

# NavigatorInsights

## Why It's Time to Stop Reading About Robo Advisors



It's always a good idea to evaluate your industry's competitive landscape. You'll probably learn a lot in the process and might gain a competitive advantage over your peers. However, rather than just reading about the robos from third party sources, it's important to do some first-hand research for yourself to truly understand the value proposition of online automated financial advice platforms. Below is a list of automated financial advice platforms to visit that provide a good snapshot of the players in the space and might also provide some helpful tips for online marketing for your practice.

### **Robo Sites to Visit:**

[SigFig](#), [Betterment](#), [LearnVest](#), [Wealthfront](#), [Personal Capital](#)

As you visit these sites, take note of the following characteristics that the robos share:

**Visuals:** The sites have a clean design and limit the number of links so that they can guide the visitor to take action by either learning more or signing up.

**Language:** The web sites use positive language delivered in a results-oriented fashion. They seek to help visitors feel smart and in control of their finances, and you don't need a degree in finance to understand what they are saying.

It's important to note that a 2014 Money Market Institute survey showed that the #1 thing high-net-worth clients wanted from financial advisors was help making smart decisions with their money.<sup>1</sup>

**Cost:** None of them hide from fees. In fact, they highlight them on their sites and often offer tiered service plans.



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## Why Do the Robos Warrant Attention?

### Consumption Habits Are Changing

Think about the last time you wanted to buy a car. Did you go straight to the lot or did you do some homework first, researching your options, prices and customer reviews?

According to HubSpot.com, “The trend can’t be ignored any longer: Buyers are more informed and self-sufficient than ever before. They can do all the research they want about a particular product or service on the company website, and even buy online if the option is available.”<sup>2</sup> The internet and the digitalization of information have given buyers more power than ever to access the information they want and to buy on their own terms when they are ready. The robos capitalize on their ability to provide customers what they want when they want it. However, they currently lack the ability to provide more sophisticated financial planning services and they certainly are not adept at talking clients off the ledge in difficult market environments.

### Trust in the Financial Services Industry Is Lacking

Is it possible for someone to trust a machine more than a human? Maybe, if the industry ranks at the bottom of the list of all industries in terms of trust. According to the 2015 [Edelman Trust Barometer](#) study, the financial services industry ranks at the bottom of the industry sector trust list, with only banks and the media being less trusted. Many clients have had bad experiences with advisors, but it is more likely that the media has played a part in promoting the negative impression that vexes our industry. The fact that asset managers have traditionally focused on product performance rather than specific client needs hasn’t helped. Our industry should see this as an opportunity to re-focus our efforts and become client centric. “Products are transient; basic needs and consumer groups endure forever... viewing businesses in terms of customer needs can suggest additional growth opportunities.”<sup>3</sup>

### The Robos Provide Ideas for Enhancing the Client Experience

Realistically, we will all read more articles about robo advisors, but it’s important do so after taking a look at the subject matter for ourselves. The world is embracing digital advancements in every industry, and by embracing new ideas, advisors just might uncover the next great idea and identify new opportunities. These are early days for robo advisors. As automated investment platforms continue to evolve, they may ultimately give rise to a more digitally savvy financial advisor. By combining human collaboration with cutting-edge technology, we may be able to increase the likelihood that clients reach their financial goals.

1. “Winning the Allegiance of Top Financial Advisors.” CEG Worldwide, 2014.
2. Snider, Emma. “1 Million B2B Sales Jobs Will Vanish by 2020.” March 3, 2015. (Retrieved from <http://blog.hubspot.com/marketing/sales-jobs-vanishing?> )
3. Kotler, Philip and Keller, Kevin Lane. *A Framework for Marketing Management*. New Jersey: Pearson Education, Inc., 2012, p. 22.
4. “Putting Investors First.” CFA Institute. (Retrieved from <http://www.cfainstitute.org/learning/future/investorsfirst/pages/index.aspx>)