technology up to 57 days for a car. Somewhere in the middle, they spend 50 days deciding where to open their account with a private bank or some other kind of wealth advisor and will spend on average USD16,200 a year on wealth management fees [Figure 8].

Figure 8: Time and money spent on luxury items

When you last decided to buy or give in one of these areas, how much did you spend and how long did you take to decide? (All responses)



WALK WITH ME

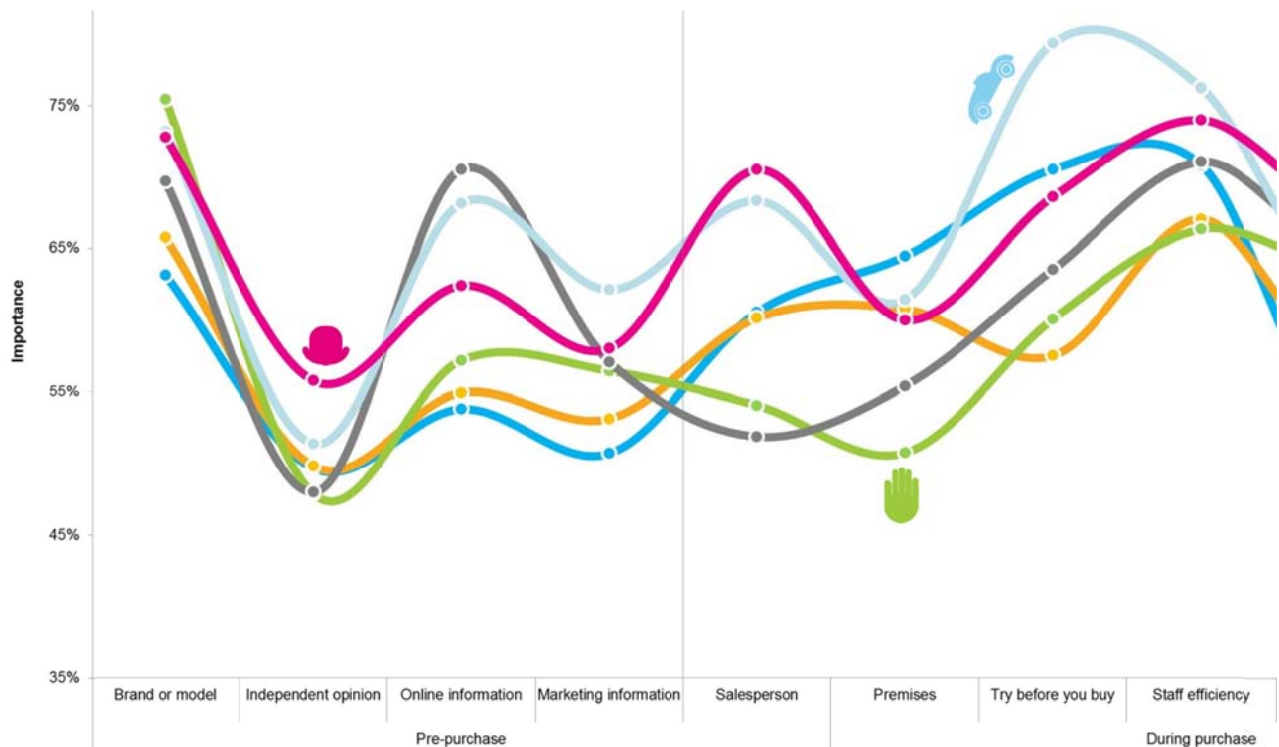
Bearing in mind the same quantum is shown in many of these decisions to buy or spend, we felt justified to take our comparison a little further. We asked the Futurewealthy who had made one of these major purchases recently to give us the low-down on their experience.

By measuring the importance of each step in the transaction, we found there is also a certain flow to a high-end customer journey. Whether buying a watch, or a car, or giving money to charity, our Futurewealthy patrons have broadly similar expectations every step of the way [Figure 9].

Naturally, there are differences. Each transaction is unique. But, as companies look to grab customers and hold on to them, there is much to be learned from the experience of others.

Figure 9: Importance of individual steps in the customer journey

How important were the following factors in delivering a great customer experience? (All responses)

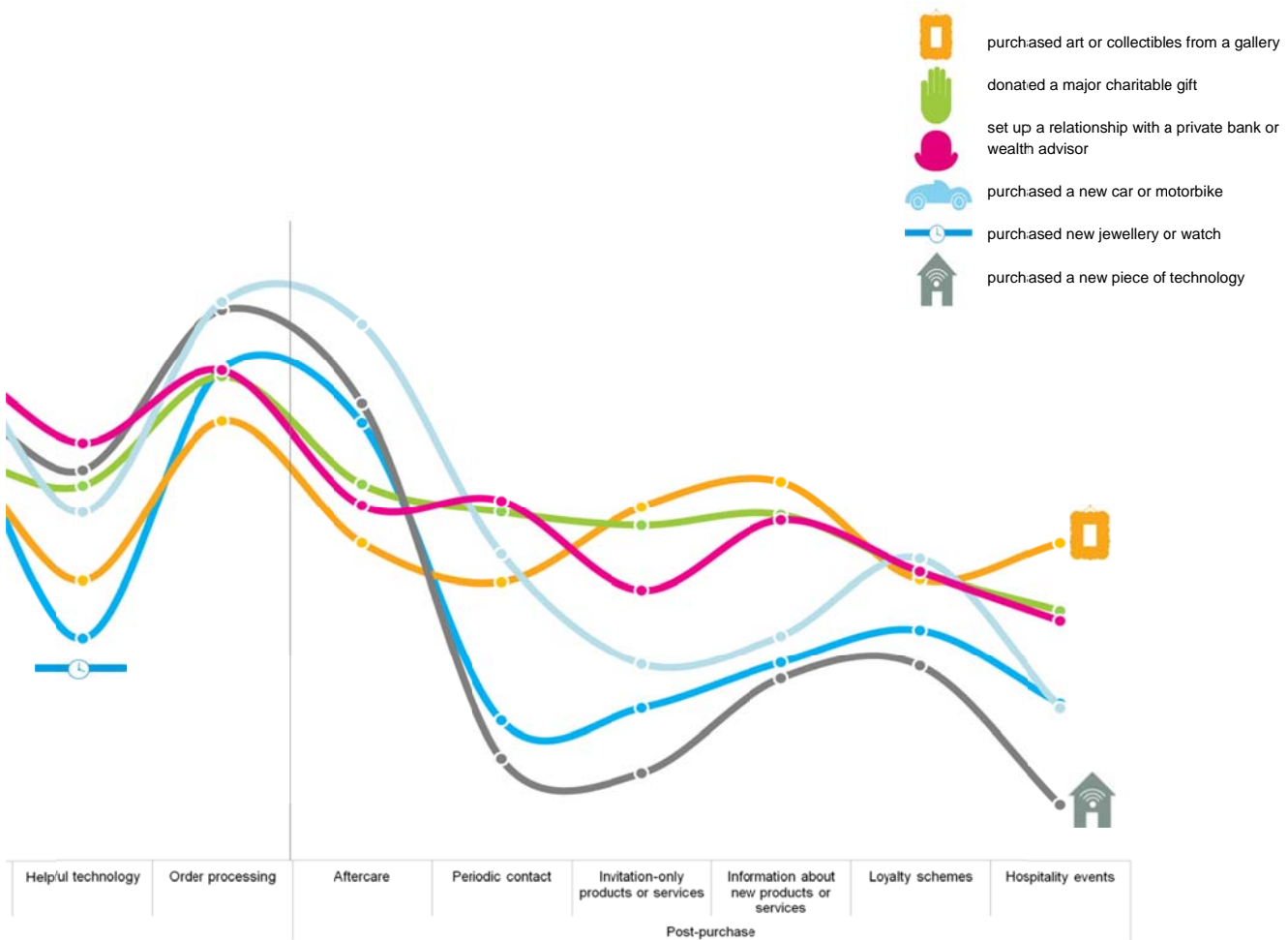


Our journeys begin before the purchase has even been made. In this phase, the quality of the brand is all-important with other forms of marketing providing reinforcement. As the journey flows and the customer gets ready to buy, staff efficiency and smooth order processing are vital. Then once the purchase is completed, high-quality aftercare and ongoing contact are important to emphasise this is a special relationship.

Comparing the importance of steps in individual journeys helps to understand why some companies and industries are more successful than others at exceeding expectations.

If we take the purchase of a car, for example, we know already that the Futurewealthy attach very high importance to the brand. The marketing, the actual buying experience and the aftercare are also very important. But, expectations tail off significantly for any ongoing contact.

Making a major charitable gift, meanwhile, is often an equally significant expenditure, and as givers, the Futurewealthy also place particularly high importance on the brand of the organisations that are to receive their cash. It seems they make their choices based on their knowledge of the charity and faith that it is doing good things. But, in direct contrast to buying a car, they also attach far more importance to how well the charity keeps in touch after they have made their donation, encouraging them to remain active givers.



Private banks and other kinds of wealth management organisations, meanwhile, have a tougher time of it. At almost every step in the journey, they are expected to deliver to a very high standard. Brand, here too, is paramount and then the buying journey crescendos towards staff efficiency and smooth order processing.

Indeed, even at the tail-end of the wealth management buying experience there is no respite. As the relationship builds over time, clients expect not only ongoing contact but also perks and other customer treats.

The ebb and flow of these customer expectations in fact highlights how important the post-purchase care is to all providers that want to build long-term client relationships. This is most noticeable for charities, art dealers and private banks, who seem to recognise that maintaining an ongoing connection with interested and motivated patrons and clients is the key to future success.

THE WISDOM OF STRANGERS

Bear in mind that in times of trouble, ancient Arab wisdom warns us to keep our friends close – but our enemies closer. Certainly, in the current climate of uncertainty, companies would be well-advised to keep their clients close and their sights on their competitors. But, as our customer journeys suggest, there are also opportunities to learn still more from near neighbours.

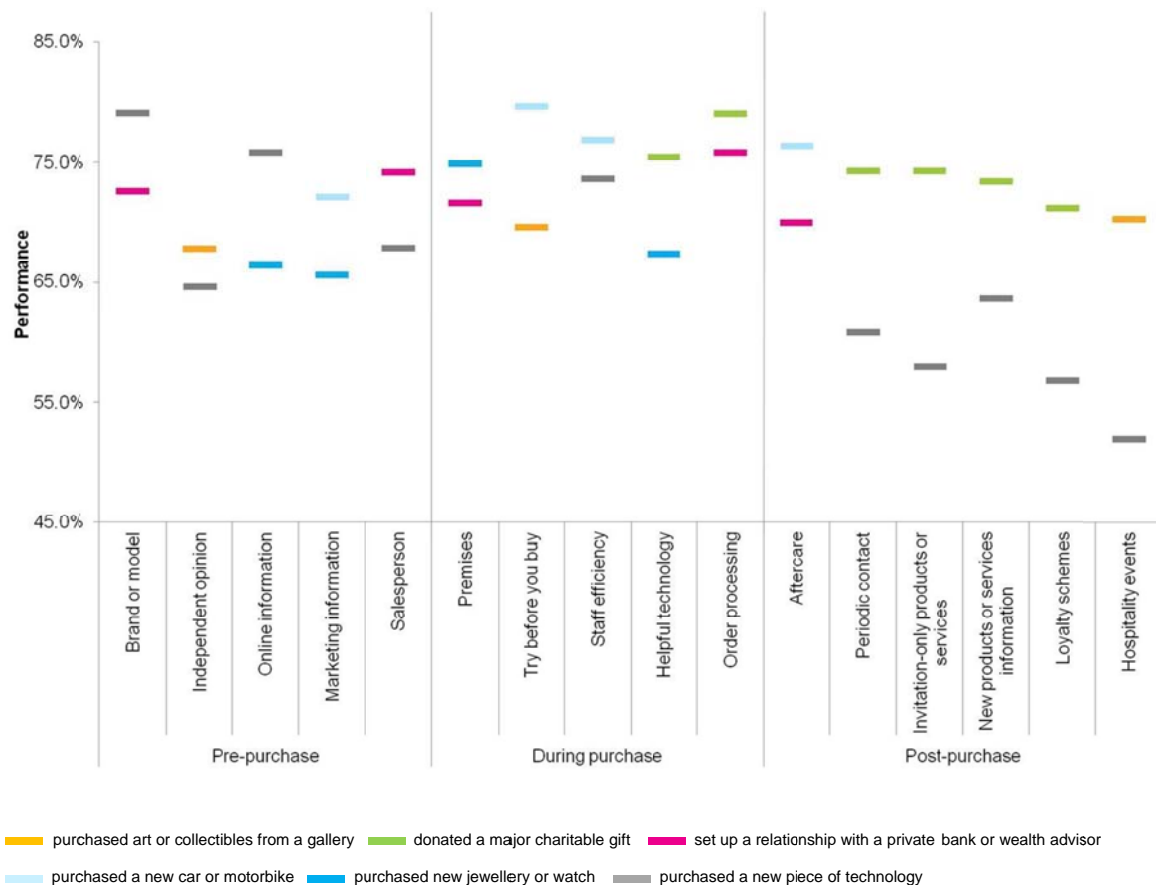
If firms want to steal a march on their competitors, they could do worse than look at what leading providers in other sectors are doing to win over their clients. We asked the Futurewealthy not only to walk us through their buying journey, but to score it too. From this, we can see who emerges as best-in-class and which sectors are getting right.

If, for example, we look at brand building, the technology sector is leading the pack. Private banks, meanwhile, are underachieving in this respect and could look to successful technology companies for inspiration. In turn, when it comes to building a high-quality sales force, the technology sector could take a leaf from the books of the private banks [Figure 10].

Car dealers, meanwhile, are hitting many of the right notes as they take the Futurewealthy through a purchase, but it is charities that come through strongly in the post-sale phase to capture their hearts and minds for a longer term relationship.

Figure 10: Best and worst at each step of the customer journey

How would you rate your experience on the last occasion? (All responses)



JUMPING HOOPS AND CHASING DREAMS

While looking at best and worst in class has its uses, in fact high-end companies in each of these industries are actually smashing records at every step. Across all these industries the average performance is an impressive 10% above expectations.

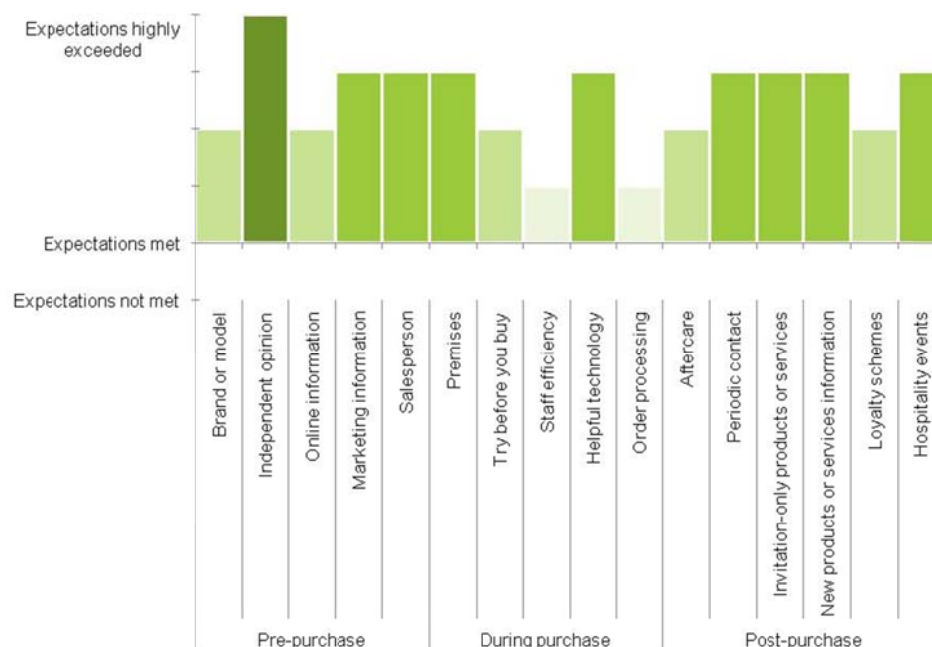
Comparing performance against the importance the Futurewealthy attribute to each step of a luxury customer journey, we find they particularly appreciate an independent view or a second opinion before making any commitments. High-end providers are also strong at delivering elegant marketing materials, beautiful premises, polished sales staff and making sure even after the purchase has been made that their clients continue to feel special [Figure 11].

Where the Futurewealthy score them less highly are in the areas of staff efficiency and order processing. These are the crucial transaction touchpoints that are at the heart of these buying relationships. Inevitably, it is hard to excel in these areas when the expectations of the Futurewealthy are so high. But, when the experience is so positive at the beginning and end, this tailing off in the middle of the journey will not go unnoticed by our discerning buyers.

This poses the question whether more can be done to ensure consistent quality at every step of the journey.

Figure 11: Beating expectations by 9.9% (All journeys)

Performance minus importance for each step (All journeys)



Indeed, meeting and beating expectations is one way that you can define what makes for a high-quality experience. A comparison between our journeys highlights that it is one thing to deliver a client experience that is out of the ordinary, it is quite another to make clients feel really special.

For example, overall charities lead the field for delivering quality and consistency of customer care. Their outperformance score is 12.3%, versus the average of 9.9%. This journey, like all the others, is judged on its own merits and what it tells us is that charities are delivering a standard of donor care that is well beyond their expectations [Figure 12].

Following closely in second place are dealers in art and collectibles with an 11.7% score. In spite of the perceived luxury of fine art, the expectations of their Futurewealthy buyers are surprisingly not that high. And so, art dealers outperform comfortably giving an experience that is out of the ordinary at every step [Figure 13].

This task is more difficult for private banks and wealth management organisations and car dealers for whom expectations are very high. They might not call this luxury, but there is no doubt that what they sell will be an aspiration for some, and a dream for many more. These expectations are not easy to beat.

The main problem for private banks and wealth managers is their brand. No doubt, the financial crisis plays a part here, but as we have also seen from our brand love results, it is incredibly hard for banks to evoke feelings of passion. Private banks are also losing consistency in the crucial transactional steps, which suggests they need to do more if they want to deliver that extra special service their Futurewealthy clients have been led to expect [Figure 14].

Figure 12: Major charitable gift – beating expectations by 12.3%

Performance minus importance for each step (major charitable gift)

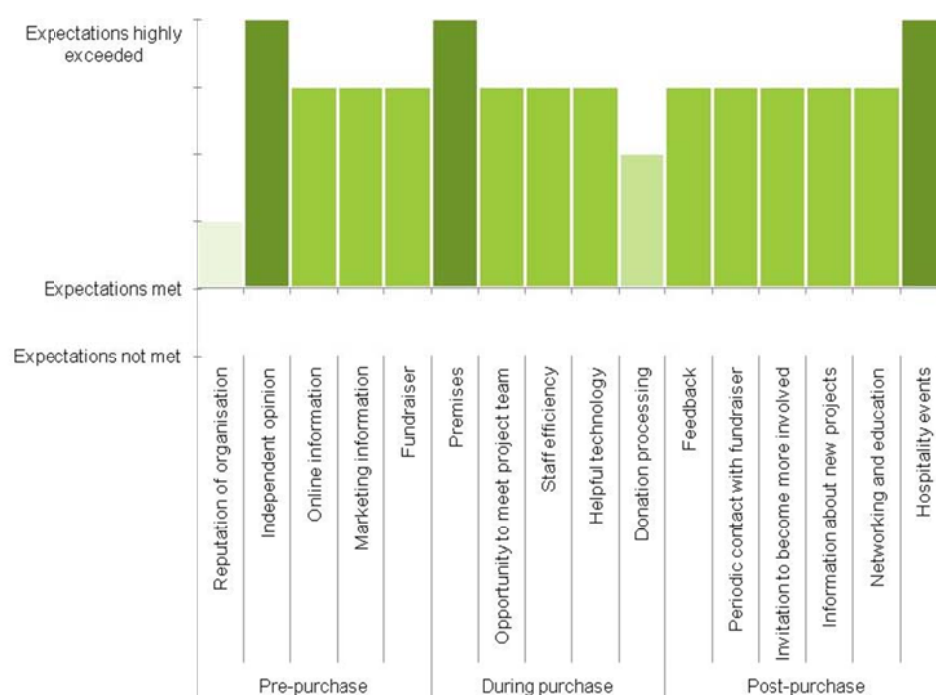


Figure 13: Purchased art or collectibles – beating expectations by 11.7%

Performance minus importance for each step (art or collectibles purchase)

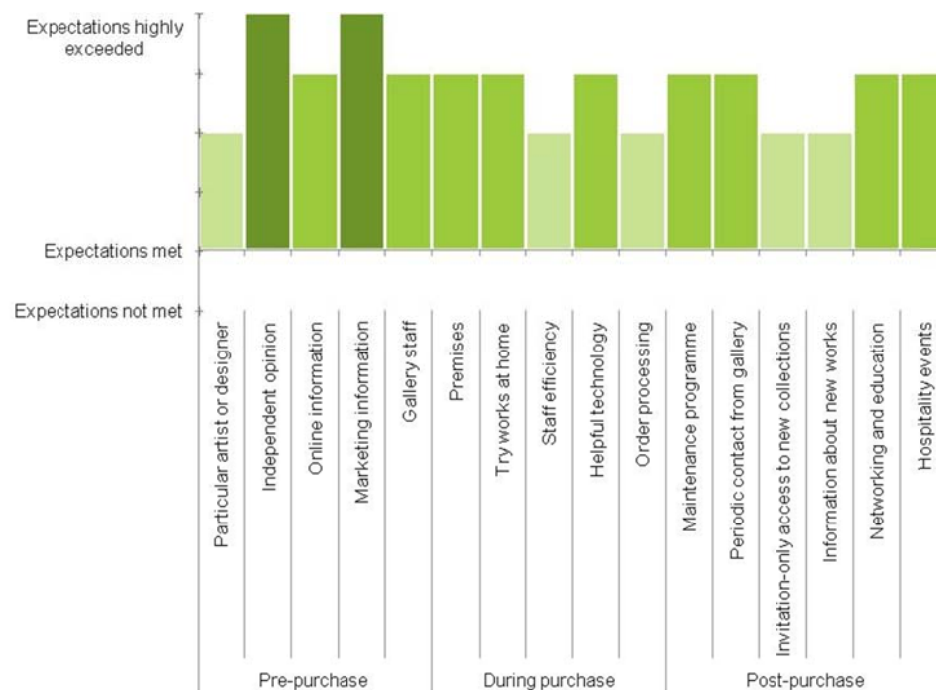
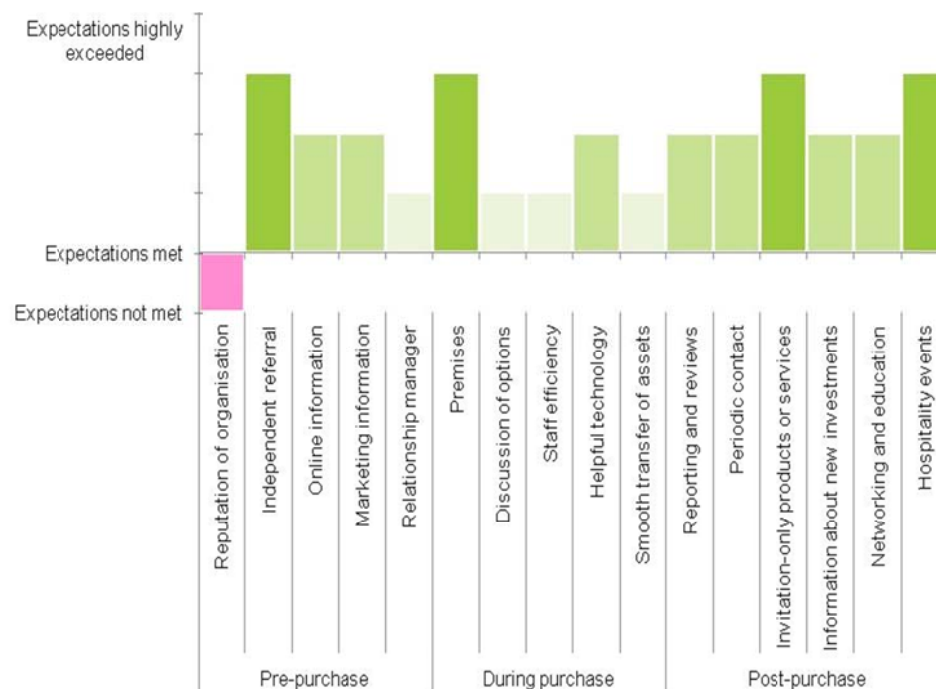


Figure 14: Relationship with private bank – beating expectations by 7.1%

Performance minus importance for each step (private banking)



Section four: Degrees of separation



Don't judge a man until you have walked a mile in his shoes

In brief

- As we have seen, meeting the expectations of the Futurewealthy is no mean feat – particularly when those expectations are set very high. But, we also know for these valued customers that many are prepared to go that extra mile to show how much they care. One way to do this is to tailor the customer journey for each client. And while this sounds simple in theory, a major challenge is how to group customers wisely to make sure their individual needs are broadly met.
- There is no right or wrong, but looking at the Futurewealthy as we do through many lenses, we find that grouping them by age results in the clearest distinctions. Following that, their behavioural profile and where they live also provide good indications of the client experience they want.

YOU MEET MANY PEOPLE WHEN YOU TRAVEL, YOU MAY EVEN MEET YOURSELF

You could say that for an enjoyable journey you need to travel in good company. In a similar way, companies try to ensure their different customers have a great experience of the service they have to offer by organising them into groups that like the same sorts of things. By focusing on what really makes individuals tick, companies can then tailor the experience to match their individual expectations.

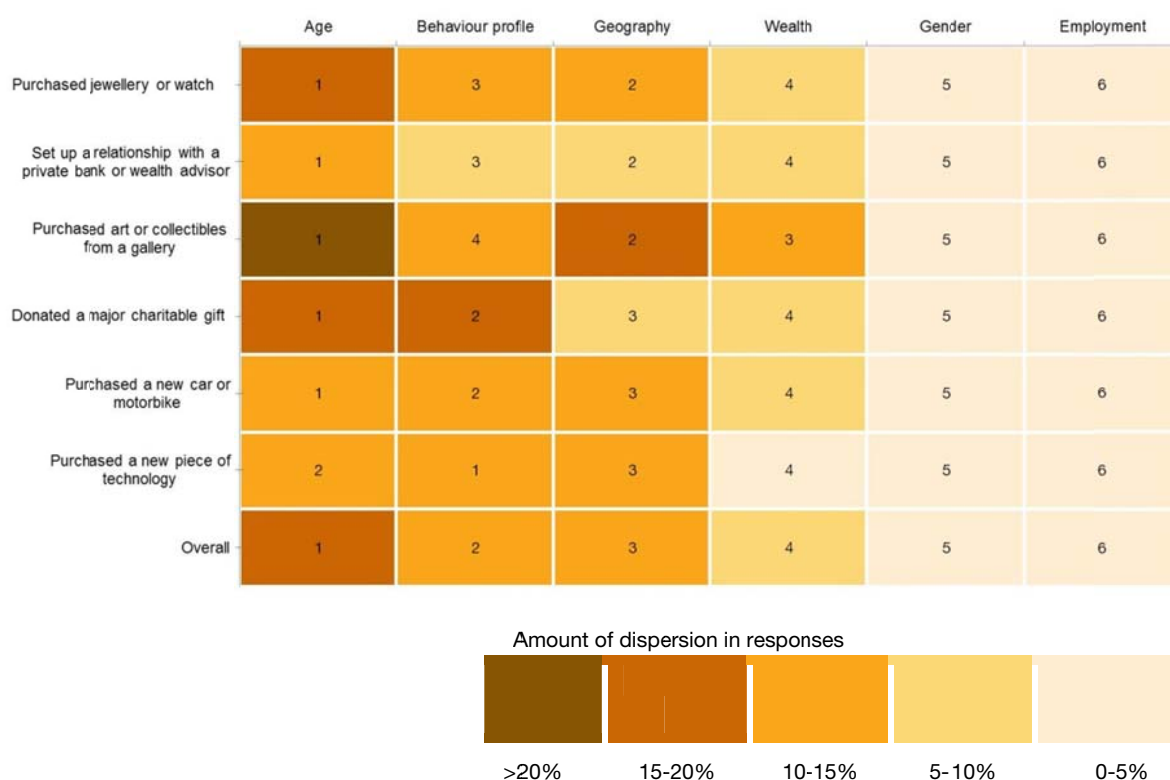
It is not always easy to find those groups, but if you spot groups with similar strong opinions on what they want from the customer experience then there is a good chance they will not be disappointed.

We found across all six customer journeys, people in different age groups have the strongest opinions of the kind of customer service they want from their high-end providers. Next up, the behavioural profile of customers and where they come from also have a significant bearing on what matters most to them and how they want to be treated [Figure 15].

The level of wealth an individual has ranks fourth, followed by their gender and whether they run their own business or are employed in corporate life. It does not mean these factors are not important. These are all nuances that drive their opinions. It simply means other factors influence their attitudes more. In fact, to get the fine art of tailoring right all of these factors play a part.

Figure 15: Grouping clients: what works?

Dispersion in responses to questions about the level of importance of steps in the journey (All responses)



MOTION PICTURES

If we use these many lenses as a window on customer expectations we can view the Futurewealthy not just as a snapshot, but as a motion picture changing at each step of their individual customer journeys.

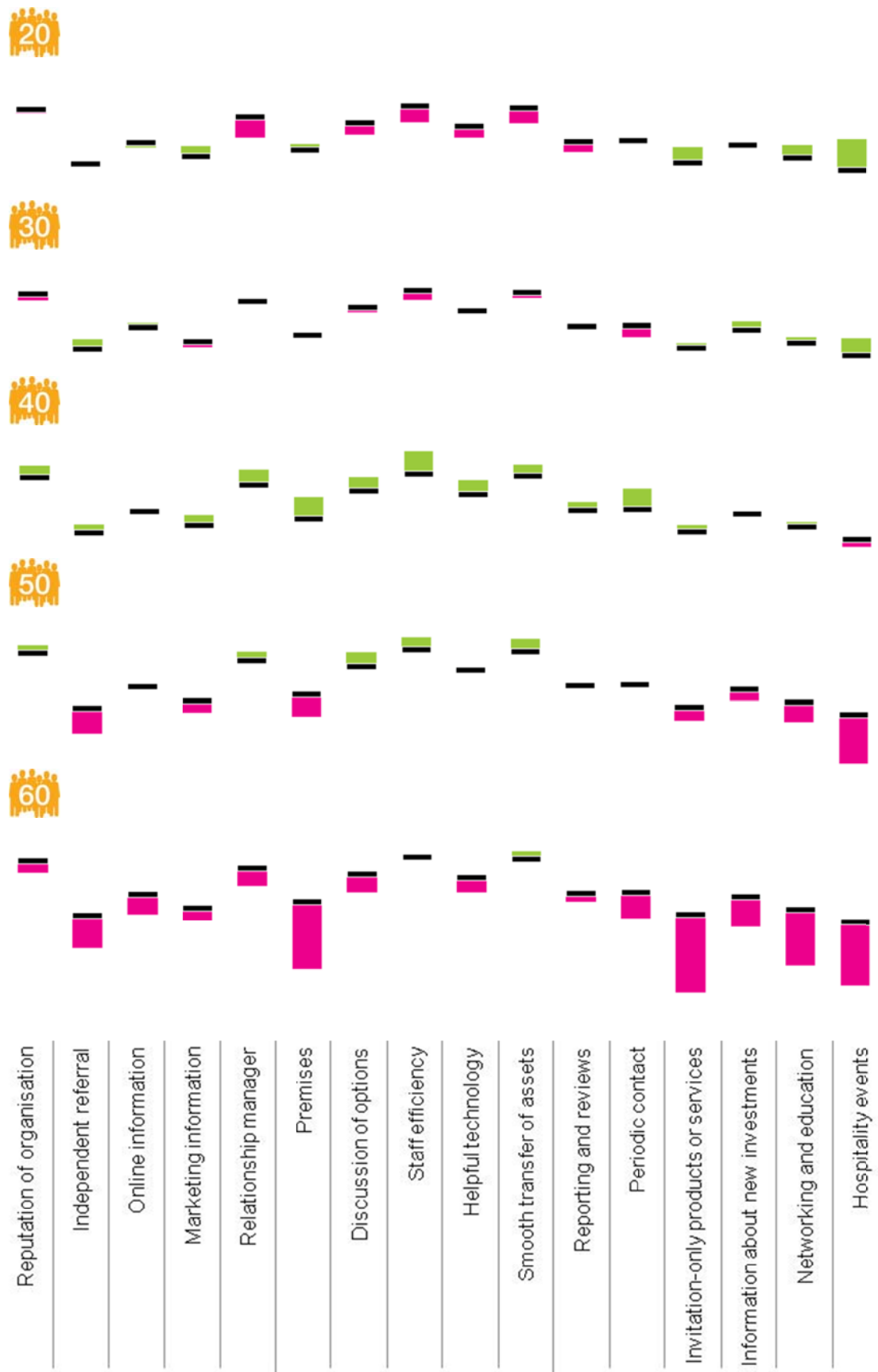
We have already seen that the Futurewealthy not only regard a private banking or wealth management relationship as a must-have service when they make their multi-millions. We have also seen their expectations for the service they will receive from these providers are very high.

Indeed, private banks and wealth management organisations have a particularly complex challenge to deliver on these expectations not just to individual clients, but often to their children and their grandchildren as well. If we use age as a lens on their expectations, it is a powerful tool to ensure the experience is as relevant to Generation Z as it is to Generation X.

By tracking age groups through the customer journey, wealth management organisations can play back this footage and deliver what each generation wants. For example, younger Futurewealthy clients are more likely to feel the benefit of events and hospitality. But, as they grow older, the importance of personal contact and smooth transaction processing move up the list. Indeed, we can watch this dynamically by looking at what each generation of our Futurewealthy want at each step of the customer journey [Figure 16].

Figure 16: Impact of age on the private banking experience

How important were the following factors in delivering a great customer experience? (All responses)



The young Futurewealthy value high-quality marketing materials as a way to evaluate what a private bank can offer. However, they are tough to sell to as they do not highly value relationship managers nor do they focus much attention on the investment transaction process. Instead, they get most benefit from hospitality, loyalty schemes and the bank simply showing that it cares.

20

Things change only slightly for the 30-somethings. Most noticeably, they are starting to recognise the value of independent expertise and what a relationship management team can do for them. At this age, they have a greater appreciation of the investment transaction process, but they still place most value on relationship building through hospitality and updates on what the bank can do for them.

30

It is in the middle years, the Futurewealthy really take note of how a private bank can work for them. They value information and support in their decision making and importantly they also appreciate the benefits of having a relationship manager and the support team behind them. Smooth transaction processing and ongoing contact also move up the list of importance, while some of the aftersales perks start to lose their appeal.

40

The older Futurewealthy continue to value the brand, the online information, the relationship manager and the efficiency of the transaction processing. But, while they still want regular contact, they may start to decline some of those event invitations.

50

The older generation are the easiest to please, but importantly they are also the hardest to impress. With efficient staff and smooth transaction processing their main needs have been met, but they place far less value on what might be called the “window dressing” in the relationship, so private banks will need to think hard about how they show these customers they care.

60

20 Age 20 - 30

30 Age 30 - 40

40 Age 40 - 50

50 Age 50 - 60

60 Age 60 plus

Indeed, it is not a great leap from here toward building profiles of clients using different layers of profiling, blending and mixing to determine which clients a firm can serve best and how best to achieve a deeply personal customer experience.

Let's take as one example a truly great client: someone who appreciates every detail of the client experience. They may be a little more demanding, but they are almost certainly more rewarding as well.

This is the client we meet in Figure 17. They are in their 40s with more than USD2 million in personal wealth. They have high expectations for every step of the customer journey, which means if their needs are met they are likely to appreciate the service that much more.

In this particular case, the client is from Asia Pacific, which adds the nuance that they are likely to value ongoing hospitality and relationship building and they might even forgive a few wobbly steps along the way.

If they are also Quietly Confident, which is the name we give to clients who like to make money, but do not like to shout about it, they particularly value much of what a private banking relationship can bring. Indeed, in many ways, this is the profile for which private banking was tailor made.

More tricky are those who are difficult to please. In Figure 18, we meet a European client in their 30s who has built up USD500,000 – USD2 million in personal wealth. This client profile is tough because nothing stands out as particularly important for them.

This client is also a Headliner, which is a profile that is very hard to impress. As the name implies, they like to put themselves in the spotlight. They are also aggressive about making money. This client likes to get things done and any schmoozing is more likely to annoy than appeal. So, pick the team carefully, focus on the portfolio, then step back and get out of their way.

These simple examples show in colourful detail how knowing what makes customers tick on the grand scale can empower firms to meet individual needs at a very personal level. We know the relationships clients have with their private banks and wealth management organisations are already out of the ordinary, but this kind of fine tuning could help to make those relationships genuinely special.

Figure 17: Private banking client profile: demanding and rewarding

How important were the following factors in delivering a great customer experience? (All responses)

\$\$\$ Over USD2 million 40 Age 40 - 50 Asia Pacific 😊 Quietly Confident

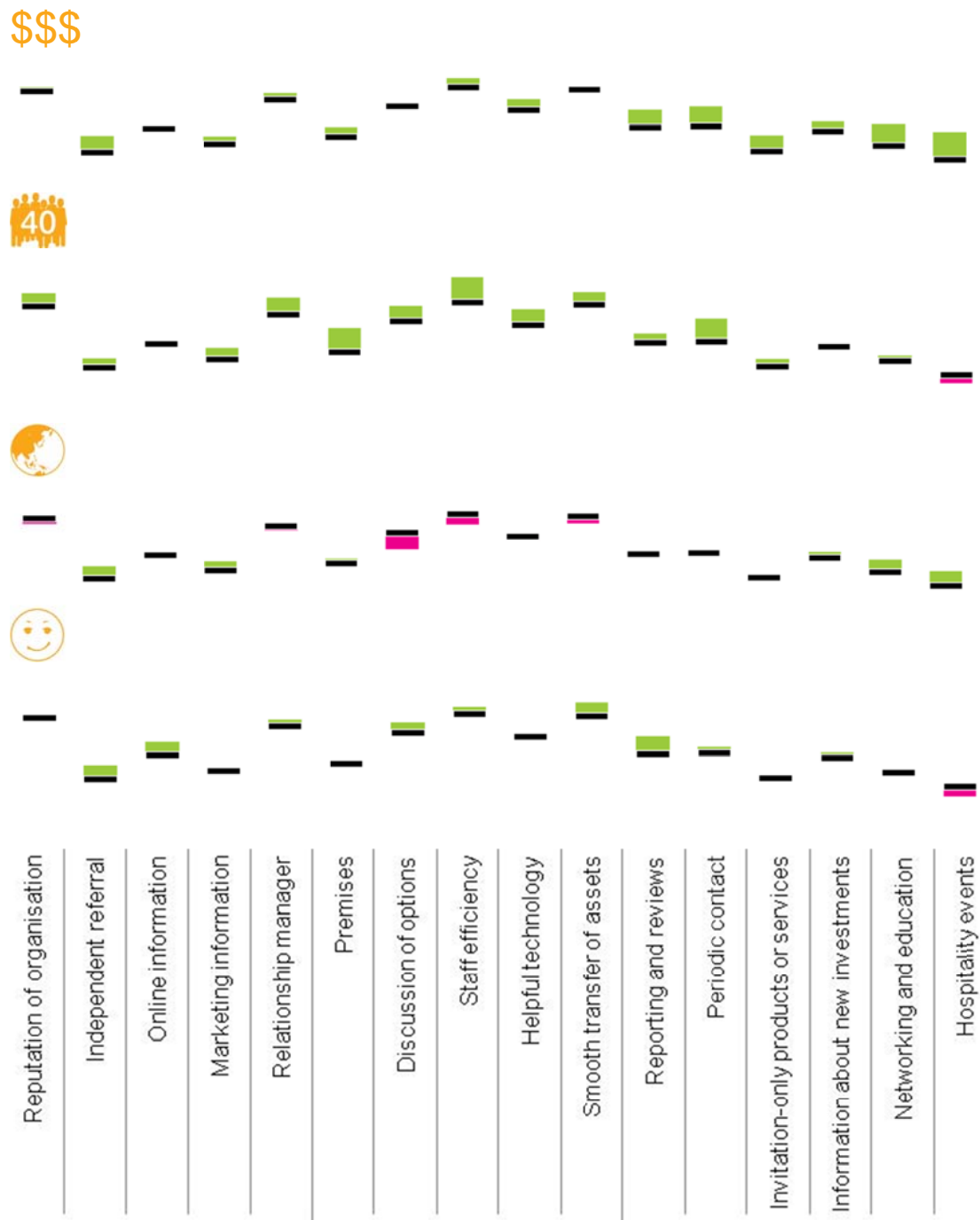
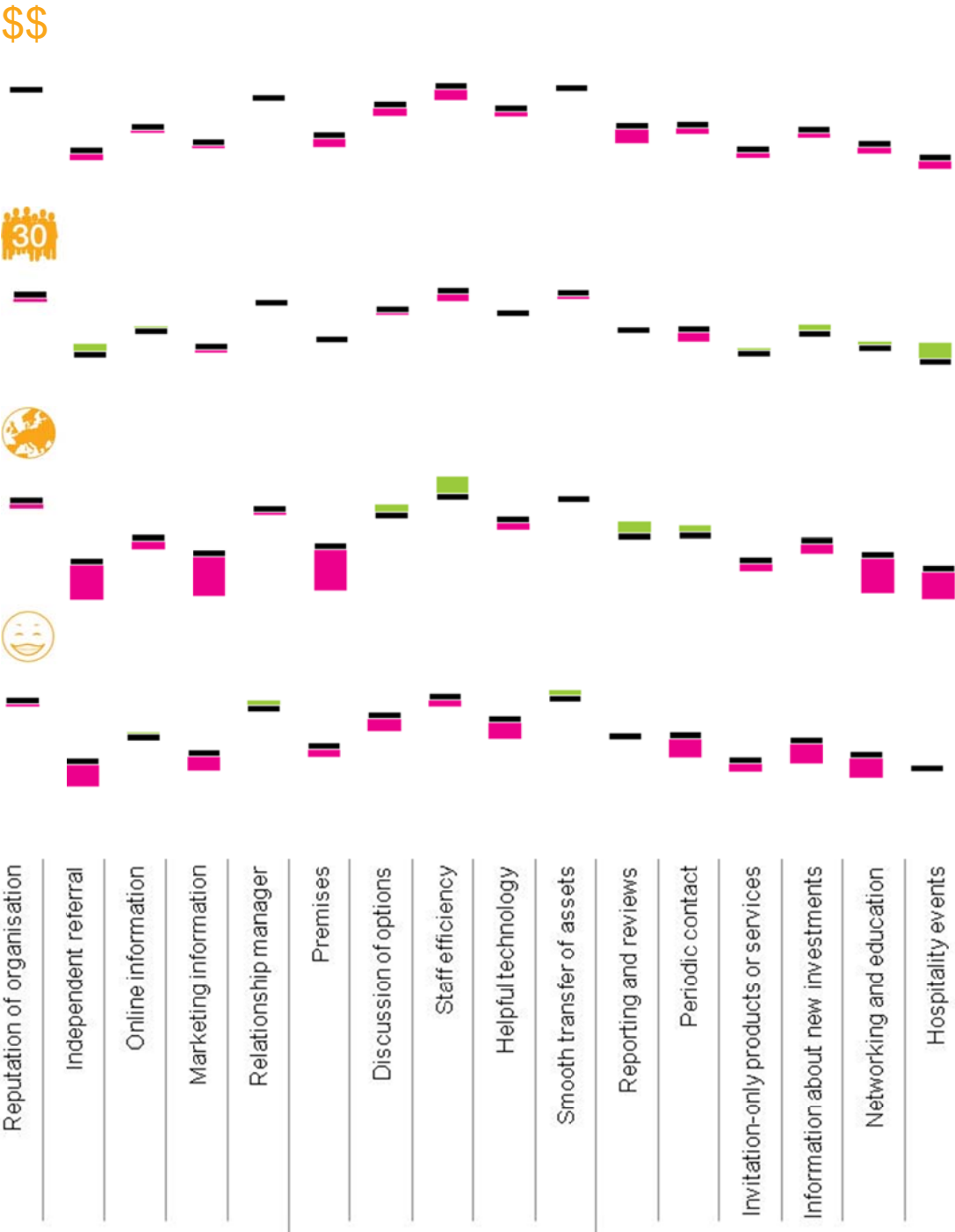


Figure 18: Private banking client profile: challenging

How important were the following factors in delivering a great customer experience? (All responses)

\$\$ USD500,000 to USD2 million 30 Age 30 – 40 Europe Headliner



THE BIG SQUEEZE

And so, as with any good journey, all this travelling leaves us in a place far more interesting than where we started. We have found the optimism of the Futurewealthy remains largely intact, but there are clearly worrying times ahead. Regardless of whether they are based in New York, New Delhi or Newcastle the Futurewealthy around the world are reining in their expectations for short-term wealth creation.

The prospect, particularly in the West, of a long, cold squeeze is focusing the attention of many companies on how to bring a little warmth to this most valuable of customer groups. Indeed, if the current squeeze continues to curb the confidence of the Futurewealthy, it will become an economic necessity for companies not just to grab hold of these clients but to hold onto them using far more sophisticated relationship building techniques than have been needed for some time.

Never has the phrase “walk with me” been more pertinent, as companies turn to these very customers for inspiration on how they can become a better travelling companion.

What we know from this research is that the Futurewealthy are looking for special relationships with people and companies that can help them to realise their lifestyle goals. They want to work with people who are passionate about what they do and who help them by bringing convenience, expertise and the encouragement to try new things.

They are discerning buyers and they want companies to demonstrate to them through the power of their brand that they are exciting, caring and committed. They have high expectations and they appreciate it when companies excel.

As always, companies need to listen, learn and respond. And, perhaps they can even learn from each other to find out how they can deliver their own customer revolution.

Section five: A cast of thousands



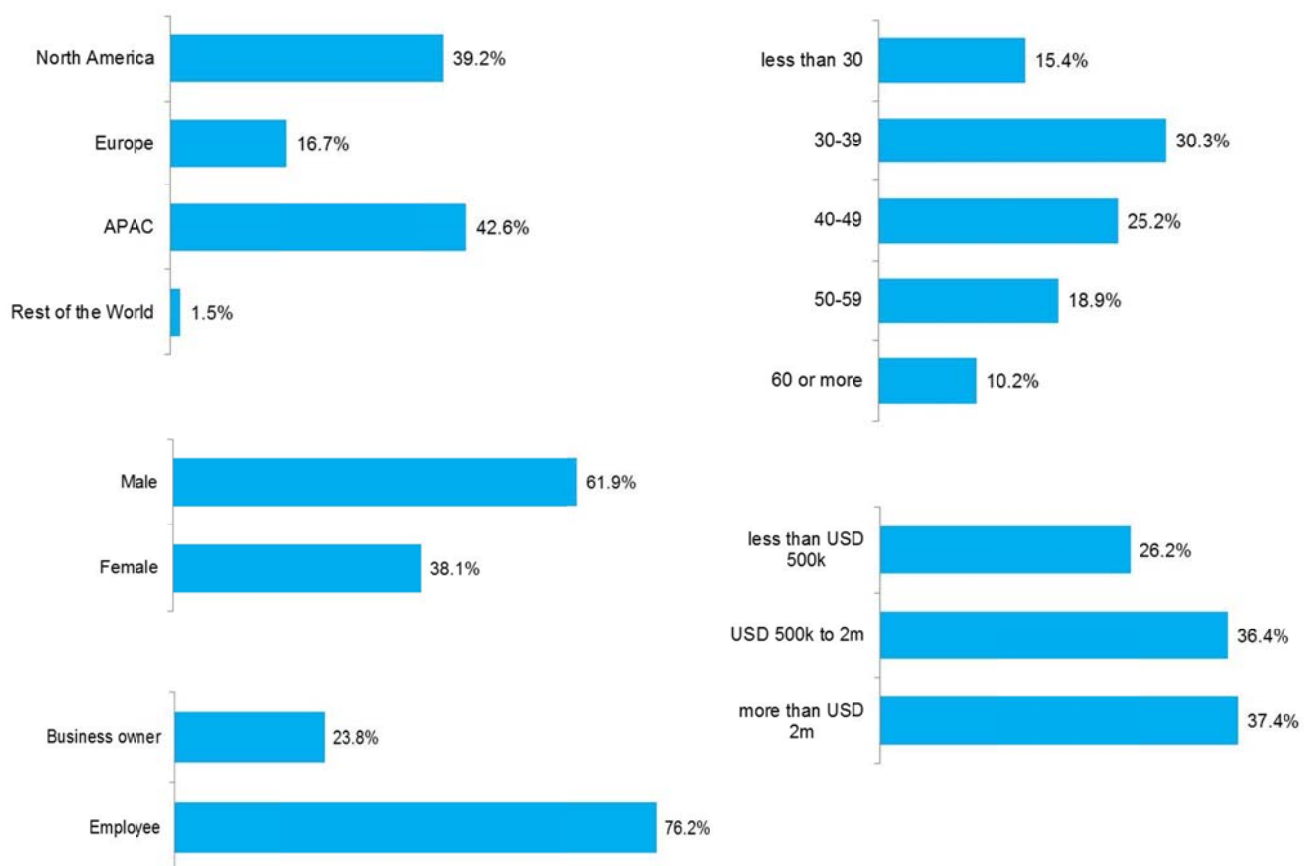
You have been watching...

In brief

This is the third time we have reached out to our cast of thousands to tell us about themselves so that we can play it back. Since 2009, the number of Futurewealthy taking part in this project has increased 130% to 3,300 today. We would like to thank them for their ongoing support.

The research was conducted in July and August 2011 using online surveying techniques. We identified our participants with the help of a number of data partners and by using profiling techniques to determine their likelihood of qualifying as Futurewealthy candidates.

Figure 19: Sample demographics

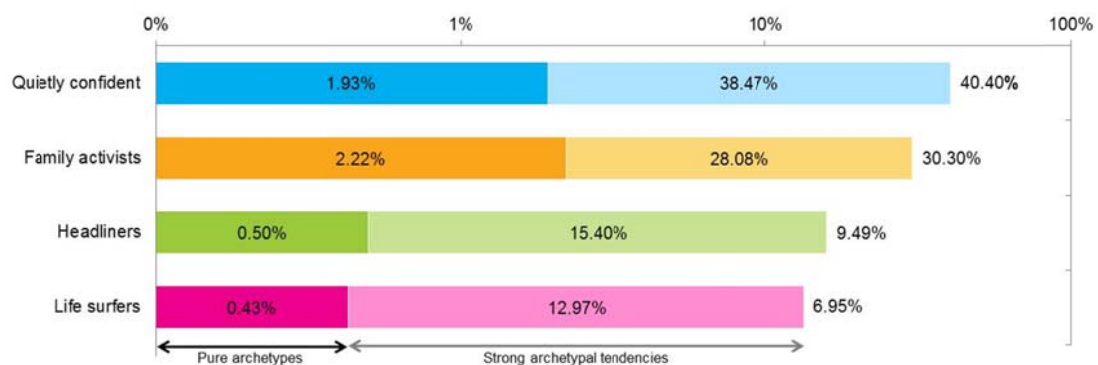


BEHAVIOURAL PROFILES

We also make reference in this report to behavioural profiling. For our behavioural profiles we use archetype analysis. This is a relatively new field which aims to understand behaviour by looking at its extremes, not its norms. Rather than putting people “in a box”, behaviourally speaking, it allows individuals to be a probabilistic mix of more than one profile.

Consequently, only a small number of individuals from the sample group were pure archetypes in terms of fitting each personality type exactly. The vast majority had a tendency to one or, at most, two profiles giving us confidence that the profiles reflect significant behavioural tendencies.

Figure 20: Behavioural profiles of sample group



Science is the fuel
that powers future
thinking.

