



---

# WHITE PAPER: Can An App Generate Financial Planning Leads?

---

Dr. Lawrence J Gitman  
Managing Member  
PF Wiz, LLC  
[www.pfwiz.com](http://www.pfwiz.com)

# Contents

---

WHITE PAPER: Can An App Generate Financial Planning Leads?

The Problem: Connecting the Consumer to the Financial Planner ..... 1  
Research Study .....2-6  
Appendix.....7  
References.....8

## WHITE PAPER:

### Can An App Generate Financial Planning Leads?

#### **The Problem: Connecting the Consumer to the Financial Planner**

According to research performed by Rothstein Tauber<sup>1</sup>, a market research firm, 81% of consumers engage in online channel search before heading out to a store. In addition, they spend an average of 79 days gathering information before making a major purchase. While the purchase of a big-ticket item may seem different from selecting a financial planner, it provides support to the change in consumer purchase behavior from inperson to online. While researching a purchase has shifted from the tangible (inperson) to intangible (online) in the consumer's world, a similar shift is occurring in the world of financial planning. According to industry expert Michael Kitces<sup>2</sup>, professional financial planners need to adjust both the way they acquire customers and the way they deliver service to meet the changing needs of the consumer.

*“Over the past two decades, the world has begun its transition into the information/digital age. However, the progression has been uneven, and the world of computers is still far more integrated in some industries and professions than others. The pace of change is accelerating, though, and in the coming decade, it will be time for financial planning to enter the digital age, driven in large part by major demographic shifts, as more and more of Generation Y become the newest clients and newest staff members in firms that will increasingly be led not by baby boomers operating their traditional model, but by the more technology-inclined Generation X.”*

A feasible solution to connect the consumer to the financial planner in the digital space is via an app. Apps, short for applications, are small, specialized software programs, downloaded onto a mobile device to fulfill a particular purpose. The purpose in the case of connecting the consumer to the financial planner is to educate the consumer on the benefits of financial planning and financial planners.

## Research Study

---

**Purpose of the Study:** To determine if a smartphone/electronic tablet app can generate financial planning leads.

**Target Audience:** Emerging mass affluents, age 30-55 years, with total 2014 income greater than \$100K, who are **not** working with or using a professional financial advisor (such as a CFP®).

**Methodology:** A survey was administered, March 2015, by research firm Qualtrics, LLC, to a nationwide target audience. The questionnaire included three initial screener questions (age, total 2014 income, and whether or not the respondent was working with or using a professional financial advisor) and required respondents to download a free app [*Personal Financial Plan Wiz (PFP Wiz)*] from [www.pfwiz.com](http://www.pfwiz.com).

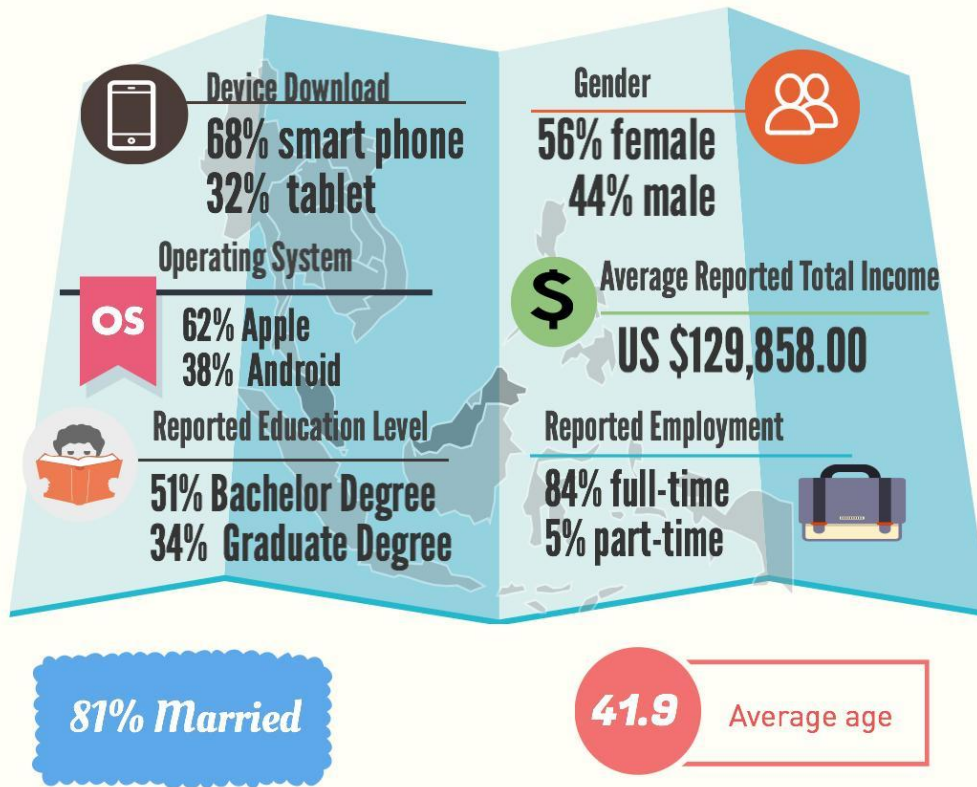
After downloading the app, respondents were asked to 1) populate and run the app, and 2) upload a screenshot of the app's "Results" screen to the survey instrument.

A total of 1,946 people responded. The respondents were eliminated sequentially as follows:

- 166 were eliminated because they were not in the 30-55 age range,
- 489 were eliminated because they did not have total 2014 income greater than \$100K,
- 881 were eliminated because they had a professional financial advisor,
- 160 were eliminated because the total contracted 250 completes was met, and
- 39 were eliminated because they uploaded invalid screen shots.

The remaining 211 completes that met the requirements were then asked to respond to an additional 18 questions that gathered additional respondent data and the respondent's experience with and opinions about the app. Finally, the key response data was used to estimate the app's referral rate.

# OVERVIEW: PROFILE OF APP RESPONDERS



## Survey Responder Details

*Age & Gender* - The average age of the 211 responders was 41.9 years. The gender breakdown was 56% females and 44% males.

*Marital Status* - Eighty-one percent of respondents reported their marital status as currently married, 7% were previously married, and 12% have never been married. Respondents had an average of 1.4 dependent children.

*Education* - Five percent of respondents reported a high school education, 11% had some college or an associate's degree, 51% had a bachelor's degree, and 34% had a graduate or professional degree.

*Employment Status* - Eighty-four percent of the respondents reported they were employed full-time, 5% were employed part-time, 1% was semi-retired, 1% was retired, and 9% were not employed.

*Retirement Assets/Age* - Apart from their homes and personal assets, respondents had an average value of their total investments (including retirement plans) of \$171,565. The average age of planned retirement for the respondents is 62.1 years.

## App Engagement

*Device* - Sixty-eight percent of respondents downloaded the app to a smartphone and 32% downloaded it to a tablet. An Apple product was used by 62% of respondents and the other 38% used an Android device.

*Activity* - On average, the respondents spent 10.6 minutes entering their information into the app. Forty-two percent of respondents performed "what if" analysis with the app and the remaining 58% did not. Forty-eight percent of the respondents emailed the *Financial Wiz Report* to themselves and the remaining 52% did not.

## Estimating the *PFP Wiz* App's Referral Rate

Based on the results, the following are the referral rate findings.

- 10.2% of the target population who populated the app would be referred to a professional financial advisor.
- 3.9% is the referral rate for the *total target population that is made aware of the app*.

## The Calculation Methodology

Of the target population (age 30-55, 2014 total income >\$100K, **not** working with a professional financial advisor), 56.1% made aware of the *PFP Wiz* app would have downloaded it.

Given that 67.4% of those who downloaded the app would have fully populated the app, then 37.8% ( $67.4\% \times 56.1\%$ ) of the target population who were aware of the app would have fully populated it. Given that 67.5% of those who populated the app are likely to achieve their life goals, about 32.5% ( $100.0\% - 67.5\%$ ) are not likely to achieve their goals. Given that 51.8% , of those who fully populated the app would consult a professional financial advisor, 19.6% ( $51.8\% \times 37.8\%$ ) of the target population are likely to consult a financial advisor.

The results indicated that 52.0% of the target population who would populate the app and are likely to consult a professional financial advisor would likely click on a link in the app that refers them to a financial advisor in their local area. Therefore 10.2% ( $52.0\% \times 19.6\%$ ) of the target population who populated the app would be referred to a professional financial advisor. Given that 10.2% of the 37.8% of the target population who were made aware of the app, downloaded it, and fully populated it would be referred, the referral rate for the *total target population that is made aware of the app* would be 3.9% ( $10.2\% \times 37.8\%$ ).

## Conclusion

This study finds that if the target population were made aware of the *PFPP Wiz* app, about 10.2% of those who download and populate the app would click on a link to locate a financial advisor in their area.

Given that 37.8% of the target population who were made aware of the *PFPP Wiz* app would download and populate the app, the referral rate for the app is 3.9%.

That means that **about 4 out of every 100 people in the target population who are made aware of the *Personal Financial Plan Wiz* app are likely to link to a financial advisor in their local area.**

Therefore, the free *PFPP Wiz* app is expected to provide the financial advisor with the opportunity to convert the leads received through the App into clients.



*PFPP Wiz Screen shot*



## Appendix

---

### *Questionnaire Details*

**Respondent App Opinions** Respondents were asked five important questions regarding the App.

**Question 1:** What is the likelihood that you would have downloaded the free *PFP Wiz* app had a friend, social media, or print or electronic ad made you aware of it? **Average Response: 56.1%.**

**Question 2:** Now that you have experienced the *PFP Wiz* app, what is the likelihood that, had you downloaded it, you would have fully populated (enter all applicable information) and run the App? **Average Response: 67.4%.**

**Question 3:** You entered your life goals into the *PFP Wiz* app. Based on your input and results generated by the *PFP Wiz* App, what is the likelihood you will be able to achieve those goals? **Average Response: 67.5%.**

**Question 4:** Based on your results from the *PFP Wiz* App, what is the likelihood that you will consult a professional financial advisor to help you achieve your life goals? **Average Response: 51.8%.**

**Question 5:** Assume that the *PFP Wiz* app could suggest a source for obtaining professional financial advice from a choice of professional financial advisors such as a Certified Financial Planner® (CFP®) in your local area. If after reviewing your results, what is the likelihood of clicking on a referral link provided by the *PFP Wiz* app to obtain professional financial advice? **Average Response: 52.0%.**

## References

---

<sup>1</sup>Rothstein Tauber. *GE Capital Retail Bank's Second Annual Shopper Study Outlines Digital Path to Major Purchases – 81% Research Online Before Visiting Store*. Rothstein Tauber12, 12 July 2013. Web. 14 Apr. 2015.

<<http://www.businesswire.com/news/home/20130712005396/en/GE-Capital-Retail-Bank%E2%80%99s-Annual-Shopper-Study#.VTf4ylyK5UR>>.

<sup>2</sup>. Kitces, Michael. *3 Ways The Digital Age Will Change Financial Planning In The Next 10 Years*. Kitces, 27 Feb. 2012. Web. 14 Apr. 2015. <<https://www.kitces.com/blog/3-Ways-The-Digital-Age-Will-Change-Financial-Planning-In-The-Next-10-Years/>>.