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The Role of Search in Brokerage Account Shopping

Google/Compete
U.S., 2010



Background, Objectives and Methodology

Background and Objectives

- Background

- Online research influences both online and offline application. However, there remain challenges in quantifying the role of the online channel – whether via search, display, or non-advertising content – in driving applications

- Objectives

- Assess the online and offline resources shoppers use when shopping and applying as well as the relative importance of different resources
- Quantify the impact online research has on application (both online and offline brokerage account application)
- Analyze differences between applicants applying for brokerage accounts online versus offline

Methodology

- Targeting and Screening

- A survey was launched to Compete panelists who had been observed researching brokerage accounts online between January 2010 and August 2010
- Surveys were fielded to Compete panelists in June-August 2010, 550 consumers qualified and completed the survey
 - Qualifying requirement: Respondents who indicated they had conducted **online** research for brokerage accounts within past 6 months

- Significance Testing

- For 2-variable significance testing, two asterisks (**) indicates significance at the 95% level and one asterisk (*) indicates significance at the 90% level
- For multiple variable significance testing, uppercase letters indicate significance at the 95% level and lowercase letters indicate significance at the 90% level
- Base sizes under 30 were removed from the study and any base sizes between 30-50 were marked (^) as low sample

Definitions

- Searcher vs. Non-Searcher

- “Searcher” is a respondent who was search referred to a brokerage accounts-related webpage (based on observed online clickstream behavior, not self-reported)
- “Non-Searcher” is a respondent who was not referred through search to any brokerage accounts-related webpage between December 2009 and May 2010 (based on observed online clickstream behavior, not self-reported)

- Short Research vs. Long Research

- “Short Research” is a respondent who completed brokerage account research in less than two week
- “Long Research” is a respondent who completed brokerage account research in two weeks or more



Key Takeaways

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- Online shopping activity was an important contributor to offline applications
 - For every 10 online shoppers who applied online, 3 additional online shoppers applied offline
- Online brokerage account shoppers who utilized search were more valuable than those who did not
 - Searchers were 2X more likely to apply than non-searchers, inclusive of all application channels
 - Searchers were 1.2-1.9X more likely to maintain \$20k+ account balance
- Marketers have an opportunity to differentiate/increase brand recall by exposing shoppers to online ads
 - While 78% of applicants applied online and 37% of shoppers exclusively researched online, 67% of shoppers did not recall any online ads
- Marketers should use messaging to enhance trust and stability image
 - For applicants with account balances of \$20k+, trust and stability were the most important criteria in choosing an institution at which to apply

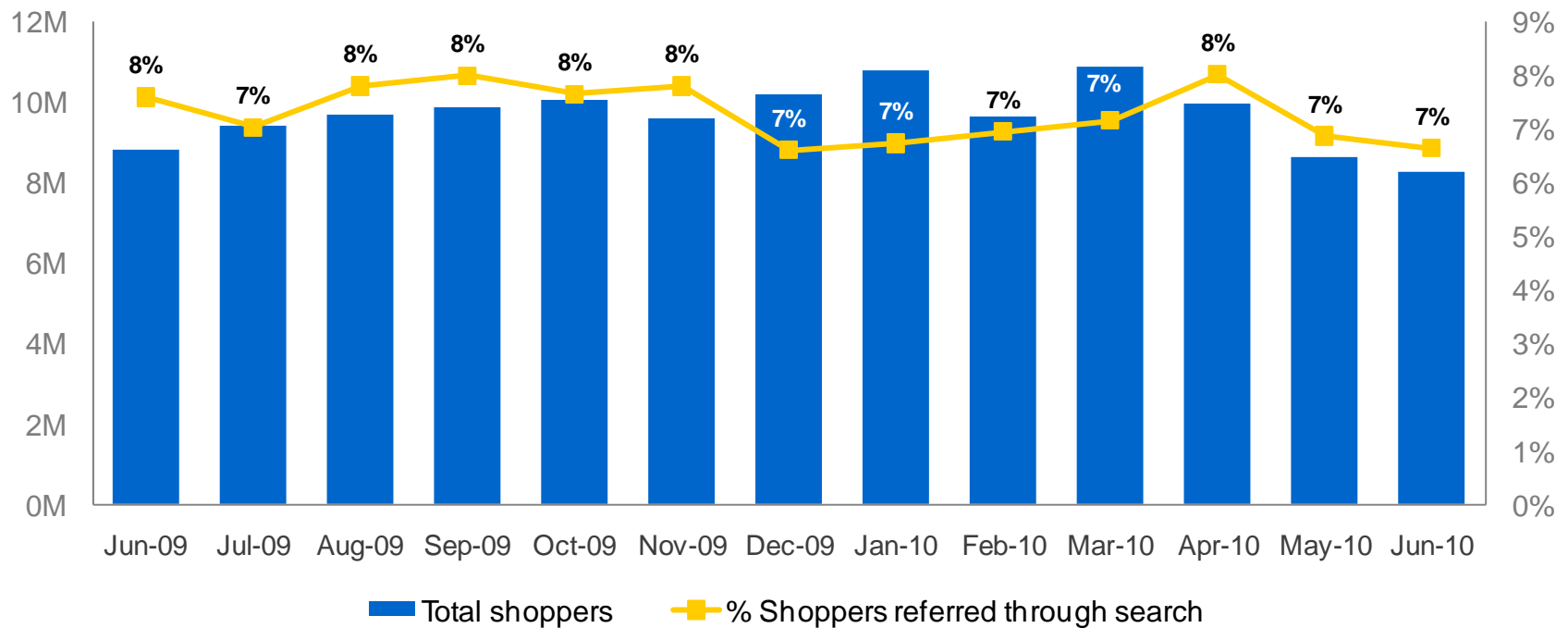


Brokerage Market Overview

Monthly Online Shopper Volume Remained Steady at ~10M

Share of search referred online shoppers remained steady between 7%-8%

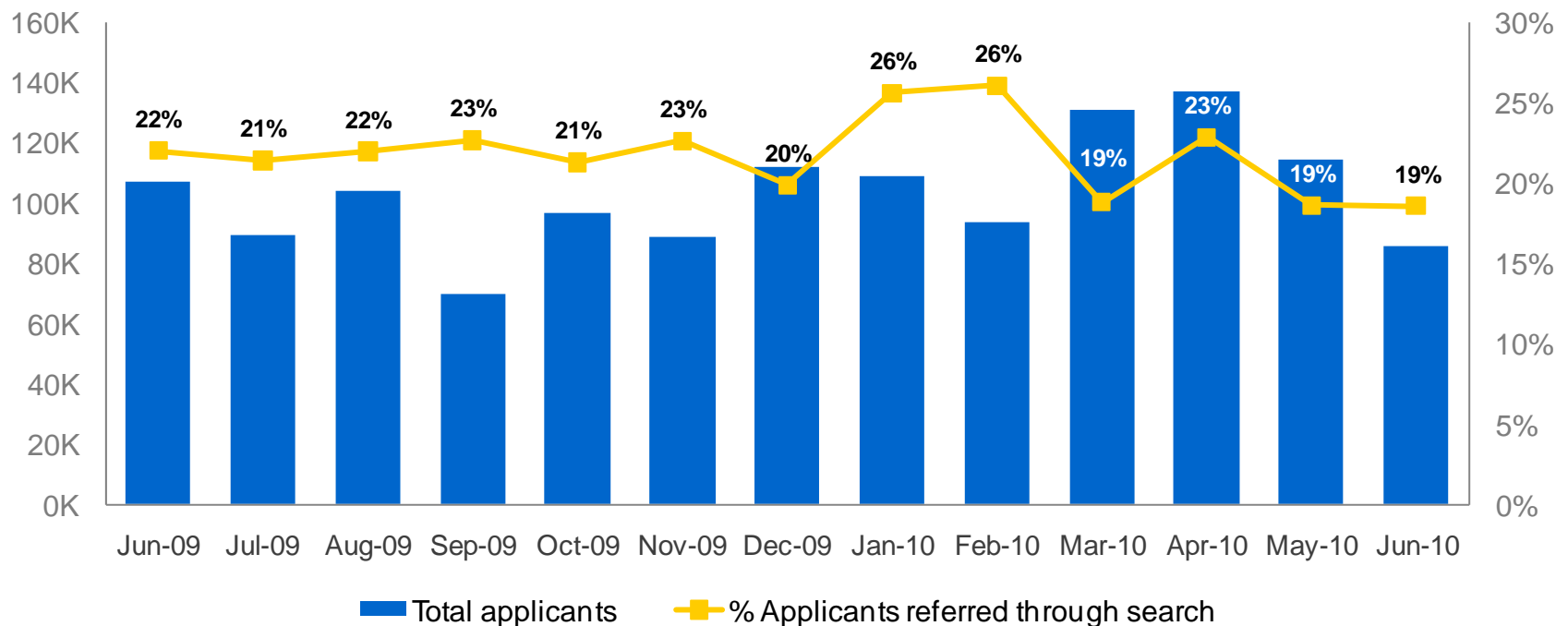
Number of Online Shoppers & Share of Search Referred Shoppers (Jun 2009 – Jun 2010)



On Average, 22% of Applicants Were Search Referred

Search provides a higher share of applicants as compared to shoppers, i.e., search referrals were more likely to apply than average referrals

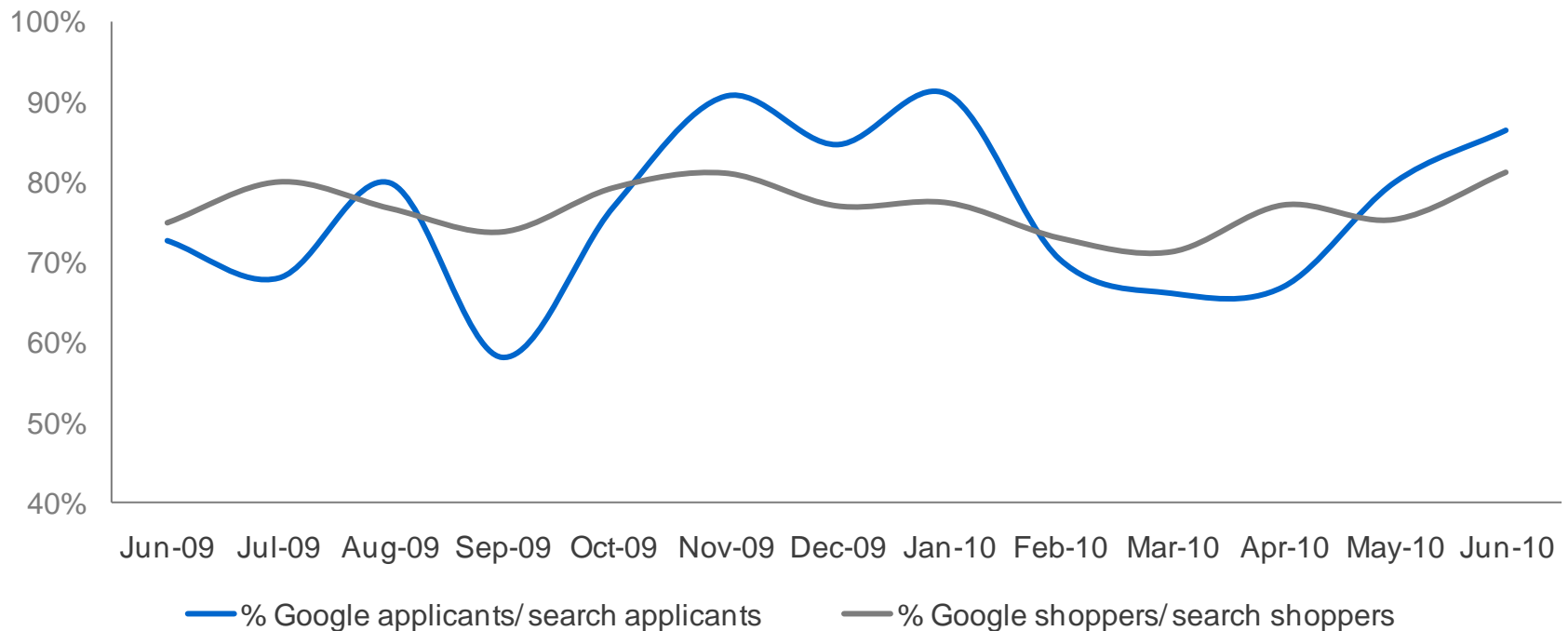
Number of Online Applicants & Share of Search Referred Applicants (Jun 2009 – Jun 2010)



Year-over-Year Share of Google Referred Applicants Rose

On average, Google referred 76% of applicants referred through search

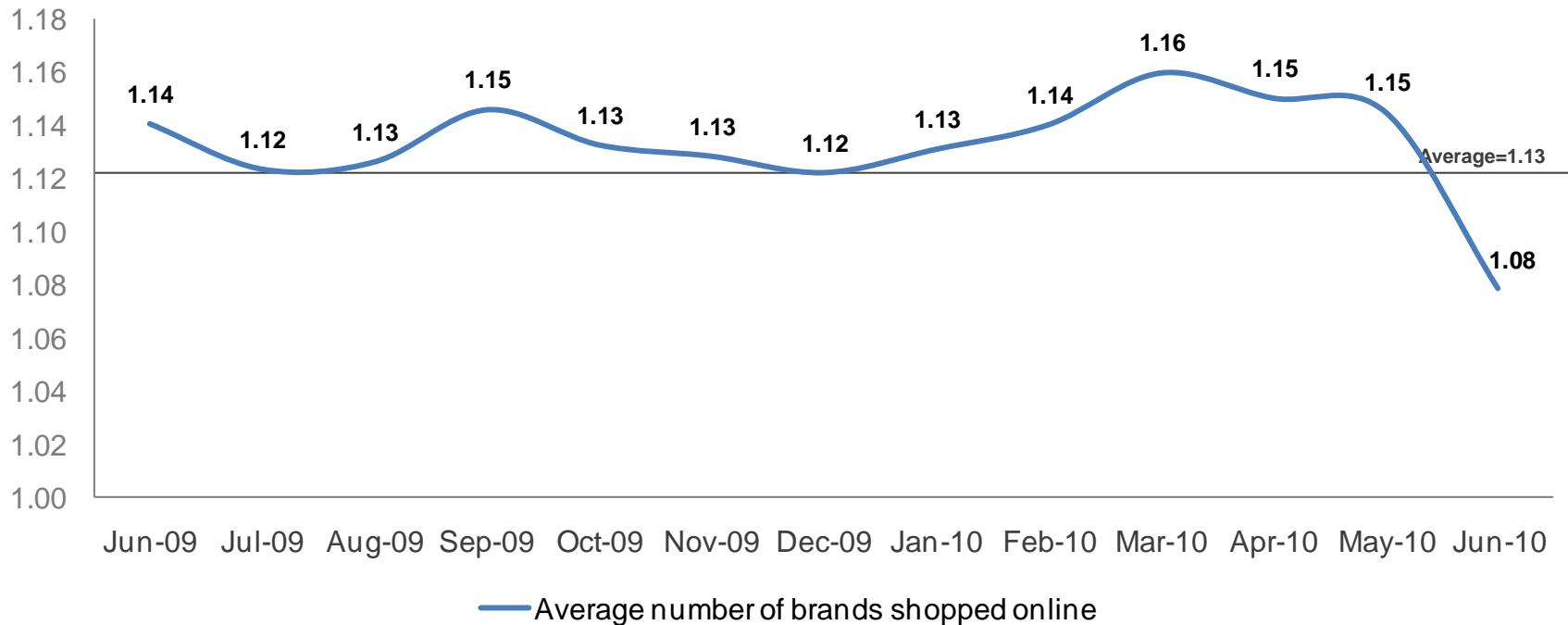
Google's Share of Search Referred Shoppers and Applicants (Jun 2009 – Jun 2010)



On Average, Applicants Considered 1.13 Brands

Number of brands considered has remained fairly constant

Number of Sites Shopped by Online Applicants (Jun 2009 – Jun 2010)

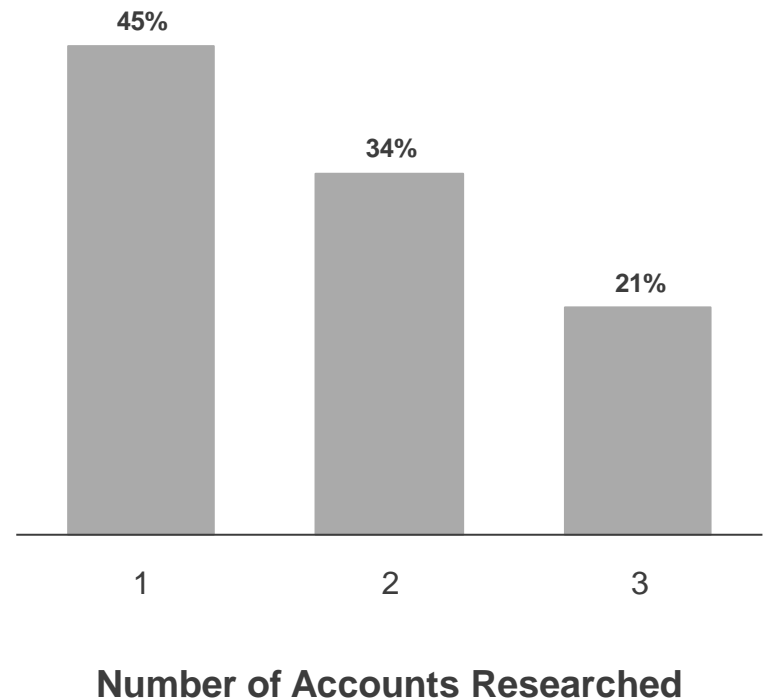
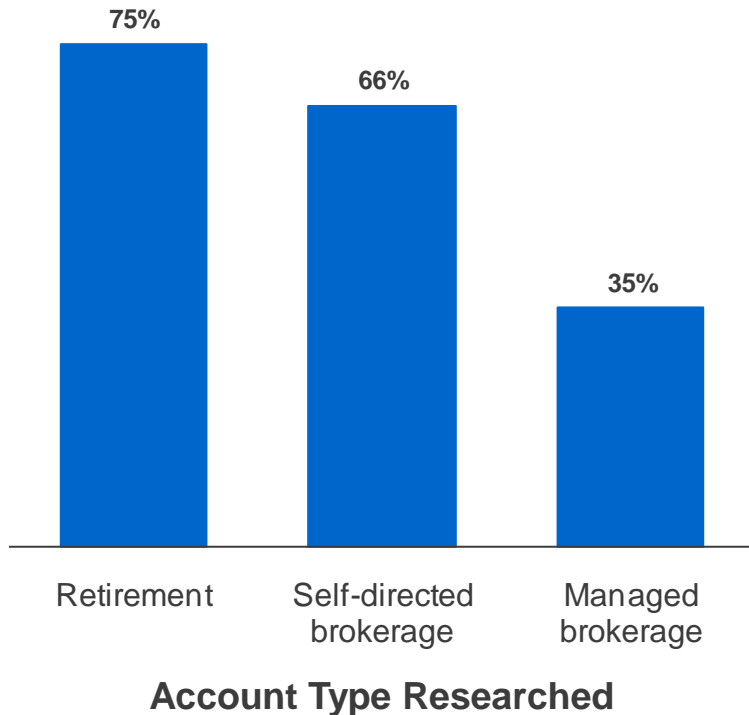




Applicant Channel Usage and Preferences

55% of Shoppers Researched Multiple Types of Brokerage Accounts

Brokerage Accounts Researched Online
(Respondents Who Researched Brokerage Accounts Online, N=550)

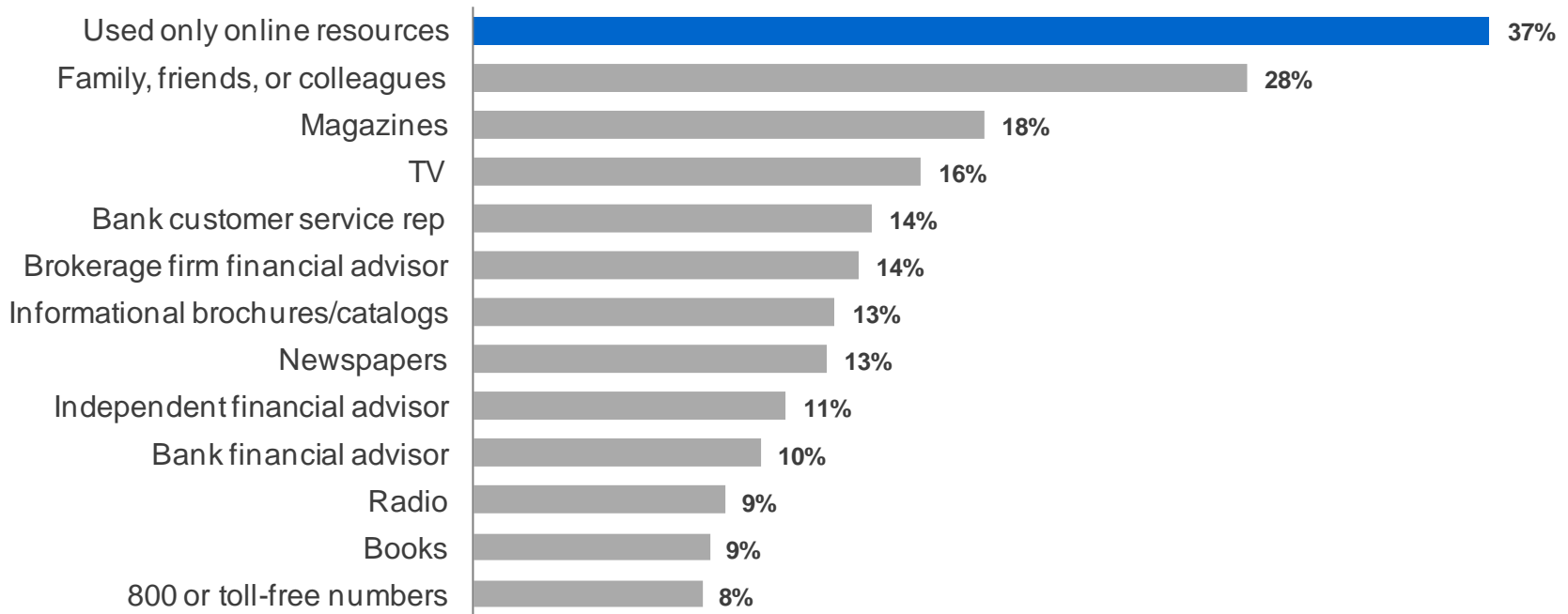


S3. Which, if any, of the following types of brokerage accounts have you researched online in the past 6 months? Please select all that apply. (Base: N=550)

Many Online Shoppers Used Only Online Resources

Marketers should ensure brands are prominently represented online otherwise, a significant share of shoppers may not be exposed to their brand

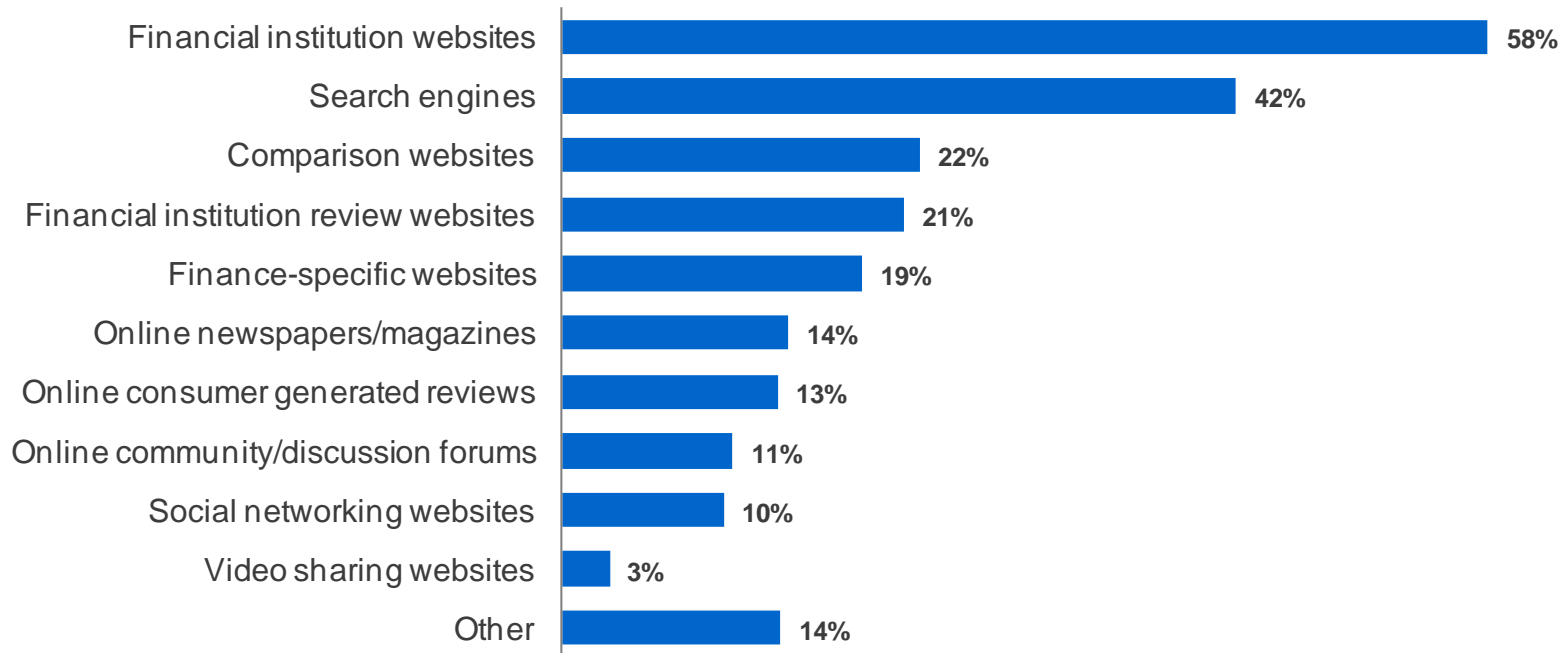
Offline Resources Used by Online Shoppers
(Respondents Who Researched Brokerage Accounts Online, N=550)



42% of Online Shoppers Used Search Engines...

While a majority of shoppers used company sites in their research process, over a fifth of the shoppers used financial review or comparison sites

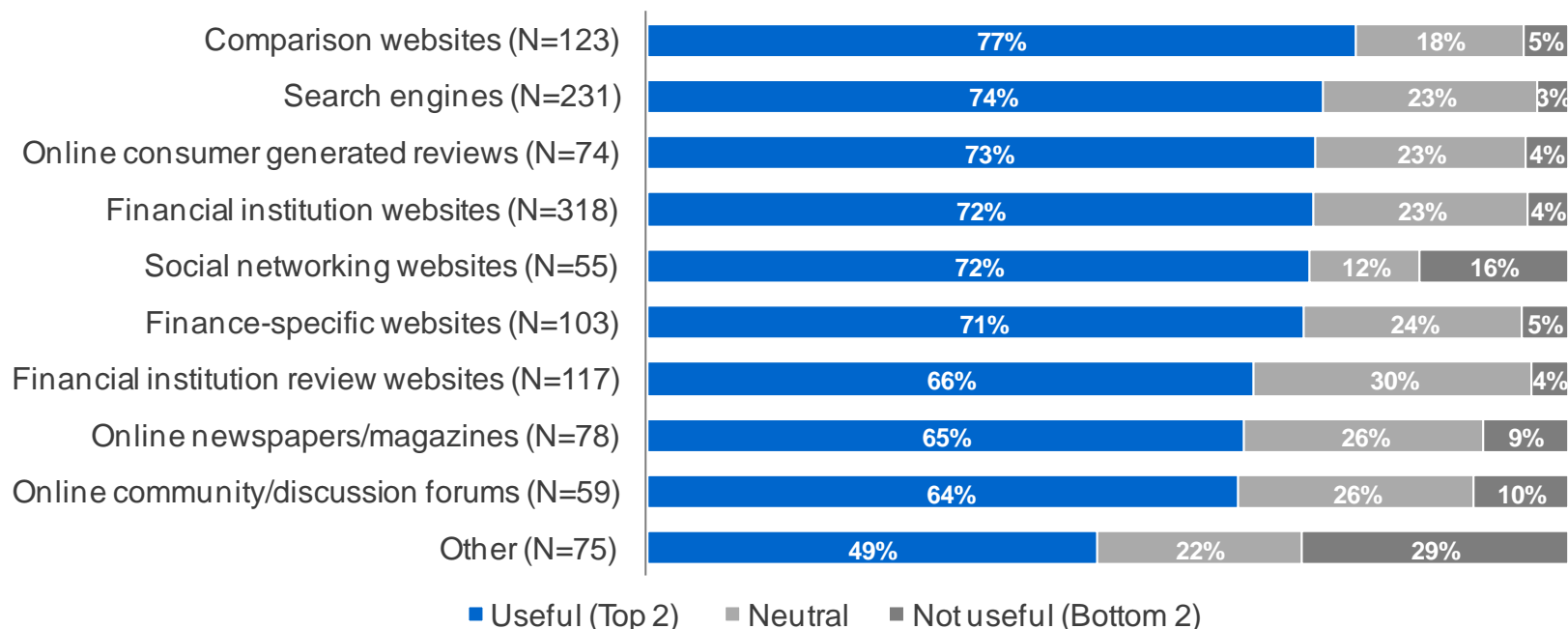
Online Resources Used by Online Shoppers
(Respondents Who Researched Brokerage Accounts Online, N=550)



Q2. Specifically, which of the following online sources did you use to research this brokerage account? Please select all that apply. (Base: N=550)

...74% of These Users Indicated That Search Engines Were Useful

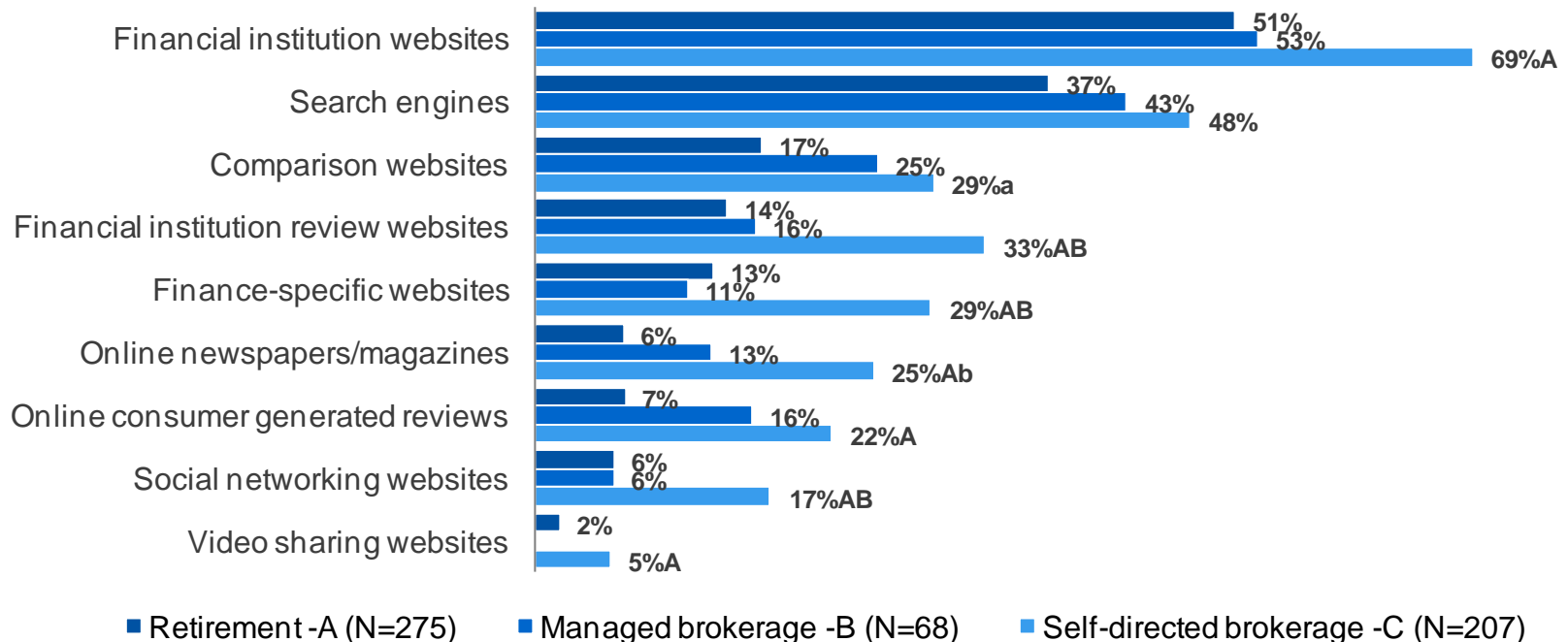
Usefulness of Utilized Online Resources
(Respondents Who Used Specific Online Resources, N=550)



Q3. Please indicate how useful each of the following sources were as you researched this brokerage account. Please select a response for each source. (Base: N=550)

Self-Directed Brokerage Shoppers Used More Online Resources for Research

Online Resources Used by Online Shoppers
(Respondents Who Researched Brokerage Accounts Online, N=550)

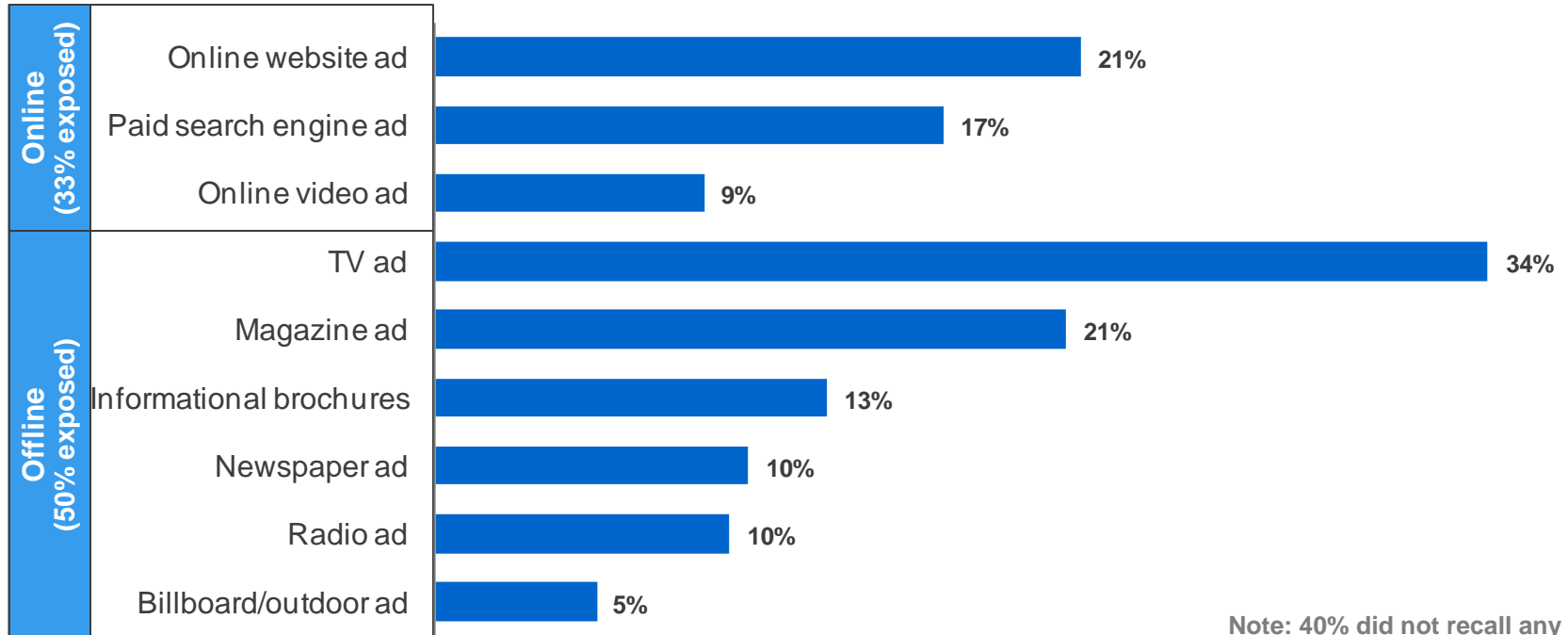


Q2. Specifically, which of the following online sources did you use to research this brokerage account? Please select all that apply. (Base: N=550)

TV Ads Recalled By Largest Share of Shoppers

While TV can be used to reach a wide audience for awareness, including website ads in marketing campaigns could also result in high brand recall

Ads Recalled by Online Shoppers
(Respondents Who Researched Brokerage Accounts Online, N=550)

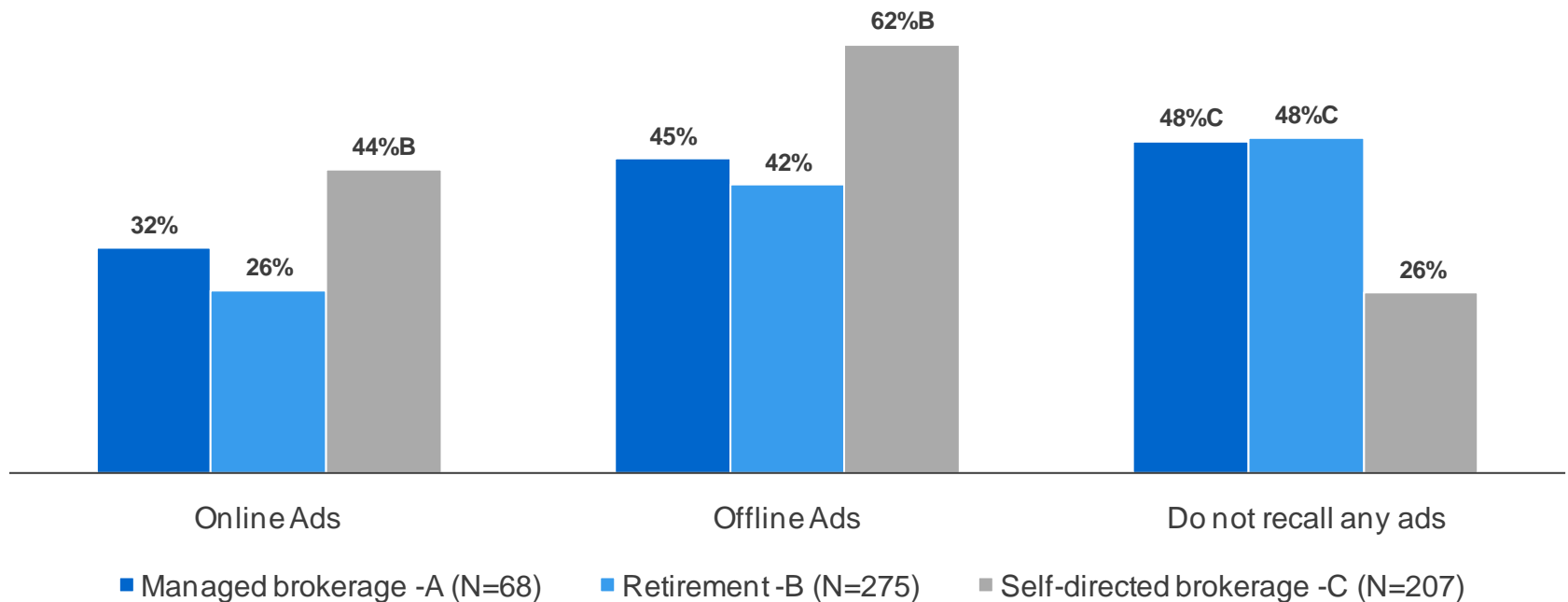


Note: 40% did not recall any ad

Opportunity to Increase Shopper Exposure to Ads, Especially Online

Almost half of managed brokerage and retirement account shoppers did not recall any ad

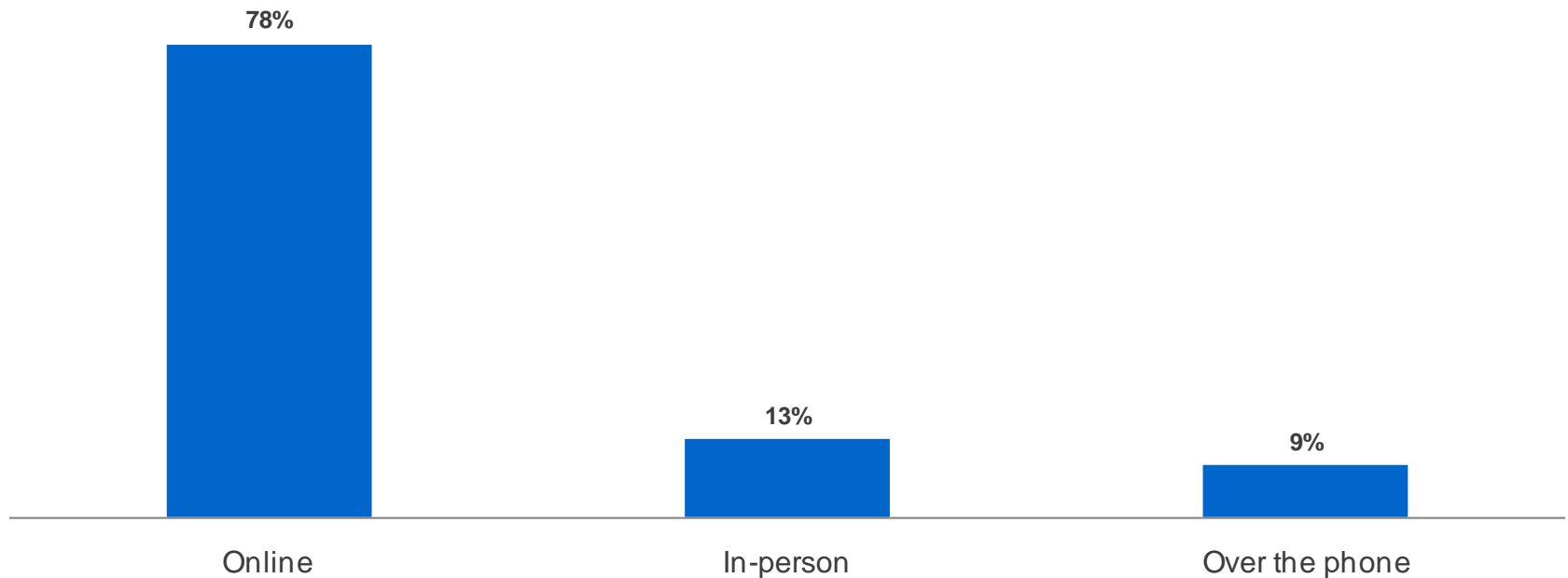
Ads Recalled by Online Shoppers
(Respondents Who Researched Brokerage Accounts Online, N=550)



78% of Shoppers Applied Online

For every 10 online shoppers who applied online, 3 additionally applied offline

Application Channel
(Respondents Who Applied, N=223)

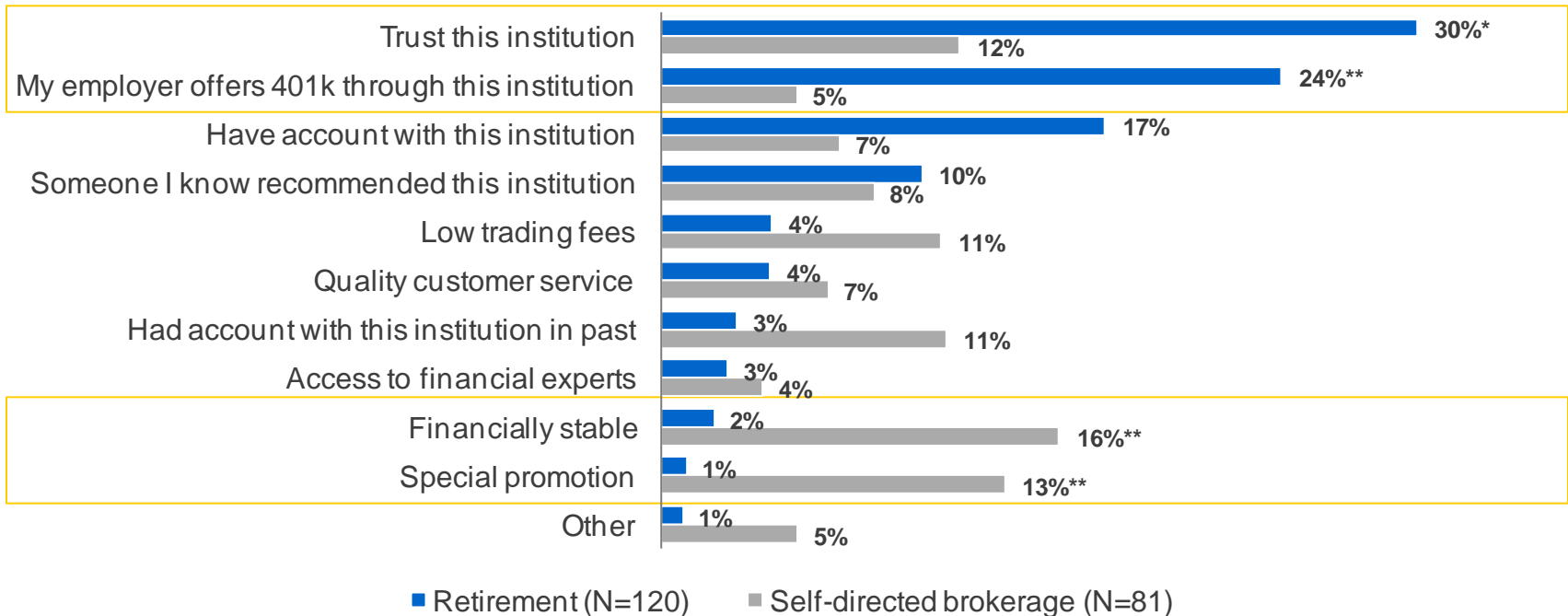


Q6. How did you open your most recently researched brokerage account? Please select one answer only. (Base: N=223)

“Trust” Most Important Decision Criterion For Retirement Applicants

Financial stability and promotions were important decision criteria for self-directed brokerage applicants

Reasons to Choose Institution (Respondents Who Applied, N=201)

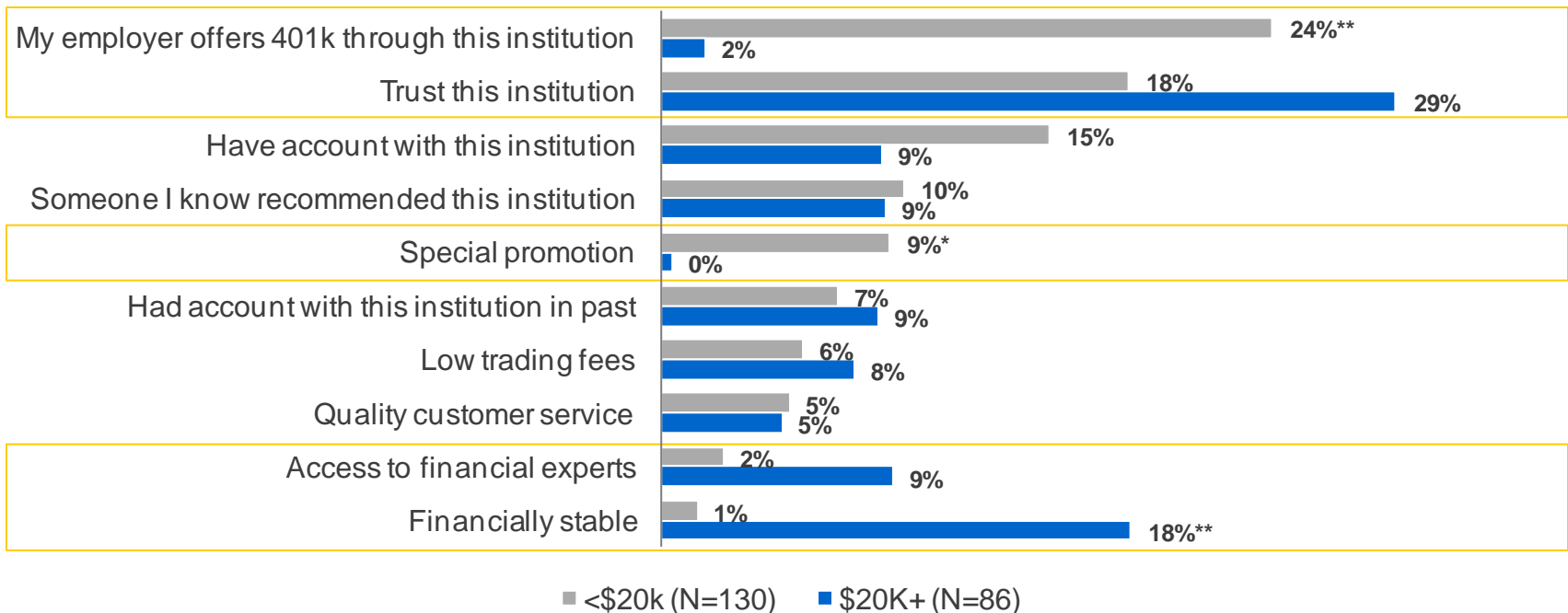


Q15. Which of the following best describes why you chose to open your brokerage account with the financial institution? Please select one answer only. (Base: N=201)

“Stability” and “Trust” Most Important Criteria For Applicants Maintaining High Balances

Institutions should use marketing messages to enhance trust and stability image of their institution

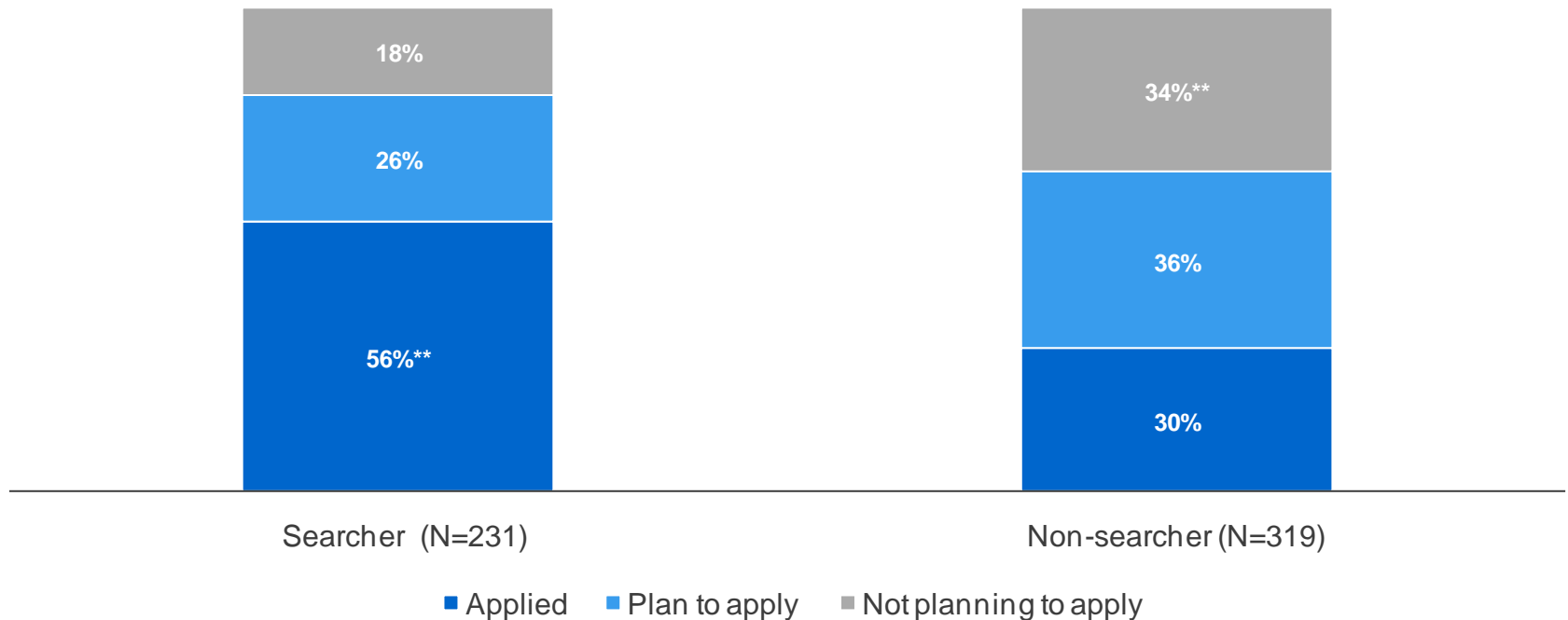
Reasons to Choose Institution (Respondents Who Applied, N=216)



Q15. Which of the following best describes why you chose to open your brokerage account with the financial institution? Please select one answer only. (Base: N=216)

Searchers ~2 Times More Likely to Apply Than Non-Searchers

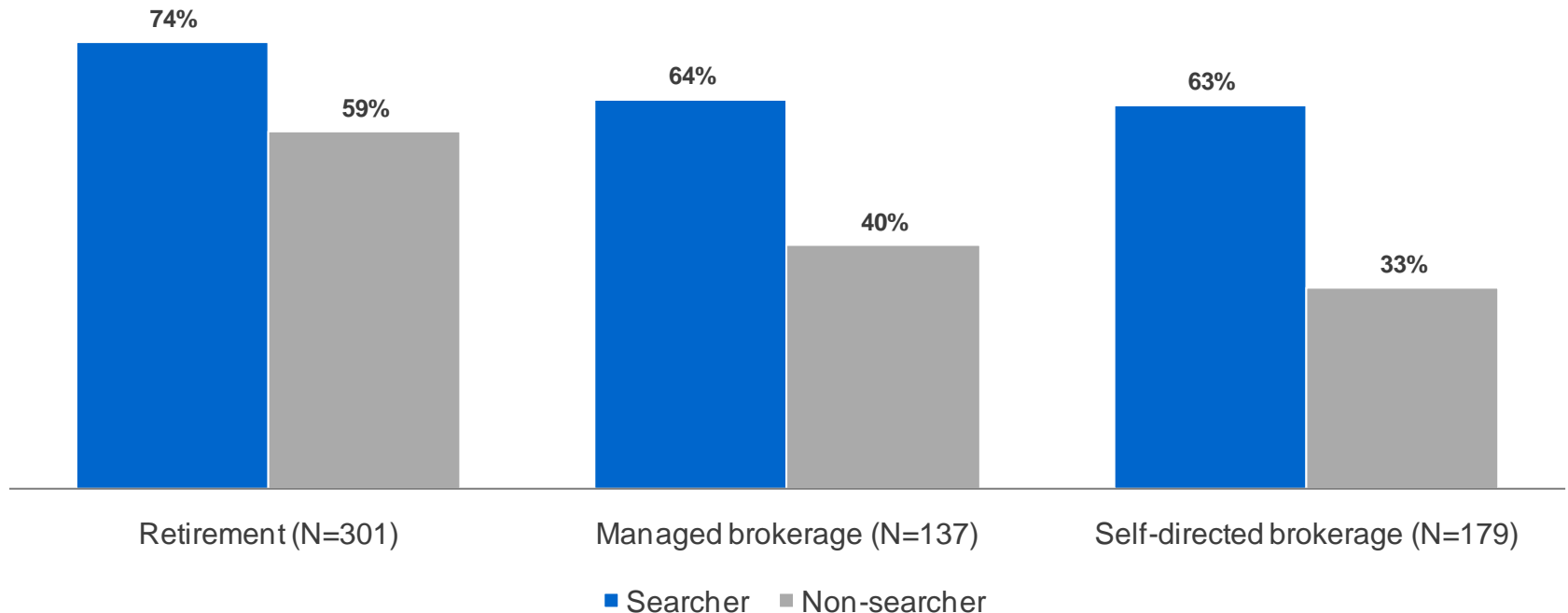
Application Rate by Searchers versus Non-Searchers
(Searcher versus Non-Searcher Respondents Who Researched Online, N=550)



Q5. Did you open your most recently researched brokerage account with a financial institution? Please select one answer only. (Base: N=550)

Searchers 1.2-1.9 Times More Likely to Maintain \$20k+ Account Balance

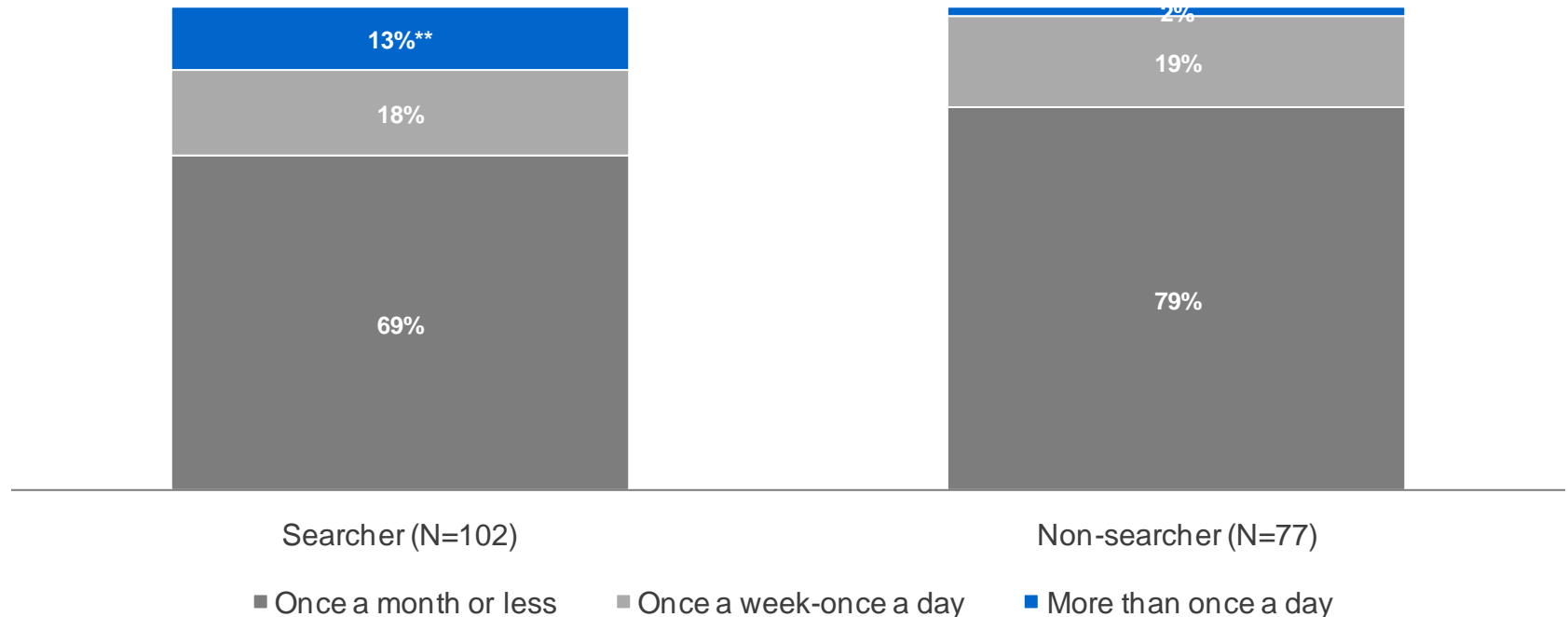
Share of Searchers versus Non-Searchers With \$20k+ Account Balance
(Respondents Who Already Had Specific Accounts, N=550)



Q20. What is the typical balance of your account? (Base: N=550)

Searchers 7 Times More Likely to Perform 1+ Transactions Per Day

Transaction Frequency by Searchers versus Non-Searchers
(Respondents Who Have Self-Directed Brokerage Account, N=179)

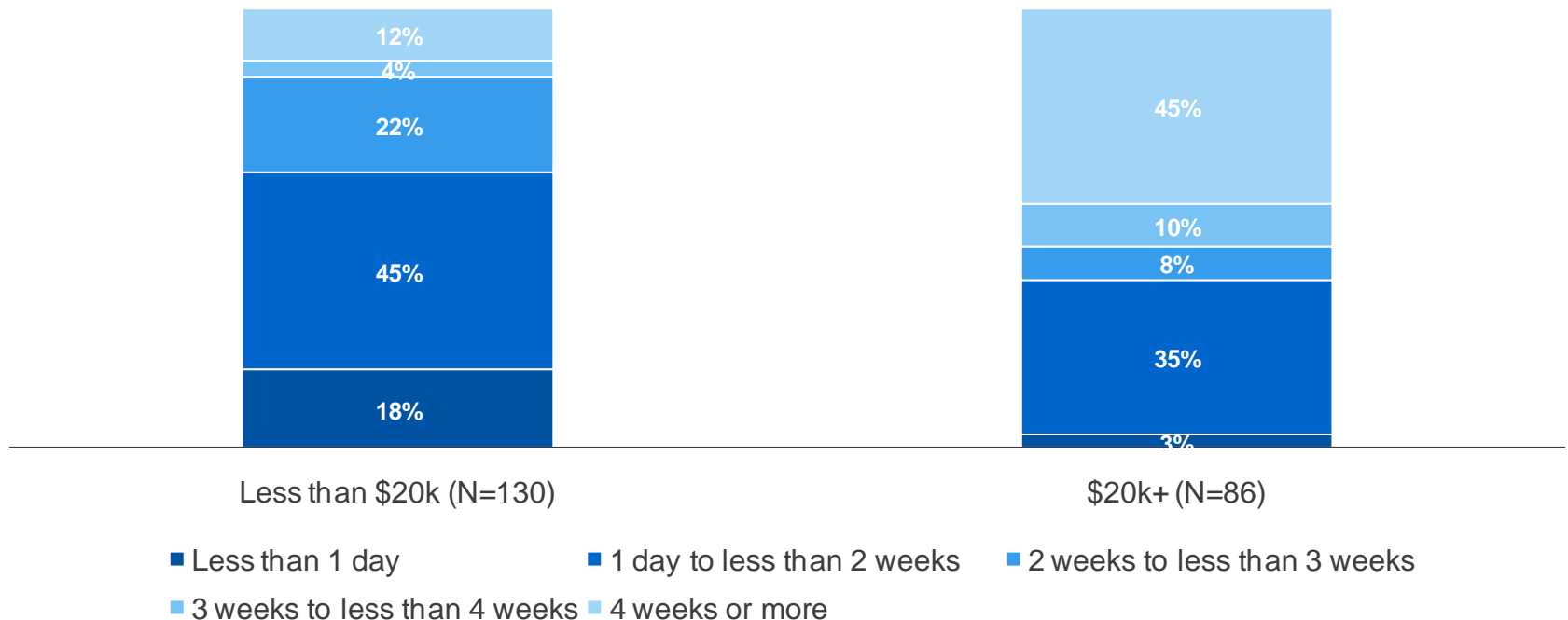


Q21 How often do you, or someone on your behalf, perform transactions (buy or sell stock, stock options, etc.) on your self-directed brokerage account(s)? (Base: N=179)

Research Time Increases with Account Balance

When planning, applicants with larger balances took more time to ensure that they were picking the best institution

**Account Balance Maintained by Research Duration
(Respondents Who Applied, N=216)**



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