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



## Key Takeaways

# Key Takeaways

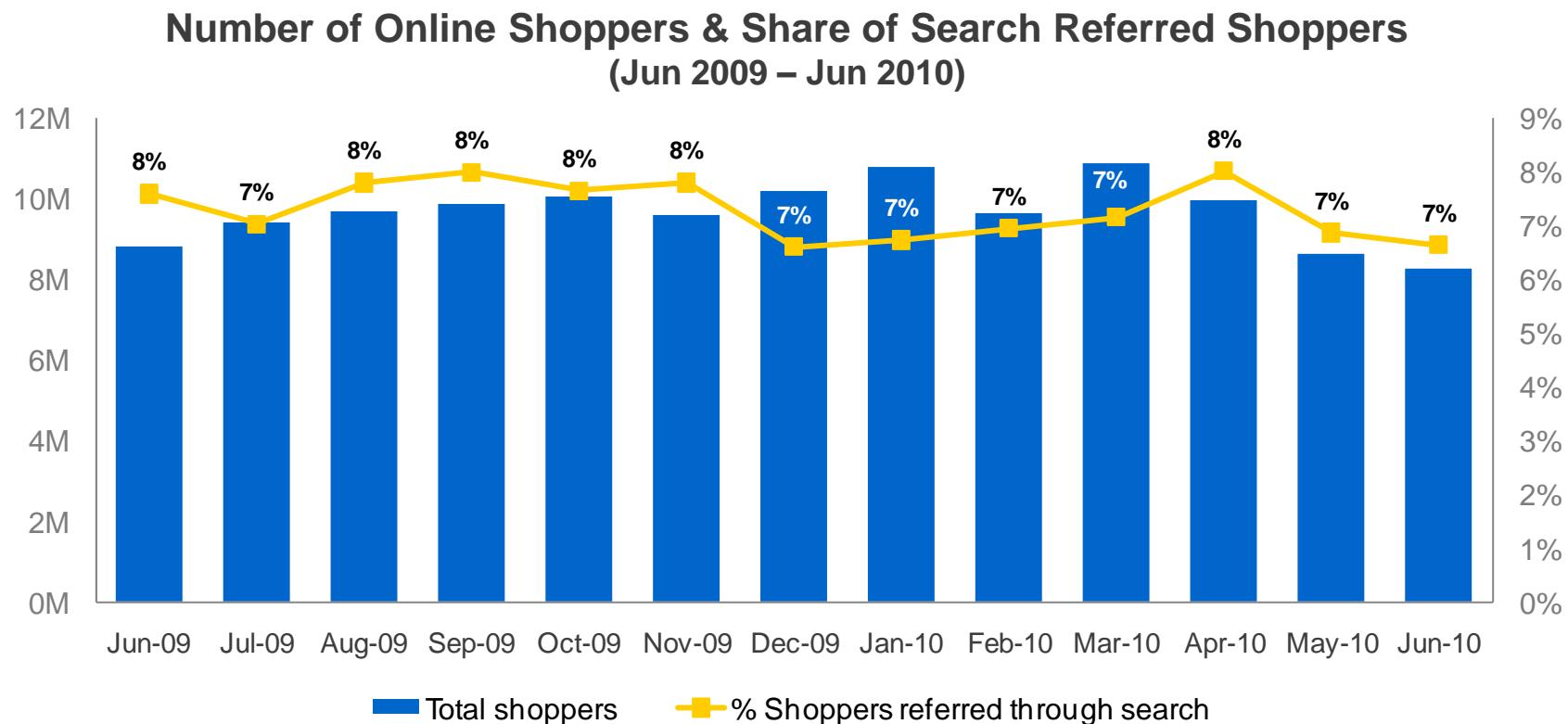
- Online shopping activity was an important contributor to offline applications
  - For every 10 online shoppers who applied online, 3 additional online shoppers applied offline
- Online brokerage account shoppers who utilized search were more valuable than those who did not
  - Searchers were 2X more 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

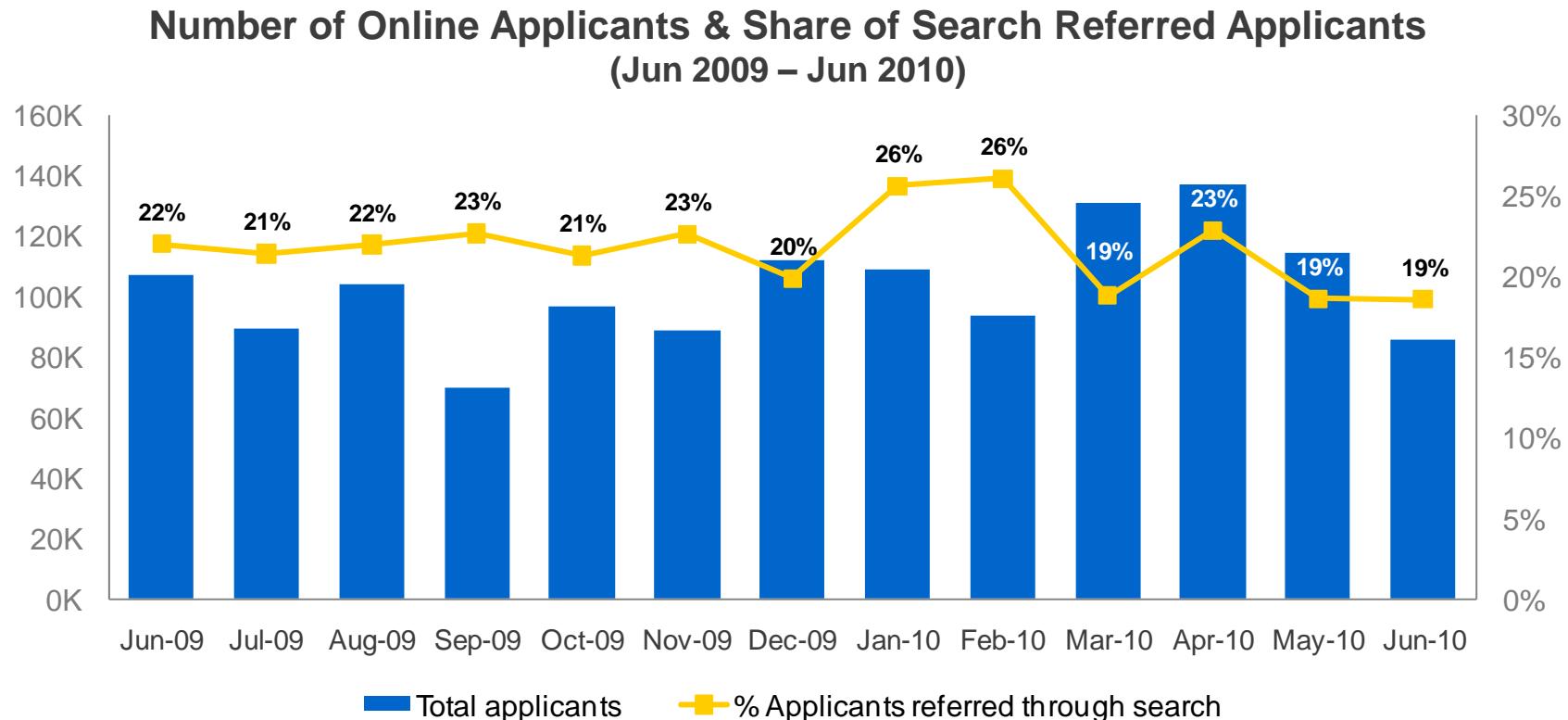
# Monthly Online Shopper Volume Remained Steady at ~10M

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



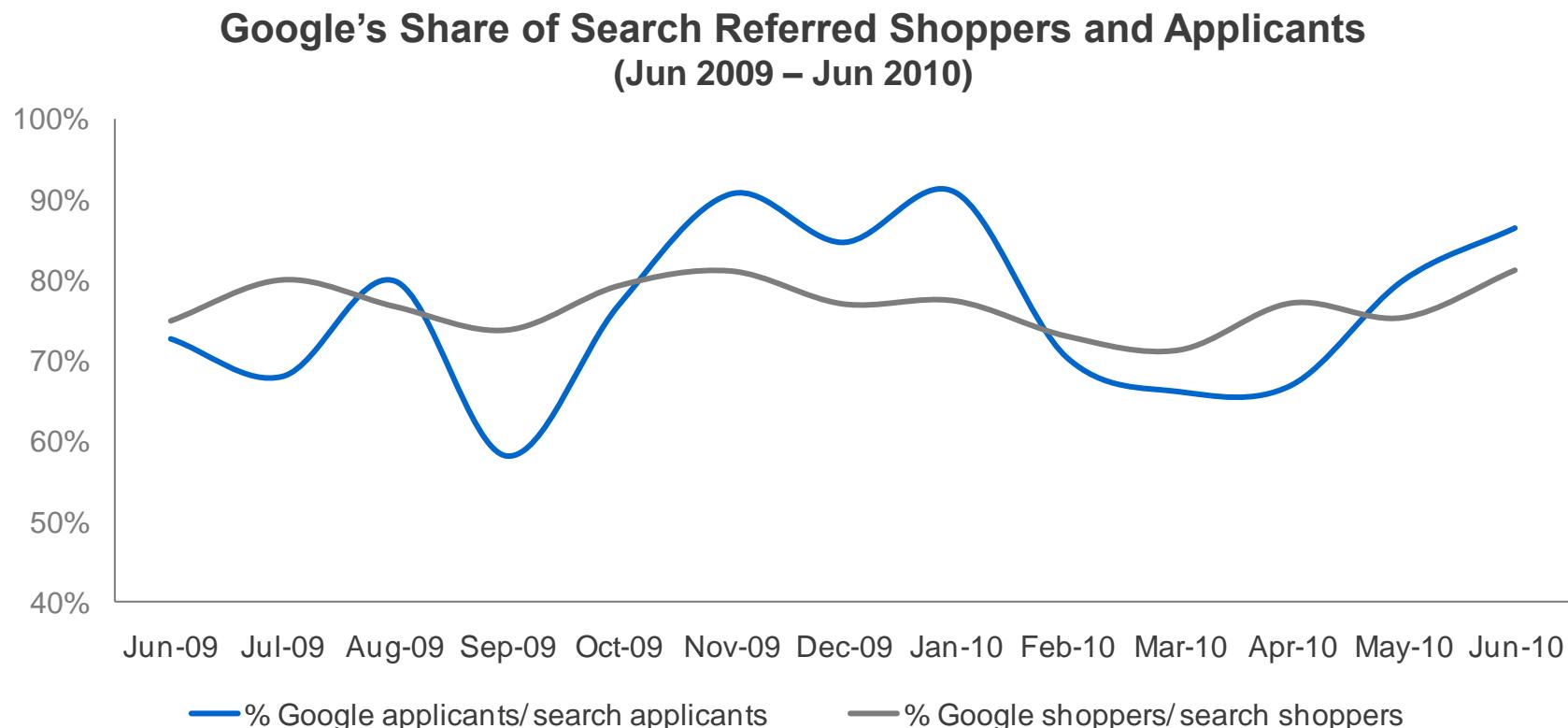
# On Average, 22% of Applicants Were Search Referred

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



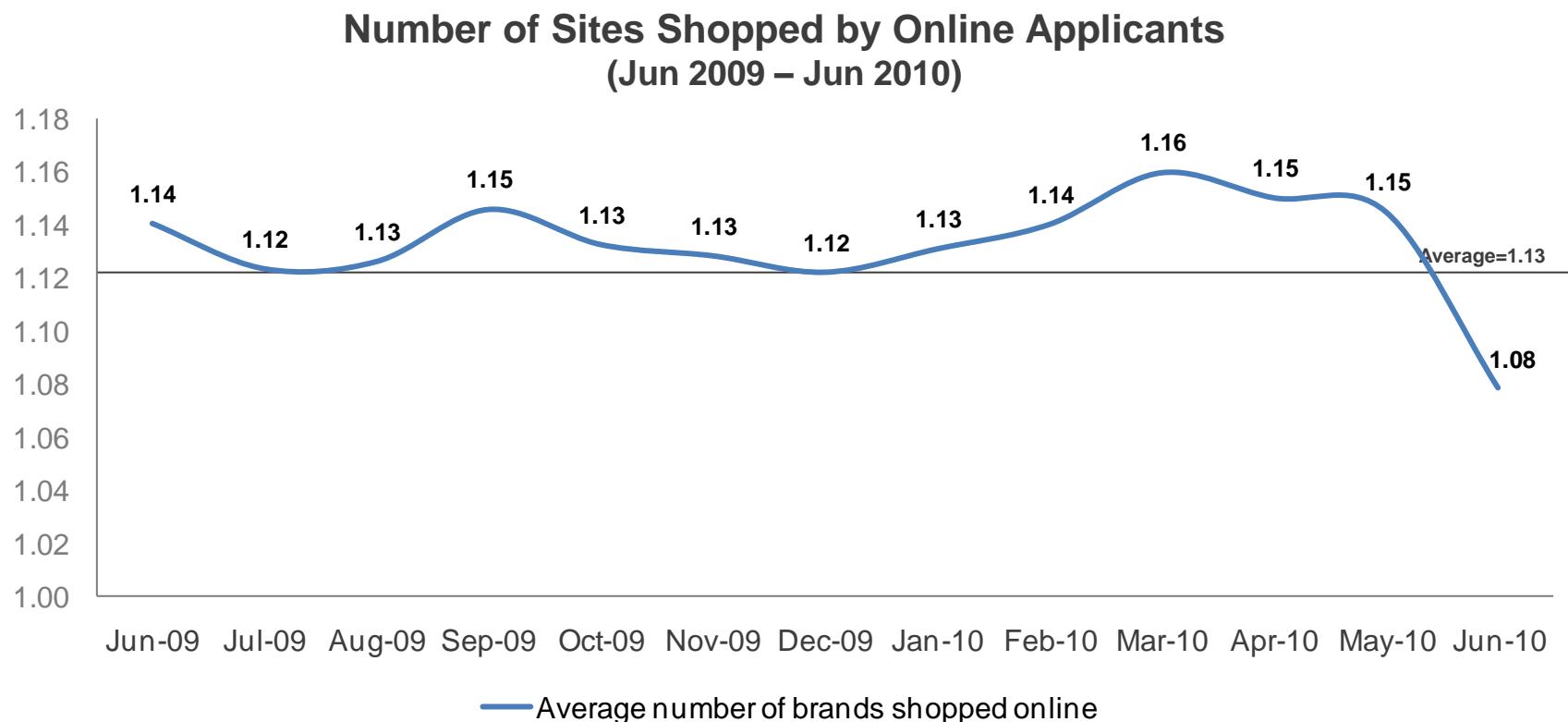
# Year-over-Year Share of Google Referred Applicants Rose

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



# On Average, Applicants Considered 1.13 Brands

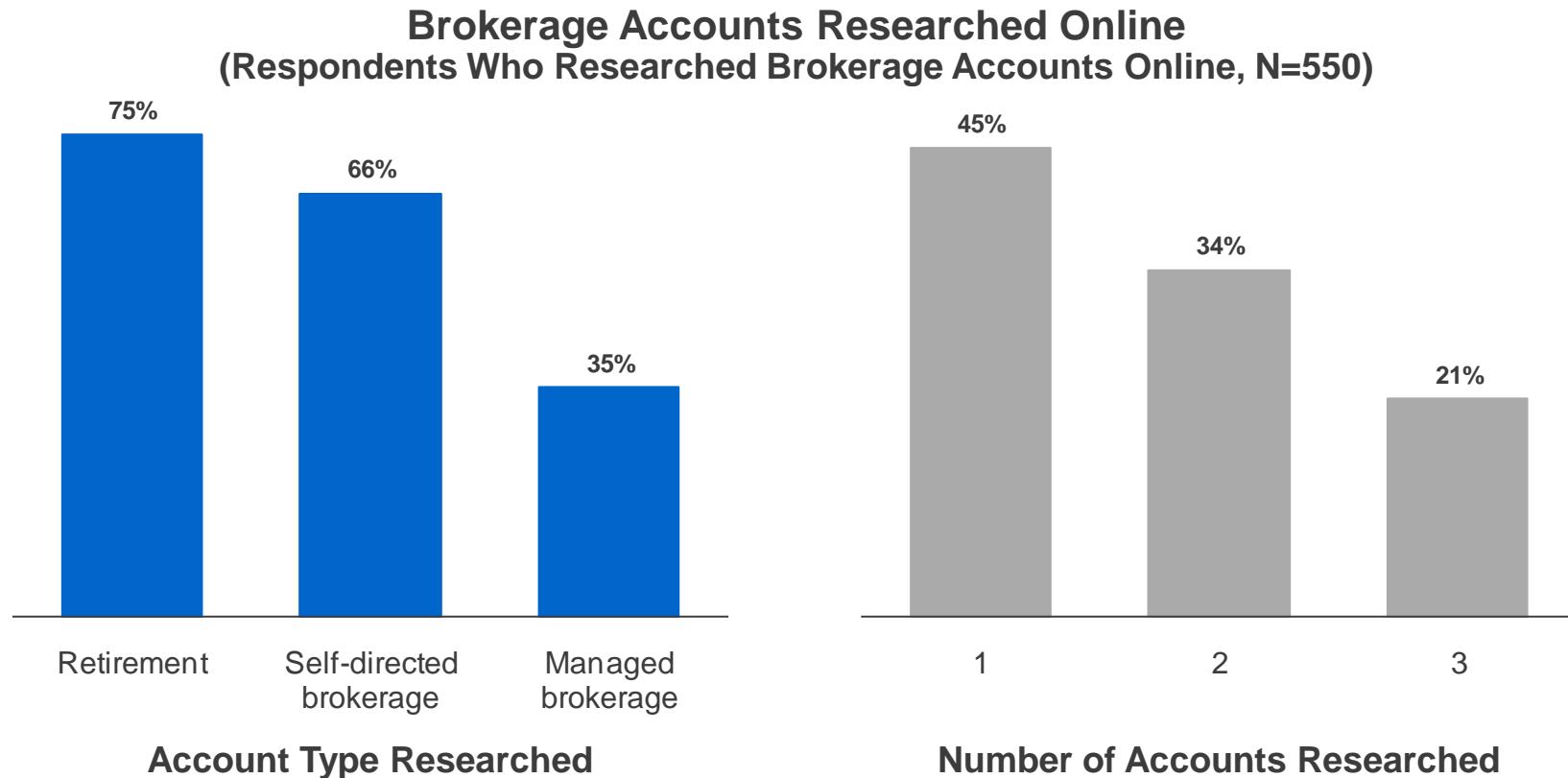
Number of brands considered has remained fairly constant





## Applicant Channel Usage and Preferences

# 55% of Shoppers Researched Multiple Types of Brokerage Accounts

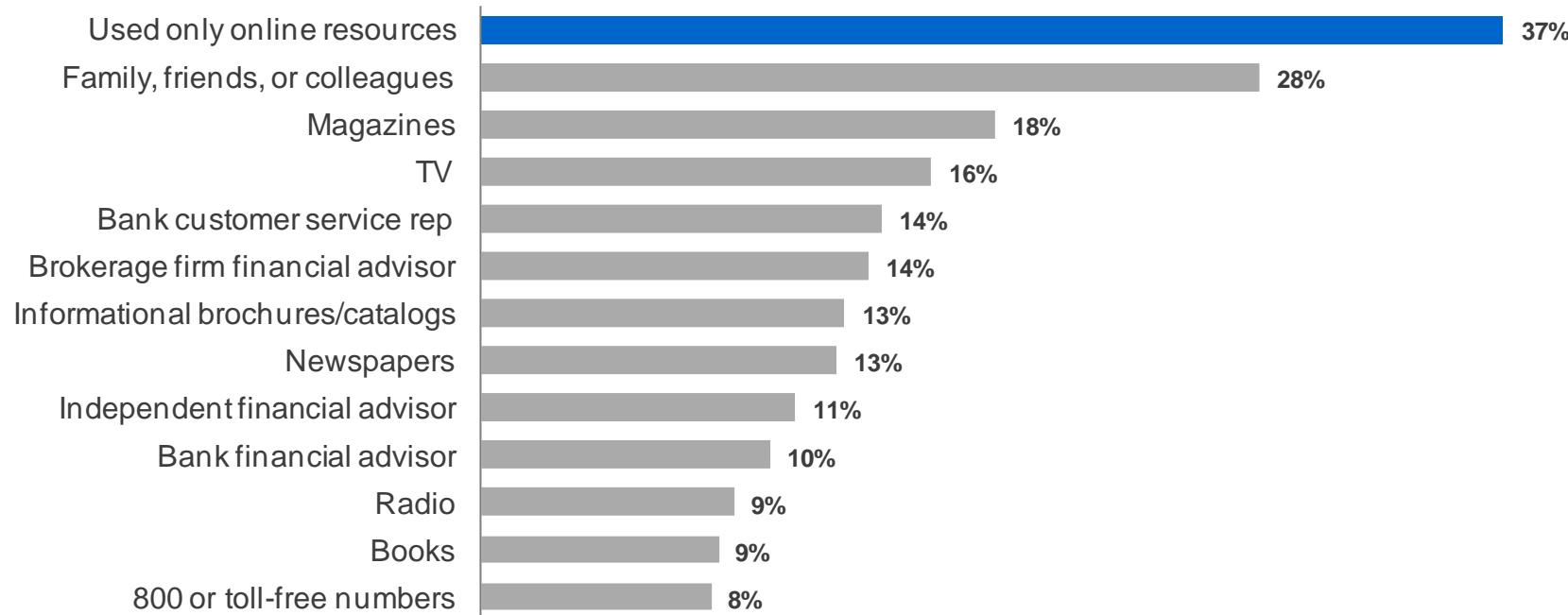


S3. Which, if any, of the following types of brokerage accounts have you researched online in the past 6 months? Please select all that apply. (Base: N=550)

# 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

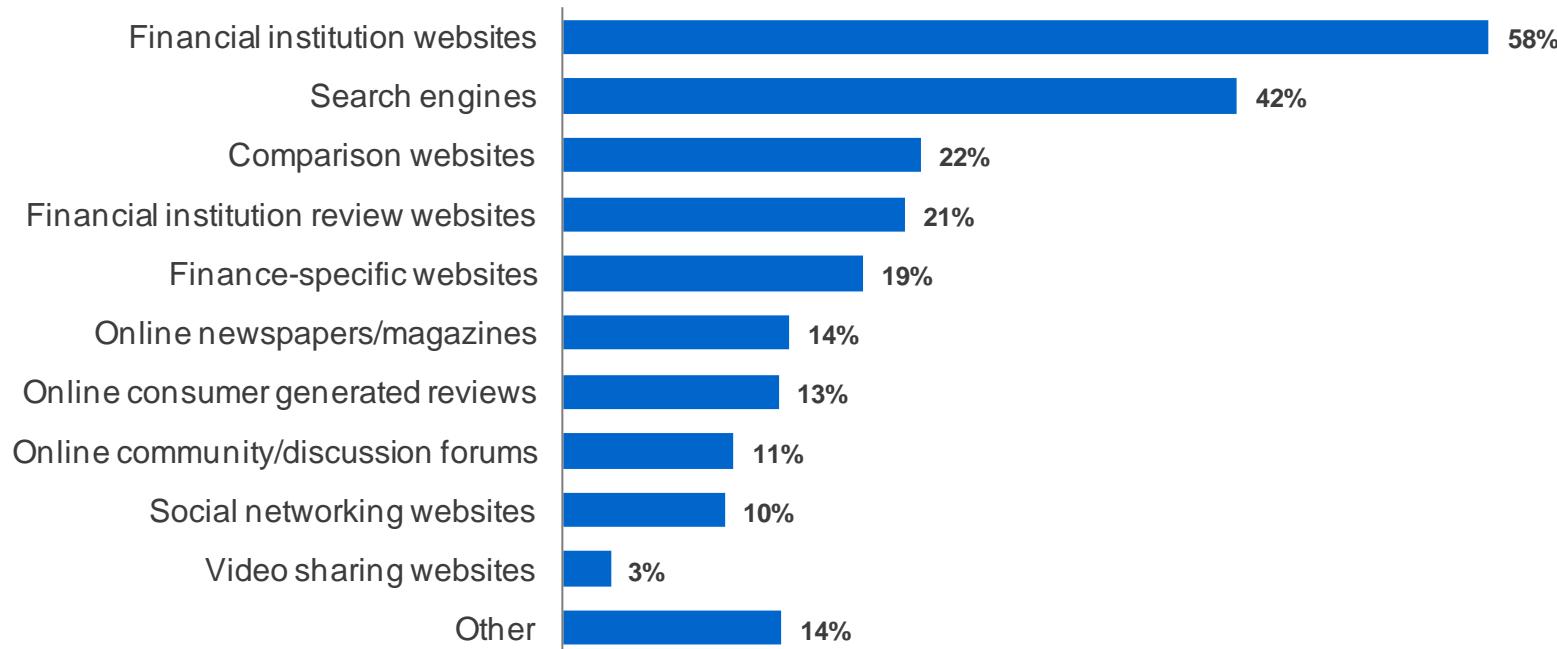
**Offline Resources Used by Online Shoppers**  
(Respondents Who Researched Brokerage Accounts Online, N=550)



# 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

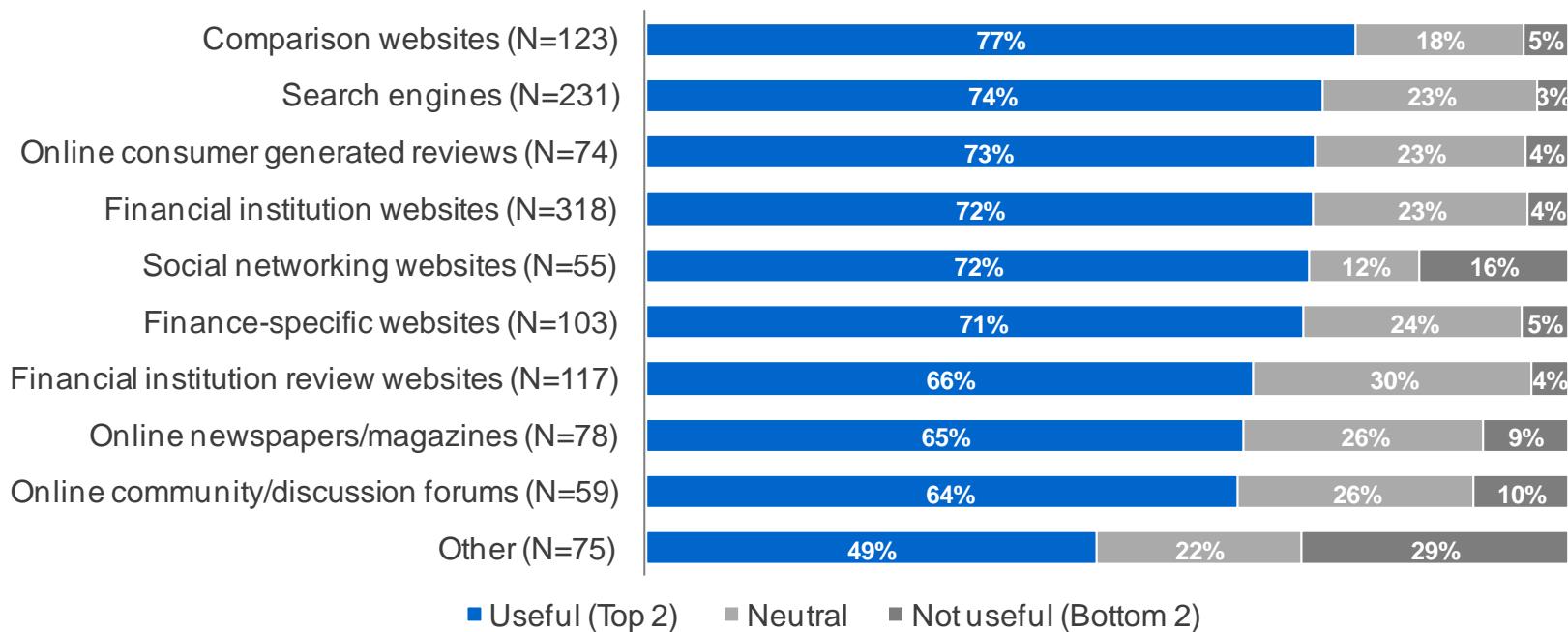
**Online Resources Used by Online Shoppers**  
(Respondents Who Researched Brokerage Accounts Online, N=550)



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

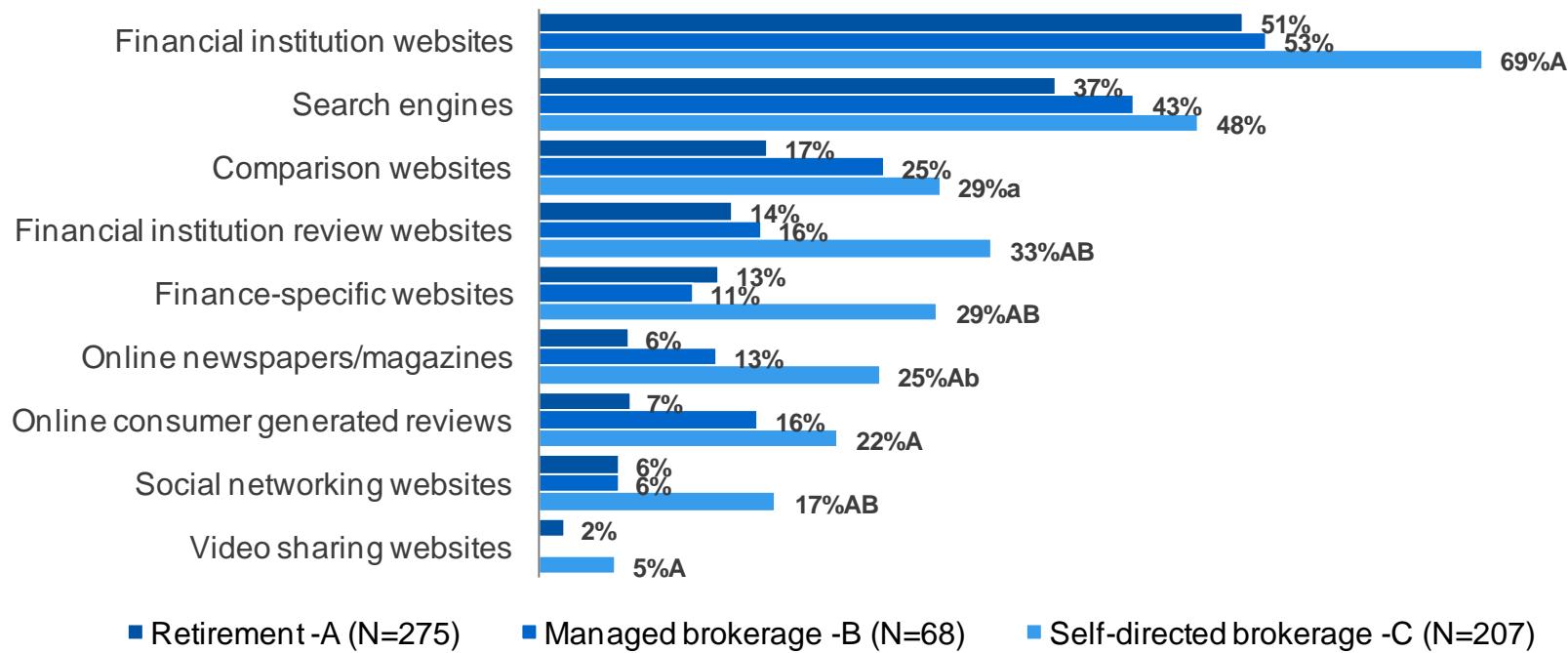
**Usefulness of Utilized Online Resources**  
(Respondents Who Used Specific Online Resources, N=550)



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

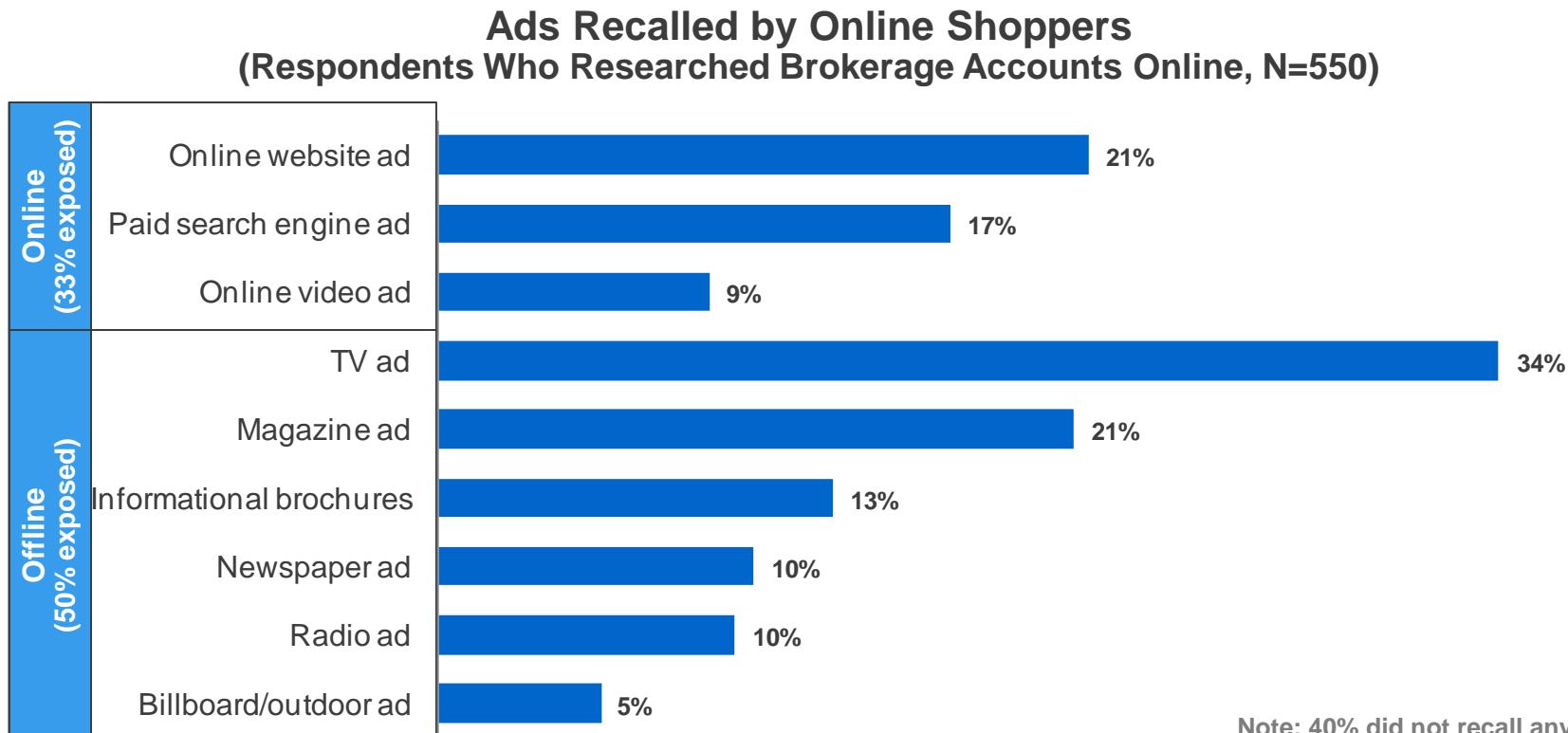
**Online Resources Used by Online Shoppers**  
(Respondents Who Researched Brokerage Accounts Online, N=550)



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

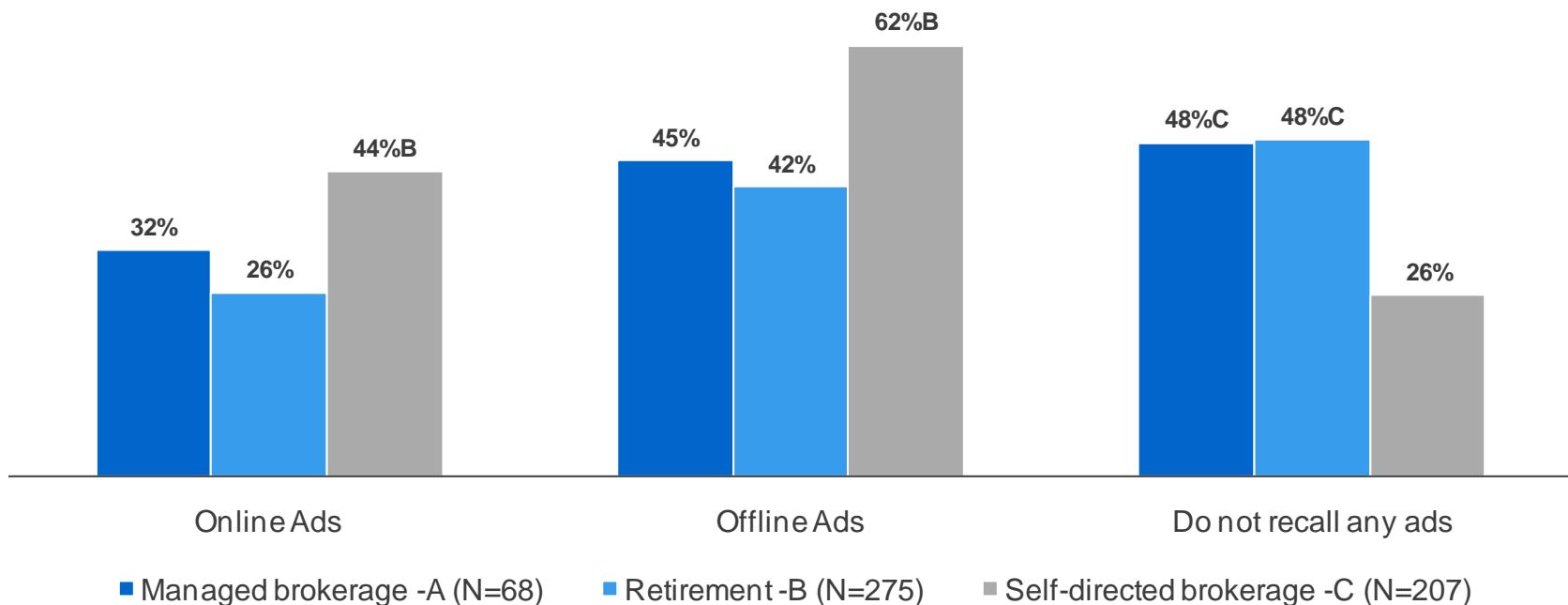
While TV can be used to reach a wide audience for awareness, including website ads in marketing campaigns could also result in high brand recall



# Opportunity to Increase Shopper Exposure to Ads, Especially Online

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

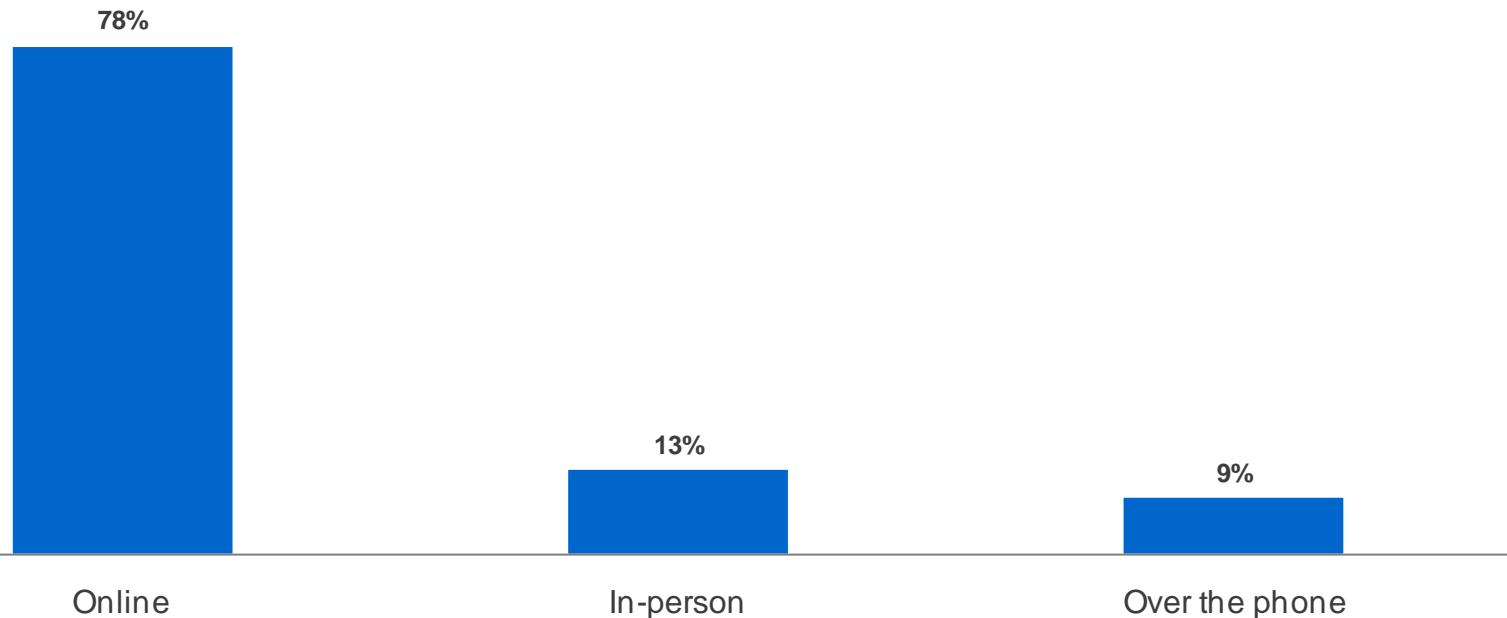
**Ads Recalled by Online Shoppers**  
(Respondents Who Researched Brokerage Accounts Online, N=550)



# 78% of Shoppers Applied Online

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

**Application Channel**  
(Respondents Who Applied, N=223)

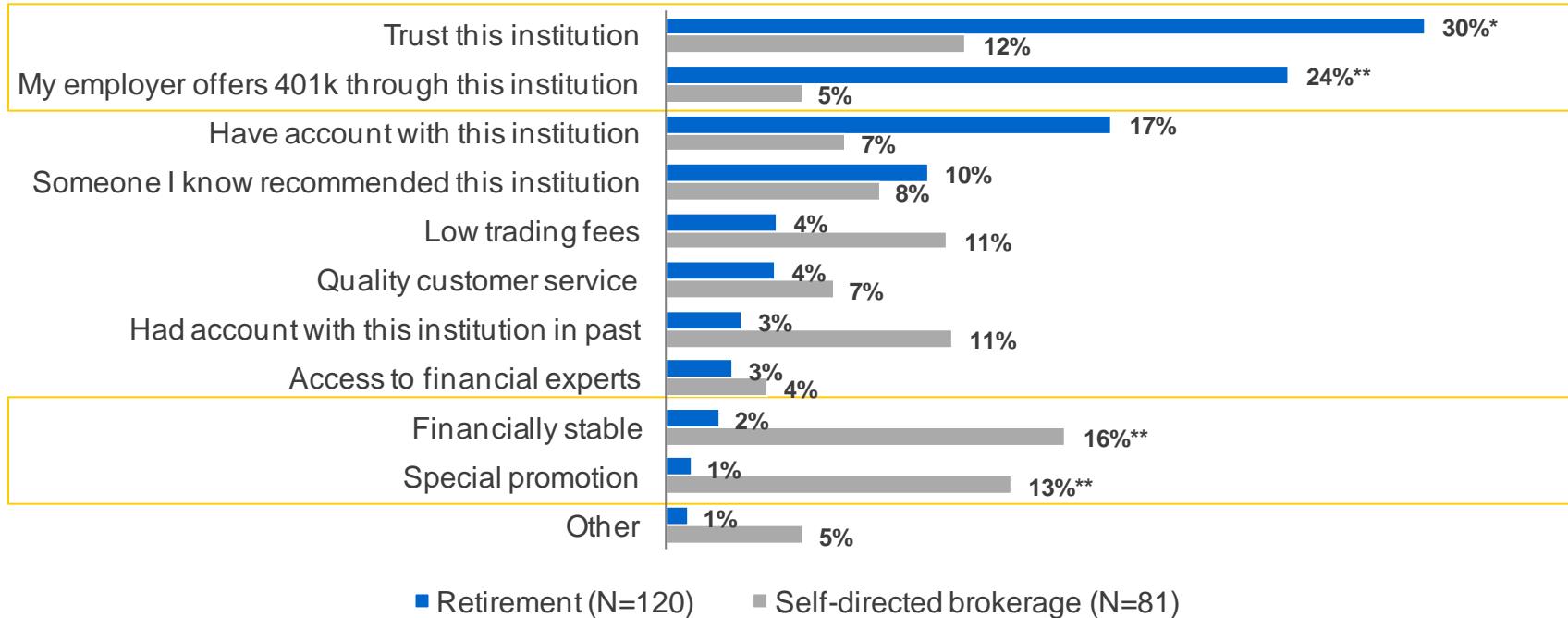


Q6. How did you open your most recently researched brokerage account? Please select one answer only. (Base: N=223)

# “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)

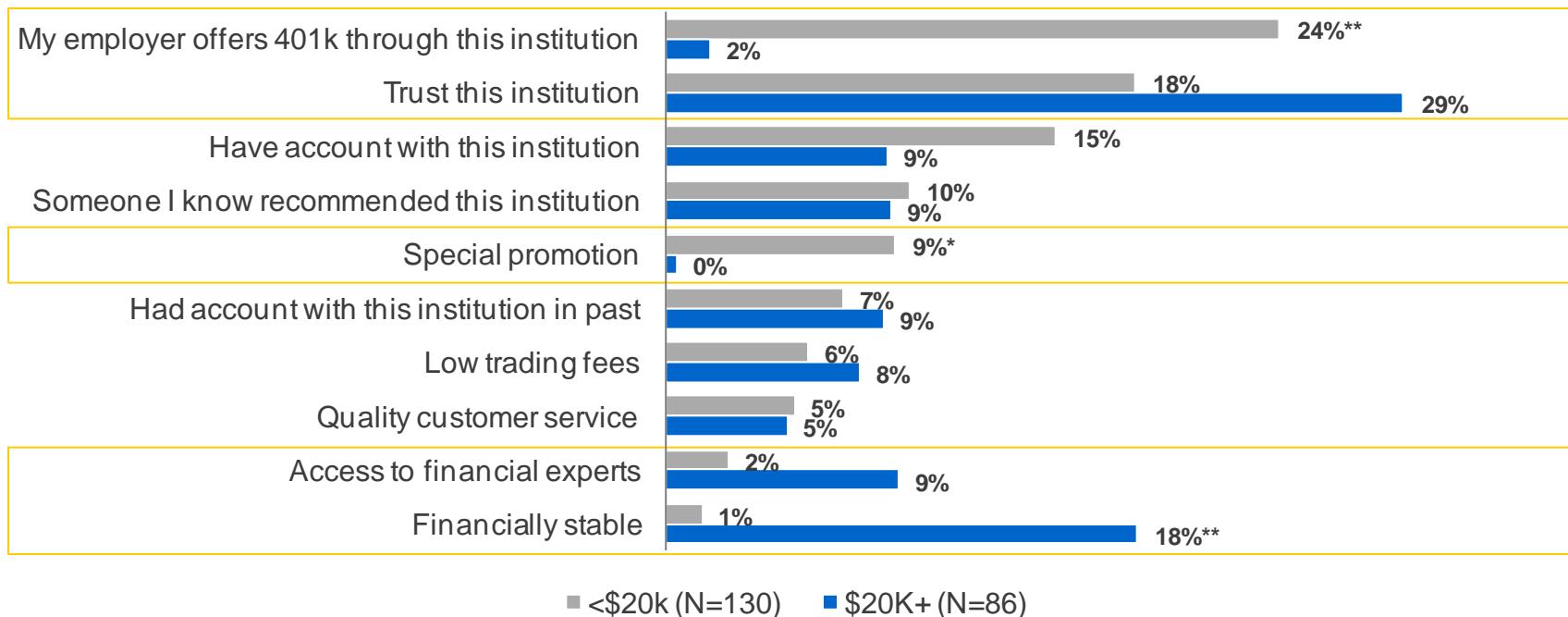


Q15. Which of the following best describes why you chose to open your brokerage account with the financial institution? Please select one answer only. (Base: N=201)

# “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

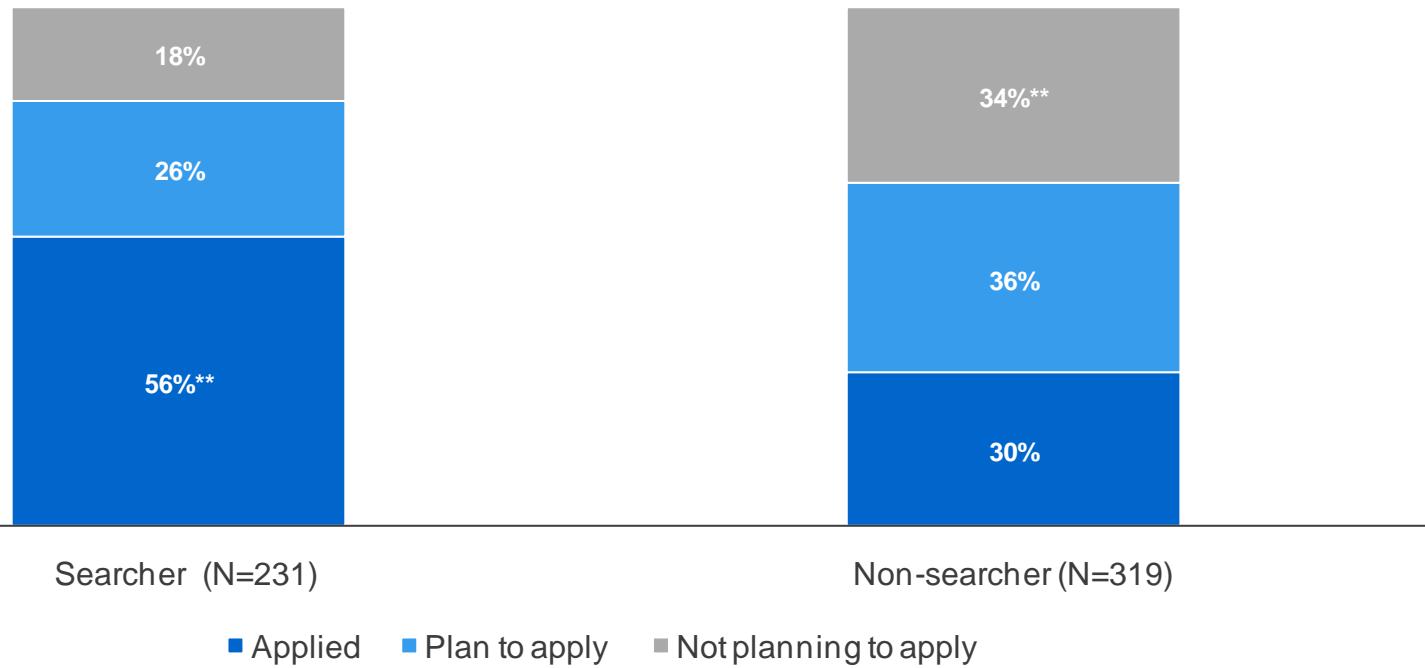
**Reasons to Choose Institution**  
(Respondents Who Applied, N=216)



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

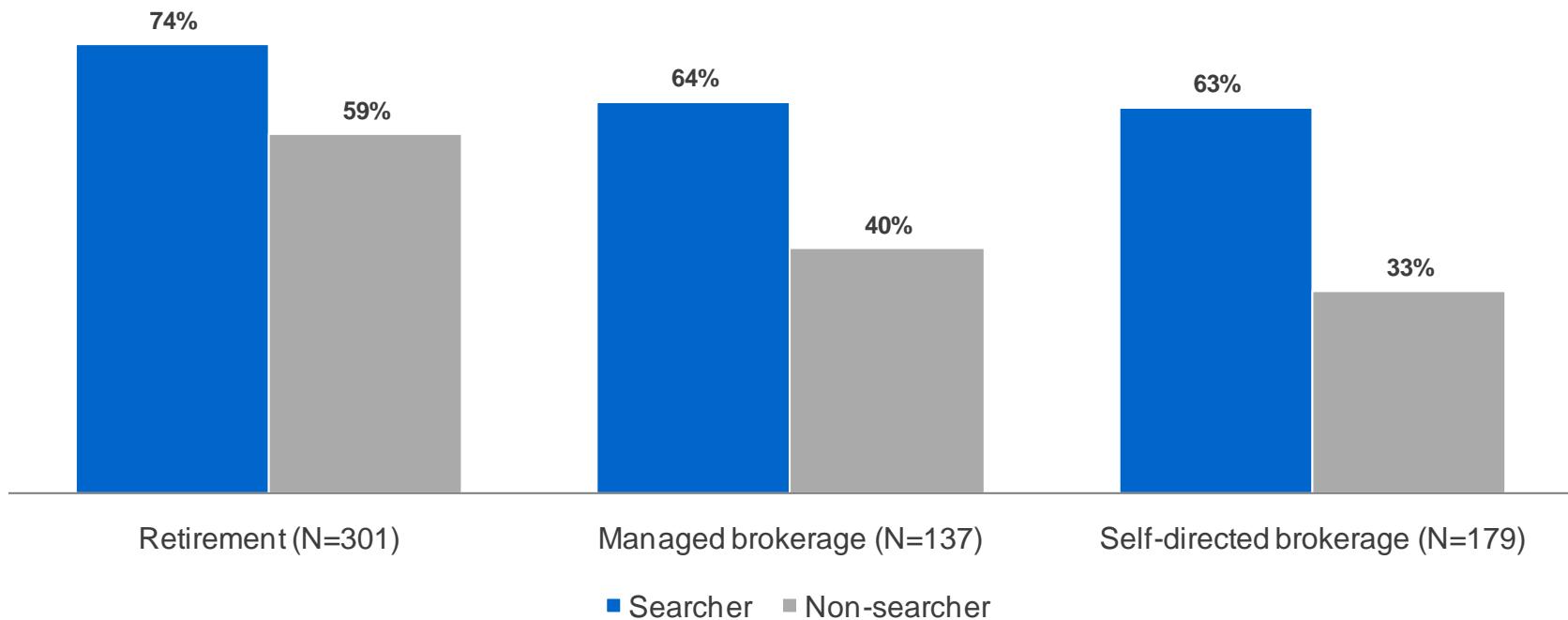
**Application Rate by Searchers versus Non-Searchers**  
(Searcher versus Non-Searcher Respondents Who Researched Online, N=550)



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

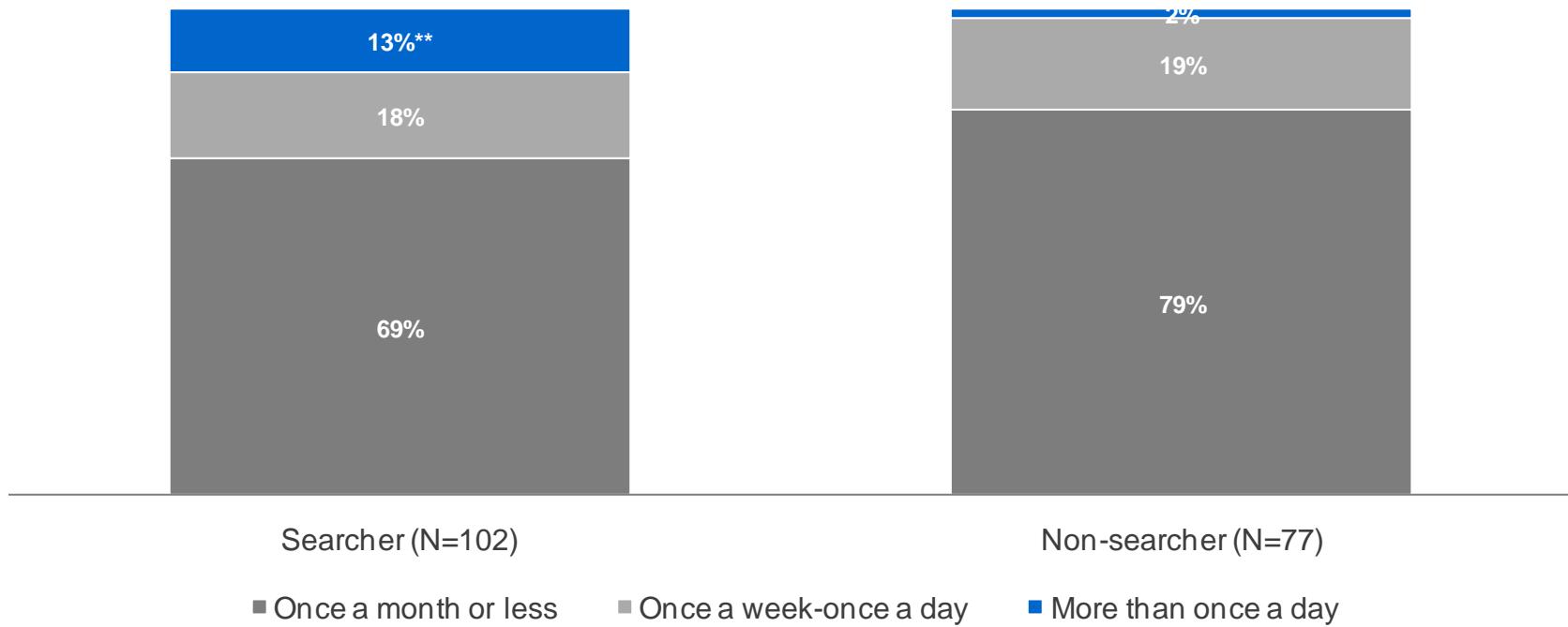
**Share of Searchers versus Non-Searchers With \$20k+ Account Balance**  
(Respondents Who Already Had Specific Accounts, N=550)



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)

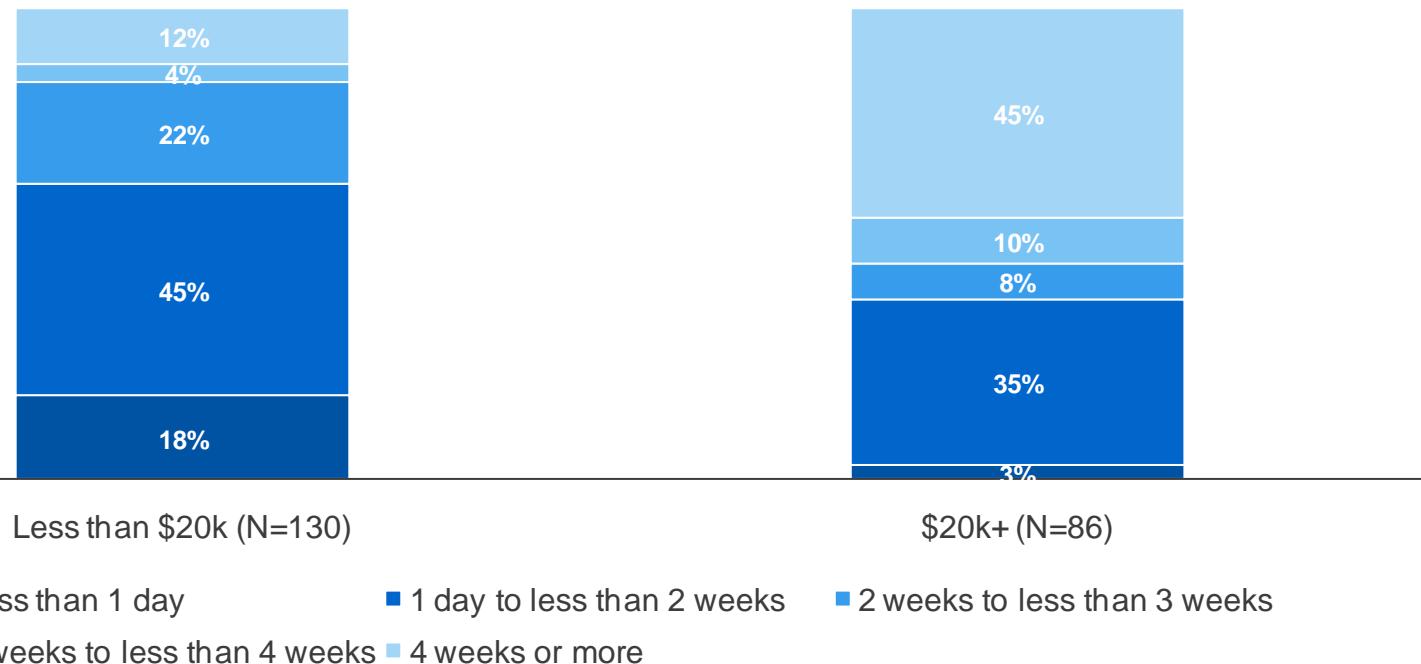


Q21 How often do you, or someone on your behalf, perform transactions (buy or sell stock, stock options, etc.) on your self-directed brokerage account(s)? (Base: N=179)

# 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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