

#ahoythere

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Meet the PhilaU team

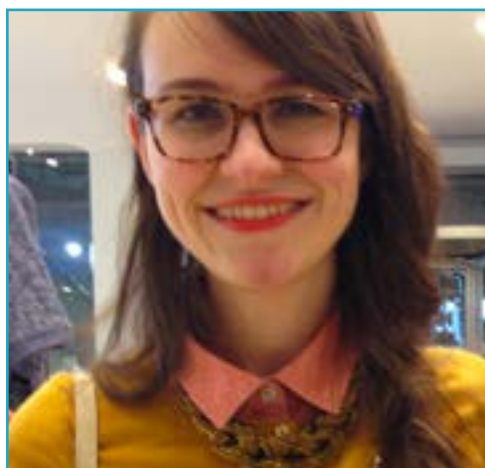


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Anchors Aweigh

Company Background

“The scandal is not what’s illegal. It’s what’s legal.”

—John C. Bogle, Founder of Vanguard

In the early 1970s, John Bogle began to notice a concerning trend. He saw that investment advisors weren’t doing a very good job at picking profitable stocks for their clients’ portfolios. In fact, their performance was no better than random chance. Yet, despite this, these same advisors also charged (deceptively small) fees which severely diminished client profits. As a result, advisors were profiting handsomely off of their clients while clients’ money stagnated. Bogle did the math and discovered that a mutual fund with broad exposure across a market index (e.g. S&P 500) would ultimately be much more profitable than picking and choosing individual stocks for a portfolio. As a result, he created the first “index fund” in 1975, and made what would be a very boring, long term investment an extremely effective and low cost one. Around that offering the Vanguard company was founded—serving as a more honest, customer centric alternative to investing (The George Washington of Investing, 2016).

From those beginnings, Vanguard has now become a global investment company with a track record of over four decades. Their offerings include low-cost mutual funds, ETFs, investment advice, and other services. Vanguard prides itself so much on being customer centric that all decisions are viewed through that lens with strict adherence. Headquartered in Valley Forge, Pennsylvania, the company strives each day to help both its institutional and individual clients grow their money as much as possible. And grow they have—today Vanguard manages \$3.2 trillion in client assets. With over 14,000 employees, it’s a big ship to captain (Fast Facts about Vanguard, 2016). Now the tides are changing as the race to the bottom in terms of fees means that Vanguard must seek new ways to differentiate themselves from their competition, particularly in capturing the hearts and minds of a growing Millennial demographic.

All Hands on Deck: Internal Brand Scan

“When people DO get our story, they really get it!”

—Vanguard Crew member [Interview Conducted Aug 27, 2016]

Nautical terminology and imagery pervades Vanguard. The company is named for a distinguished 18th-century vessel; as explained on the Vanguard website: “meaning ‘in the forefront’, our name has proved quite fitting as we have grown to become a leader in serving investors.”

Based on a series of interviews we conducted with employees, we learned that in addition to the ship serving as the company’s logo, the main campus houses numerous nautical oil paintings and models of ships. Interviews with employees and public statements from senior leadership regularly tout the company’s unofficial motto, “Staying the course,” which is a direct nod to the company’s core values of integrity, focus, and stewardship. Employees are referred to as the Crew, the cafeteria is called the Galley, and the gym is named Ship Shape. All the buildings are named after ships in Admiral Nelson’s fleet.

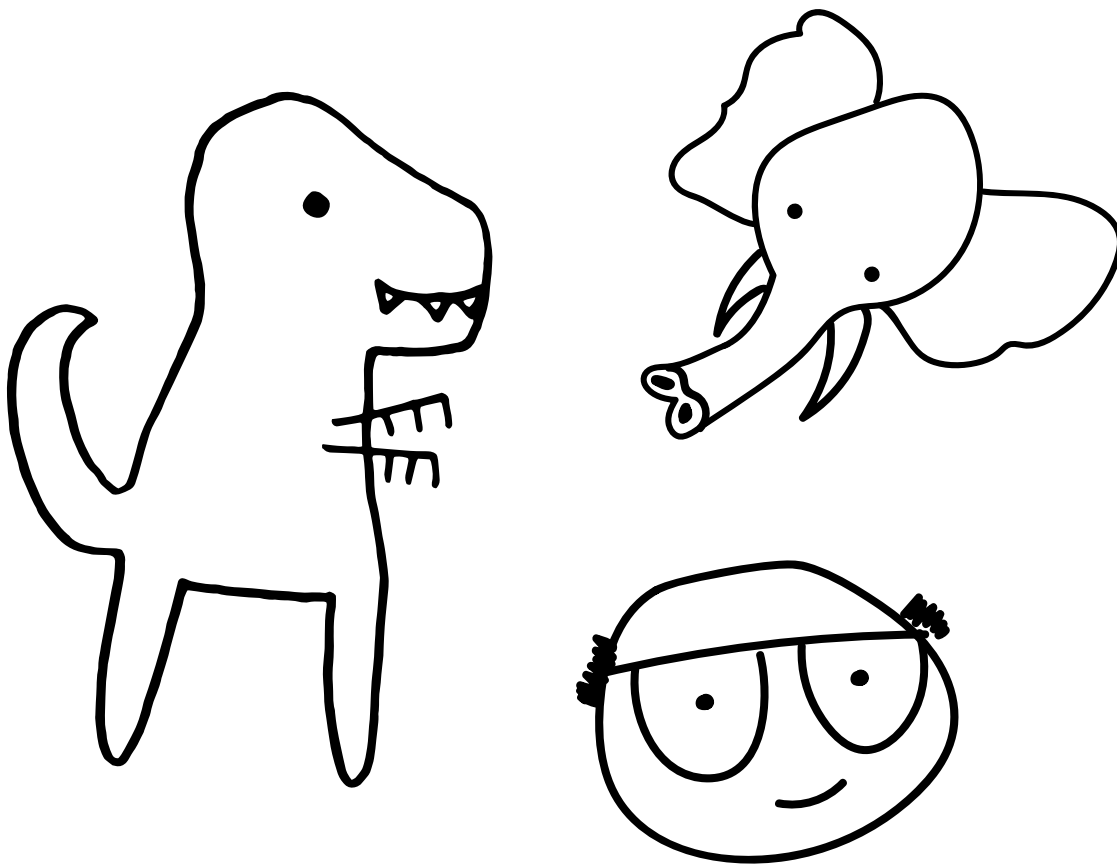
From the employee perspective, the image and extended metaphor of the ship, along with a shared understanding and use of various nautical terms, represent the nodal texts and aesthetic imagery which drive and unify the brand strategy for Vanguard (Brummett, 133).



Internal brand resonance

In an effort to gain an initial understanding of the brand, as part of our interviews with current Vanguard employees we asked each to describe the company using just one word. The word cloud above represents the words we heard during these conversations.

From our primary and secondary research (Exhibit A, B, D, X), we gathered that internally there is a great source of pride in Vanguard from its employees, due to its “heroic” brand personality; the brand personality will be analyzed further in the next section. Vanguard has its own colloquialisms; everyone uses the same acronyms and terms that do not have the same meaning outside the company’s walls (e.g. “Voyager” and “Flagship” refer to subsets of clients). They are competitive collectively as a company, but not with each other. Internally the environment is cooperative and supportive; people are “nice”, caring and committed to being good stewards to both internal and external customers. By and large, the omnipresent visual and literal references to sailing vessels form the “homological glue that binds” Vanguard’s sense of style (Brummett, 132).



Brand Personality

Vanguard is described both internally and externally as earnest, heroic, steady, trustworthy, principled, conservative...and boring.

During our interviews we asked Vanguard crew members to describe the type of person or thing Vanguard would be if the brand were personified. Some generic answers given were grandfather, dinosaur, and elephant (Exhibit A, B, D). One crew member specified that Vanguard would be a “50 year old white male. Really smart and trustworthy. Genuinely wants to do the right thing for others, but sometimes has trouble understanding that other people might have different perspectives—when people disagree with him, he assumes it’s because they just don’t know as much as he does.” Another crew member described Vanguard as “an ethical Robin Hood” and “a humble but courageous defender, looking to explore new and creative approaches to benefit others” (Exhibit D).

Tacking to Port: Identifying Vanguard's Brand Position

How Vanguard views itself

In terms of defining customer needs in the investment industry, a recent report from researchers at the Chartered Financial Analyst (CFA) Institute found that trust, cost, human interaction, transparency and cyber security are key concerns for most retail investors (2016). In our series of interviews with current Vanguard crew members we asked them to describe the company’s brand. Their initial responses revealed an alignment with customer desires, with trustworthiness serving as the company’s most notable attribute. This trait, along with transparency, was also captured by two additional Vanguard employees in a brand positioning mapping exercise, completed on August 27, 2016, as shown below.

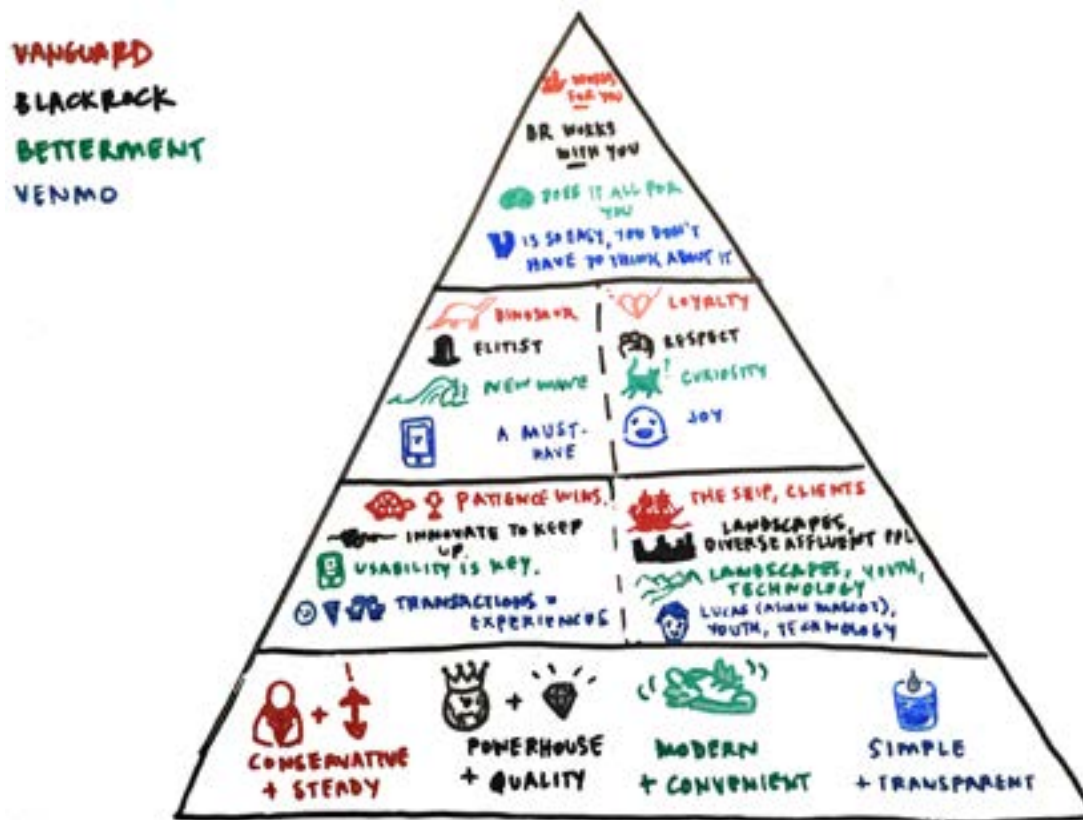
From an inside-out view, the brand positioning map (right) reveals several interesting findings. While the broader investment community presently experiences and values the trust and lowest-cost investment solutions that Vanguard delivers, employees noted that the company’s brand image represents one of a 60-year-old white male. The top right quadrant shows that as Vanguard positions itself for the future, maintaining trust throughout the community will remain paramount, but there will also be an expectation and a need for technological advancements and a commitment to transparency in terms of product offerings, transactions and overall processes. Achieving this should help Vanguard to move towards Lovemark status on the Love/Respect matrix, as will be discussed in more detail later in this analysis.

	present	future
community	trust 60 y.o. white male lowest cost	trust tech advanced transparency
organization	we take a stand for all investors “taking a stand”	only choice for investing best approach we know & everyone should know

The bottom half of the map represents a view of how employees view the company’s current and future beliefs and claims. For the Crew, “taking a stand for all investors” moves beyond the realm of stylistic rhetoric (Brummett, 117-119); the phrase serves as a compass and guiding principle which all crew members strive to embody and practice daily. As employees look toward the future, we gathered a strong sense of conviction from our interviews that crew members fully believe that Vanguard provides the best approach for long-term retirement planning. As revealed in the organization’s future state of the brand positioning map, they believe that the firm offers the only and best choice for investing and feel that everyone else should know and believe this too. Secondary research affirmed that their beliefs are not groundless. An episode of NPR’s “Planet Money,” tells the story of how Warren Buffett waged a million dollar, 10-year-long bet that he could figure out how to make more money than highly intelligent professional investors who were actively managing funds. What was his investment weapon of choice? Vanguard’s S&P 500 index fund (2016).

All four quadrants present viable opportunities for Vanguard to move beyond telling customers that they stand for all investors into demonstrating how and why they stand for all investors. There is currently a gap between what the brand, employees and current investors know and say (i.e. the brand identity) versus what new and potential investors currently experience or understand (i.e. the brand image).

Eliminating this gap is imperative to achieve Vanguard's plan to connect with all investors, especially with those of the Millennial population.



How Vanguard stacks up against its competition

In the 2015 Forbes article, “The Future of Investing,” economist Neil Howe notes that full-service brokers like Vanguard face two distinct challenges—one, they need to figure out how to manage “different generational preferences seamlessly,” and two, how to deliver no- or low-cost services to a Millennial generation that demands high-touch experiences and services (2015). We decided to evaluate three direct and indirect competitors to round out the view of the Vanguard brand.

In conducting a competitive brand audit for Vanguard, we decided that the two within-sector aspirational brands we would compare Vanguard against would be BlackRock and Betterment. Our reasoning behind these selections is to be as comprehensive as possible in our explorations, since BlackRock is a more traditional financial company whilst Betterment, in contrast, is a more modern, digitally focused start-up. Both of these organizations are considered the best in their category for the tasks that they facilitate. A well-established financial powerhouse, we consider Blackrock to be aspirational for Vanguard on several levels—one is that BlackRock is one of the few companies that manage more assets than Vanguard: \$4.6 trillion versus Vanguard’s \$3 trillion (About Us 2016, Fast Facts about Vanguard, 2016). Secondly, over the past few years Blackrock has become very focused on Millennials, conducting intensive research and changing their offerings to adapt to those needs. One such offering is the first U.S. impact-labeled mutual

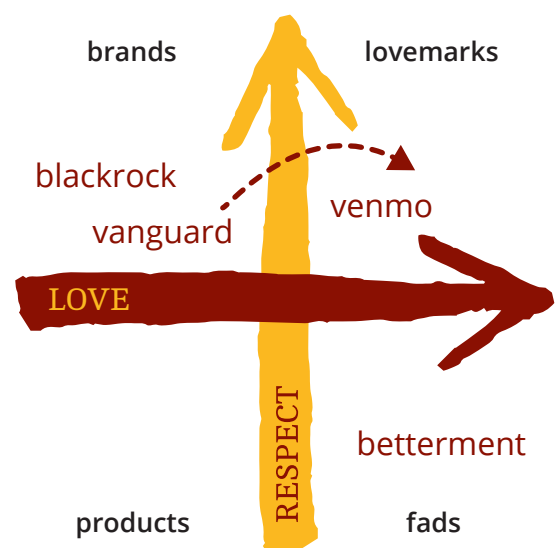
fund, which they launched in 2015. Impact investing is very attractive to Millennials in particular, who are seeking new avenues to express their ideals with their pocketbooks (Collins, 2015).

Betterment can be seen as aspirational because Vanguard is looking to emulate some of Betterment's offerings for more digitally-minded audiences. Currently Vanguard's digital presence is still taking a backseat to more traditional channels. Competition like Betterment has spurred Vanguard to react by experimenting with a hybrid robo-advisor—Vanguard Personal Advisor Services—which combines mostly automated advice with some human interaction. The app is not as robust as interfacing with a Vanguard advisor and is best described as technology assisted human advising. And, most importantly, those advisors are only available to investors with more than \$50k to invest (while Vanguard's investing minimum is only \$1,000, it is DIY at this level). In contrast, Betterment focuses on robo-advising and believes that everyone should have access to advice and guidance no matter how much money they have to invest. As a result, investors considering Vanguard with less than \$50k to invest often turn to Betterment as a more viable alternative. The digitally minded Millennial generation is used to interfacing with an automated system and operating online much of the time, so Betterment and other similar start-ups most closely match their comfort zone. In the words of Mike Ma, Betterment's Chief Growth Officer, "We think we're the next generation of that [Vanguard's] mission: a great product that's built specifically to address your needs and unique situation." Ma is a former employee of Vanguard and he believes that Betterment is everything Vanguard is, plus "an accessible front end and an accessible minimum" (Ma, 2015).

As for a mentor brand outside of Vanguard's sector, we have chosen to evaluate Venmo, which while it may have different offerings than Vanguard (sharing payments with friends), is best in class in terms of experience design and the love of its users. Venmo is aspirational for many reasons, particularly for how quickly its adoption and integration into users' everyday lives took place. Venmo did this by leveraging an existing social platform that users were already comfortable with—Facebook—to create their own platform with many similarities. The emotional relationship that users experience with the brand is primarily forged from the emotions they experience from other members of their social network from the monetary exchanges that the platform enables them to make, whether those be good or bad.

As stated by *Lovemarks* author Kevin Robers, "a Lovemark is a brand that creates Loyalty Beyond Reason. It does this by forging an emotional connection with consumers through the use of Mystery, Sensuality and Intimacy." On the Lovemarks Love/Respect matrix (right), we have identified that whilst Vanguard as a company is a Lovemark to those who know it well, the brand can sometimes be perceived as product/utility to a public who may not be as familiar with the true nature of the company. In other words, Vanguard is a Lovemark if you understand what they do and what they offer. We posit that their true essence is missing from their communications with the public, which creates generalizations, and therein, misperceptions.

BlackRock can be categorized as a brand on the same matrix for it offers (perceived) quality and demands respect due to its sheer size, amount of managed assets and range of offerings. However, it is also categorized as low love as it does not necessarily succeed at making emotional connections with its customers, causing it to be viewed as a faceless behemoth by outsiders. However,



the organization does make extensive efforts to promote the contrary, with customer centric fiduciary values and discussion around concerns for creating a sustainable future for the next generation. Their advertising also centers on communicating empathy for a rapidly changing world full of uncertainty and how BlackRock was designed to help in such times (About Us | BlackRock, 2016). Based on a pulse survey our team conducted via Facebook of ten individuals, we discovered that generally the only reason the Millennial respondents had heard of Blackrock was if they worked near a Blackrock office and had been exposed to the people who worked there. Survey respondents commented that Blackrock employees seemed to be knowledgeable and enjoy their place of work, but they projected a corporate, elitist vibe. Comments included that Blackrock's parking lot was full of very expensive cars, possibly suggesting excessive profiteering.

Betterment is currently a fad, or trend, until both time and the volume of transactions prove differently. If its upward trajectory continues, however, Betterment has the opportunity to become a Lovemark. As the reviews in the app store reveal, users love the app's clean interface and find it reminiscent of Apple's iOS; they also praise how easy the app is to use and how Betterment provides education and personalized investment advice. The user interface is streamlined and doesn't include confusing frills and components that the average investor finds useless. It is worth noting that Betterment also uses some of Vanguard's funds in their own portfolios.

Venmo is a Lovemark in that users love that it allows them to settle their accounts in a simple, clear way. Any discomfort that might normally arise from asking for money or paying back friends is alleviated. Not only that, but the app allows users to be social and have fun at the same time that they are taking care of business. For instance, a user might use the app to repay their roommate for rent and write a public comment (memo) about the exchange that might be humorous or lighthearted, creating a fun moment for what was a historically painful or joyless transaction.

Captain Ahab's Struggle



Finding mystery, sensuality, and intimacy in brands

We did not have to look much further than the founder, Jack Bogle, to find the nexus of Vanguard's glamour and mystery. Bogle emerged as an investment icon in various sources citing customers' love and admiration of the brand (Listen Money Matters, 2014). For the brand's admirers, Bogle is a physical metaphor for the average, frugal, and conservative investor successfully saving for retirement. In other words, he embodies the philosophy that risky investments are not only unnecessary and impractical but slow and steady retirement saving is preferable and profitable. The brand has its own diehard fans—the Bogleheads (Morrison, 2014). Through reinforcing its founder's core investment mores, Vanguard has nurtured the dream that an average person can obtain a comfortable retirement. This promise of an attainable, secure future is what makes Vanguard glamorous (Postrel, 2013). It may seem modest taken at face value; however, it is the transformative quality and not the scope that attracts audiences.

Vanguard is not particularly known for memorable or visually noteworthy ad campaigns; several internal sources cite that word of mouth is still how a lot of business is generated (Exhibit A, D). For those well-versed in investment, Vanguard has a well-storied, trustworthy reputation: it works to provide the best outcome for the customer with no hidden fees or upcharging (Miller, 2015). Client-centricity is woven into the brand's origins and throughout its rhetoric. In return for their long-term commitment to serving their clients' best interests, Vanguard receives loyalty and passion (Roberts, 2004). Its most fervent supporters, the Bogleheads, run an active online forum, hold a well-attended annual meetup, and have published two books to date espousing the Bogle brand of investment philosophy. However, as mentioned previously, Vanguard is a Lovemark only if its story is known and understood. Where Vanguard falls short is in communicating that story effectively and with a human touch.

For comparison, BlackRock and Betterment hint at a more affluent, tech-forward future by tapping into the myth of the smart, hip, and upwardly mobile modern investor. Both companies suffuse mystery into their brands by mixing images of open vistas and depopulated New York City landscapes, visual shorthand for "future" and "sophisticated". Diversity in clientele and employees in age, race, and gender is emphasized on both websites, with Betterment skewing slightly younger. The rhetoric is similar for both brands: *we know it's unpredictable out there—we are at the pulse of What's Happening Now, so if you join us, your future will be full of endless possibility.*

In a series of commercials in 2012, BlackRock was successful in mining the anxiety of the times through creative empathy and sensitive imagery in order to elicit an immediate emotional response (BlackRock, 2012). However, such campaigns are not enough to transcend the brand's Wall Street powerhouse reputation (Loomis, 2014). As mentioned previously, BlackRock fails to make authentic, intimate connections and therefore clients have a reciprocal, distant response.

In contrast, Betterment has harnessed the changes resulting from the gig economy and discovered what those users desire. The brand uses empathy for the time-pressed, amateur yet tech-savvy investor through simple visuals and straightforward rhetoric. Their ads showcase their desktop or mobile interface via Apple devices; young women are shown using their mobile devices in spare, urban environments. The brand messaging emphasizes saving time, simplifying investment, and keeping personal effort at a minimum. Betterment is most successful at injecting mystery into their service by tantalizing potential customers with their cutting edge technology; by combining just enough clear, educational verbiage with stimulating visuals on their website, they are able to make investment seem like an attractive, easy, and attainable option for their particular audience.

Of the four brands, Venmo had the most bold, unique ad campaign with the use of "Lucas", a young Asian-American man, and unadorned language. Each ad is a simple statement accompanied with a close-up picture of the same man from various angles in the same orange shirt: Lucas has dreams, Lucas knows what you did, and Lucas uses Venmo. When the ads first plastered the New York City subways in 2014, they were met with extreme reactions. Viewers asked: who was Lucas, why should I care about what he likes or does, and what is Venmo (Greenfield, 2014)? Though the reactions to the ad campaign were often negative, brand recognition and buzz were generated. The ads presented a mystery which piqued just enough interest. Once users learned about and tried the app, they found the interface easy to use and the social aspect irresistible. Venmo had targeted a similar demographic as Betterment, that of the time-pressed, tech-savvy youth, and capitalized on the need to make splitting checks easier. They generated a feeling of intimacy and joy with their product by incorporating emoji and the ability to make the transactions public; in other words, they transformed financial transactions into an enjoyable social experience (Rao, 2016).

Vanguard shares most similarities with its main competitor, BlackRock. Both brands feature client-centricity as a stylistic homology, though BlackRock offers this via a slick and dynamic package in comparison to Vanguard's stalwart and steady image. BlackRock's sleek, modern presentation may garner respect, but it keeps clients from establishing a personal connection, whereas Vanguard's reputation precedes itself, capturing both respect and unwavering loyalty.

When comparing all brands, Betterment and Venmo share several points of parity. Both brands target a younger audience, which is evident in their ad campaigns focusing on a specific demographic. They stress usable interfaces, convenience, and transparency. However, Betterment is still a solo endeavor; in comparison, Venmo uses social networks and emoji to turn transactions into fun, shareable experiences.

As we have seen, Vanguard has the elements in place to make it a Lovemark. However, those beloved experiences shared on forums, podcasts, and articles do not translate to the official Vanguard ads or website. In order to capture a wider and younger audience, Vanguard must find a way to disseminate its brand story with empathy, authenticity, and verve.

Charting the Seas: Preparing Next Steps

Identifying an essential need and its key drivers

In an effort to begin to understand the drivers that would enable Vanguard to meet the needs of Millennials new to investing, we completed a preliminary Critical to Quality (CTQ) tree (Exhibit C). Based on input we received via employee interviews, we determined that the education of new and potential investors represented the core need Vanguard would want to address. Specifically, we identified a desire to figure out the right balance between providing education about and managing long-term retirement planning.

Initially we identified 3 key drivers to help meet the education need:

- 1** Improving Vanguard's technological offerings, most notably in the mobile apps category.
- 2** Expanding human interaction (with financial advisors) and customer service experiences.
- 3** Using multi-platform storytelling as a vehicle to actively clarify and promote Vanguard's brand and their commitment to the core values of integrity, focus and stewardship.

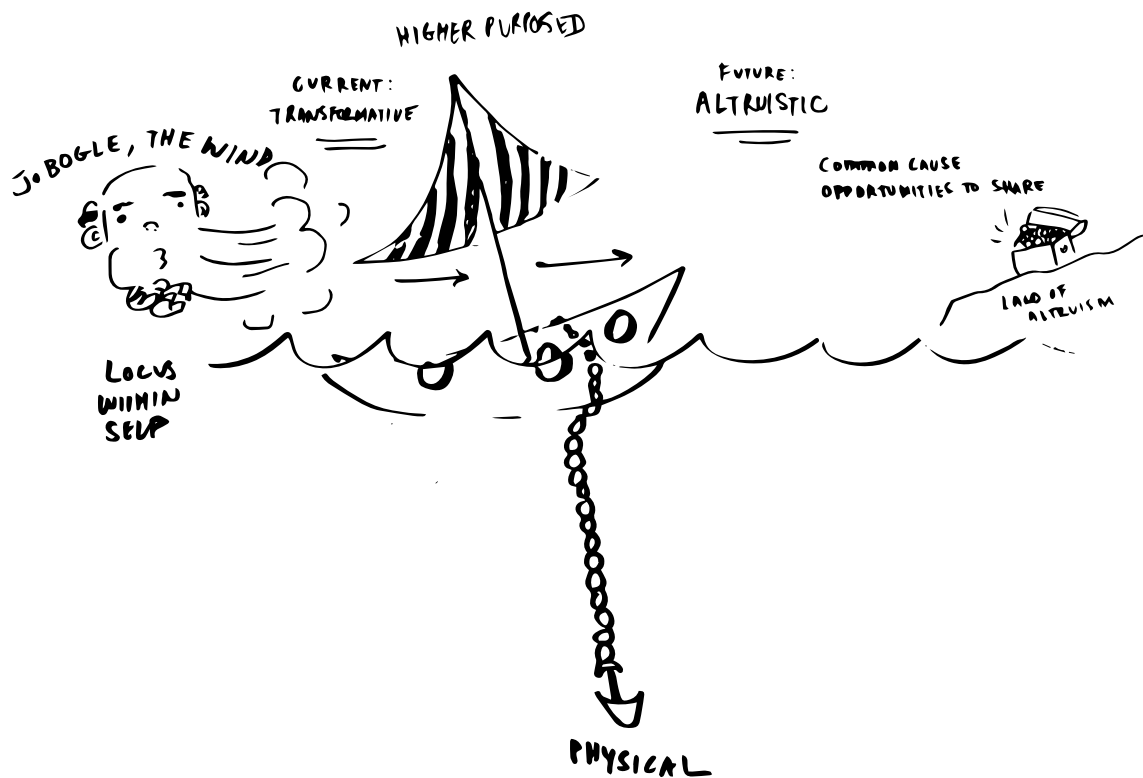
The initial CTQs, as outlined in Exhibit C, served as a basis for the hypotheses and ideas we tested, prototyped and explored over the course of six weeks.

Maneuvering the happiness index matrix

In addition to identifying CTQs, we also wanted to examine the functional, emotional and social jobs that the Vanguard brand currently performs. In order to determine areas of alignment and future opportunity, we created the nautically inspired diagram in Exhibit F to show where Vanguard lies on the happiness index matrix.

Vanguard offerings currently prime individuals to experience transformative happiness. This means that individuals reach their higher purposed, self-focused financial goals via Vanguard's services. This transformative state aligns with Vanguard's core purpose and functional job, "to take a stand for all investors, treat them fairly, and give them the best chance for investment success." However, it does not allow enough space for performing the social and emotional tasks of actively engaging and educating individuals who do not consider themselves to be investors, but are those who would love to benefit from successfully achieving their financial goals. Although the need for such space can apply to many different types and subsets of people, establishing genuine social and emotional connections are viewed as essential by Millennials.

Moving forward, we believe that Vanguard should be steered towards a locus on others, to the right end of the x axis, where social realization can take place. In terms of catering to the Millennial population, helping Vanguard evolve into this altruistic state will allow them to meet the functional, emotional and social needs of their new customers by helping them achieve what they independently value as most important—be it saving for retirement, their next vacation or tackling student debt.





Calibrating the Compass

Reframing the Original Question

As we absorbed insights gleaned from our brand analysis and initial primary and secondary research, we decided to revisit the original question that served as the impetus for this project: “What are the unmet needs of Millennial customers new to financial services?”

Much of our initial research revealed that education about financial services served as a crucial unmet need for most Millennials. In addition to feeling disconnected from the financial services industry, the Facebook IQ team also discovered in their study, “Millennials Money: The Unfiltered Journey,” that Millennials underinvest because they don’t feel they have the money to begin with and they simply don’t know enough about investing even to know where to begin (2016). We also learned from a separate study, “The Millennials Come of Age,” that this is a group that has grown up in the wake of 9/11 and the 2008 economic crash, and they therefore by and large fear economic uncertainty and having “too much information than they know what to do with” (2011).

These findings led us to wonder about the social, emotional and functional needs Millennials have when it comes to investing, and so we reframed the original question into the following two questions in an effort to delve deeper into solving the unmet need:

- 1** Why do most Millennials feel like they’re walking the financial plank on the ship of life?
- 2** How might we take the icebergs out of financial services for Millennials?

In an effort to dive deeply into answering those questions, our team turned next to conducting fieldwork.

Dropping Anchor: Primary Research

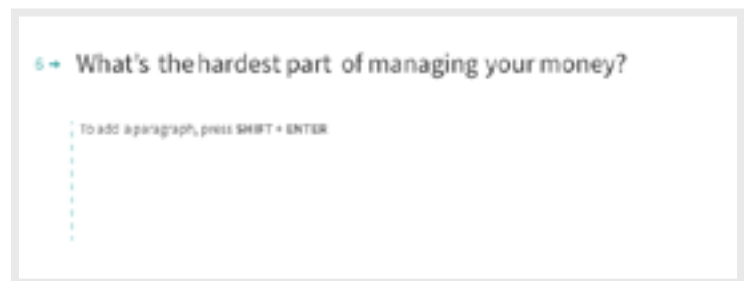
**“It would take me
knowing what I’m
doing to consider
myself an investor”**

- Pam, 32

We conducted both quantitative and qualitative research in order to gain deeper insight into the drives and needs of Millennials. Over a period of six weeks, we conducted one survey, sixteen interviews with crew members, and three prototypes.

Investment Survey

Our initial survey was administered online through Typeform. It centered around the functional, emotional, and social aspects of money management and retirement savings. We leveraged our social networks (Facebook and fellow classmates) to solicit participants and received 75 responses in return, sixty-four percent of which were from Millennials (Exhibits I, K). The survey yielded many insights and patterns.



About Investing

In terms of investing, many respondents participated in employer-provided retirement savings accounts. Of those that invested, several mentioned early support and advice from parents and grandparents: "My parents encouraged me to invest in the stock market and to start putting money away in an IRA." Of those that did not invest, lack of funds was a familiar refrain: "I don't have enough to invest. If I did have money I wouldn't invest right away." Sixty percent of the Millennials who responded to the survey did not consider themselves investors because they felt they did not have enough knowledge or they did not actively monitor their accounts: "...it would take me knowing what I am doing to call myself an investor."

About Retirement

When asked about their vision of retirement, the responses included "traveling", "not working", "volunteering", and "family." The key overarching themes we saw were freedom and connection. The volunteering pattern is particularly notable; it speaks to the Millennials' aspirational self-image and their desire for impact. There were also a handful of Millennials who could not envision retirement at all; they imagined paying off student loan debt well into retirement age.

“[The hardest part of managing my money is] not having or looking at everything in one place at one time in real time.”

— Joe, 29

About Managing Money

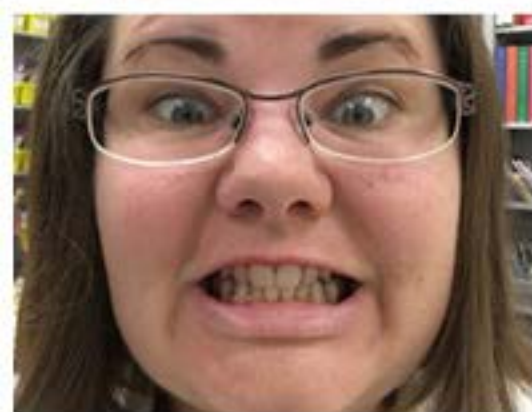
Most of the Millennial respondents used more than one tool to manage their expenses. Popular tools included Mint, spreadsheets, bank apps, You Need A Budget (YNAB), or a combination of these. The difficulty in tracking expenses and maintaining a budget were two of respondents' biggest complaints. The lack of education or understanding on how, when, and where to invest and/or save was a tertiary trend. There were several pain point comments about not being able to find information all in one place and not being able to connect the dots:

"Expenses, student loans, mortgage, car payment, credit. It's all decentralized. It's hard to get a clear look at the big picture."

"[The hardest part of managing my money is] keeping up with all the different accounts."

"[The hardest part of managing my money is] not having or looking at everything in one place at one time in real time."

But visuals speak even louder than words. When asked the question, "When you think about managing your money, what face do you make?", survey respondents uploaded the images that appear on the following page.

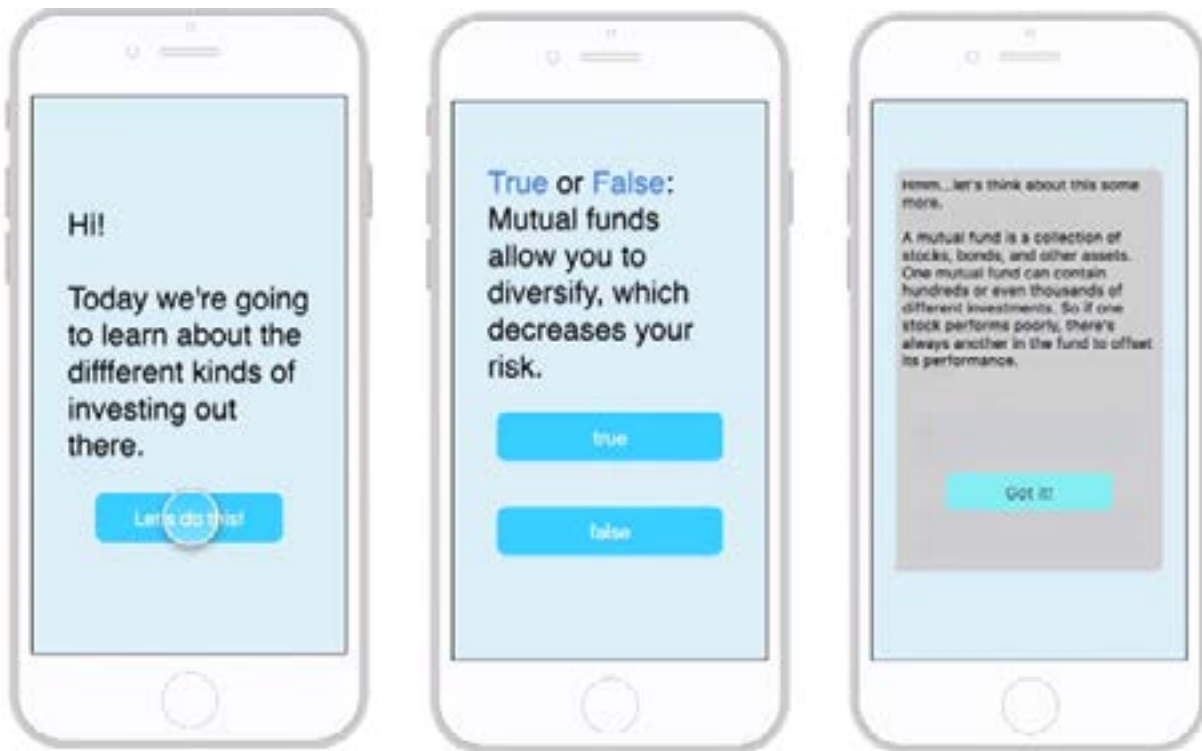


Build Your Retirement Prototype

Our first prototype was a creation session with four Millennials (Exhibit L). In these sessions, we discussed their emotions around money management and retirement. They were asked to interpret those emotions in a visual form by using collage and construction paper to build their retirement future. There were several common threads among the participants, with time, travel, and wellness manifesting repeatedly throughout the collages. However, it was the participants' open willingness and enthusiasm to talk about money management and retirement which proved to be both a delightful and affirming discovery. "This is really nice. I don't really have anyone I can talk to about money," was followed by a few inquiries about the possibility of forming a recurring get together to discuss money matters. The prevailing finding from the co-creation session was one of appreciation for having a space to trade money management strategies and tactics, and a desire to continue to do so regularly.

The second half of the session focused on building the perfect money management tool. One participant built a magic wallet which would automatically allocate and deposit money into whichever account was most important at the time, leaving only what was reasonable for the owner to spend. Another participant built a financial indicator lamp, whose brief flash of color would provide a "gentle reminder" about the health of her accounts. This participant also talked about wanting a service that felt like a supportive but wise friend who was watching her financial health when she did not have time to do so.





Investment 101 Education App Prototype

Our second prototype centered around the language of investing and education (Exhibit T). We modeled our app after Duolingo, keeping the lesson short, the language conversational, and the content engaging. We received twenty-two responses, thirty-eight percent of which were from Millennials. Eighty-six percent of the respondents found the lesson format useful and sixty-four percent felt their knowledge increased with three simple questions. Common comments included praise for the app’s ease of use and clear, conversational, witty tone, as well as that people were surprised about how much they did not know:

“You define things in a clever way. Unique language makes definitions stick.”

“I thought I knew stuff. Apparently not.”

“Questions seemed straightforward, clear, concise and witty.”

Overall did you find this lesson format useful?

22 out of 22 people answered this question



Messaging and Advertising Prototype


For our third prototype, we investigated the effect of messaging styles and branding [Exhibit W]. Of the thirty-four responses we received, eighty-five percent of these were from Millennials. We discovered that when it came to finances, Millennials preferred a specific value proposition. Vague statements were less enticing. In fact, when Millennials were reminded about how much they did not know, they were enticed to learn more. The messages about finding a balance between expenses, savings, and retirement as well as needing to look after the needs of their future selves resonated the most with this demographic.

The branding results were mixed. Half of the respondents were bored and turned off by the traditional Vanguard colors and lack of imagery. Others more familiar with the organization associated the brand with integrity and therefore placed greater trust in the messaging. In general, the results of this prototype further supported the pattern that one unmet need of Millennials was investment education. It also pointed to an opportunity to leverage Vanguard's reputation to connect with this demographic through education services.

Not sure how to find the right balance between saving, investing and expenses?

The education and tools you need, all in one place, without the jargon. Learn more about Vanguard Investing 101 [▶](#)

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Sure, the mattress is safe, but money doesn't grow there. Money grows at Vanguard.

Learn how Vanguard can help [▶](#)

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"A journey of a thousand miles begins with a single step." Let's start saving for your retirement, together.

It's never too early (or too late) to get started. [▶](#)

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Your future self doesn't want you to hate life. You can plan for the future and still have money to buy the things you want today.

[Learn more](#)

"A penny saved is a penny earned."
- Benjamin Franklin

Maybe you wanna save a little more than a penny, but you get the point.

Join us to learn how you can stack those Benjamins.



Compound interest?
Principal investment?
Roth IRAs? ETFs?
You shouldn't have to learn another language to invest in your future.

Let's figure this one out together.



On a scale of 1-5 (5 being the most), how much does this message resonate with you?

34 out of 34 people answered this question



▶ Show detail

“... [our calls with clients] do drill down until what’s a mutual fund? What’s an ETF?”

— Kris, 25



Additional Insights from Crew Members

Our interviews with call center employees revealed similar insights (Exhibit X). Two of the representatives spoke about how a common client issue is website navigation. Helpful information is available to the clients on the website but it is difficult to find without knowing exactly where to go. Lack of knowledge is also a component of client confusion. One representative stated that he often spends time explaining investing basics. All representatives use metaphors as a successful plain talk tool when explaining concepts.

Uncharted Waters: Identifying Impactful Trends

Through additional secondary research, we identified three overarching trends that will continue to impact Millennials – and Vanguard – over the next five years. Using these trends we then envisioned what Vanguard might look like if it successfully kept apace and responded to these trends.

Self-investment

Consumers, especially Millennials, have been investing in themselves, in their educations and in supporting good causes. According to an infographic compiled by Gordon Tredgold of inc.com, 84% of Millennials feel that helping to make a positive difference is more important than receiving professional recognition (Durden, 2016). Millennials also have a different view on philanthropy in comparison to older generations. They are more likely to spend money on sustainable goods or brands with charitable missions than they are to donate directly to a cause (Horoszowski, 2016). This is evidenced by the popularity of brands such as Toms and Warby Parker. They make informed purchasing decisions. Being an educated consumer is important, even in retail (Bailey, 2016).

In short, the self-investment trend is about values. Whether it is their time, their careers, their loved ones or their money, Millennials invest in the people, the places and the things that they care about.

In a future state scenario, Vanguard can connect to Millennials by offering free access to simple, engaging retirement savings and money management education. By enabling Millennials to invest in their financial education, Vanguard opens the doors to long term brand loyalty. The brand will go from being an anonymous investment service to a trusted, beloved life planner. When these Millennials are ready to invest, Vanguard will be top of mind.

Future of Work

As shown in our survey results, the majority of Millennials currently with retirement savings acquired their account through their employer. By 2020, 40% of American workers will be freelancers (Intuit, 2010). This means how people approach their retirement options, how they track spending, and how they manage their money will change. It also means that Millennials' need and desire for financial management education will increase.

The current threshold to receive direct investment advice at Vanguard is \$50k. For a demographic collectively beleaguered by \$1 trillion in debt, this threshold seems unattainable (Durden, 2016). Even if it was an accessible threshold, Millennials are not likely to invest like their parents. The global economic crisis of 2008 has made them more fiscally conservative – more like the generation who grew up around the Great Depression. According to an article in Fortune magazine, “[Millennials] are more likely to keep a larger amount of cash on hand, holding more than half their assets in cash, less than a third in equities, and 15% in fixed-income assets (Bovino, 2015)”.

In other words, Millennials are less likely to become \$50k or above investors. In our future state scenario, Vanguard has realized this while also acknowledging that Millennials expect customized, personalized service. In response, Vanguard lowers the threshold on their hybrid roboadvisor service, which provides their Millennial customers the best of both worlds. The algorithm ensures the consumer's financial goals are met on a daily basis with the trusted advisor acting as a personal touchpoint and intelligent overseer.

Artificial Intelligence (A.I.)

Virtual reality and A.I. assistants like Amazon's Alexa are gaining traction in today's world. Virtual reality will go beyond gaming and dive into the realm of virtual actualization; in other words, the technology will enable people to have different experiences, visualize solutions to their problems, and envision their future (MacManus, 2016). In addition, our machines learn more every day and our smart devices get smarter. Our technology will continually react to the environment, augmenting and assisting our decision making (Intuit, 2010).

The desire to have a holistic view of their finances was a consistent pattern throughout our primary research (Exhibits I, K). Armed with this knowledge in our future state scenario, Vanguard leverages A.I. algorithms to develop an all inclusive money management tool. Millennials seeking a comprehensive, user-friendly financial aggregator immediately turn to Vanguard, as the company was the first to develop a tool that encompassed everything from income to debts to retirement.

One if by Land, Two if by Sea: The 3 A's

Within the 2016 article, A New Workforce of Millennial Freelancers, the author posits that Millennials seek three qualities from their work experiences:

While these certainly make sense within the context of their workplace experience, we continued to notice these three themes recurring repeatedly across both our primary and secondary research. We came to recognize that these are qualities that Millennials demand in every aspect of their lives. So what exactly are these three qualities?

Accessibility

signifies that Millennials can obtain and manipulate data wherever they are, across platforms, and the system easily fits into their lives.

Affirmation

represents Millennials' ability to receive feedback and support from the systems they interact with.

Authenticity

represents Millennials' demand to see brands expressing positive values and acting with an upright purpose – for instance with sustainability or charitable initiatives.

So if these three qualities are so essential to Millennials, we knew that we needed to determine whether Vanguard's current user experience satisfied them.

Loose Cannons: Vanguard's Accessibility, Affirmation, and Authenticity Gaps



What we discovered was a number of gaps. Regarding accessibility, two gaps were identified. Firstly, interacting with Vanguard can be likened to [pulling teeth](#) – if you have under \$50k to invest, your experience will be very Do-It-Yourself. When we called the Support Center posing as a prospective customer, the rep recommended that we do our own research and reach out to Vanguard whenever we need help or had a specific question. This approach places the onus on the individual to find their bearings and figure out next steps. Secondly, the user experience is currently an [information jungle](#). We found the website difficult to navigate and we heard this concern echoed during interviews with call center reps. As the reps confirmed during the interviews, unless you have a direct URL, important information is buried and must be hunted for by customers (e.g. FAQs). Furthermore, the Secure Message Portal requires users to log in to see the content of an email, which may be unimportant. All of this ends up violating the Millennial need for accessibility and ease of use and generates frustration in users.



Regarding affirmation, we have identified four separate gaps. The first is in regards to [learning styles](#). Only 30% of the U.S. population are auditory learners, yet phone support is one of Vanguard's primary means of supporting and interfacing with customers (Studying Style). During a long one-sided explanation from a phone rep where the use of metaphors was not applicable, our team also had difficulty maintaining focus and comprehension. Secondly, the assumption of those who work at the call center is that everyone has some [basis of financial knowledge](#), an assumption which is not always based in reality. Rather, callers may be too embarrassed to admit that they do not understand something. We heard during our interviews with call center reps that they are often surprised by how little people know. Third, despite the limited financial knowledge of many callers, [customer support](#) is limited to weekday hours and there is no live chat or video help. As Millennials, we ourselves had trouble finding time around our busy work schedules to call in just to ask a few questions. Finally, some of Vanguard's [online tools](#), such as the Retirement Nest Egg Calculator are difficult to understand, with dense, long-winded explanations.



As for authenticity, Vanguard's actions currently align with their mission and values, so we do not believe that there are any gaps to be addressed in this area.



O Captain! My Captain!

Repositioning Vanguard as
a Strategic Innovator

“Learn every day, but especially from the experiences of others. It’s cheaper!”

— Jack Bogle

In order to close the aforementioned gaps in user experience, we believe there are three areas in which Vanguard should direct their focus.



Re-establish the Everyman.

We recommend that Vanguard returns to its roots and prove that investing is not just for the wealthy.



Tip Top.

We advise that Vanguard offer tailored user experiences, in part because Millennials place a high value on accessibility as well as seamless design.



The Spyglass.

We urge Vanguard to become better at anticipating the needs of Millennial customers by using the resources they already have (e.g. call center representatives).

We recommend that all three of these areas be addressed in stages, distributed across short, mid and long terms goals. Short term goals are those “easy wins” which can be accomplished before Spring 2017. Mid term goals are designated to begin in Summer 2017, while long terms goals are more ambitious, designed to begin in 2018. These specific goals and their timeframes follow. In the Millennial spirit, all goals are phrased as hashtags. Although a great deal of the resources required to implement the below recommendations are already in Vanguard’s possession, we have outlined below where acquisitions and investments will need to be made.

Short Term	Mid Term	Long Term
#Scuttlebutt Begins Nov 2016	#LightAndBreezy Summer 2017	#ChartTheCourse Launch Spring 2018
#EasySailing Feb 2017	#Compass Summer 2017	#AdultsAdrift Begins Spring 2018
#AhoyThere Begins March 2017	#ChartTheCourse - Mapping Fall 2017	#RoboMojo Launch Summer 2018
#BallastingWithBogleheads May 2017		#TheLighthouse Winter 2018
		#TrueNorth Launch Winter 2019

Ripple



#Scuttlebutt Begins Nov 2016

#EasySailing Feb 2017

#AhoyThere Begins March 2017

#BallastingWithBogleheads May 2017

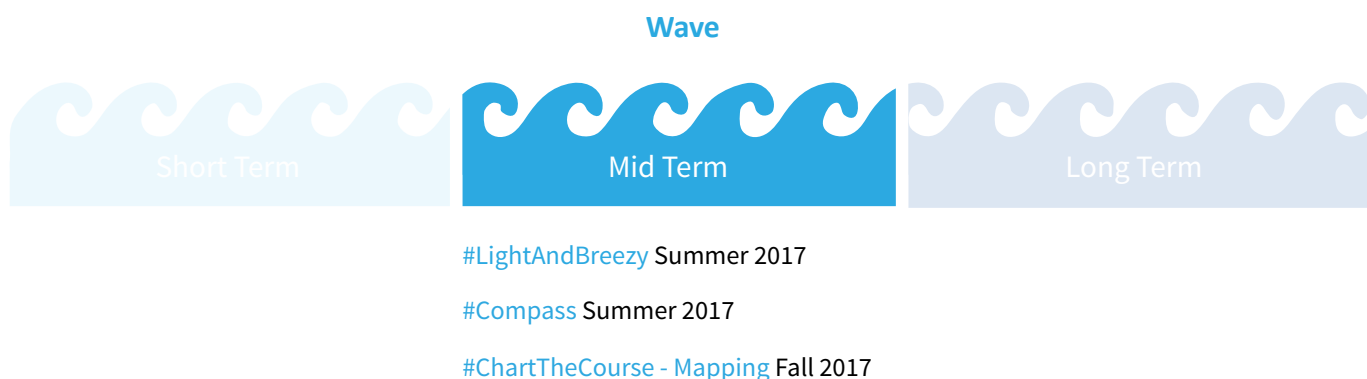
Ripple: Short term goals (Present–May 2017)

#Scuttlebutt (Begins Nov 2016) - Via interviews, collect and utilize feedback from current call center reps. Reps have a wealth of experience and information as they interface with customers daily. Speaking with them will bring customer problems to your attention at an early stage as well as help to bridge any gaps. Ultimately through policy and process change, feedback mechanisms should be put into place for the reps to report common issues each day and for changes to be communicated from the top down so that reps can more readily anticipate user issues. This falls within “The Spyglass” area of anticipating the needs of customers.

#EasySailing (Feb 2017) - Relocate the pre-existing educational lessons to where they’re easier to find on the website. We suggest that they be accessible directly from the homepage. This will allow first time investors and potential customers to learn the basics and spark allegiance to Vanguard as a result of its support. This falls within the “Tip Top” area of offering tailored user experiences.

#AhoyThere (Begins March 2017) - Vanguard employs many passionate Millennial crewmembers. Embrace and develop what makes them unique as Millennials. Solicit their input on new initiatives to gain their perspective and prototype with them whenever you can. A culture shift may be required to encourage such voices to be heard which do not take the perceived company line. This falls within “The Spyglass” area of anticipating the needs of customers.

#BallastingWithBogleheads (Begins May 2017) - As Seth Godin states, “tribes have a larger purpose that allows members to transcend their own personal interests and issues.” The Boglehead tribe has passion in spades and they’re not afraid to share it. Interview them, both Millennials and non-Millennials alike. Ask for their stories – what originally attracted them to Vanguard and what continues to attract them? The goal here is to learn to harness these stories, to distill them down to their core, to discover what is attractive to them, and therefore to others. These stories can be used both internally and externally to guide the brand as well as to help individuals connect with the brand. Bogleheads have found the clarity in the Vanguard story where Vanguard’s non-clients have not. Learning to articulate Vanguard’s outward facing true purpose and values based proposition will strongly resonate with Millennials’ need for authenticity. Bogleheads are also an eager (and free) audience for testing out new ideas before they enter the marketplace to determine whether they resonate and are consistent with what the public expects from Vanguard. This falls within “The Spyglass” area of anticipating the needs of customers.



Wave: Mid term goals (Summer 2017–Fall 2017)

#LightAndBreezy (Summer 2017) - From testing our Investing 101 app prototype with Millennials, we learned that they appreciate talking about finances using conversational language and humor. Although Vanguard already exercises “plain talk” to a certain extent, Vanguard can further simplify language and inject their copywriting with light tasteful humor. We understand that Legal counterparts have certain requirements, but plain talk is not universally evident in all non-legal and visual language throughout Vanguard.com. For instance, charts and tables can employ more user-friendly axis labels and intuitive color coding. Proposed language could be tested with teenagers and financial world outsiders for comprehension and accuracy regarding the feeling of natural speech. This falls within “The Spyglass” area of anticipating the needs of customers.

#Compass (Summer 2017) - Educational tools should be revised to accommodate other learning styles beyond auditory (and minimal visual). Although 70% of the population are not auditory learners, the more important point to be made is that mixed learning modalities lead to better outcomes due to varied reinforcement (Studying Style). Kinesthetic learning can be activated by building in more interactivity, rather than just individual static pages that can be advanced by clicking “next”. Simple examples illustrated via scenario based role playing can also help engage users and help them to visualize various situations and outcomes. Even better, dynamic interactive simulations can incorporate and reflect specific inputs from users to increase individual relevance of exercises and explanations. Visually, more infographics and basic animations can be incorporated and lessons can be made more “bite-size” in length to increase attention spans. This falls within the “Tip Top” area of offering tailored user experiences.

#ChartTheCourse - Mapping (Fall 2017) - We heard from phone reps that all of the information that customers need already exists on Vanguard.com, however it can be difficult to locate. We also heard that search functionality could be improved to deliver results that are more relevant for the user. We recommend that Vanguard.com’s site architecture be restructured to accommodate many potential user journeys (e.g: life stages such as retirement, saving for college) to improve ease of navigation and relevance. This is the first stage of this process in which interviews with potential users are conducted, personas are created and their journeys are mapped. This falls within the “Tip Top” area of offering tailored user experiences.



#ChartTheCourse Launch Spring 2018

#AdultsAdrift Begins Spring 2018

#RoboMojo Launch Summer 2018

#TheLighthouse Winter 2018

#TrueNorth Launch Winter 2019

Tsunami: Long term goals (Spring 2018-Winter 2019)

#ChartTheCourse - Launch (Spring 2018) - This step is the rollout of the user-journey focused restructured website.

#AdultsAdrift (Begins Spring 2018) - We suggest that Vanguard host an adulting conference, which would take place in a physical space rather than online. Our conversations with Millennials showed us that they are looking for a forum to voice their thoughts on money issues with their peers. They also feel that they need to be more educated to be able to tackle the demands of adulthood. At an adulting conference, Millennials could learn how to better manage their money and related issues from other peers, as well as just talk. The events would build community as well as help Millennials to better understand the value of investing. This falls within “The Everyman” area of returning to roots.

#RoboMojo (Launch Summer 2018) - Our research also showed us that Millennials currently view investing as something they will do “tomorrow” once they have more money. We’ve already established that Millennials are digital natives who expect to be able to do everything they need to online. Currently Vanguard’s “roboadvising” offering is only available for investors with at least \$50k and is actually more just “technology-aided human advising”. Lowering this minimum as well as increasing the capability of advising with less human intervention will appeal to millennial investors. At first glance a higher number of lower cash flow investors appears to threaten Vanguard’s cost ratios. However in reality, in the long term, efficiencies can be realized through automation, ultimately driving down costs through less involvement from human advisors. This falls within “The Everyman” area of returning to roots.

#TheLighthouse (Winter 2018) - Millennials expect accessibility and are used to having technology fit into their lives. Technology should meet them wherever and whenever they are, not the other way around. Vanguard user support should be expanded to consider weekend hours, a live text or video chat, and email support for potential new customers. This will take time and manpower to accomplish, as more individuals will need to be hired (potentially outsourced to cover early morning hours) and trained to be available whenever they are needed. This falls within the “Tip Top” area of offering tailored user experiences.

#TrueNorth (Winter 2019) - Lastly, our research showed that Millennials are looking for a single platform or app that can manage all of their money, so that they do not need to hack together pieces anymore across various apps and recordkeeping. Millennials want to see the full picture at a glance, all at once so they can make decisions without feeling as though they are missing any pieces. Such a platform might reflect bank accounts, expenses, retirement accounts, student loans and any other channels where money flows for that individual. This would allow individuals to make more intelligent, fully informed financial decisions at any given time. Such a platform does not yet exist, even though the demand is there, which would make Vanguard an innovator within the financial space. We ultimately envision this app evolving to become users' outsourced conscience or decision maker. The app might warn the user when new items are about to be purchased that are over budget, celebrate with the user when they meet their goals, or help the user make better spending decisions.

One need only look as far as Facebook and Flipboard to find examples of effective aggregators used by Millennials. Such services offer feeds that allow users to see important or trending information at a glance all in one place rather than by visiting individual Facebook users' profile pages or multiple news sites. Consider the basic example of the convenience store – with its inception the incentive to visit many separate specialty stores decreased – instead one can quickly and easily obtain everything that they need from a single store. Aggregators have become the norm in today's society with big box stores and grocery stores replacing butcher shops, cheesemongers, booksellers, and the rest. As the sheer amount of choice (e.g. the ever increasing number of available TV channels) continues to grow, it has become both useful and necessary to embrace aggregation.

Furthermore, there is something to be learned from the social peer model as evidenced by both the Boglehead and Venmo communities. We recommend that Vanguard enable users to share and celebrate personal achievements with their friends and family over social media. This broadcasting will generate encouragement from friends to help them succeed as well as promote the service and attract future customers into the Vanguard fold. Due to the efficacy of word of mouth as a recommendation channel for business in every industry (Matthews, 2015), accommodating a social component can lead to greater trust with non-customers and an increase in new customers. This falls within "The Everyman" area of returning to roots.

Taking the Helm: Conclusion

Managing your money is a jungle, especially for Millennials learning to find their footing in their fledgling adulthoods. Millennials need help navigating their brave new world, and their loyalty will flow to whoever can make it easier, or even fun. Becoming a one stop shop with the #TrueNorth app is a large part of making it easy, along with expanded roboadvising, adulting conferences, improved education, and support. Millennials operate differently and have different norms than previous generations. They expect to find automation, convenience, honesty, and social interaction as basic provisions – each of these expectations fits into the 3 A's discussed previously. Services need to cater specifically to these needs. Meeting these needs will not alienate non-Millennials, but rather open the doors to less affluent investors of all ages. This can be accomplished by using the tools that Vanguard has had all along: a steadfast, trustworthy reputation, a bright young workforce, and the capability to make investment accessible to the common person. It is just a matter of using the right tools with the right purpose: the restoration of Vanguard's original Everyman mission. By developing these future opportunities and growing its customer base, Vanguard will prevent stagnancy in a rapidly changing marketplace, thereby embodying its dictionary definition—

van·guard

‘van gärd/

noun

1. a group of people leading the way in new developments or ideas.
2. a position at the forefront of new developments or idea.
3. the foremost part of an advancing army or naval force.

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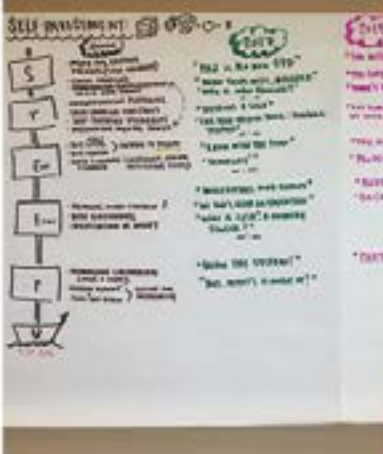
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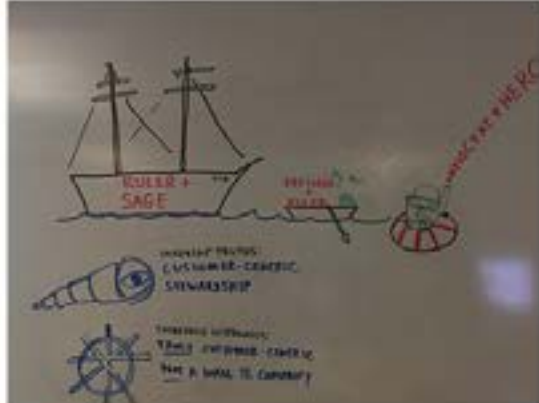
Appendix



Message #1: Your future self doesn't want you to hate life. You can plan for that.

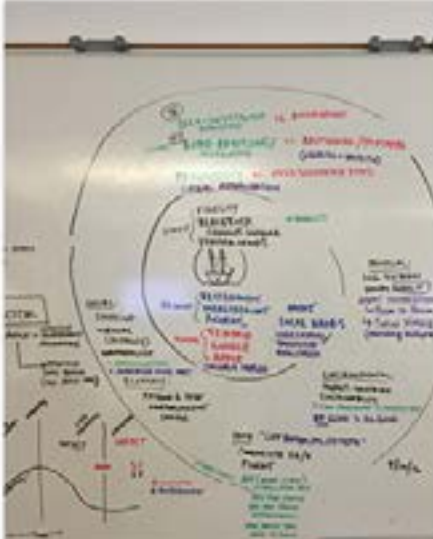
On a scale of 1-5 (5 being the most), how much does this message resonate with you?

Message #2: "A penny saved is a penny earned." - Benjamin Franklin, 17th century.



How would you rate your investment knowledge lesson?

1 crown 2 crowns 3 crowns 4 crowns 5 crowns



Welcome to the survey! First, you'll see:

Message #1: Your future self doesn't want you to hate life. You can plan for that.

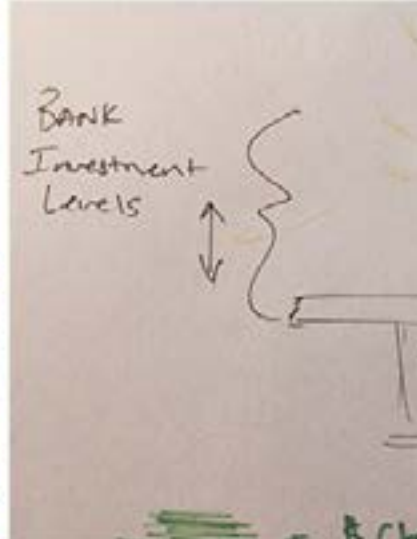
On a scale of 1-5 (5 being the most), how much does this message resonate with you?

Message #2: "A penny saved is a penny earned." - Benjamin Franklin, 17th century.

On a scale of 1-5 (5 being the most), how much does this message resonate with you?

Message #3: Compound interest.

On a scale of 1-5 (5 being the most), how much does this message resonate with you?



APPENDIX

Exhibit A: The following are notes from the initial meeting between Avery Williamson, Jessica Powers, Lea Munjone, and the PhilaU SD MBA team on Saturday August 27, 2016.

- Current problem statement: What are the unmet needs of Millennial customers new to financial services?
 - Reasons people need financial services include: carrying over a 401k to a previous employer, inherit money, set up a trust, wanting to invest personal funds
 - Other Millennials may not see the importance or need to invest
- Vanguard's founding mission was to let everyone be on equal footing and able to invest while cutting out the middle man who takes money out of customers' pockets
- Much business is still generated from word of mouth
- Company has been very process focused over the years eg: Six Sigma
- Vanguard looking to refocus on how to help any digitally oriented investor – no longer looking to explore paper promotional medium due to cost, with the exception of inserts sent along with printed statements.
- Find out how Millennials want to be communicated to
 - Vanguard employs an NYC ad agency, Facebook and Twitter accounts
 - Vanguard has ONE app for all customers, created ~5 years ago, but certain tasks can only be accomplished on the website
- Vanguard has a usability lab on campus
- Vanguard's clients have different needs. Some clients are very knowledgeable about investing while others need Vanguard to show them where to begin. Some clients ask about how to navigate Vanguard's website while others ask fundamental questions about types of investment instruments.
- Competitors are selling Vanguard products themselves, how can we get customers to come directly to Vanguard?
- \$3k is generally the minimum needed to open an account
- Under a certain cap, clients can receive basic over the phone guidance. Must have at least \$50k in account to take advantage of their advising service.
- As employees, if they had to describe Vanguard in one word: steady, conservative, trust
- In testing, participants described the Vanguard website lovingly as “my grandfather”
- Suggested that we try posing as a customer, experience the website, app and call center that way to gain firsthand perspective.
- Clients are interested in seeing a spectrum of ideas from us, including both many small investors as well as a smaller number of high worth investors
- Consider barriers to investing around complex jargon and instruments
- Competitors in the segment are considered to be: Fidelity, BlackRock, and Edward Jones. Also, Wealthfront, Betterment and LearnVest which offer RoboAdvisors
- Competitors outside of the segment in terms of UX include UBER and Google
- Suggested we explore Society of Grownups, an IDEO initiative: “A MassMutual Learning Initiative” – MassMutual offers Life Insurance, Retirement and Financial Services

Exhibit B: The following are notes from the second meeting, which took place over the phone between Avery Williamson, Jessica Powers, Lea Munjone, Ted Liljestrand (Design Manager) and the PhilaU SD MBA teams on Friday September 2.

Q: What initiatives/efforts has Vanguard made so far to specifically target the Millennial audience?

A: No specific initiatives to directly target Millennials. Products (institutional-side: smaller funds, target retirement funds) are marketed but this is the first time specifically targeting this demographic. Buzz seems to be generating externally. Trying to target *digital investor*, not just oriented to Millennials (age bracket). Don't want to do a "disservice to an investor" / demographic. As a reminder, our project's focus should be on the retail segment only (institutional outside of our scope).

Q: Can you share successful marketing campaigns/information around demographic specific customers you have targeted?

A: Campaigns – majority are done within each core business – brought in to look at it from brand lens to make sure it aligns with core purpose and philosophy – less from strategy and business goals

- KBS+P Marketing partner: www.kbsp.com/
- Measure mostly banner ads and involved monsters and fear... [Vanguard to provide]
- Procrastination penalty around investing – NYT article. [Vanguard to provide]

Q: What do you perceive as the #1 need of your customers and the three main drivers that go into meeting this need? (CTQ Tree)

A: Figuring out the right balance around education & managing long-term plan for retirement. How to make that a simple & intuitive experience. Not to make that so overwhelming that people put it off. "Education" emphasized, finding out what people trust – where do people go for advice (is it facebook)?

Q: Are the At-Cost Cafes still active? Are there any other similar face-to-face pop-ups?

A: At-cost was focused around coffee. Theme was coffee sold at-cost, not marked up. Napkins, cups with slogans promoting low cost theme. Webpage showed where truck would be. Not heavily promoted. Occurred 2-3 years ago, seemed well received. California, New York. Big part was on educating the at-cost value/message.

Q: Do you conduct any sort of user testing with your platforms? With your products?

A: Early on testing with various users groups in test settings – user testing

Q: Are there plans to have your crew members conduct face to face financial recruitments?

A: Have business line – and they do meet face to face (FAS); there is a phone rep assigned when you have a certain amount (High net worth)

Q: What's the barrier for Millennials for using Vanguard?

A: Maybe their mindset isn't investing, but it's saving. "How do I put a little bit away to save for a goal?" Vanguard is interested in figuring out what Millennials really think about saving & investing. Jessica mentioned "You Only Live Once" – book ([from Phroogal](#)). Perspective on saving is "building a life" – targets Millennials.

Q: Can you share where you see yourself in the competitive market as it relates to other large financial firms? I.e. Charles Schwab, Fidelity?

A: Vanguard tries to differentiate through simplicity, plain talk, core principles (honest, transparent, differentiate self, disciplined and consistent) – ownership structure – focusing more on the experience since the low cost won't be able to set apart.

- Offering personalization with data to offer more targeted experience in investments/how to take advantage of the info we have
- Have an opportunity in mobile and ease of business – how do we offer new digital experience and stay aligned to the investors? How to navigate the space and stay true to self.

Q: What are your current services and what do people love about them?

- Measure client satisfaction through NPS (net promoter score). They get high marks – clients get their answers quickly.
- Inheriting account process system is slow – not put together with end user in mind.
- Areas of improvement: virtual interaction w/client.
- Context / segments around branding. Looking for consistency above all: *client first*.
- Their brand: Client-centric. Plain talk. Honesty. Transparency. Differentiate ourselves (differentiation). Disciplined. Consistency.
- Content-first approach on their website vs. design-first. PET (persuasion emotion trust). Sales process: DREAM (not promoting a single product, listening to the consumer, get client comfortable). Website mimics sales process -- more consultative, conversational.
- Find ways to develop *empathy* during the entire process. PET & DREAM are 2 ways they do this.

Q: What do you wish people knew about you or what's the biggest misconception people have?

A: People think investing is for mom and dad and don't understand what's happening, people think it is boring. Stodgy. Can't keep up with the times.

Q: Have you thought about being more forthright in attacking the competition /celebrating all you have to offer?

A: "We are just low key"; Facebook and Twitter have more information – but don't really put ourselves out there. Not who we are. Nice. We are celebrating 40 years and just have a banner on the Personal Investors website.

Q: How is your internal culture reflective of the brand?

- Not on wall street. People build careers here.
- "Keeping the client on your shoulder"
- Vanguard values align with personal values -- inform decisions.
- "Do the right thing" -- message is part of the onboarding.
- Competitive but don't compete with one another.
- Supportive of one another. Caring. Nice.
- This is outwardly reflected to clients.

Additional Insights:

- Contacts speak a lot about their brand philosophy, appear to have a very good understanding of the company vision/mission

- Trying to cater to the agile investor rather than targeting one specific type/profile of person
- Strength – at cost model and 6 months ratios – impact of driving down costs; the Vanguard effect = driving down competitors’ fees in order to compete
- **Digital experience / investor** is a pattern.
- Took a content first approach vs. a design first approach for the website – trying to get to the heart at what people are thinking....
- D.R.E.A.M – when someone calls in we don't promote a product – but listen and have the dialogue with the customer to get to know us so that they are ready to buy
- What kind of animal would our crew be? Dinosaur / elephant!!
- Recruit through college campuses, personal connections. Various programs – trading, etc; Leadership – people leader and client facing. Design comes through a phone call speaking to the customers to get client focused. In the past – someone who studies finance was the preferred, but now the importance is around multi disciplinary focus. Effort to have a new way of looking at problems.
- Once someone becomes a customer – they love us! But trying to get ppl to love them could be an issue.
- Bogleheads – they have not tapped into this tribe for marketing. Legally – Vanguard has to maintain a distance? (but this seems to be about forums). Beholden to FINRA (Financial Industry Regulatory Authority).
- Changed the marketplace – but NOT everyone understands what that means – Keep it Simple – which is a core principle – but not everyone gets it.

Exhibit C: The following table is a Phase I Critical to Quality (CTQ) Tree for Vanguard. This allows us to derive specific actionable steps that can be taken to satisfy a specific user need. In this case, we looked at Millennials’ need for education on how to make the best investing decisions. We identified the three main drivers impacting this need as improving technology, expanding in-person experiences, and storytelling. From these we were able to identify eight specific CTQs.

NEED	DRIVERS	CTQs
	Improving Technology	Enhance intuitiveness of current mobile app interface, Personal Advisor.
		Develop new hybrid app that coaches and provides low-cost savings and investment options to customers covering debt management/reduction, savings and retirement (i.e. mint.com + investing). Strive for seamless UI for info gathering and account management.
	Expanding human interaction and	Create a high-touch experience: Lower account thresholds for Millennial customers to work directly with financial advisors (currently set at \$50k account minimum).
		Partner with Millennial-focused orgs like Phroogal or Society of Grownups, or colleges and universities in

Education	customer service experiences	Vanguard's recruiting pipeline to conduct monthly/quarterly financial wellness seminars, investment bootcamps, etc. across the country.
		Streamline DREAM approach for managing inbound customer service calls to reduce wait times by 15%.
	Storytelling	Identify 3-5 brand ambassadors to share investment journeys (e.g. Grandpa Buffet, Millennial Maven, GenX couple with kids, Startup Guru, etc.) across media platforms (including leveraging advertising partnership with KBSP.)
		Add 2-3 rotating testimonials to Personal Investors website.

Exhibit D: The following are notes from interviews we conducted with current Vanguard employees (including both Millennials and non-Millennials). Questions were selected to enrich our understanding of internal brand perceptions.

Crew member 1 (Age 45):

1. What is Vanguard in one word? Earnest

2. What kind of person would Vanguard be, if Vanguard were an individual? A 50 year old white male. Really smart and trustworthy. Genuinely wants to do the right thing for others, but sometimes has trouble understanding that other people might have different perspectives - when people disagree with him, he assumes it because they just don't know as much as he does.

3. What is your favorite story/legend about Vanguard? There's a story that's told all the time for this kind of question. Years ago, some large institutional client came to Vanguard and wanted to deposit millions of dollars in one of our funds, but only temporarily -- they just needed a place to park the funds until they went somewhere else. I don't think that's an unusual request in the investing world, but Vanguard told them no and they were furious. So furious that they went to the press about it -- they couldn't believe we'd turn down the cash flow and say no to such an important large investor. But the reason Vanguard said no was that deposits like that aren't in the best interest of the rest of the investors in the fund and Vanguard's philosophy is all around doing the right thing for its investors (relatively speaking, it's much more expensive to handle money that's churning in and out rather than coming in to stay). The press picked the story up, but their spin was all how Vanguard was standing up for the small investor. Some of the best publicity the firm has ever gotten.

4. Tell me a horror story (if you have one). I've been mulling this one over... there's lot of 'oops' moments that have been hard to swallow for me over the years partly related to the fact that we operate so lean, but not one that stands out as being truly horrible. The one thing I'd say is that the culture of "the best interest of the clients" isn't always an easy culture to work in and to work for. Vendors/crew (and even clients) with ideas that don't mesh with the firm's party line are likely to move on. Preaching to the choir and working in an echo chamber can be a problem....

5. What do you feel is the greatest misperception about Vanguard? / What do most people not know about Vanguard that you wish they did? For me, it's that we offer products other than index funds. For a lot of people -- even people in the investing world -- Vanguard is index funds and our products are cheap and vanilla. And that's not really the case -- we do a lot of active management too.

Crew member 2 (Age 52):

1. What is your favorite story about the brand? I have two. Pardon the length in advance. You probably uncovered Vanguard's "Core Purpose" statement (our reason for being / Simon Sinek "Start With Why" Statement), which is:

"To take a stand for all investors, treat them fairly, and give them the best chance for investment success." My favorite word in the CP statement is "all." Few people realize that Vanguard's unique cost structure benefits people all over the world, not only those who invest at Vanguard. Why? Our costs are so much lower than the industry's that often firms like Schwab or Fidelity must lower theirs just to compete. When Vanguard entered some global markets (Canada and UK specifically), the press picked up on this and called it the "Vanguarding effect." They observed that as Vanguard announced its entry into the markets, competitors started dropping their prices. Pretty cool, huh? BUT a tricky story to tell succinctly ...

My favorite second story is how it makes me feel to be a Vanguard crew member. I cannot tell you how many times I've almost felt like a celebrity when people learned I worked at Vanguard. I kid you not, I was at my husband's company's picnic many years ago (before Vanguard was nearly as big as it is now). Several people approached me and said, "I hear you work for my favorite company." WOW! What that tells me is that when people DO get our story, they really get it! Probably why word of mouth has been such a powerful channel for us.

2. Tell me about a proud moment you've experienced at work. Every year our Chairman kicks off the year with Crew Member Annual meetings. He conducts in-person meetings that every crew member (all 15,000) in every one of our sites, in the US and across the globe, is invited to attend. He often includes a panel of his leaders to talk about the recent past successes or challenges of the future. It has been described as every crew member's chance to have an in-person meeting with Bill McNabb each year. He takes questions on the spot. I never leave one of those meetings without a proudly beating heart. Often there are video clips of heroic acts crew members have conducted on behalf of our clients.

3. Please describe Vanguard in one word. Heroic.

4. If Vanguard were a person, what kind of person would Vanguard be? A humble but courageous defender, looking to explore new and creative approaches to benefit others. An ethical Robin Hood? That's probably a stretch but you get the idea (I hope) ...

5. What, in your opinion, is the greatest misperception about Vanguard? What do most people not know about Vanguard that you wish they did? Great question, tied I think to my length

response to your first question. It's a tricky story to tell, and as part of our philosophy to return costs in the form of savings (lower costs) to our clients, we don't invest heavily in national advertising or other costly means to tell our story. Have you ever seen a Vanguard ad at the Super Bowl?

With so much skepticism about the Financial Services industry and as it becomes increasingly complex and the products and services less differentiated, that only makes it more challenging.

I guess I wish that people at large knew that Vanguard really is the financial services company that is looking out for all investors, is not in the business to rip people off, is instead interested in giving investors everywhere a fair shake and products and services that can / will help them.

Crew member 3 (Age 26):

- 1. What is Vanguard in one word?** Trustworthy
- 2. What kind of person would Vanguard be, if Vanguard were an individual?** A wise individual... old with a wealth of investing experience but also keen to adopting technology and staying innovative.
- 3. What is your favorite story/legend about Vanguard?** Setting and configuring all technology in the Orion client center.
- 4. Tell me a horror story (if you have one).** Vision. (semi-annual conference)
- 5. What do you feel is the greatest misperception about Vanguard? / What do most people not know about Vanguard that you wish they did?** That we're not attempting to be innovative while remaining secure. With examples like the Retail App, One App, and internal improvements for crew members.

Crew member 4 (Age 29):

- 1. What is Vanguard in one word?** Trustworthy
- 2. What kind of person would Vanguard be, if Vanguard were an individual?** A strong, older gentleman
- 3. What is your favorite story/legend about Vanguard?** Bogle's story of how he turned the whole industry around with his investment philosophy, index fund, and compassion.
- 4. Tell me a horror story (if you have one).** N/A
- 5. What do you feel is the greatest misperception about Vanguard? / What do most people not know about Vanguard that you wish they did?** I hope everyone knows this, but it goes back to our mission of giving ALL investors the best chance of investment success, not only do we benefit our clients/shareholders, but we are benefitting investors all over the world by making our competitors drop their fees to compete with us.

Crew member 5 (Age 25):

- 1. What is Vanguard in one word?** Enabling
- 2. What kind of person would Vanguard be, if Vanguard were an individual?** Trustworthy.
- 3. What is your favorite story/legend about Vanguard?** Campus is shaped like a ship.
- 4. Tell me a horror story (if you have one).** Called someone by the wrong name at a networking event (Later redeemed myself, though).

5. What do you feel is the greatest misperception about Vanguard? / What do most people not know about Vanguard that you wish they did? We're not all business; there's more personality here than we sometimes show externally.

Crew member 6 (Age 30):

1. What is Vanguard in one word? Principled

2. What kind of person would Vanguard be, if Vanguard were an individual? Middle-aged, clean cut. Not very cool or exciting, but respectable.

3. What is your favorite story/legend about Vanguard? Bogle pressing forward despite public perception that the company would be a failure:

<http://blogs.wsj.com/moneybeat/2016/08/31/birth-of-the-index-mutual-fund-bogles-folly-turns-40/>

4. Tell me a horror story (if you have one). Not sure about that one

5. What do you feel is the greatest misperception about Vanguard? / What do most people not know about Vanguard that you wish they did? We do more than just sell index funds

Crew member 7 (40s):

1. Tell me about a proud moment at work? Working with a team of amazing committed and dedicated colleagues to win the Learning Elite award an industry training recognition for the organization. Also, simple moments when you help a crew member leverage their own ability and insights to come up with an answer, an idea, or a solution to a complex problem.

2. Please describe Vanguard in one word. Committed.

3. If Vanguard were a person, what kind of person would Vanguard be? Compassionate, kind, caring, catering; partner who provides guidance and advice and support along the way.

4. What, in your opinion, is the greatest misperception about Vanguard? What do most people not know about Vanguard that you wish they did? That we are only a mutual fund company. I wish they understood who Vanguard is, and our march for Crew, Clients, and Community!

Crew member 8 (40s):

1. What is your favorite story about the brand? A story of a shareholder whose husband passed away and she had no understanding of the family's finances. When she went to their file cabinet, a note in the file stated, "Call Vanguard. Put your trust in them. They'll know what to do."

2. Tell me about a proud moment at work? When one of my crewmembers (what we call employees) received a job that she was working and developing towards for a few years. It was a great moment of recognition of all the hard work and focus on her development.

3. Please describe Vanguard in one word. Steward

4. If Vanguard were a person, what kind of person would Vanguard be? A caring, ethical, passionate expert who puts the best interest of others at the core of everything they do.

5. What, in your opinion, is the greatest misperception about Vanguard? What do most people not know about Vanguard that you wish they did? It's not a misconception, but more of what I wish more people knew. I wish more people knew about our focus on our community. Our

crewmembers donate an incredible amount of time and money supporting the community. For example, we developed (<https://www.myclasroomeconomy.org>) a robust financial literacy program that is being leveraged by high schools across the country.

Crew member 9 (20s):

1. What is your favorite story about the brand? The story about how when John Bogle created the company, everyone thought it would fail and that index funds would not be successful - and that at first we were not very successful! But over time, we became an index and industry giant with the lowest expense ratios.

2 Tell me about a proud moment at work? The day I was nominated by the management team (out of 600+ supervisors) to be on the RIG A+ team - a team of four supervisors who plan monthly business acumen events for Retail Investor Group leaders across all three sites.

3. Please describe Vanguard in one word. Client-focused.

4. If Vanguard were a person, what kind of person would Vanguard be? Warm-hearted, loyal, and willing to make sacrifices for others before himself/herself.

5. What, in your opinion, is the greatest misperception about Vanguard? What do most people not know about Vanguard that you wish they did? I honestly must say that everyone that I know who knows Vanguard generally has the correct perception about the company - client focused, low cost, etc.

Exhibit E: The following exhibit is the Brand Resonance Pyramid, capturing the current state of Vanguard as well as its three aspirational competitors: Betterment, Blackrock, and Venmo. This is meant to serve as a quick comparison snapshot of the essence of each brand as well as show how each is perceived and responded to by consumers.

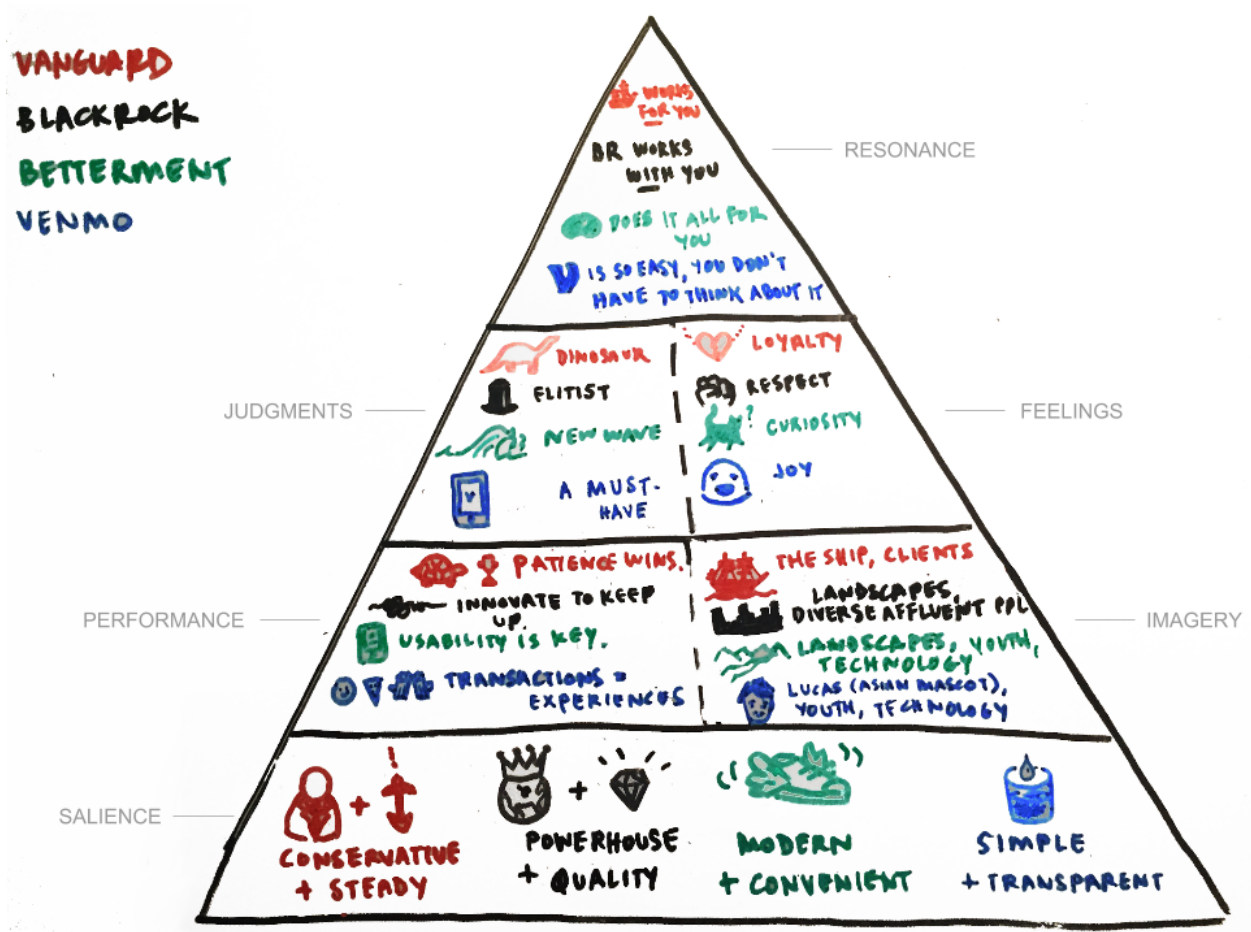


Exhibit F: The following exhibit charts Vanguard on Norton, Durgee, and VanDeVelde's Four Types of Happiness Index. The X axis spans from an internal, within self locus over to a through others locus. The Y axis spans from a physical purpose at the bottom up to a higher purpose at the top. There are four types of happiness, one per quadrant – upper left signifies transformative while the upper right is altruistic. We see Vanguard as currently altruistic but in future may wish to sail into

altruistic waters to capture Millennial hearts and minds.

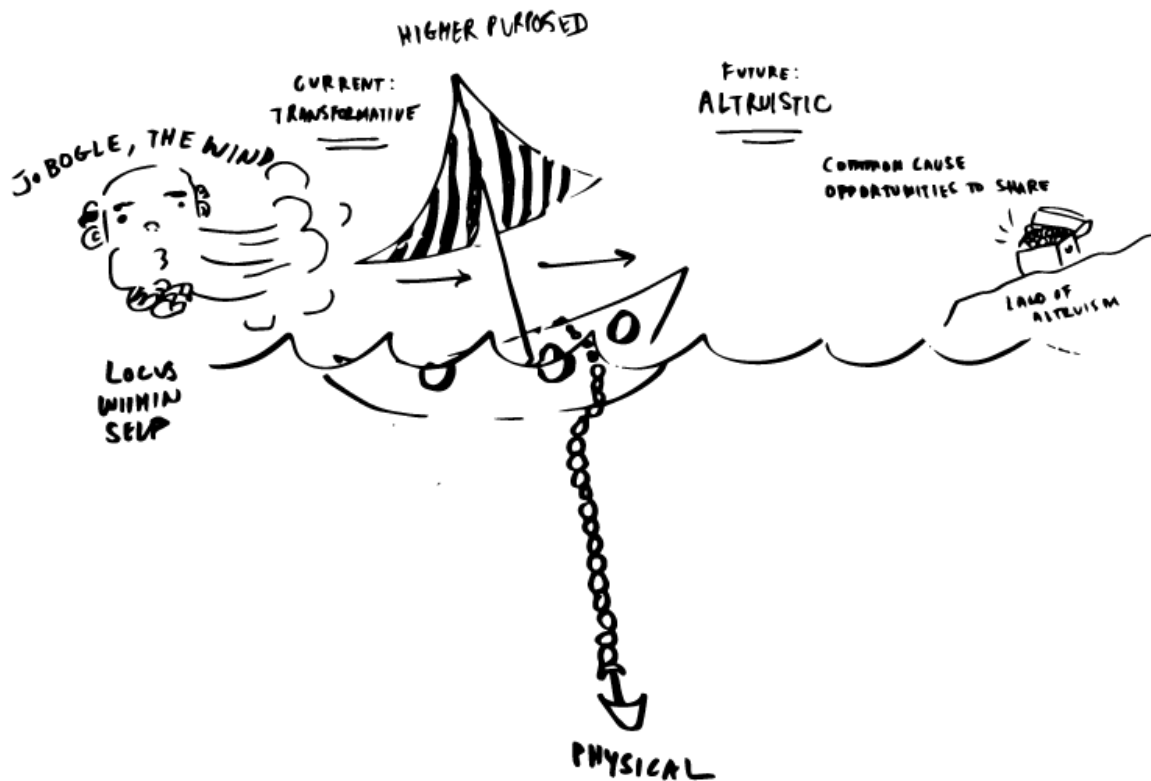


Exhibit G: The following captures Vanguard’s top five branding issues as we perceive them to be as of September 6, 2016, two weeks into the research process.

Main issue: Lack of or inept storytelling.

1. The cost story isn’t well understood. Not everyone understands how much fees can cut out from your savings. Millennials may view this as a choice between cheap vs. cool which they make every day with Walmart vs Target and HP vs. Apple.
2. Not an aggressive company by nature – don’t want to go on the attack with how they’re better than other companies. This means audiences continue to group them in with Wall Street (FINRA also heavily regulates what they can say). BUT in support of their approach, the Morningstar article title is: *No Signs of Complacency at Vanguard. Nor has it sold its soul to reach the top.*
3. The brand is viewed both internally and externally as your grandfather, a dinosaur, and elephant – would you want to associate with a backward, boring, stodgy brand like that (doesn’t “understand” your needs as a Millennial)?
4. Branding lacks any sensuality, feels distant and not engaging. Lacks humanity.
5. There’s a pervasive (mis)perception—both internally and externally—that an “investor” looks like a 60-year-old white male. Given the company’s mission to “take a stand for all investors,” how might we use personas and existing allies (like Bogleheads) to show a spectrum of what investors look like across generations, stages of life, etc.?

Exhibit H: The following exhibit outlines possible prototypes and methodologies as of September 8, 2016 that we are considering exploring in Phase II.

Prototype	Methodology
Collages	<ul style="list-style-type: none"> Target demographic: Millennials (college campuses) Materials: magazines, scissors, glue, paper Objective(s): To discover what kind of images and emotions are conjured when Millennials hear the words “investing” and “retirement.” Output: Discussion, direct observation
App / service mock-up	<ul style="list-style-type: none"> Target demographic: Millennials (Bogleheads & non) Materials: drawing, lo-fidelity mock-up, or cardsorting Objective(s): To discover what kind of digital investing / financial services resonate with Millennials. Output: Simple feedback meter / form
Persona profile testing	<ul style="list-style-type: none"> Target demographic: Millennials (college campuses) Materials: photos of “expert advisors” & their profiles Objective(s): Ascertain feelings around age, wealth and gender and their impact on Millennial comfort, trust and interest Output: Discussion, scale of trust ratings
Brand archetype ID	<ul style="list-style-type: none"> Target demographic: Bogleheads Millennials Materials: tarot-inspired drawings of various brand archetypes: ruler, hero, outlaw, magician, etc Objective(s): Determine which archetype millennials most association Vanguard w/ or that they find most compelling Output: Discussion, ranking of first and second archetype (and by what % #1 outranks #2)
Boarding Ladder Investing 101 Experience Map	<ul style="list-style-type: none"> Target demographic: Millennials (college campuses, at work) Materials: drawings, cardsorting Objective(s): Discover what information and/or experiences Millennials want as they approach investing (which is often described as overwhelming) and the order in which they want to receive the information and/or the ways they expect to experience it. Output: Discussion, process mapping

Exhibit I: Typeform survey #1 explores how people currently feel about and deal with the topics of investment, retirement, money and saving: <https://ahoythere.typeform.com/to/jvqNH2>. This online survey was conducted from September 14-18, 2016.

1. What comes to mind when you hear the word “investing”? (open text field)
2. Do you consider yourself an investor? Why is that? What would it take for you to consider yourself an investor? (open field)
3. Do you currently invest in a 401(k) or 403(b)? (open field)
4. If you invest, how did you get started with investing? (open field)
5. When you’re managing your money what tools do you use? Examples include – Apps like Mint, Digit, etc. // Spreadsheets like Excel, QuickBooks, etc. // Paper statements // Websites (i.e. your bank) // Checkbook // Abacus // Mattress (open field)
6. What’s the hardest part of managing your money? (open field)
7. What is happening when you feel successful with your money? What does success look or feel like? (open field)
8. What comes to mind when you hear the word “retirement”? (open field)
9. When you are 80 years old, what do you think your life will be like? (open field)
10. How old are you? (ranges provided)
11. What is your annual salary? (ranges provided)
12. When you think about managing your money, what face do you make? Can you share a photo of yourself making that face? (upload image)

Exhibit J: Link to survey #1 spreadsheet database capturing the results questions #1-11. Link to Pinterest board capturing respondent submissions from question #12.

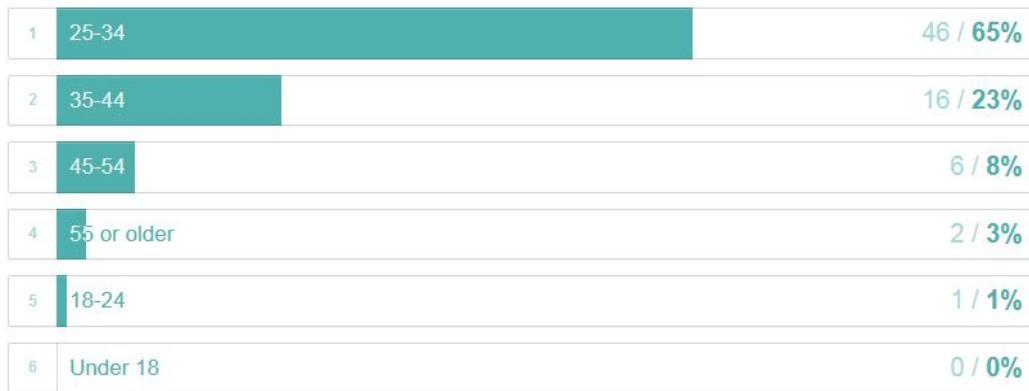
Responses collected from 14 SEP 2016 through 18 SEP 2016.

- <https://docs.google.com/spreadsheets/d/1ZXs0RB-l1dlE7YTZCfDsQN23ngycS7o-BzviOb55haU/edit#gid=0>
- <https://www.pinterest.com/ksodar/investing-feels/>

Exhibit K: Survey #1 analysis shows demographic information about our respondents as well as patterns for investing, managing money, and examining life at age 80.

How old are you?

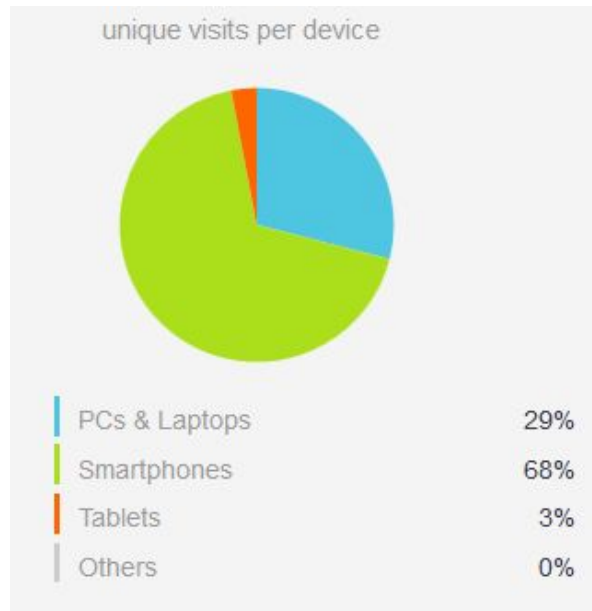
71 out of 71 people answered this question



What is your annual salary?

63 out of 71 people answered this question





Patterns for Investing

18-34 year olds think “investing” is

- Stocks & bonds
- Money
- Saving / preparing for the future
- Time

Other notes/comments:

- There was some mention of risk, in both neutral and negative tones.
- Many started investing through their parents’ or grandparents’ advice and/or direct support.
- The majority have 401k / 403b accounts through work and “let it do its thing.” They monitor the account via statements / website on a monthly or quarterly basis, but few mentioned taking action.
- Of those that did not have a 401k/403b through their employer, the majority did not have their own investing account (only 2 out of 8 had Roth IRA / index funds). They expressed that this was due to a lack of funds and/or knowledge.
 - “No because I don't have enough to invest. If I did have money I wouldn't invest right away.”
 - “No, not enough funds.”

Patterns for Managing Money

18-34 year olds use:

- Mint
- Spreadsheets/Excel
- Bank website/app
- Combination of the above

Other notes/comments:

- Most used more than one tool to manage their money.

- The difficulty in tracking expenses & maintaining a budget were two of the biggest complaints. The lack of education or understanding on how, when, and where to invest and/or save was a tertiary trend.
- There were several pain point comments about not being able to find the information in one place & not being able to connect the dots:
 - “Expenses. Student loans, mortgage, car payment, credit. It's all decentralized. It's hard to get a clear look at the big picture.”
 - “not having or looking at everything in one place at one time in real time.”
 - “Keeping up with all the different accounts.”
 - “Not being able to see how everything is connected.”

Patterns for “Life at 80”

18-34 year olds think that at 80 they will be:

- Traveling
- Volunteering (or possibly still working)
- Surrounded by family

Other notes / comments:

- The key themes here are “freedom” (traveling / not working) & “connection” (volunteering / family). These themes cross age boundaries – the volunteering pattern is particularly notable; it speaks to the philanthropy trend and people’s aspirational self-images.
- Similar envisionment to the older age group; in the older cohorts, there was slightly more talk of what type of home they would be living in (retirement community, by the water, somewhere warm).
- A handful demonstrated the inability or lack of desire to envision life at 80.

Exhibit L: Photos from “Build your Future” craft sessions where we asked three participants to answer two questions using magazines, pipe cleaners, popsicle sticks, and other materials. The first question was to show us what they imagined their retirement would look like and the second was what they imagined to be the perfect, but as yet fictitious, money management tool. Workshops held from 20 SEP 2016 through 22 SEP 2016.

Question 1:



Question 2:

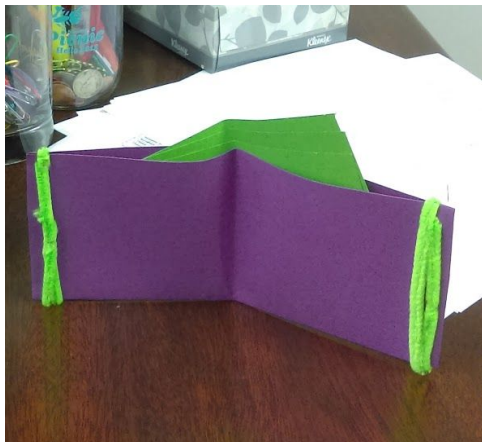
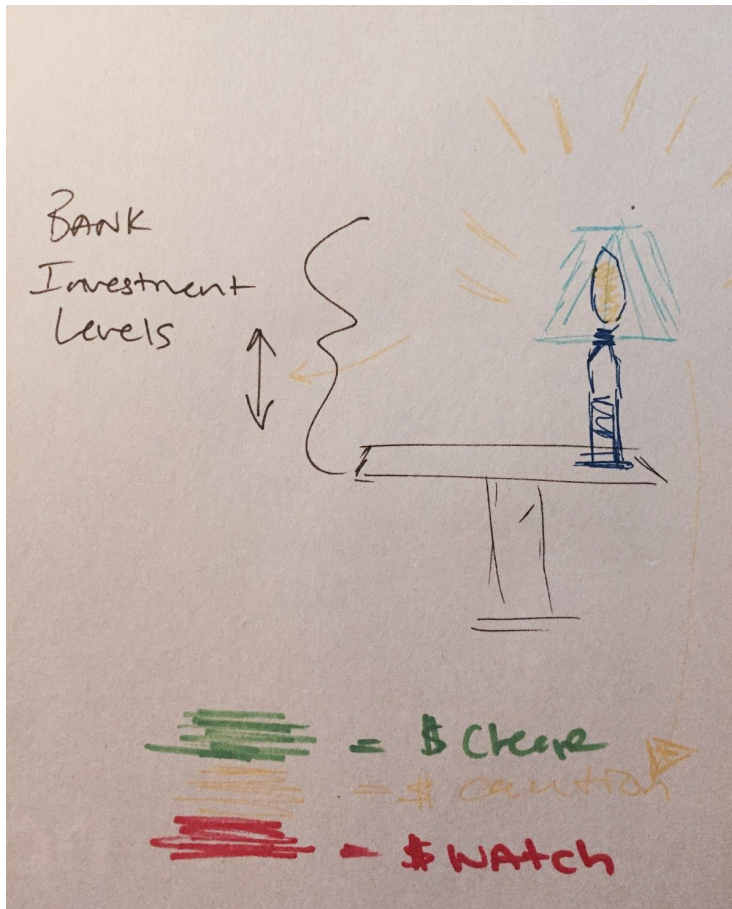



Exhibit M: From these “Build your Future” workshops, we discovered the following insights regarding Millennials and their spending and saving habits:

- Participants were just kids at heart who love playing and making things with their hands.
- People really enjoyed the opportunity to share their thoughts about money with others.
- Many are already hacking together their own custom money management solutions & in other parts of their lives such as travel. But when it comes to hacking investing, many think investing

- is different and that they need a lot of money saved to be taken seriously as an investor.
- Saving for retirement is something to think about “tomorrow”.
- The imaginary tools that they created were simple & easy to understand. A magic wallet automatically diverted any money you put into it to the right place, like savings or retirement. A magic lamp let you know when your bank account was in the danger zone.
- We observed two different outlooks towards retirement. The first being “Do people ever really retire? (This aligns with the Tyler persona). The second was “What tropical island would I choose?” (This aligns more closely with the Brooklyn persona).
- Some participants had difficulty imagining an ideal tool that doesn’t yet exist so instead talked about more advanced existing traditional tools working to make their lives easier (in the case of the Moleskine, it would be a digital spreadsheet to manage their accounts).

Exhibit N: Based on Survey #1, Build your Future workshop, research on the changing nature of work, and additional trendwork, we were able to form two different Millennial personae - Brooklyn the “conscientious financial outsider,” Tyler the “gigger”, and Tyler in 2021.

1990-1999
2000-2009



“I’M NOT WELL-EDUCATED WHEN IT COMES TO MONEY.”
...

“MY RETIREMENT WILL BE QUIET & COMFY, AND IT WILL INCLUDE VOLUNTEERING.”
...

“LIFE IS EXPENSIVE!”

MOTIVATIONS




- ° WATCHING STUDENTS PROGRESS FROM MATH CONFUSION TO MATH UNDERSTANDING.
- ° PLANNING & SAVING FOR THE NEXT BIG TRIP OVER SUMMER BREAK.
- ° MONITORING MY MINT ACCOUNT & MAKING SURE MY NUMBERS STAY “GREEN.”

CHALLENGES

- ° AFFORDING TO ENJOY LIFE WHILE INVESTING.
- ° GAINING A DEEPER UNDERSTANDING OF INVESTING.
- ° IS MY CONTRIBUTION ENOUGH? CAN I AFFORD TO INVEST MORE? I CAN’T SEE MY ENTIRE MONEY MANAGEMENT PICTURE.

BROOKLYN

THE CONSCIENTIOUS FINANCIAL OUTSIDER

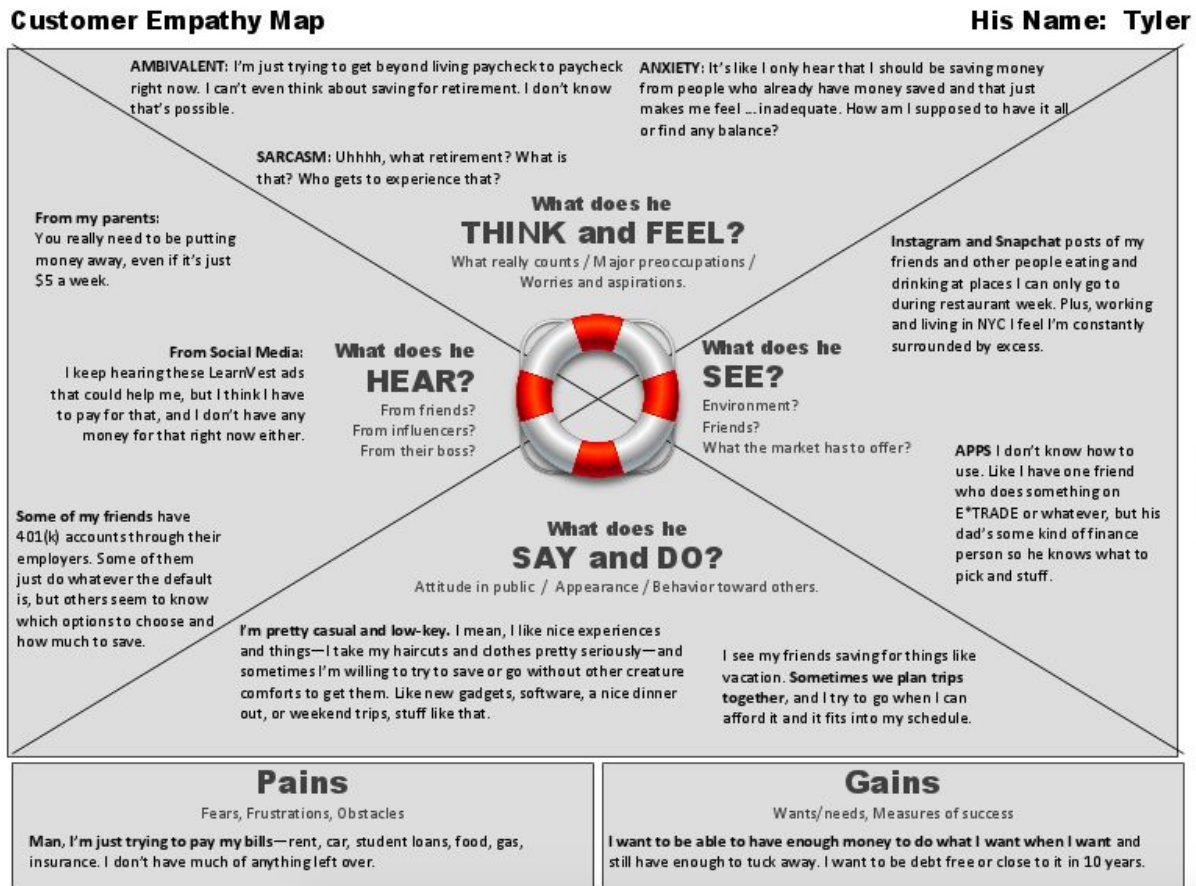
AGE 28	OCCUPATION MATH TEACHER, CHARTER H.S.
LOCATION PHILADELPHIA	CUMULATIVE INCOME \$65,000
EDUCATION MS, MATHEMATICS	MARITAL STATUS IN A RELATIONSHIP
FAVORITE SONG “SHAKE IT OFF” TAYLOR SWIFT	HOME STATUS RENTER, TRINITY ROWHOME
FAVORITE BRANDS   	

INVESTMENT HISTORY

- ° PARENTS STRESSED IMPORTANCE OF INVESTING WHEN GROWING UP.
- ° ENROLLED IN EMPLOYER-PROVIDED 401K DURING 1ST JOB.
- ° NOW CONTRIBUTES 6% OF INCOME IN INDEX FUNDS BUT IS OTHERWISE HANDS-OFF.

08
09

Exhibit O: The Customer Empathy Maps contain insights compiled from the qualitative results of Survey #1 (Exhibit B). These insights provided a foundation for deepening our understanding and further development of our two millennial personas, Brooklyn and Tyler.



Customer Empathy Map

Her Name: **Brooklyn**

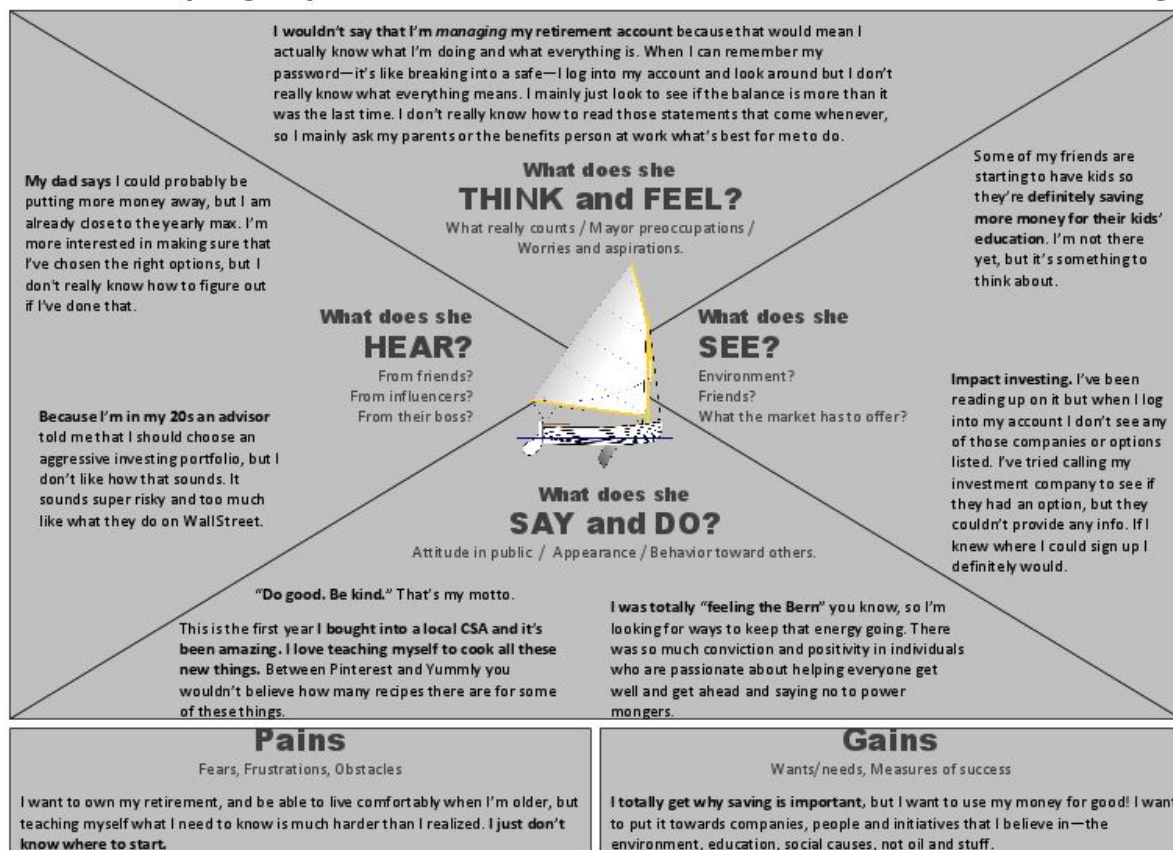
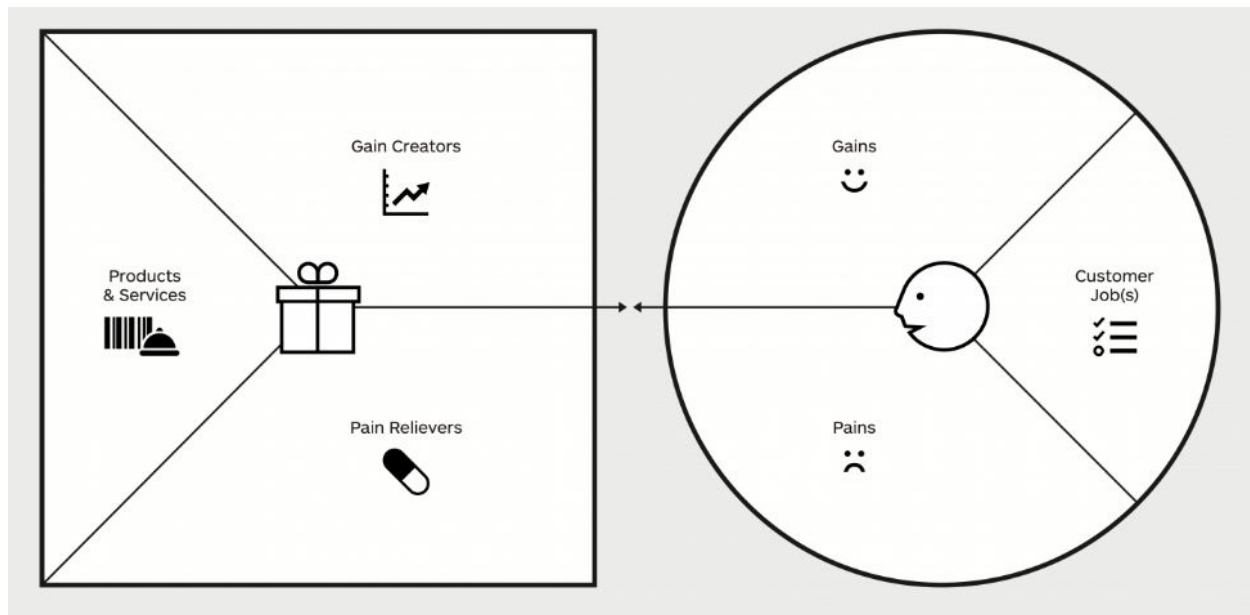


Exhibit P: The Value Proposition Canvas, which first enumerates the jobs each personae needs to accomplish, their gains, and their pains. Once those three areas are established, they are addressed by several proposed resolutions via gain creators, pain relievers, and finally products and services.



Brooklyn (The “conscientious financial outsider”)

Customer jobs:

- To not worry about money!
- To be able to afford everything I need to
- To have enough money to be able to retire someday & spend time volunteering
- To help others and be a good person (eg: teach young students and give back)

Pains (fears, frustrations, obstacles):

- Having to use a handful of different apps to manage my finances
- I don’t know how much I should be investing or the best way to invest my money
- Having to put full trust in an advisor on vehicles without understanding the details or why – feels like a black box

Gains (wants/needs and measures of success):

- Need to be able to make sure I don’t overspend on today’s needs
- To make decisions w/ my money that make sense to me and I feel good about
- To be able to retire, spend time giving back and volunteering
- Seeing my money grow and how that measures up against the goals I’ve set

Pain Relievers:

- Be able to access student loans, budget, investments, etc all in one app
- Education and plain language makes investment vehicles easy to understand
- Roboinvestor allows me to allocate in the right way, but human support is available when needed

Gain Creators:

- App allows me to make sure all my accounts are in balance and I’m not spending too much
- Clear graphical interface charting allocations and progress. I like being able to understand and solve life’s bigger equations!

- Receives alerts around progress toward milestones (including retirement milestone). It's awesome that I can share these milestones with friends!

Products & Services

- Vanguard Investing 101 App: provides friendly, digestible information about investing to help Brooklyn become comfortable with terminology and options
- Vanguard Investing App
 - Allows Brooklyn to sync all of her finances in one app (student loans, budget, investments, etc), set goals, track her progress toward those goals, and celebrate her successes.
 - Roboinvesting allows Brooklyn to allocate properly automatically, with a real person just a tap or email away.
 - Heavy reliance on visuals to decrease Brooklyn's cognitive burden
- New investment vehicles – impact mutual funds
- Annual adulting conference

Tyler (The “gigger”)

Customer jobs:

- To not worry about money!
- To be able to afford everything I need to, including the latest gadgets
- To enjoy life in my 20s and 30s and have fun with my friends
- To better weather the income fluctuation of my gigs
- To have enough money to be able to retire someday

Pains (fears, frustrations, obstacles):

- Not having income between gigs
- Money that would normally go to investing instead being used as a safety net between gigs
- Experiencing FOMO at seeing friends enjoying expensive vacations and dinners on social media
- When do have some spare change to invest, not sure what to do with it

Gains (wants/needs and measures of success):

- Seeing my money grow and how that measures up against the goals I've set
- To be debt free in 10 years
- To be able to stop freelancing (or decrease workload) as I get older
- To be able to weather employment fluctuations
- To be able to afford to take time off as needed

Pain Relievers:

- Having enough money in cash reserve to cover me during gaps in employment
- Budgeting helps find a happy medium between safety net and investing, even if it means investing just a few dollars each time this happens
- App allows Tyler to budget for whatever matters to him – a vacation, retirement or a more modest version of both. Makes him feel good about proactively making a choice for his long term betterment.
- Education and plain language makes investment vehicles easy to understand

- Roboinvestor allows me to allocate in the right way, but human support is available when needed
- Can set alerts near my trouble areas – for instance whenever I visit the Apple or Vans store or website, I receive an alert that I’m at max budget for the month and how that weighs against my other goals.

Gain Creators:

- Clear graphical interface charting allocations and progress
- Receives alerts around progress toward milestones (including retirement milestone)
- App allows me to make sure all my accounts are in balance and I’m not spending too much
- App allows me to forecast future income and can advise on how to best cover myself during gaps in employment

Products & Services

- Vanguard Investing 101 App: provides friendly, digestible information about investing to help Tyler become comfortable with terminology and options
- Vanguard Investing App
 - Allows Tyler to sync all of his finances in one app (student loans, budget, investments, etc), set goals, track his progress toward those goals, and celebrate his successes. Allows him to forecast to ensure he’s covered between gigs.
 - Roboinvesting allows Tyler to allocate properly automatically, with a real person just a tap or email away
 - Heavy reliance on visuals to decrease Tyler’s cognitive burden
 - App alerts him when his budget is endangered (eg: he enters an apple store or is browsing their website) to keep him mindful
- Educational workshop (or online course) offered through freelancers union/freelance company to educate on how giggers can best manage their cash fluctuations
- Annual Adulting conference

Exhibit Q: Two touchpoint maps for each persona show each stage of a customer’s experience with the Vanguard brand, both in its current state as well as within an imagined future. The five stages are entice, enter, engage, exit and extend – these stages are cyclical, with extend flowing back into entice, starting the cycle anew.



Current State

Brooklyn (The “conscientious financial outsider”)

Entice:

- Parents have a Vanguard plan and advisor and speak highly of them (WOM)
- Notices a few Vanguard ads in magazines and online

Enter:

- Tries exploring her options on the Vanguard website/app but nothing is clear or easy
- Sees there was a phone number on the website that she might call, but it is a Saturday and they are closed so she gives up on that/ it's too intimidating anyway.
- Her dad says he'll talk to his advisor about setting up an account for her

Engage:

- Father's advisor calls Brooklyn, but she's at work and misses his call
- Brooklyn calls the advisor back after the school day is over
- Advisor sets her up with an account
- Brooklyn downloads the app and logs into the website to see how everything is set up

Exit:

- Brooklyn has a technical issue with the app. She looks for a live chat or email address for support but doesn't find one. Calls the number and has to wait 10 minutes on hold before speaking with someone.
- Brooklyn speaks with customer service and they resolve her issues.
- She reaches out to customer service whenever she has technical questions

Extend:

- Vanguard sends her quarterly printed statements in the mail
- Her advisor calls her quarterly to check in that everything is going ok
- Brooklyn logs into the Vanguard app once a month to see how her investments are doing
- Brooklyn has conversations with her parents who pass on the advice that they've been given

Tyler (The "gigger")

Entice:

- Web banner ads & Vanguard TV commercial years ago (probably forgot about these by now, to be honest)
- Saw printed Vanguard ads in Fast Company magazine
- Watched John Oliver's diatribe on *Last Week Tonight* about how we're getting screwed by financial advising fees and read this as a warning to stay away from advisors

Enter:

- N/A. Not successfully enticed

Engage:

- N/A. Not successfully enticed

Exit:

- N/A. Not successfully enticed

Extend:

- N/A. Not successfully enticed

Ideal Future State

Brooklyn (The “conscientious financial outsider”)

Entice:

- Sees Vanguard banner and magazine ads in places that she chooses to spend her time (on the bus, on BuzzFeed, on Instagram), messaging resonates with her:
 - Messaging: Not sure how to find the right balance between saving, investing, and expenses? The education and tools you need, all in one place, without the jargon. Vanguard Investing 101.
- Sees a friend’s Facebook post about using Vanguard / Vanguard’s Investing 101 app
- Hears good things about Vanguard from friends
- Convo w/ parents on their own Vanguard account cements her interest
- Attends Vanguard-sponsored Adulting conference

Enter:

- Visits Vanguard website on her phone. Suggests she downloads the free V Investing 101 app. Downloads app.
- Once she feels comfortable with the basics, Brooklyn visits Vanguard’s desktop site to look at her options

Engage:

- Brooklyn engages daily with her Investing 101 app – receives push notifications
- Eventually she registers for an account through the main Vanguard app
- Checks the app on a weekly basis – social aspects make it fun
 - Can share your portfolio/boards with friends and family so you can meet shared goals or help advise. App includes both investing and Mint-like budgeting together so everything is linked/ feeds into each other
 - App allows people to save towards something specific -- e.g. Vacation to Madrid As they put money away in that bucket, the app allows them to share those benchmark goals on social media and/or they get little trophies. When they reach their money goal, they get a congratulatory message and a trophy.
- Follows Vanguard on Facebook

Exit:

- Brooklyn emails/live chats with customer support when she needs help with the basics
- Brooklyn emails an investing specialist with more complex / specific questions to get advice

Extend:

- Receives quarterly printed statements mailed to her house (w/ option to turn off)
- Receives courtesy call if no app usage for >2 months
- Attends social events/educational events that engage users
- Participates in a network of users that can help one another (peer forum)

- Follows the Stack Exchange model for the peer forum. Users upvote each others' answers for best answer / trustworthiness. Adds another element of social construct + gamification (re: Nir Eyal).
- Receives a one question survey each month to gauge her satisfaction (unhappy gets a follow up email)

Tyler (The “gigger”)

Entice:

- Sees a friend's Facebook post about using Vanguard & Vanguard's Investing 101 app
- Hears good things about Vanguard from friends
- Unbranded campaign
 - Messaging: Your future self doesn't want you to hate life. You can plan for the future and still have money to buy the things you want today.... This gets him excited about the possibility of investing or think about investing his money for the first time. Then once the desire is established a branded campaign will resonate more.
- Unbranded Adulting conference (teased by the unbranded campaign)
- Sees Vanguard posters on the subway
 - Messaging: Not sure how to find the right balance between saving, investing, and expenses? The education and tools you need, all in one place, without the jargon. Vanguard Investing 101.

Enter:

- Visits Vanguard website on his iPhone, pokes around wants to learn more basics first. Downloads the free Vanguard Investing 101 app.
- Once he feels comfortable with the basics, Tyler revisits Vanguard desktop site to look at his investment options.

Engage:

- Tyler engages daily with his Investing 101 app – receives push notifications
- Eventually he registers for an account through the main Vanguard app
- Checks the app on a weekly basis. Shares his portfolio/boards with his girlfriend so they can meet shared goals and she can give him advice. App includes both investing and Mint-like budgeting together so everything is linked/ feeds into each other.
- Follows Vanguard on Facebook

Exit:

- Tyler emails/live chats with customer support when he needs help with the basics
- Tyler emails an investing specialist with more complex / specific questions to get advice

Extend:

- Receives quarterly email that his statement is now available online
- Receives courtesy call if no app usage for >2 months
- Attends social events/educational events that engage users
- Participates in a network of users that can help one another (peer forum)
- Receives a one question survey each month to gauge his satisfaction (unhappy gets a follow up email)

Exhibit R: Our Business Model Canvas shows Vanguard's future state, including a reimagined value proposition designed to engage and entice Millennials to pursue investing as a means to ensuring financial independence. The future state highlights the opportunity for Vanguard to build upon much of its existing partnerships, channels, cost structures, revenue streams and resources to expand and enhance their customer relationships and key activities with the emerging Millennial customer segment.

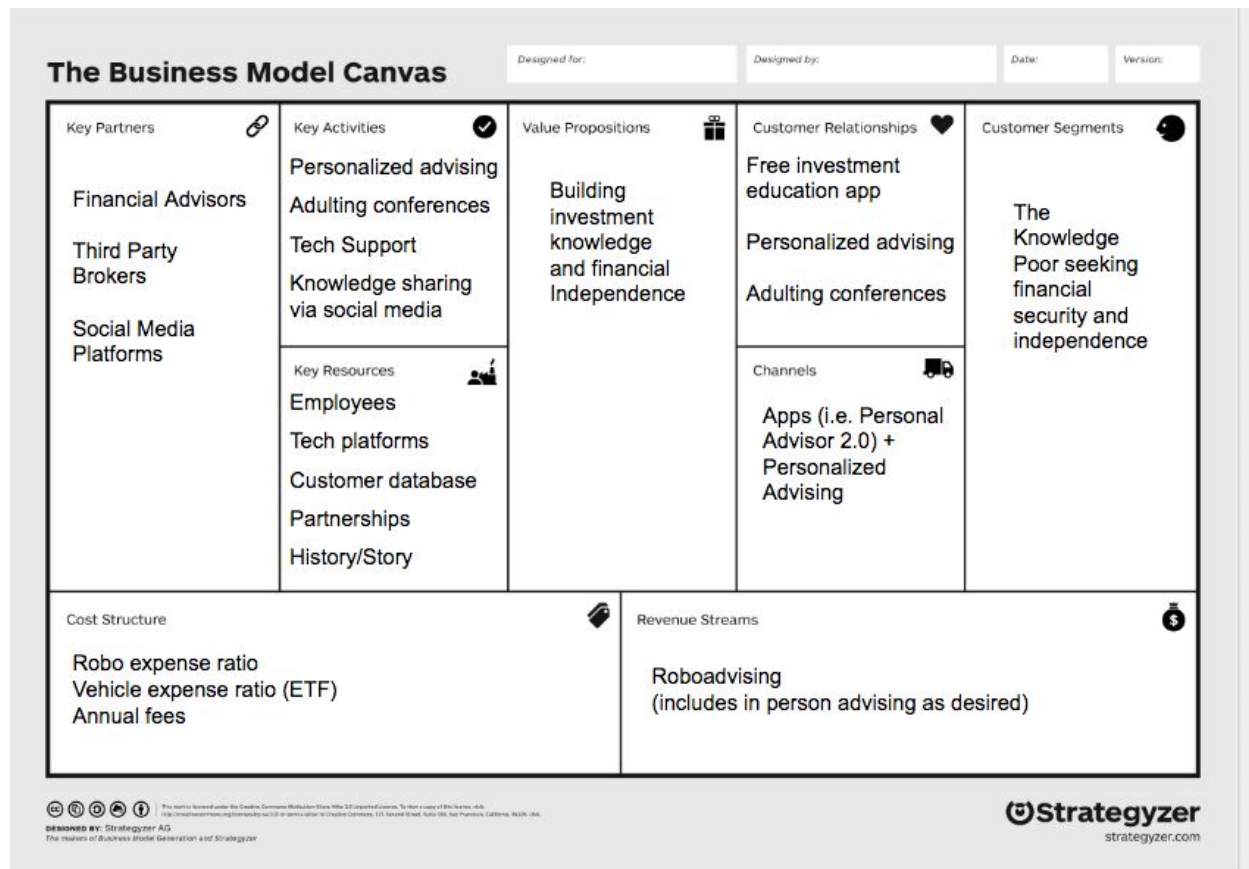
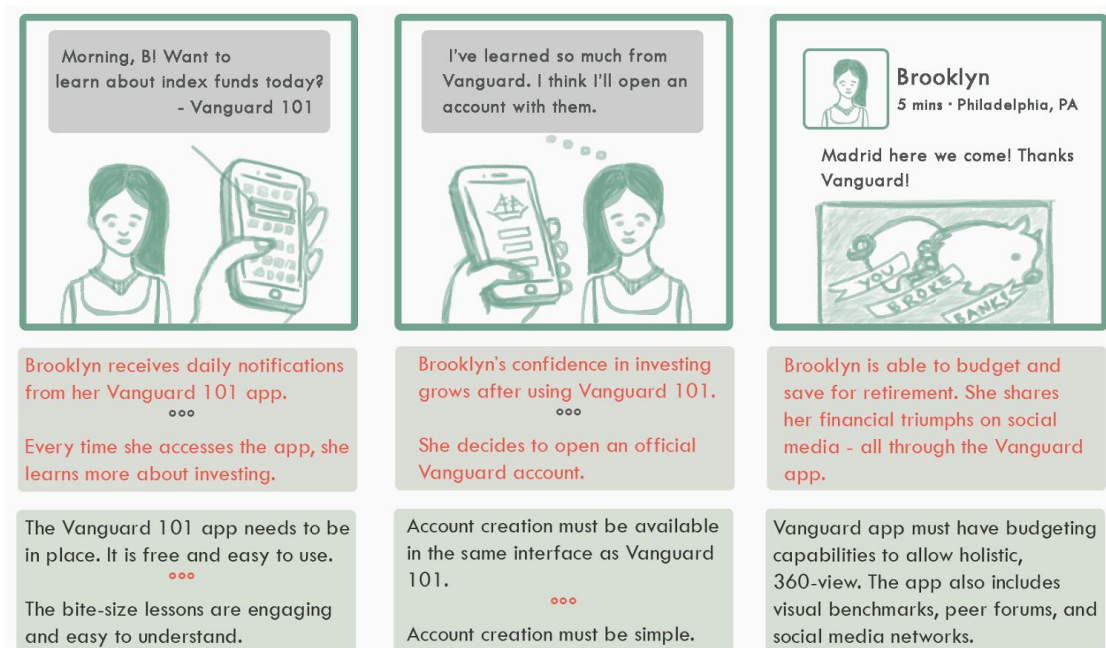


Exhibit S: Storyboards show our personae engaging in salient future touchpoints of the brand. For Brooklyn, we identified her main pain points as a lack of investment knowledge and the inability to get a holistic view of her financial status. Therefore, we focused on the “engage” touchpoint. For Tyler, his pain points are perceived lack of funds and the inability to forecast or plan far enough in the future. As he does not currently interact with the brand, we focused on the “entice” touchpoint for his persona. Both touchpoint maps are supported by the self-investment and virtual actualization trends, as both future states present opportunities for self-improvement and aspirational envisionment.

Brooklyn



Tyler

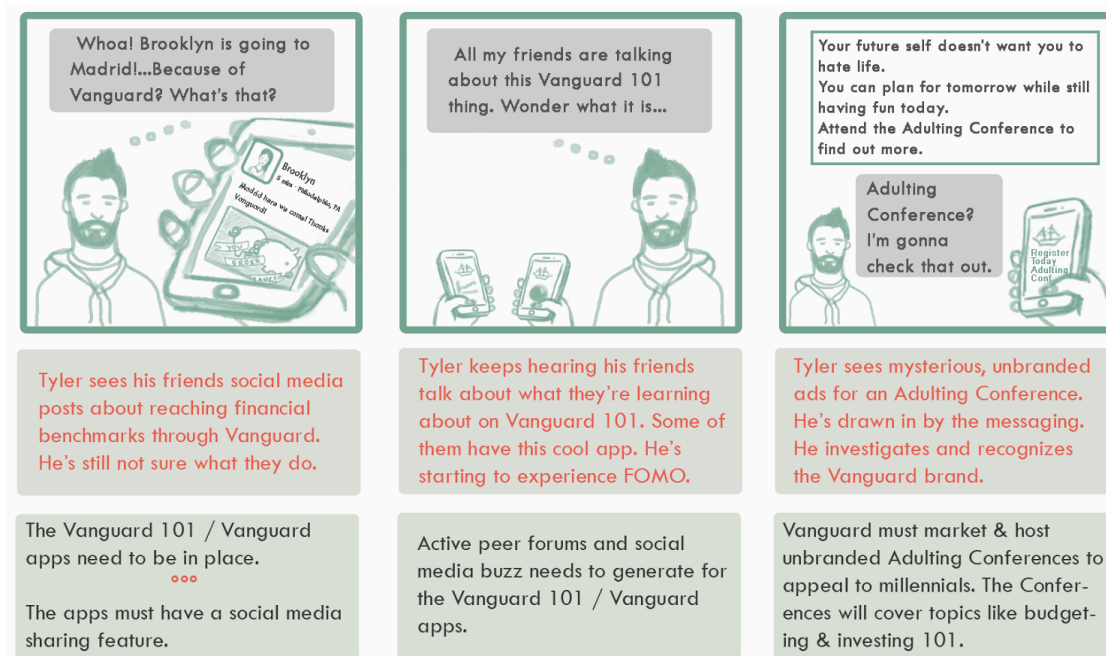


Exhibit T: We created an Investing 101 Education App Prototype to see how our Millennial audience would respond to a simple, engaging, conversational approach to learning. This is the link, walkthrough video link, and sample screenshots.

Walk-through video link:

<https://drive.google.com/file/d/0B5AGjAXRACf5ZHdhZWVLeUhwT2s/view?usp=sharing>

Sample screenshots:

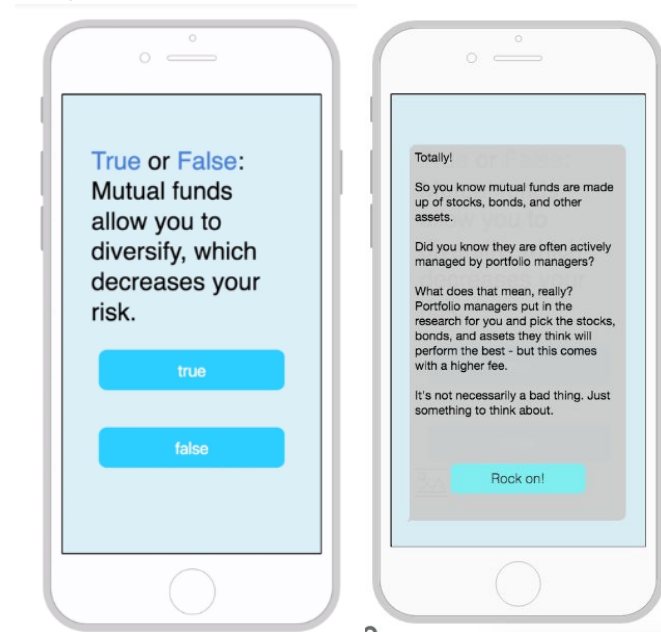


Exhibit U: When participants finished testing the Investing 101 Education App Prototype, they then completed a survey regarding their experience. Questions included in our Investing 101 Education App Prototype Post-Experiment Survey (Survey #2).

1. How would you rate your investment knowledge before you started the lesson?
2. Overall did you find this lesson format useful?
3. Why or why not?
4. How do you rate your investment knowledge now?
5. What is your age?

Exhibit V: Link to the Investing 101 Education App Prototype Post-Experiment Survey results and insights from 22 participants. Responses collected from 21 SEP 2016 through 22 SEP 2016.

<https://docs.google.com/spreadsheets/d/1ZXs0RB-l1dlE7YTZCfDsQN23ngycS7o-BzviOb55haU/edit#gid=0>

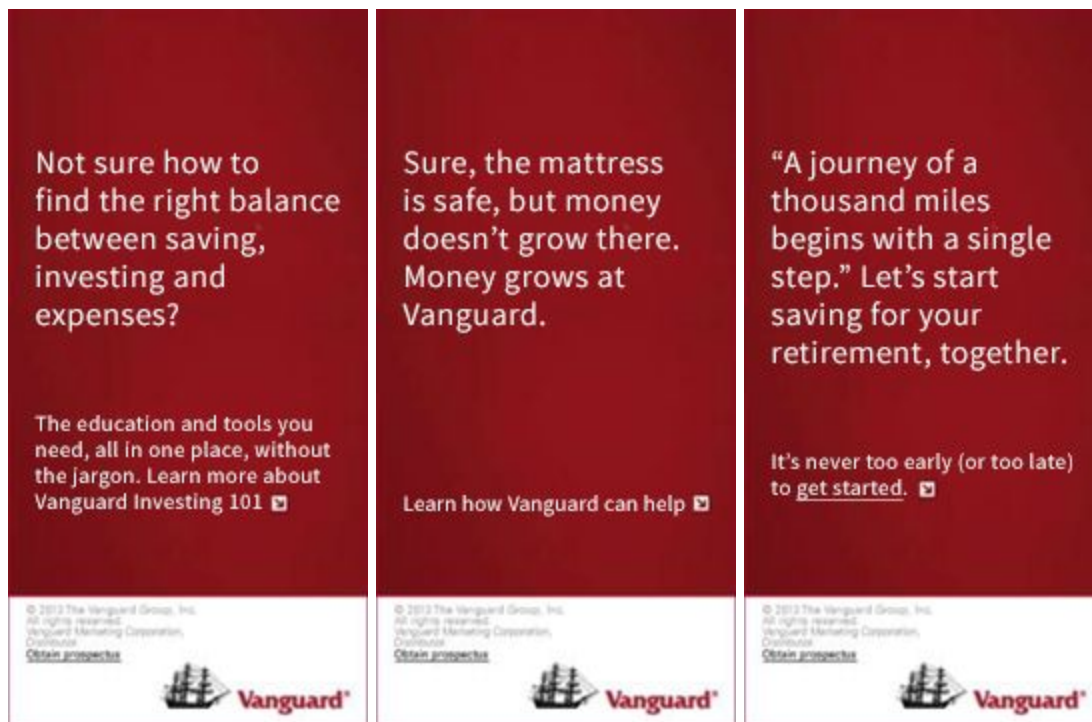
- The majority of participants felt that their investment knowledge went up, just with a few simple question and answers
- Some participants discovered that in reality they knew less than they thought they did
- Appreciated the conversational language and tone
- Elements of humor added to a dry subject helped maintain attention & interest

Exhibit W: Branding and Messaging Prototype and Survey Results. Reaching out across our social networks we asked participants between the ages of 18-35 to evaluate and rate six different messages, first as standalone text. After each message, we asked the following two questions:

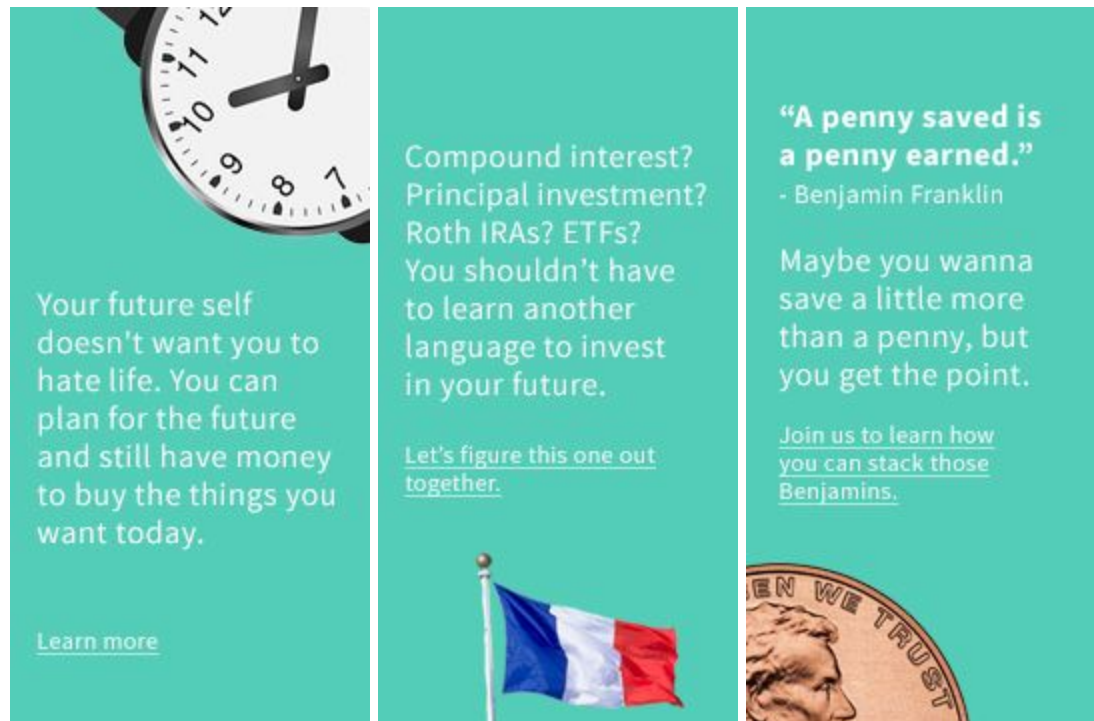
- On a scale of 1-5 (5 being the most), how much does this message resonate with you?
- On a scale of 1-5 (5 being the most), how much does this message entice you to want to find out more?

We concluded the experiment by showing the messages as visual advertisements, both branded and unbranded, in an attempt to determine what types of messaging would resonate with the Millennial audience.

Branded:



Unbranded:



Link to survey results and analysis/observations:

<https://docs.google.com/document/d/1R-DmLEvNUSvnkoFrHM8DRmJf8C3Kkh4roLwwDiK2BIM/edit?usp=sharing>

Exhibit X: Transcripts and recordings of three interviews with Vanguard Call Center Representatives conducted 27 SEPT - 29 SEPT to gain greater insight and understanding of types of investors who call in, the representative's process for assisting and where necessary educating the customer, as well as the nature and level of support received.

Interview #1 - Kris - 27 SEPT 16

- Link to transcript: https://drive.google.com/open?id=1oLW_4-W74U2n9HF8aZy9wwVxX_Oqd-R9yx_Cyz4W2AI
- Link to recording: <https://drive.google.com/open?id=0B5AGjAXRACf5VUxwQVZVUU8xM3g4N0liczRKbXZwTI90T0U4>

Interview #2 - Marcel - 28 SEPT 16

- Link to transcript: https://drive.google.com/open?id=1iJnvwqZEM9bHmV_6hqgw1h_DwALZvkifgchKa_FuMoA
- Link to recording: <https://drive.google.com/open?id=0B5AGjAXRACf5TnE4eU85cXY2VKE>

Interview #3 - Daniel - 29 SEPT 16

- Link to transcript: https://drive.google.com/open?id=1hCd-YCrYqa3tgiCOxh_lxkARfdCkDGEDgWp9LbMDRsc
- Link to recording: <https://drive.google.com/open?id=0B5AGjAXRACf5Z0phN2w0eExzMDQ>

Exhibit Y: In-class whiteboard exploration of Vanguard brand perception as archetype across three segments: Vanguard employees (ruler & sage), the general public (explorer & ruler), and Bogleheads (innocent & hero).

Date: 10Sep2016

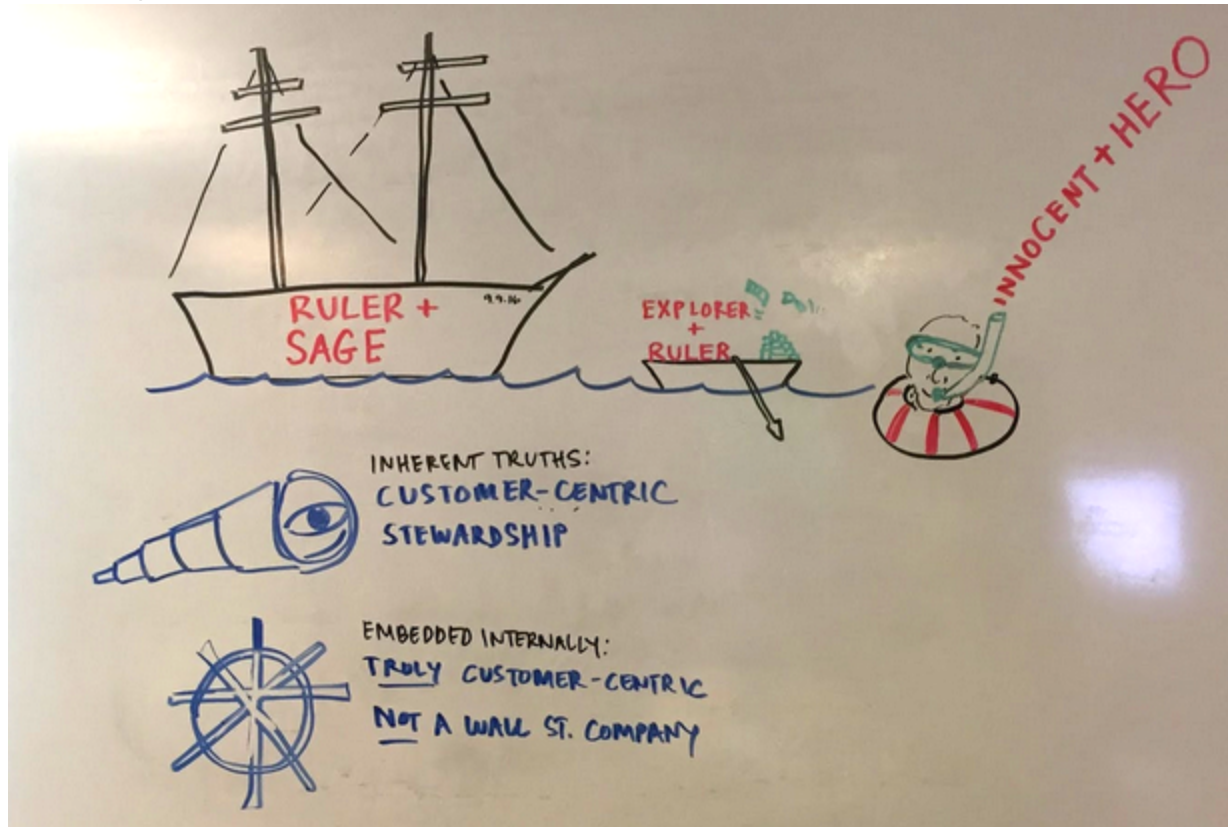


Exhibit Z: In-class whiteboard exploration of current trends impacting how Millennials invest and manage their money.

Date: 10Sep2016

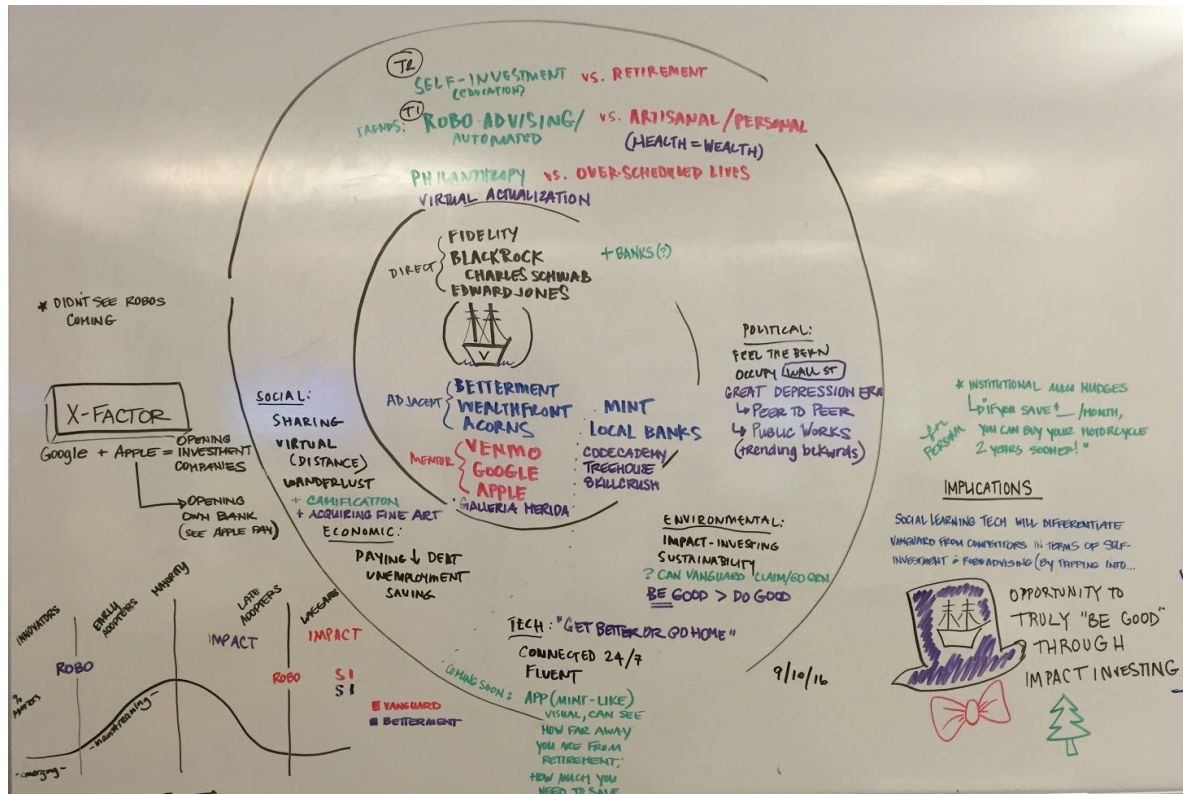


Exhibit AA: Link to Pinterest board capturing relevant trends regarding Millennials and investing. Building on the work performed in class during our second weekend, this board reflects various moods, themes and strategies around the areas of self-investment, roboadvising, philanthropy (e.g., impact investing), and virtual actualization.

<https://www.pinterest.com/ksodar/trendallenium/>

Exhibit AB:

In the Offing: Additional Recommendations and Ideas to Consider

Given the limited timeframe and scope of our work there were a few other areas of focus we encountered during our research, experiments and trend work that we were unable to pursue at length. However, as Vanguard continues to explore ways to serve the unmet needs of new and potential investors, we recommend delving further into the following:

Other Trends and Influences to Consider:

- **Purposeful Giving:** The role of impact investing plays a heavy role in the investment forecast for the future, as Millennials expect and desire to make an impact with their money, even if it costs them some of their own wealth. In their 2014 article, "Impact Investing Needs Millennials" the *Harvard Business Review* (citing a separate study conducted by Michael Liersch of Merrill Lynch's Private Banking and Investing Group) noted, "Of all the generations alive today, Millennials are the most willing to trade financial return for greater social impact." They want to invest in areas of sustainability and social good, and want to

see a plethora of options that will allow them to give responsibly, which aligns with their collective values and ideals. Competitors such as Blackrock have now recognized this trend and have recently started offering impact based investment options (Collins, 2015 and Rose-Smith, 2015).

- *Humor-Centered Design: Using Humor as a Rhetorical Approach in Design:* Throughout the course of this project we observed instances where humor played a subtle but pivotal role with engaging our target audiences. Whether it was observing how Venmo, a mentor brand, created a space for users to use humor in its comments section, or seeing how elements of humor resonated with users of our Investing 101 app/prototype, adopting a light, playful tone helped maintain attention and interest; it endeared users to the product.

Although there is a growing library of research about the role of humor in communications, we recommend further examining the role that humor can play in design, and, thus, suggest exploring Chelsey Delaney's "Humor-Centered Design: Using Humor as a Rhetorical Approach in Design" for guidance and inspiration—particularly in the area of puns. With Vanguard's well established nautical tone, there is ample opportunity to infuse elements of whimsy into advertising and social media campaigns as well as written and verbal communications.

- Delaney, Chelsey, "Humor-Centered Design: Using Humor as a Rhetorical Approach in Design" (2011).

Exhibit AC: The following is secondary research related to Millennials, banking, Vanguard, Vanguard's competitors, online banner advertisements, overall style and branding, trends, tribes and learning styles.

MILLENNIALS RELATED

- Bovino, B. A. (2015, April 29). Why Millennials and the Depression-era generation are more similar than you think. Retrieved September 14, 2016, from <http://fortune.com/2015/04/29/why-millennials-and-the-depression-era-generation-are-more-similar-than-you-think/>
 - Millennials most similar to Silent Generation (Great Depression era).
 - They are more likely to keep a larger amount of cash on hand, holding more than half their assets in cash, less than a third in equities, and 15% in fixed-income assets.
- Burstein, D. (2012, November 30). Fast Future: The Rise of the Millennial Generation – Ted Talks. Retrieved August 30, 2016, from <https://macromon.wordpress.com/2012/11/30/fast-future-the-rise-of-the-millennial-generation-ted-talks/>
 - Millennial insights from a Millennial; characterized by “pragmatic idealism;” inventiveness and entrepreneurial spirit born out of necessity (of ‘08 crash, experiencing 9/11, Columbine, other complex tragedies).

- Adept at working with big institutions while creating their own, more fluid movements and organizations
- Hess, S. (2011). TEDxSF - Scott Hess - Millennials: Who They Are & Why We Hate Them. Retrieved August 30, 2016, from https://www.youtube.com/watch?v=P-enHH-r_FM
 - “Commerce lubricated by conscience.” Examples: TOMS, ethos water; companies with manifestos
 - Xers (and Boomers) had parents who were authority figures vs. Millennials who have parents as cheerleaders, friends and helpers;
 - Xers: Mass Media :: Millennials: Personal Media
 - Millennials are/value:
 - Premium yet accessible
 - Savvy, yet approachable (i.e. I’m a hipster but not too cool to be your friend.)
 - Massively personal (from fashion to social media templates, take something available to all and personalize it)
 - Tech as a fun-enabler (as opposed to tech as a means for work or life functions)
 - So innovative they obsolete themselves
 - A company that feels like a movement = Philosophy (Form + Function)
- Liersch, M. (2013). Millennials and Money. Retrieved October 2, 2016, from http://www.pbimg.ml.com/Publish/Content/application/pdf/GWMOL/PBIG_Millennials_and_Money.pdf
 - Millennials are savvy, independent, skeptical and far more conservative than some might think
 - The report deep dives into 6 overall observations:
 - #1: Millennials take nothing at face value; the data gathered on Millennials largely suggests that the economic crises and volatility merely confirmed previously held doubts about the financial industry
 - #2: Wealth creators, in particular, want to remain in the driver’s seat when it comes to their investments.
 - #3: Inheritors want to be empowered to realize their own ambitions.
 - #4: Millennials don’t want their lives to revolve around money.
 - #5: Providing connections to other authorities is of vital importance to young investors.
 - #6: Millennials may not yet fully appreciate the degree to which wealth management firms have evolved to meet their needs.
- Millennials come of Age. (2011, June 14). Retrieved September 1, 2016, from <http://www.stylus.com/jbsrdz>
 - They are a “civic” generation that likes to solve problems together – like the “Greatest Generation” who fought through World War II and helped build today’s society
 - Ethnically diverse and their experience is much more global
 - Less experienced and less mature than their predecessors. “College deans tell me that 26 is the new 18,” says Tim Elmore.

- “The adult world we are beckoning them into has never been more complex. And the adolescent world that they are leaving has never been more pleasurable. They say, ‘I have these parents protecting me. I have my iPhone.’”
- Post 9/11 world has taught them to avoid risk
- Recent MTV survey of 18 to 24 year olds found that 79% believe they have grown up in a scarier world than their parents did.
- Fears: Economic uncertainty & Too much information than they know what to do with”

MILLENNIALS - BANKING RELATED:

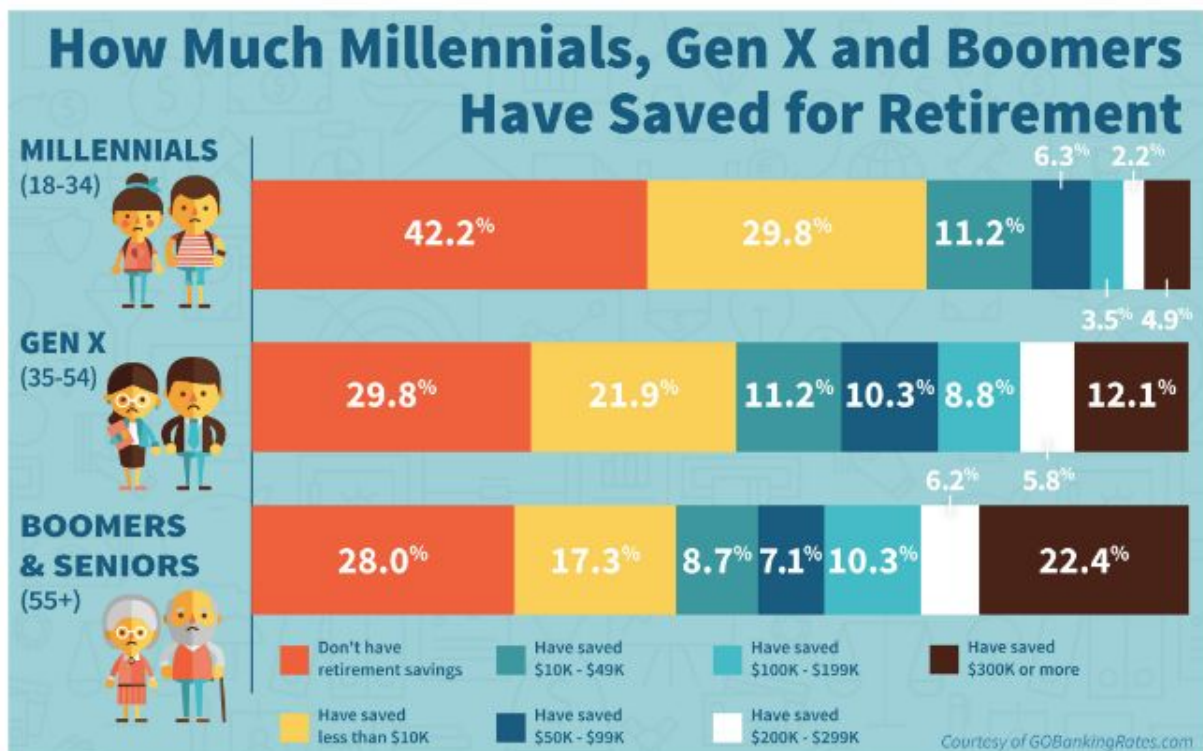
- A tale of three birth years. (2014, October 31). Retrieved August 29, 2016, from <https://personal.vanguard.com/us/insights/article/ira-insights-birth-years-102014>
 - In contrast with the Time article above “the future appears bright for Millennial IRA investors.”
 - “Time and the power of compounding are on the side of younger investors. If the Millennials keep up their pace, their projected IRA balances at age 65 would be 45% larger than those of their Generation X counterparts at the same age.”
 - “As Millennials move through their 20s, they become increasingly likely to open an IRA.”
 - “Since 2006, the number of Vanguard IRA investors born in 1985 has risen more than 500%, compared with about 100% growth for the other two groups.
- Berliner, U. (2015, October 20). Would You Let A Robot Manage Your Retirement Savings? Retrieved August 30, 2016, from <http://www.npr.org/2015/10/20/445337189/would-you-let-a-robot-manage-your-retirement-savings>
 - Millennials want “accountability and straight talk when it comes to financial advice. They were attracted to roboadvisors because their sites clearly answered the questions, What do you do? How do you earn money? How do I evaluate you?”
 - There’s an expectation that roboadvisors (and other fintech offerings), will disrupt the industry; however, that has not yet happened.
 - Roboadvisors score well in transparency and cost when compared with traditional advisors; however, they have yet to be tested by severe market downturns.
 - Some companies, including Vanguard with its Personal Advisor Services, use a hybrid approach pairing human advice with automated portfolios.
 - Other notable robos: [Betterment](#), [WealthFront](#), [SigFig](#), [Charles Schwab’s Intelligent Portfolios](#), [Personal Capital](#), [Vanguard Personal Advisor](#), [WiseBanyan](#), and [Bloom](#).
- Blackrock. (2015). Global Investor Pulse United States. Retrieved August 29, 2016 from <https://www.blackrock.com/investing/literature/brochure/investor-pulse-brochure-us.pdf>
 - All generations, but particularly Millennials (58%), are interested in robo-advisor platforms (41% overall), but digital advice is not seen as a replacement to face-to-face advice.

- Among Millennials, interest in robo-advisors is mainly driven by convenience (39%), simplicity (35%) and applicability to the small investor (26%), as opposed to negative perceptions of advisors.
 - The top two “lessons” Americans are most likely to remember are their parents teaching them to save for a rainy day (44%) and to avoid living beyond their means (48%), compared to only 1 in 10 who learned to contribute the maximum to a 401(k). There is no denying the importance of these values, but they emphasize financial discipline rather than financial growth.
- Butt, R. (2016, May 22). Millennials have an entirely different approach to investing than their parents. Retrieved August 28, 2016, from <http://www.businessinsider.com/millennials-cautious-investors-2016-5>
 - According to a UBS study, Millennials are less likely to follow the traditional investing principles, such as “buy and hold”, following a financial plan, and putting money into risky investments early before transitioning into safer investments when nearing retirement.
 - David Dunn, chief investment officer of Kingsbridge Wealth Management, noted, “There’s much more of a social consciousness. It’s like a classroom and almost everyone gave to whatever fund, and they want to check that box. They’re [Millennials] are also very much averse to borrowing money.”
 - Millennials’ approach to investment is impacted by two main factors: ongoing financial support from their parents and the global economic crisis of 2008. The Millennial generation is more conservative in their investments, in part due to the volatile markets, difficulties in finding jobs after graduation, and the expense of urban living.
 - According to a survey by PricewaterhouseCoopers, Gen X and Millennials will control more than half of all investable assets by 2020, with an approximate valuation of \$30 trillion.
- Felber, J. (2016, April 14). How Millennials Are Changing the Way We Save. Retrieved August 30, 2016, from <http://money.usnews.com/money/blogs/my-money/articles/2016-04-14/how-millennials-are-changing-the-way-we-save>
 - A 2015 survey revealed that 67 percent of Millennials will save by any means necessary, and more than 50% contribute the maximum amount to their retirement funds to benefit from an employer match.
 - How do Millennials find savings?
 - They get roommates or move back home after graduation.
 - They delay or avoid traditional milestones (home/car ownership, marriage).
 - They use wealth management & finance technology: Mint, Digit, Acorns.
 - They are conservative in terms of big purchase spending. They are more motivated to pay off student loan debt / get out of debt.
- First Data Corporation. The Unbanked Generation. Retrieved August 29, 2016, from https://www.firstdata.com/en_us/all-features/millennials.html
 - 71% consider their banking relationship to be transactional rather than relationship-driven.

- 33% are open to switching banks within the next 90 days
 - Smartphones are like the new wallet
- Howe, N. (2015, October 15). The Future Of Investing. Retrieved August 30, 2016, from <http://www.forbes.com/sites/neilhowe/2015/10/15/the-future-of-investing/#7d54706f4e61>
 - As of 2015, roboadvisors were handling ~\$6.7B in assets
 - Roboadvisors represent shift from the passive investment model of the 70s and 80s to the Exchange-Traded Funds (ETFs) of the 90s to the roboadvising of the present.
 - “Consulting group A.T. Kearney predicts that robo-advisory will become a \$2.2 trillion market by 2020—a ridiculous compound annual growth rate of over 200% from today.”
 - Full-service brokers like Vanguard face two challenges currently: how to manage generational preferences *seamlessly*;
 - “According to research firm Corporate Insight, only 30% of financial advisors are actively looking for clients under 40.”
 - Second challenge is how to deliver no- or low-cost services to a generation that demands high-touch experiences and services. Firms need to figure out how to deliver hands-on, non-algorithmic advice beyond investing to include taxation, inheritance, insurance, etc.
- Hyder, S. (2015, 25 February) Millennials and Money - Forbes.com. Retrieved August 29, 2016 from <http://www.forbes.com/sites/shamahyder/2015/02/25/millennials-and-money-how-banks-are-missing-the-mark/#6b04c3df788a>
 - A skeptical generation: almost half of all Millennials say they are politically independent, and a third report no religious affiliation at all. (This disassociation extends to banks). Caused by disillusionment with the American dream, 2008 financial crisis, and being the most educated generation in history.
 - Banks need to have the following:
 - Education (interactive and by fellow Millennials)
 - Transparency (honesty and a positive influence in the community/planet)
 - Choices (not used to being tethered, give them options around how they bank, whom they bank with and on what platform, but build around mobile)
 - Over 80% of Millennials have smartphones
 - Recognize the inherent diversity within the generation– in have different stages/lifestyles like marriage or funding a start up
 - Leverage other Millennials – A fellow successful Millennial is a lot more likely to inspire them than someone from an older generation
- Kelly, D. (2016, June 18). Why millennials embrace auto-advisories; Convenience, transparency and cost are the main things driving a tech-savvy generation to automated services. *Globe & Mail*. Retrieved August 29, 2016, from https://ezproxy.philau.edu/login?url=http://ic.galegroup.com/ic/gic/NewsDetailsPage/NewsDetailsWindow?disableHighlighting=false&displayGroupName=News&currPage=&scanId=&query=&prodId=GIC&search_within_results=&p=GIC%3AOVIC&mode=view&catId=&limiter=&display-query=&displayGroups=&contentModules=&action=e&sortBy=&documentId=GAL

E%7CA455614775&windowstate=normal&activityType=&failOverType=&commentary=&source=Bookmark&u=phil37611&jsid=afce5de6311a01151dc807976ed72057

- "It is a combination of the ease of use, the ease of signing up, and the low fees, "
 - "It's not uncommon for Millennials to interact with robots instead of humans," Ms. Marcus says. "For most of us it's about doing that initial online research, tackling investments on our own time, and utilizing the human element as a secondary resource."
 - "Millennials are digital natives and unburdened by a suspicion of person-less services. Culturally, shaking a hand and sitting across the table from someone typically isn't a prerequisite to building trust the way it used to be,"
 - And yet the technology is ever evolving, making robo-advisers subject to unpredictability. It is why Millennials who use them will still crave the personal touch, to assure them whenever things go wrong, say experts.
 - "My research suggests that, yes, sometimes the robot will completely replace the human adviser. But other times the robot will augment the human adviser. And most of the time the robot will reach a new market that is not currently being addressed by human advisers," Ms. Stewart says.
 - "The customer experience can feel stuffy, overly corporate, and be riddled with opaque fees and technical terminology that create distance and intimidation more than it educates," Mr. Weisz says.
 - "Many of the robo-advisers are keenly aware of that, and design their user experience to feel much friendlier, more approachable, and more in line with the experience Millennials get from many of the other services they use online."
- Kirkham, A. (2016, March 14). 1 in 3 Americans has saved \$0 for Retirement. Retrieved August 29, 2016 from <http://time.com/money/4258451/retirement-savings-survey/>
 - 3 in 5 Millennials have started a retirement fund, but 3 in 4 have saved less than \$10k or nothing at all.



- Millennials Money: The Unfiltered Journey. (2016, January 25). Retrieved August 30, 2016, from <https://insights.fb.com/2016/01/25/millennials-money-the-unfiltered-journey/>
 - Millennials feel disconnected from the financial services industry

- According to this study of Facebook users, Millennials are underinvested because a) they don't feel they have the money and b) they don't know enough about investing
- Meet them where they are and help them address multiple competing financial priorities, i.e. paying down debt *and* accumulating savings
- Make investing personable, actionable and rewarding. Consider waiving fees based on certain circumstances or creating savings accounts with an interest rate that increases over time.

Know	Do
<p>Millennials are redefining financial success They spend responsibly and save diligently, but most couldn't tell you what they're specifically saving for.</p> <p>Millennials need a new kind of partner They want to be understood and feel rewarded for their loyalty.</p> <p>Millennials crowdsource financial advice online They share what matters to them online, and that includes money matters.</p> <p>Millennials' journeys live on mobile Millennials are only as far away as their phone—which they use to discuss, track and move money.</p>	<p>Meet Millennials where they are Align your solutions with Millennials' priorities: Getting out of the negative, building a foundation and planning for flexibility.</p> <p>Be a partner for the Millennial era Expand your competitive frame of reference to service Millennials in ways they'll find invaluable.</p> <p>Elevate the conversation Support financial literacy—and do it visually and on mobile.</p> <p>Bank on mobile Put mobile at the center of your multichannel ecosystem.</p>

- Strategies for Millennial Finance. (2015, April 22). Retrieved September 1, 2016, from <http://www.stylus.com/fvkgpj>

The report surveyed more than 800 US workers aged 23 to 35. We highlight key insights for brands:

- **Put Them In Charge:** Most millennials (83%) feel they should be financially independent by the age of 25, while more than a third favour a lower limit of 21. Consider designing tools that help this demographic take control of their financial affairs.
 - **Help Them Save:** Badly scarred by the recession, nearly two-thirds of respondents over the age of 25 have already started saving for retirement. Demand is rising for money-management apps that offer fast, simple solutions – see [Millennials & Banking](#) for more.
 - **Simplify the Scary Stuff:** Some 37% of millennials find the stock market daunting, while 29% consider student loan debt an intimidating issue. Mobile-first tools such as [Robinhood](#) aim to simplify the stock market for digital natives.
 - **Earn Their Trust:** Just 34% believe financial professionals work in the best interest of their clients – and only 25% of those surveyed have approached a financial professional for advice and guidance. Read [Financial Advice for Millennials](#) for a tailored approach that will win the trust of this wary demographic.
 - **Don't Call, Email:** More than 40% of those surveyed would rather interact with financial companies over email – far ahead of phone calls, online chat, social media or in person.
- TRU, a division of TNS Research Global. (March 2011). Millennials stats: Millennial Paper Usage and Attitudes. Retrieved August 29, 2016, from <http://printinthemix.com/research/show/88>

- Paper equals trust. Compared to digital documents, it is seen as more official (88%), more trusted (82%), easier to keep confidential (78%), and safer/more secure (74%).
 - 90% prefer to have hard copies of important documents
 - 77% say documents are less trustworthy in digital format since they can be altered without your knowledge
 - Perhaps the most powerful attachment to paper is emotional. If forced to choose the majority would rather receive: a birthday card in the mail than via email (87%), a mailed invitation than an evite (57%), and a handwritten letter than an email (55%).
- The Millennial Disruption Index – The Millennial Disruption Index. (2013). Retrieved August 28, 2016, from <http://www.millennialdisruptionindex.com/>
 - 73% of millennials would be more excited about a new financial service offering from a tech company (i.e. Google, Apple, Amazon, PayPal) than their own nationwide bank.
 - “I don’t see the difference between my bank and all the others”
 - 1 in 3 are open to switching banks in the next 90 days
 - All 4 of the leading banks are among the ten least loved brands by Millennials
 - 71% would rather go to the dentist than listen to what the banks are saying
- The ties that bind: How Boomers and their Millennial children are redefining family and finances. (2016, June 30). Retrieved August 30, 2016, from <https://www.ubs.com/content/dam/ubs/microsites/ubs-investor-watch/documents/invest-or-watch-the-ties-that-bind-2Q2016.pdf>
 - Key findings: a) Millennials view parents more as friends than authority figures; b) Boomers eagerly provide financial support to their children; c) Boomers loyal to traditional investing principles, while Millennials are more inclined to rely on their instincts and time the market; d) Millennials are interested in advice to better position their portfolios and want advice on a wide range of topics; e) Millennials have limited interactions with their parents’ advisors.
- The young and the restless: Millennials prefer cash over long-term investments. (2016, April 5). Retrieved August 29, 2016, from http://www.lexisnexis.com.ezproxy.philau.edu/lnacui2api/results/docview/docview.do?docLinkInd=true&risb=21_T24588898898&format=GNBFI&sort=RELEVANCE&startDocNo=1&resultsUrlKey=29_T24588905702&cisb=22_T24588905701&treeMax=true&treeWidth=0&csi=399660&docNo=4
 - Millennials, in general, have low appetite for investing. According to a survey by bankrate.com, only 26% of people under 30-years of age invest in stocks.
 - Volatility has made Millennials savers, not investors, holding nearly twice as much in cash as any other generation. Volatile markets paired with paltry returns provide little incentive for the next-gen to engage in investment portfolios.
 - Student loans, high housing costs make them cautious to have a cash safety net.
 - "Millennials are more interested in life experiences; being mobile. Making a first home purchase or buying a fancy car is not necessarily a top priority."
 - However, Hungerford says when it comes to investing, Millennials favour higher risk investments alongside a majority of cash holdings in contrast to a traditional

balanced portfolio. "You see new ways of investing, things like crowdfunding and P2P lending, as people are searching for that lottery ticket type route. Millennials are naturally more sceptical of the stock market, which feels like this nebula's idea to them. That's why they move towards higher risk investments, which promote the idea that you can be in-touch with the entities you're investing in."

- Amongst Northern Trust's Millennial clients, there has been a growing appetite for socially responsible investments. He also notes a number of Millennial targeted financial instruments such as ETFs that focus on technology companies, or hold companies that they are familiar with such as Facebook, Netflix and Amazon.
 - Despite being a technology based wealth manager, technology is not the most significant differentiator to attract younger potential clients to Nutmeg. He says the lower barrier to entry, with a starting point of £500 as opposed to the normal £500,000 entry level of most wealth managers, gives Millennials an easy inroad into investment.
- Von Tobel, A. (2012, April 16). Watch "TEDxWallStreet - Alexa von Tobel - One Life-Changing Class You Never Took" Video at TEDxTalks. Retrieved August 30, 2016, from <http://tedxtalks.ted.com/video/TEDxWallStreet-Alexa-von-Tobel>
 - The avg. person makes 6-10 completely unguided money decisions a day
 - 3 out of 4 of your friends or 76% of people feel out of control when it comes to their money. LearnVest 2011 study.
 - 61% of Americans are living paycheck to paycheck; 84% of college grads have expressed a desire for help with major money decisions
 - Yurcan, B. (2016, March 16). What Do Millennials Want from Banks? Everything. Nothing. Whatever. Retrieved August 29, 2016 from <http://www.americanbanker.com/news/bank-technology/what-do-millennials-want-from-banks-everything-nothing-whatever-1079945-1.html>
 - "As banks transform their business strategy to cater to this generation, they must understand that while this group wants more automated functionality, they still expect to maintain control over their banking but want human connection when they need it," Schaus said.
 - For the generation largely made up of people who do not remember a time before the Web and are often described as living on their phones, CCG's research about digital adoption might be somewhat surprising: 46% use checkbooks, 68% use online banking, 44% send money digitally and 39% use mobile remote deposit capture. Those figures might show a bias to digital services compared with the rest of the population, but they clearly show that millennials are far from digital-only customers.
 - "Millennials are typically not scouring the Internet to find the coolest free checking account," said CarrieAnne Cormier, assistant vice president of retail operations and strategy at the \$1.2 billion-asset bank. "They're looking for things they identify with."

MILLENNIALS - IMPACT-INVESTING RELATED:

- Millennials have Strong Desire to Pursue Impact Investing, According to Research by Toniic, Sponsored by Bank of the West. (2016, June 13). Retrieved August 29, 2016 from http://www.lexisnexis.com.ezproxy.philau.edu/lnacui2api/results/docview/docview.do?docLinkInd=true&risb=21_T24588898898&format=GNBFI&sort=RELEVANCE&startDocNo=1&resultsUrlKey=29_T24588905702&cisb=22_T24588905701&treeMax=true&treeWidth=0&csi=389360&docNo=1
 - Millennials place a high importance on philanthropy across the entire spectrum of their lives, as reflected in their investing behaviors and the career paths they choose. We expect that impact investing will not replace other philanthropic efforts, but rather will supplement Millennials' approach to living an impactful life.
 - 79% of Millennials surveyed consider themselves "impact investors." This group defines impact investing in a number of ways, including those who seek both financial and social impact returns (74%); those who seek opportunities that align with their values, regardless of financial return (13%); and those who say they seek financial returns first with some social benefit (9%). For those Millennials who do not consider themselves impact investors (21%), they reason that they lack the knowledge about the field, have not yet invested in impact investing, or simply don't have the interest at this time.
 - Several challenges remain: More than 50% say that not having enough knowledge is a barrier they face in moving their assets into impact investments. Nearly 40% say that they face push-back from financial advisors, and roughly one-third say they receive push-back from family.
 - "While some Millennials, particularly those with several years of investing experience, are aggressively pursuing impact opportunities, many are still in the fledgling stage of their impact investing journeys and are lacking the proper knowledge to feel empowered in their decisions...We see a responsibility for investing intermediaries to provide the proper tools and information to this generation of investors. We also believe there is an opportunity for the more experienced Millennials to instill confidence in their peers."
 - Financial advisors play a key role in connecting investors with an impact investing solution that meets their needs. The survey identifies criticisms that Millennials have of advisors, notably a gap in knowledge of this space and resistance to the use of technology. However, the use of technology with impact investing presents an opportunity for 'shared learning.'
 - Millennials are eager to develop their knowledge around impact investing, and there's a real opportunity for financial advisors to become advocates
- Yeap, N. Making a Difference; Gen Y clients want advisors to build portfolios with both social and financial returns. Retrieved August 29, 2016 from http://www.lexisnexis.com.ezproxy.philau.edu/lnacui2api/results/docview/docview.do?docLinkInd=true&risb=21_T24588898898&format=GNBFI&sort=RELEVANCE&startDocNo=1&resultsUrlKey=29_T24588905702&cisb=22_T24588905701&treeMax=true&treeWidth=0&csi=170497&docNo=2

- More than 85% of Millennial respondents expressed an interest in or owned social impact investments.
- "It is very much an identity point for Millennials," says Jackie VanderBrug, an investment strategist with U.S. Trust. "They are conscious consumers and not surprising that they are conscious investors, too."
- Basic human rights are the primary focus of Millennials' impact investing strategies, according to OppenheimerFunds and Campden Research. Both firms and U.S. Trust also cite education, health-care quality and environmental sustainability as some of the top issues that young clients show most interest in.
- 85% say they want advisers to find and vet direct investment opportunities.
- Many advisers, however, are avoiding the conversation about impact investing because they don't feel qualified. But clients are not looking for an expert, "[Clients] want advisors to go on a journey with them, understand their social goals and help address portfolio questions like asset allocation strategies."
- Examples of impact investing include the purchase of publicly traded stocks from companies with pledged social missions or buying into funds that focus on socially responsible investing, such as ethical bond funds.
- 69% of Millennial clients find advisers through recommendations from family, friends and colleagues. Suggests this can help advisers develop long-term trusts with young clients, who tend to have shorter relationships with advisers.

COMPETITIVE & MENTOR BRANDS:

- About Us | Blackrock. (2016). Retrieved September 4, 2016 from <https://www.blackrock.com/corporate/en-us/about-us>
 - BlackRock is the largest investment firm, managing \$4.6 trillion in assets
 - Company values include long term sustainability and a fiduciary commitment to their customers
 - Very client focused in all they do.
 - Commercial on their site highlights all the crises of the past few decades and the rapid pace of change and states that the old ways of investing don't work anymore. "Blackrock was built for these times."
- Collins, C., & Morbi, A. (2016). *Interbrand Breakthrough Brands: Future Growth Report* (pp. 1-103, Publication). New York, NY: Interbrand.
 - Betterment was named one of Interbrand's Breakthrough Brands for "Personal Growth: A Better Me" in 2016. This category recognizes brands that meaningfully improve people's lives through new technology.
 - Noted by Interbrand for being simple, beautiful and user-friendly.
 - Dubbed by Quartz as "The Apple of Finance" in 2010.
 - Manages more than \$5 billion in assets.
 - Venmo (PayPal) was named one of Interbrand's Breakthrough Brands for "Innovation Incubators" in 2016. This category recognizes brands that continue to "push the envelope", create invaluable partnerships, and are leaving marks in their industries.

- Venmo had more than 1.5 million distinct users by Q3 2014. Users – Millennials in particular – opened the app an average of four to five times a week, most often to split restaurant bills.
- Parent company PayPal views Venmo as a lifestyle brand. Fiona Naughton, Senior Director, Global Brand Planning & Insights of PayPal, said, “Forward momentum is the new rule of Breakthrough branding. It’s not about looking in your rearview mirror – but what is the force from within that’s going to spur your business on?”
- Collins, M. (2015, October 12). BlackRock targets idealistic Millennials with Do-Good Investing. Retrieved September 4, 2016 from <http://www.bloomberg.com/news/articles/2015-10-12/blackrock-tries-do-good-investing-after-millennials-convince-fink>
 - "Often philanthropy isn't enough so you need to infuse almost a more market-based approach to affect outcomes that you want."
 - The number of new mutual funds matching investments with values went from 3 in 2014 to 18 in 2015.
 - BlackRock started selling its first impact-labelled fund in the U.S. in 2015
- Greenfield, R. (2014, February 14). Lucas Talks To Fast Company: Reviled Venmo Subway Ads Explained. Retrieved September 06, 2016, from <https://www.fastcompany.com/3026144/lucas-talks-to-fast-company-reviled-venmo-subway-ads-explained>
 - Ads garnered extreme reactions from NYC subway riders, often negative.
 - Lucas is an actual worker at Venmo (software engineer).
- Jr., B. M. (2016, May 23). Millennials Say This App Turns Them Into Stingy Jerks (So Why Do They Keep Using It?). Retrieved September 05, 2016, from <http://www.inc.com/bill-murphy-jr/millennials-say-this-app-turns-them-into-stingy-jerks-so-why-do-they-keep-using-.html>
 - Venmo was launched in 2012. The name originates from the word *vendo*, Latin for “to sell.” “We liked [the name] because it was short and made for a good verb: ‘Just Venmo me for dinner,’” founder Andrew Kortina said on Quora in 2014.
 - The app makes it easy and convenient for users to send and request money instantly. However, the flip side is that “the faceless nature” also encourages what some perceive as stingy behavior. One example includes a surprise charge request for a \$3.79 coffee with a friend.
- Loomis, C. J. (2014, July 07). BlackRock: The \$4.3 trillion force. Retrieved September 05, 2016, from <http://fortune.com/2014/07/07/blackrock-larry-fink/>
 - BlackRock was formed in 1998 by Larry Fink and 7 partners. BlackRock became the No. 1 asset manager in 2009, and by 2013, had \$4.3 trillion of assets under management (AUM).
 - The company’s success has confronted it with a new set of challenges related to size and power. “The question of how much power BlackRock draws from the multitudinous shares it has to vote–and then how it chooses to use power–is complex.”

- “The portfolio managers of BlackRock’s actively managed equity funds—their value is about \$315 billion—control the votes of those funds. These investors may even choose to campaign vocally when there is nothing to vote on.”
 - BlackRock’s passive equity funds are voted by a BlackRock corporate governance team.
 - “Yet for all of [Fink’s] willingness to be outspoken, he has resisted suggestions in the media that BlackRock’s ability to vote its huge blocs of shares makes him—capital letters called for here—The Most Powerful Man on Wall Street.”
- Ma, Mike. (2015, June 10). The Difference between Vanguard and Betterment. Retrieved September 4, 2016 from <https://www.betterment.com/resources/inside-betterment/the-difference-between-vanguard-and-betterment/>
 - Mike Ma was a former Vanguard employee, now Chief Growth Officer at Betterment
 - “In short, Vanguard makes great stuff. Betterment is solely focused on making stuff great for you.”
 - He greatly admires Vanguard, but believes that Betterment is its next generation evolution, something even better
 - What differentiates Betterment from Vanguard is accessible user interface and accessible minimum amounts of investment
 - Rao, L. (2016, July 13). PayPal Is Okay If Millennials Don’t Know It Owns Venmo. Retrieved September 05, 2016, from <http://fortune.com/2016/07/13/paypal-venmo-millennials/>
 - Venmo is a peer to peer mobile app that allows users to send money instantly. In January 2016, Venmo had its first \$1 billion transactional month. Venmo was acquired by PayPal in 2014, but this fact is little known by Millennials.
 - “The secret sauce of Venmo is turning a transaction into an experience,” Schulman [CEO of PayPal] said, adding that Venmo was the third most popular mobile app downloaded last year. “It’s almost ubiquitous among Millennials.”
 - Venmo is starting to roll out as a payment option, similar to PayPal. “We are being wise and thoughtful about monetizing Venmo,” Schulman said. “We want to make sure we aren’t putting the wrong metrics on it.”
 - Rey, J. D. (2016, April 27). Venmo is growing ridiculously fast. Retrieved September 05, 2016, from <http://www.recode.net/2016/4/27/11586488/venmo-is-growing-ridiculously-fast-q1-2016>
 - Venmo continues to be a popular money transfer app among Millennials. Payment volume grew 154 percent year over year in the first quarter of 2016 to \$3.2 billion.
 - Currently, Venmo does not charge their users fees for transferring funds via debit cards or via direct bank transfer, even though the company itself pays a fee to the financial institutions for many of these transactions. Venmo charges its users who use a credit card a 3 percent transaction fee, which makes this a less popular feature.
 - In order to make Venmo more profitable, PayPal has launched Pay With Venmo. Merchants who use Pay With Venmo will be charged a transactional fee. As of April, 550,000 Venmo users had access to this service. By the end of the year, Venmo will

make the service available to all users.

- Rose-Smith, I. (2015, March 18). BlackRock Throws Its Weight Behind Impact Investing. Retrieved October 3, 2016, from http://www.institutionalinvestor.com/article/3437223/asset-management-equities/blackrock-throws-its-weight-behind-impact-investing.html#.V_8D25MrL-Y
- Waggoner, J. (2016, June 28). Fidelity takes on Vanguard by cutting prices on index funds, ETFs. Retrieved September 01, 2016, from <http://www.investmentnews.com/article/20160628/FREE/160629906/fidelity-takes-on-vanguard-by-cutting-prices-on-index-funds-etfs>
 - Fidelity is second to Vanguard in terms of index assets. As a privately-held company, it also has the ability to cut expenses. Fidelity is now offering several index products with lower costs than Vanguard.
 - “In the past few years, Fidelity has gotten into the cost competition business,” says Mr. Lowell, editor of the newsletter Fidelity Investor. “They want people to pay attention to the fact that they have the lowest-cost products. They have never figured out a way to break into the brand consciousness of the consumer. If investors think index, they think Vanguard, if they think growth, they think Fidelity.”
 - Colby Penzone, senior vice president of Fidelity’s Investment Product Group notes that these moves go beyond cost savings. “It’s the value we bring and the services and distribution channels we offer,” he said. “We think active and passive can play a role in customers’ portfolios. We’re very focused on making sure we can support advisers in the space.”

FINTECH RELATED:

- 10 hottest fintech start-ups to watch right now. (2016, April 04). Retrieved August 28, 2016, from <http://www.cnbc.com/2016/04/04/10-hottest-fintech-start-ups-to-watch-right-now.html>
 - According to KPMG, in 2015, fintech start-ups experienced a 66% financing increase from the previous year, reaching over \$20 billion. According to a study published by Citigroup, the rise of the fintech start-ups threaten the traditional banking companies. The prediction is that these new technologies can eliminate up to 30% of the jobs in the banking industry.
 - Two investment start-ups of note are Nutmeg and eToro.
 - Nutmeg is an online investment platform regulated by the U.K. Financial Conduct Authority (FCA). It cut its prices to remain competitive and it is soon to launch an automated investment advice service (“robo-advisor”).
 - eToro is a social trading platform that allows users to watch and copy the strategies of other traders. Investors can trade currencies, commodities, and stock indices online.
- Fiebert, A. (2014). Acorns vs Betterment vs Wealthfront: Epic Robo-Advisor Battle. Retrieved August 30, 2016, from <https://www.listenmoneymatters.com/acorns-vs-betterment-vs-wealthfront/>

- The point of roboadvisor services is ease of use, automatic rebalancing, and zero transaction fees. Research shows that doing it on your own is more expensive and not likely to improve results in comparison to using roboadvisors.

			
Promotions	Students Invest For Free	Up to 6 Months Free	Invest \$15,000 Free
Fees	0.25% a year	0.15% – 0.35% a year	0% – 0.25% a year
Minimum Deposit	None	None	None
Automatic Rebalancing	Yes	Yes	Yes
Tax Loss Harvesting	No	Yes	Yes
Assets Under Management	\$73.6 Million	\$5 Billion	\$3.5 Billion
iOS App	Yes	Yes	Yes
Android App	Yes	Yes	Yes
Taxable Accounts	Yes	Yes	Yes
IRAs	Yes	Yes	Yes

- Usability: Acorns’s app is best for ease of use and “sex appeal”. Betterment is a close second, but some useful graphs on the website are not available on the app. Wealthfront looks nice but loses in usability points, particularly on the dashboard: “If I wanted to hunt and click I’d switch to Vanguard.”
- Investment Methodology / Transparency: While Acorns and Betterment both use the same investment methodology, Modern Portfolio Theory, Betterment is the most transparent and more rigorous in presenting the data behind the investments. Wealthfront’s leadership and whitepaper lends strong confidence in their investment methodology, but it is Betterment’s interface that pushes them ahead. The interface allows users to delve deeper into the data and educate themselves about their investments.
- Each service has its own unique advanced feature.
 - Acorns has Round-ups. Users link their credit cards and checking accounts. For every partial dollar spent, Acorns will round-up to the next whole dollar and invest that difference. For example, spend \$3.05 at a coffee shop, \$0.95 will be invested by Acorns.

- Betterment & Wealthfront offer Tax Loss Harvesting, meaning your tax payment on your earnings is reduced by 0.99%. For every \$1,000 earned, you can earn up to \$10 in tax savings; this savings adds up over time.
 - Wealthfront also offers Direct Indexing after reaching certain benchmarks. That means Wealthfront starts investing in the stocks that make up the funds rather than the funds themselves, removing the middle man and the associated fees.
 - Betterment offers a comprehensive RetireGuide. This guide includes a retirement calculator that factors in existing assets and cost of living based on location.
 - Summation: Acorns is good for students but is not great for long-term retirement savings. Wealthfront is good for your first \$15,000 and then again at & after \$100,000. Overall, Betterment is the most well-rounded of the three and best for the average investor.
- O'Shea, A. (2016, August 08). The Best Investment Apps 2016 - NerdWallet. Retrieved August 29, 2016, from <https://www.nerdwallet.com/blog/investing/best-investment-apps/>
 - Includes a table comparing various aspects of what the author deems to be the best investment apps of the year in 3 categories: stock trading, free trading, and apps for beginners.
 - Article covers Ameritrade, Etrade, Robinhood, Loyal3, Acorns, and Stash.
 - Stock trading apps offer iWatch versions of app.
 - Apps for beginners offer round-up tools to invest your spare change as well as the opportunity to invest in themes such as sustainable green companies
 - Account minimums are a low barrier to entry at \$0-500
- Sharf, S. (2015, October 15). 'Society Of Grownups' Secures \$100 Million Infusion To Get Millennials Around The U.S. Talking Money. Retrieved August 28, 2016, from <http://www.forbes.com/sites/samanthasharf/2015/10/15/society-of-grownups-secures-100-million-infusion-to-get-millennials-around-the-u-s-talking-money/#5e83ad55682a>
 - Society of Grownups is an IDEO initiative for MassMutual as a Learning Initiative to help educate individuals in their 20s and 30s about finances, to start conversations between both themselves as well as with financial professionals. Different from other attempts at attracting Millennials in part because it's not solely digitally based.
 - Insight: "All grownups think the other grownups have it figured out... When we talk to people in their 20s, they say: all those people in their 30s? They know exactly what they are doing. When we talk to people in their 30s, they say: all the people who are married know what they are doing. When you talk to people who are married they say: when you have a kid you definitely know what you are doing. Here's the real deal — everybody is trying to figure things out."
 - "At MassMutual, one of our top priorities is innovating to meet the needs of this next generation of adults. They are facing considerable financial challenges like historic student debt and soaring housing prices, yet they are hugely underserved by the financial services industry," Gareth Ross, MassMutual SVP

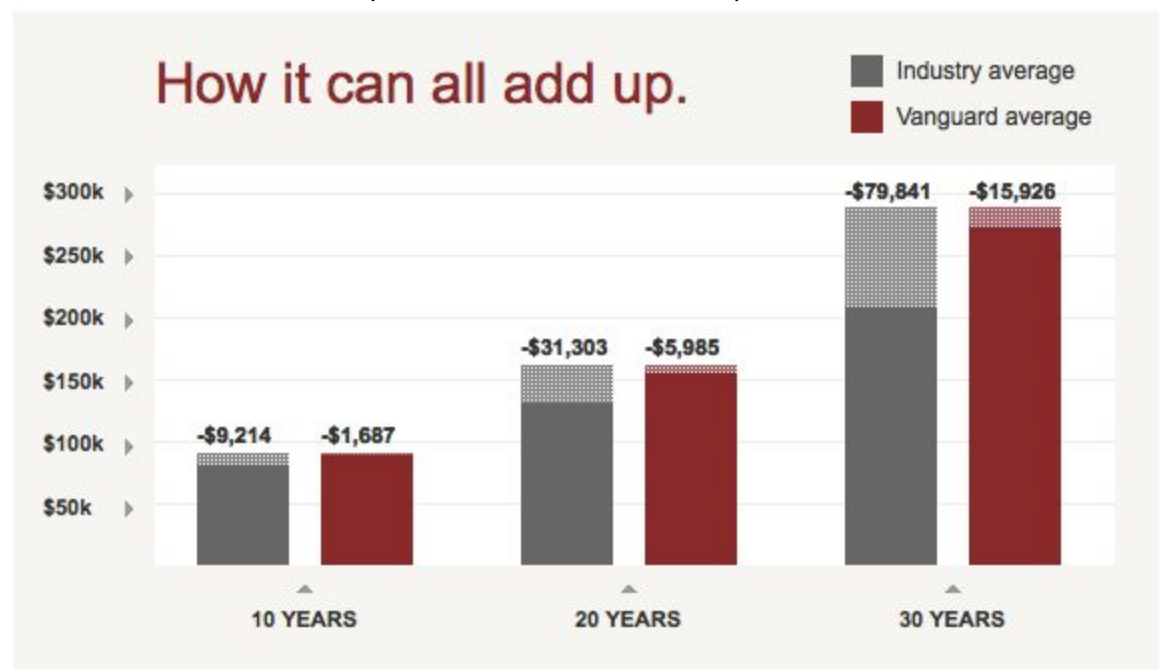
- Brick and mortar locations and online offerings to learn about buying a home, getting ready for retirements, investing your money, buying the best wine on a budget, etc. Offer workshops, courses, networking events, supper clubs, and more.

VANGUARD RELATED:

- Episode 688: Brilliant vs. Boring [Audio blog post]. (2016, March 4). Retrieved August 30, 2016, from <http://www.npr.org/sections/money/2016/03/04/469247400/episode-688-brilliant-vs-boring>
 - Warren Buffett made a million dollar, 10 year long bet that he could figure out how to make more money than smart professional investors who were actively managing funds
 - Buffett's weapon of choice was the Vanguard S&P 500 index fund (up against a hedge fund)
 - John Bogle is the cheapest man you'll ever meet your in your life; he never buys anything. He created the first index fund in 1976. He read something the Economist Samuelson wrote back then, saying that most portfolio decision makers useless/they should retire, they're odds are miserable. Samuelson ended the article with a call to action for someone to create an index fund, so Bogle said why not me?
 - If the S&P 500 has a good day, then your index fund has a good day. It's that simple.
 - Bogle tried to sell it to investment funds and no one was interested. They felt insulted since it contradicted what they were trying to do. There was actually a campaign to stamp out index funds as unamerican. People called it "the pursuit of mediocrity" and the "formula for a solid consistent, long-term loser".
 - Regarding index funds, Bogle said, "It is the essence of boredom. If you're in the market for excitement, you're a damn fool"
 - Vanguard was a ship in the British navy during the Napoleonic Wars. All the oil paintings on Vanguard's campus are of ships. Or views from ships.
 - 2008 was a terrible year for the index fund, hedge funds were way ahead. 2009, 2010 index fund beat the hedge fund. As of the end of 2015, the index fund is up 66% and the hedge fund is up 22%. The only way the index fund can lose at this point is if there is another massive stock market crash.
 - Even the hedge fund competitor now advises the average investor to use index funds. Buffett's will requests that his widow invest his money in S&P 500 index funds.
- Fast Facts about Vanguard. (2016). Retrieved September 4, 2016 from <https://about.vanguard.com/who-we-are/fast-facts/>
 - The company was founded in 1975
 - Vanguard manages over \$3 trillion in global assets
 - Offers 175 U.S. funds and 145 more outside of the U.S.
 - 20 million+ investors
 - Core purpose: To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success

- How America Saves: Vanguard 2015 Defined Contribution Plan Data. (2015). Retrieved August 29, 2016 from https://pressroom.vanguard.com/nonindexed/HAS2016_Final.pdf
 - Average contribution rates have declined from 7.3 to 5.9% since their peak in 2007, mainly due to automatic enrollment.
 - Use of professionally managed allocations such as single target-date funds have increased
 - In 2015, the average account balance for Vanguard participants was \$96,288. Median balance was \$26,405.
 - Median participant income: \$68k in 2011 up to \$73k in 2015
 - Median participant tenure went from 8 years in 2011 down to 7 years in 2015
 - Due to the growing cost of plan fees, sponsors are more interested in offering a wider range of low-cost passive or index funds.
 - Vanguard's customers are 59% male, median age is 46.
 - Over the past decade, there has been a decline in participants themselves trading, partially attributable to participants' increased adoption of target-date funds.
 - Many employees are auto-enrolled in their employer's plans but then fail to take advantage of them due to: lack of planning skills, default decision of no action is easiest, inertia and procrastination
- Investor Education: Getting Started Investing
<https://investor.vanguard.com/investing/how-to-invest/>
 - Feels like a page of a book that's been made into a webpage. Consider a way to engage users immediately by asking them what specifically their own goals are or what they're interested in. Could be more of a journey through the site than a tepid journey down the page.
 - Perhaps referring to customers as "Investors" is off-putting/scares Millennials away? Doesn't seem accurate to me as a Millennial, it's more just me wanting to meet my goals of retiring or buying a home. Investing is just a means to that end, it doesn't make me an "investor". The word makes me think of the ancient president of the bank in Mary Poppins (played by Dick Van Dyke in disguise) a part of a world that I don't identify as my own.
- Listen Money Matters [Podcast] (2014). Retrieved August 30, 2016 from <https://www.listenmoneymatters.com/what-the-fk-is-vanguard/>
 - Why so many are pro-Vanguard?
 - Bogle's thesis is that investments made in the 500 largest companies (diversified portfolio) will gain investors money.
 - Investing in a fund in Vanguard means you own a part of Vanguard.
 - Fees are lower. Other funds are under pressure to turn a profit and fees are hidden especially in 401Ks.
 - Some fund differences explained:
 - Vanguard 500 (top 500 companies) vs Vanguard Lifecycle Fund is based on date of retirement. The Lifecycle Fund will be a ratio of stock to bond; ratio changes as you near retirement.
 - Minimum investment for Vanguard 500: \$10,000
 - Minimum investment for Vanguard 20/50: \$1,000

- McDevitt, K. (2016, September 1). No Signs of Complacency at Vanguard. Retrieved September 4, 2016, from <http://news.morningstar.com/articlenet/article.aspx?id=768030>
 - Vanguard remains true to its core values and mission even as it has expanded & grown over the past 40+ years beyond Bogle's original tenets. It remains the only firm owned by its fundholders.
 - Vanguard's low-cost advantage has led to fee compression across the country – known as the “Vanguard effect.” Vanguard can no longer say it has the lowest costs, as competitors like BlackRock, Fidelity, and Schwab can now compete on the cost scale.
 - As one executive said to [Morningstar], "Simplicity has won, and it has won big."
 - Vanguard is now focused on fostering loyalty through improving services like Personal Advisory Services (PAS).
 - PAS offers a hybrid model more personalized than what robo-advisors (which provide low-cost, technology-driven, automated guidance) offer, but at much lower cost than most traditional advisors.
 - Investors are increasingly scrutinizing fees, interest in passive investment is growing, and use of robo-advisors is increasing. Yet the biggest threat to Vanguard is its size; the larger it gets, the more difficult it is to provide high levels of customer service.
- Miller, G. (2015, June 20). Why I Love Vanguard & You Should Too. Retrieved August 30, 2016, from <http://20somethingfinance.com/vanguard-review/>
 - The Vanguard fund average expense ratio is 0.19% vs. the industry average of 1.08%. Over time, this adds up and can save the investor up to 5x.



- Vanguard doesn't upcharge its investors. They provide their services at-cost.
- Their clients are its shareholders too. They are not a publicly traded company, so there is no pressure to raise prices and lower costs.
- Customer service is knowledgeable, well-trained, and empowered.

- Vanguard is great for investors looking for passive, low-cost investments.
- Morrison, N. (2014, October 22). Why Are These Vanguard 'Bogleheads' so Crazy for 'Saint' Jack Bogle? Retrieved August 30, 2016, from <https://www.thestreet.com/story/12923951/2/why-are-these-vanguard-bogleheads-so-crazy-for-saint-jack-bogle.html>
 - The start of the Bogleheads can be traced to the beginning days of Vanguard. Vanguard's low costs and broad diversification appealed to do-it-yourself investors. During the advent of the internet and its message boards, these dedicated investors advocated for a subforum dedicated solely to Vanguard on Morningstar's website. Morningstar acquiesced.
 - Bogleheads forum started in 1998 under the name Vanguard Diehards. The Diehards shared ideas on how to save money, discussed investment plans, and shared their portfolios. The first in-person meeting was held in Miami in 2000. More meetings eventually turned into annual events, with appearances from investing world notables including Bogle himself.
 - *Bogleheads' Guide to Investing* was published in 2006 and *Bogleheads' Guide to Retirement Planning* was published in 2011; both books were co-written by Boglehead members.
 - The Diehards rebranded and created a new website in 2007. Bogleheads.org receives more than 16 million page views per month (as of October 2014).
- Morrison, N. (2015, October 17). If You're a 'Boglehead,' Being Cheap Is the Way to Get Rich. Retrieved August 30, 2016, from <https://www.thestreet.com/story/13326163/2/if-you-re-a-boglehead-being-cheap-is-the-way-to-get-rich.html>
 - Vanguard is the only mutual fund company owned by its mutual fund shareholders. Bogle created the first index fund. The concept of the index fund is to buy every stock in a benchmark sector rather than rely on a mutual fund manager to pick a subset of stocks.
 - Bogleheads – uber fans of Bogle investment philosophy – meet annually on the Vanguard campus. Demographics skew towards retirement age, but there are attendees in age ranges from their 20s to their 90s. All seem to approach spending with frugality and practicality, but all are living well: “With their modest cars and extensive discussion of coupons, the Bogleheads may not seem very glamorous. But they've figured out how to save, invest, retire and live large.”
- Sommer, J. (2012, August 11). A Mutual Fund Master, Too Worried to Rest. Retrieved September 05, 2016, from <http://www.nytimes.com/2012/08/12/business/john-bogle-vanguards-founder-is-too-worried-to-rest.html?pagewanted=all>
 - A profile of founder John C. Bogle. Mentions that Bogle has endured at least 6 heart attacks and one transplant.
 - “My ideas are very simple,” he says: “In investing, you get what you don’t pay for. Costs matter. So intelligent investors will use low-cost index funds to build a diversified portfolio of stocks and bonds, and they will stay the course. And they won’t be foolish enough to think that they can consistently outsmart the market.”

- When Bogle created the first index fund it was called “Bogle’s Folly” because it simply replicated the market returns.
 - Despite Vanguard’s success, Bogle is not a billionaire. This is because he does not own stock in the company; he is a fund shareholder just like anyone else. Most of his wealth is attributed to Vanguard and Wellington mutual funds he invested in via payroll deductions over his career.
 - Bogle is also a philanthropist, having donated half his salary during his peak tenure to his two alma maters. He continues to donate to several charities.
- The George Washington Of Investing Wants You For The Revolution. (n.d.). Retrieved August 29, 2016, from <http://www.npr.org/2015/10/21/443192311/the-george-washington-of-investing-wants-you-for-the-revolution>
 - Bogle's insight: When you invest, you should own a mix of bonds and stocks. But paying investment managers to pick stocks just doesn't work, he says. That's because picking winners is very hard, and paying the guys in the suits is so expensive (fees) that it hobbles your ability to make money.
 - Regarding owning an index fund, Bogle says "It is boring!" "It is the most boring investment strategy ever invented in the history of time."
 - This is a big way our human nature fails us when we try to invest. People don't want a boring investment strategy. We feel like we need to be doing something. But Bogle says that usually lands you in a sand trap.
- Vanguard’s Principles for Investing Success. (2014). Retrieved August 29, 2016, from <https://personal.vanguard.com/pdf/s700.pdf>
 - Dense 40 page informational document of investing basics with many charts and graphs – feels like a textbook. No visual interest – each page looks like the one before it, easy to lose concentration. Agree that education is important, but perhaps better users would be better served as an interactive, simplified friendly explanation. (eg: Society of Grownups Videos/Workshops)

STYLE & BRAND:

- Bradley, R. (2013, September 24). Chris Malone: ‘Every brand is human, and every human is a brand’. Retrieved August 30, 2016, from <http://fortune.com/2013/09/25/chris-malone-every-brand-is-human-and-every-human-is-a-brand/>
 - “The fact is, selling has fundamentally to do with the people-to-people stuff.”
 - “...people are behind companies, and it’s the human moments that are most effective; that and keeping sight of your customers. “
 - “Your mistakes are a huge opportunity to build stronger loyalty with your customers. They don’t get that much opportunity to see who we really are. Usually when you see the CEO, it’s because of a problem. Customers are incredibly forgiving in the short term, but they are well aware of whether a company cares more about short-term financial gain or longer-term loyalty.”
 - “...trust requires transparency...”

- “A lot of what drives people to do things today is the same as what drove them to do things 1,000 years ago, and it won’t change for another 1,000 years. It’s that warmth and competence — if companies could remember that, and meet their customers with that, they’d be a lot better off.”
- Holt, D. (2016, March 01). Branding in the Age of Social Media. Retrieved August 30, 2016, from <https://hbr.org/2016/03/branding-in-the-age-of-social-media>
 - Few brands have been successful at generating significant and meaningful consumer interest through social media.
 - New technologies allow consumers to opt out of ads, which has disrupted the ad campaign paradigm. Now brands are competing directly with entertainment.
 - Social media is democratizing. Companies and mass media no longer act as diffusers of sub-genres and subculture. Globally disparate, niche groups can locate one another, connect, and flourish over social media networks.
 - Brands have to compete in a thriving, innovative, rapid-paced, and competitive social space where ideas are quickly disseminated, challenged or accepted, and honed. This new content is finely attuned to their audience and produced cheaply.
 - Consumers aren’t interested in brand-generated content. It’s viewed as spam.
 - Brands can still generate content with impact by pushing against normative ideologies and provoking debate. Example: Under Armour’s [recent campaign](#) “I Will What I Want”.
 - “Iconic brands are cultural innovators: They leapfrog the conventions of their categories to champion new ideologies that are meaningful to customers.”
 - Cultural branding is the key to success in the age of social media. In order to have an impact on culture, one must first map the cultural conventions and locate the opportunities for ideological innovation. Successful brands also jump on specific & novel cultural movements and become ambassadors for the cause.
- Hutton, M. (2015, September 17). I Talk About your Brand Because I like My Friends. Retrieved August 30, 2016, from <http://www.edelman.com/post/talk-brand-like-friends/>
 - Brands won’t talk with people, so people don’t talk with brands. They talk to each other. People tell us that, “I don’t talk about your brand with my friends because I like your brand – I do it because I like my friends.”
 - People use other people’s experiences as evidence to endorse why they should buy. And people love to share their brand experiences – the good and the bad.
 - People now ask their friends, use the Internet and their peer-to-peer social networks to get reassurance. They want to talk to others who’ve had the same experience, made the same mistakes, and found the best answer. And these people tell the truth, not just the latest brand story. They’re not selling anything; they have no axe to grind. So they are trusted. And now there are more ways for people to talk to more people than ever before.
 - Brands win if they embrace and power the peer conversation. People trust brands more if they find it easy to review their products and services. And just as importantly they trust the brands that encourage people to review their products and services.

- Postrel, V. (2013, November 21). Virginia Postrel Explains Why We Need Glamour. [Audio Recording of Presentation] Retrieved September 01, 2016, from <http://www.zocalopublicsquare.org/2013/11/21/the-stuff-made-of-dreams/events/the-take-away/>
 - The audience determines what is glamorous. It is up to the product / person / service trying to captivate the audience to determine what is their longing, with what do they identify.
 - Glamour takes inchoate longings and focuses them on an object (material or experiential). It makes people believe that having this “thing” will make them transcend a feeling of discontent. Glamour is transportive.
 - Three things make glamour work:
 - It promises escape and transformation. It pulls people out of the everyday and the commonplace.
 - It offers an illusion of effortlessness and grace. It deliberately obfuscates imperfection and complication.
 - It offers mystery. It tantalizes by providing just enough information and leaves the rest up to the viewer’s imagination.
 - Glamour allows for personal projection.
 - Glamour inspires aspiration and admiration vs. charisma, which inspires loyalty.
 - Hollywood photographer George Hurrell provided this formula for glamour: “Bring out the best, conceal the worst, and leave something to the imagination.”
- Roberts, K. (2004). Lovemarks: The future beyond brands. New York, NY: PowerHouse Books.
 - Lovemarks are made of 3 elements: Mystery, Sensuality, and Intimacy.
 - Mystery includes: great stories, past / present / future, taps into dreams, myths and icons, and inspiration
 - “As long as people have aspirations and goals and dreams, they will always crave Mystery.”
 - “[Mystery] lies in the stories, metaphors, and iconic characters that give a relationship its texture. Mystery is a key part of creating Loyalty Beyond Reason.”
 - Sensuality includes: sound, sight, smell, touch, and taste
 - Intimacy includes: commitment, empathy, and passion

TRENDS:

(Highlights from a series of articles which support the research of trends affecting how Millennials desire to manage and/or invest their money.)

Intuit 2020 Report: Twenty Trends That Will Shape the Next Decade [PDF]. (2010, October). Intuit.

- Generation Y (Millennials) continuing to be quick adopters of new technology, with a focus on careers, families, home ownership and high-tech living.
- Web and mobile platforms will encourage more people to use forums and build communities and other relationships to make informed social, economic and political

decisions.

- The balance of power will shift from the business to the marketplace as customers grow more informed about products and services. With this shift from “push” to “pull” marketing, companies won’t find their customers, their customers will find them.
- Sustainability will move from social novelty to business necessity.
- Traditional employment will no longer be the norm, replaced by contingent workers such as freelancers and part-time workers (40%).
- Business will be redefined in how they create value and compete and will help consumers and businesses to anticipate and guide decision making and risk management.
- Intelligent devices will be ingrained in consumers’ lives along with businesses, changing the way we live and work.

Self-Investment:

Allen, B. (2014, September 06). Millennials invest in themselves. Retrieved September 20, 2016, from <http://www.startribune.com/brad-allen-millennials-invest-in-themselves/274142281/>

- Millennials are choosing to invest in themselves and shape the world they live in rather than investing in the stock market or housing
- Millennials have a tendency that is often missed in surveys to “invest” in ideas of their peers as well as support social ventures

Beaton, C. (2016, July 31). Retrieved September 27, 2016, from <http://www.forbes.com/sites/carolinebeaton/2016/07/31/how-to-be-well-educated-successful-and-debt-free/#7203bf516220>

- “Research shows that audacious goals increase energy, disrupt complacency and promote new ways of thinking, Charles Duhigg sums in *Smarter Better Faster*. [Tessa] Zimmerman [ASSET Education founder] and [Alex] Wolf [#bossbabe founder] are living proof.”
- “Acquiring tangible skills without a college degree requires, “breaking away from the syllabus and pursuing topics that sound interesting to you,” says [Ryan] Baylis [star of YouTube’s Ryan Learns Something].”
- Baylis self-educates, but other Millennials have found other avenues of learning that cost less time and money than college. For example, Zimmerman enrolled in Watson University, the world’s first degree-bearing incubator.
- Erica Lee, founder of AstrX, immersed herself in unaccredited mentorships and fellowships. “The programs accelerated her learning curve with “business strategy and mindset transformations.” “Education doesn’t have to come from a traditional institution,” she explains.”
- Zimmerman recommends, ““Reach out to those who have done it before you [and] surround yourself with young people who are challenging big ideas and turning them into a reality.”

Carter, J. (2016, June 29). Millennials prefer credentialing programs to traditional degrees. Retrieved September 27, 2016, from

<http://www.educationdive.com/news/millennials-prefer-credentialing-programs-to-traditional-degrees/421754/>

- “[A new study](#) reveals that more than 90% of American colleges and universities offer alternative credential or badging programs for certification in industry-specific careers.” This appears to be in response to the Millennial desire for certifications over bachelor degrees.
- In the University Professional and Continuing Education Association Millennial survey, more than 60% of respondents believe that credentialing is an important part of an institution’s professional development strategy.

Durden, T. (2016, August 11). Mapping Millennials: Over-Educated, Under-Employed, Debt-Ridden, & "Looking To Make A Difference" In The World. Retrieved September 27, 2016, from <http://www.zerohedge.com/news/2016-08-11/mapping-millennials-over-educated-under-employed-debt-ridden-looking-make-difference>

- Infographic resource: Gordon Tredgold of inc.com

29 SURPRISING FACTS THAT EXPLAIN

WHY MILLENNIALS SEE THE WORLD DIFFERENTLY

MILLENNIALS ARE NOW THE SINGLE LARGEST GROUP WITHIN THE WORK FORCE, AND WILL SOON BECOME THE BIGGEST CONSUMER GROUP, TOO. UNDERSTANDING, AND BEING ABLE TO ENGAGE WITH, MILLENNIALS IS GOING TO DETERMINE HOW SUCCESSFUL YOUR BUSINESS WILL BE.



1

Millennials are carrying a total of **\$1 trillion** in student debt.



2

Over **63%** of Gen-Y workers have a bachelor's degree.



3

48% of employed college graduates work in jobs that don't require a four-year degree.



4

45% believe a decent paying job is a "privilege," not a "right."



5

64% of Millennials would rather make **\$40,000** a year at a job they love than **\$100,000** a year at a job they think is boring.



6

88% prefer a collaborative work culture rather than a competitive one.







21 **84%**
say that helping to make a positive difference in the world is more important than professional recognition.

22 They're more loyal to employers than previous generations.

23 The top ideal employers of currently employed Millennials are Google, Apple, Facebook, the U.S. State Department, and Disney.

24 **41%**
of Millennials have no landline at home and rely on their cell phones for communication.

25 Millennials value community, family, and creativity in their work.

26 Millennials are not just virtually connected via social networks; they value the role that they play in these communities.



27 Millennials are considered multitaskers extraordinaire, though brain science tells us that multitasking is a myth. More likely, they are apt at switching tasks quickly enough to appear to be doing them simultaneously.

28 Millennials are the most racially diverse generation. Only **56 %** of Millennials are white, compared to **73%** of Baby Boomers (52- to 70-year-olds). Millennials are almost twice as likely to be Hispanic as older Americans (**19 percent versus 10 percent**), and more likely to identify as African American (**15 percent versus 11 percent**) and Asian (**6 percent versus 4 percent**).

29 They are more tolerant of different races and groups than older generations (**47 percent versus 19 percent**), with **45%** agreeing with preferential treatment to improve the position of minorities.

In short, many Millennials are overeducated, under-employed, heavily in debt, and looking to make a difference in the world--either working for themselves, or in a company that doesn't just focus on profit. They also want to work in a collaborative, flexible environment that doesn't require them to be in the office all the time, and one that will allow them to utilize social media.

Any company that can adapt and accommodate these needs is going to have access to large and talented pool of resources, who will be loyal and do great work.

What is your company doing to attract and retain the best Millennial talent?

SOURCES

<http://www.bloomberg.com/news/articles/2013-06-06/-1-trillion-debt-crushes-business-dreams-of-u-s-students>

<http://blogs.wsj.com/corporate-intelligence/2013/06/06/truth-about-millennials-less-entitled-and-more-cynical-than-you-think/>

<http://www.forbes.com/sites/susanadams/2013/05/28/half-of-college-grads-are-working-jobs-that-dont-require-a-degree/#47784bfc10bb>

<http://danschawbel.com/blog/74-of-the-most-interesting-facts-about-the-millennial-generation/>

<http://fortune.com/2015/05/27/7-facts-every-business-should-know-about-millennials/>

New Trend Briefing from TrendWatching | THE FUTURE OF LUXURY. (2016, September). Retrieved September 10, 2016, from <http://trendwatching.com/trends/the-future-of-luxury/>

- Luxury meets self-actualization is a result of all the self-tracking and sharing. "Get better or go home." Health to wealth.
- Philanthropy = status.
- Calibrated, tailored experiences.

Curated Roboadvising/Automation:

Millennial Investors are Shaking up the Financial Industry. (2015, November 30). Retrieved September 27, 2016, from

<http://thebrief.com/articles/millennial-investors-are-shaking-up-the-financial-industry-575>

- Millennials expect to use the technology they are comfortable with to access their finances. This is proven by their adoption of automated investing (Betterment & Acorns), education/analysis (FinMason), and social media investment strategy apps (Tip'd Off).
- "Millennials crave technology and instead of traditional investment advisors, many are drawn to new ["robo-advisors"](#) that manage their finances and portfolios online. Robo-advisor startup [Wealthfront](#)'s average client age is [under 35](#), for example, while Charles Schwab's average client is in his 50s."
- "Millennials also invest in the technology they love, choosing [Amazon, Google, Twitter](#), and other relatively new, innovation-oriented companies they are familiar with. They are up to [three times more interested](#) in investing in emerging markets than those over 55."
- "While a recent study found only [46% are saving for retirement](#), it discovered most Millennials are saving for short-term goals, such as trips, repaying debts, paying off loans, or car/home ownership. They expect to be updated with mile markers along the way, even for smaller goals."
- "Companies like Digit, an automated savings program that sends [daily texts](#) to clients' smartphones, are happy to oblige. [LearnVest](#) offers clients a financial plan organized with to-do lists, short-term goals, and constant feedback via their app, e-mail, Web chat, and phone or Skype consultations—any way but in person (perfect for a generation that [prefers digital communication](#))."
- "[Kapital](#) takes the [gamification of investing](#) one step further by allowing users to create virtual portfolios, compete in online "tournaments," and purchase loyalty "Koins" to earn trophies while honing their financial chops."

Why A Robot Could Be The Best Boss You've Ever Had. (2016, September 9). Retrieved September 22, 2016 from <http://www.psfk.com/2016/09/robot-best-boss-youve-ever.htm>

- Unlike human leaders, a well-programmed robot would be selflessly focused on advancing the interest of its team / don't have human weaknesses/ psychology
- Technical expertise
- Continue to learn past 30
- Feedback loop
- Affective (emotion) computing still in its infancy

Purposeful Giving:

Bailey, E. G. (2016, September 19). Sustainable September: The fashion event to inspire better purchasing decisions. Retrieved September 23, 2016, from

<https://www.wgsn.com/blogs/sustainable-september-fashion-event-better-purchasing-decisions/>

- Transparency in fashion sourcing / pricing is a current trend.
- Consumers want to be educated.
- Sustainable / ethical purchasing is here to stay.

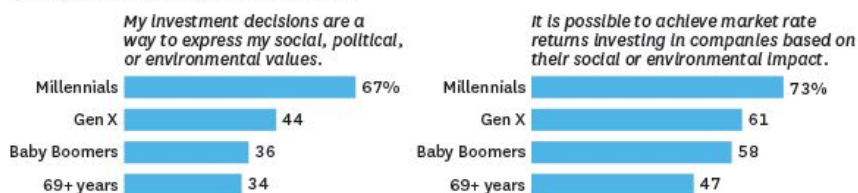
Dhar, V., & Fetherston, J. (2014, October 03). Impact Investing Needs Millennials. Retrieved September 28, 2016, from <https://hbr.org/2014/10/impact-investing-needs-millennials>

- For Millennials, pressing social problems are not just the preserve of philanthropists or governments. Millennials consistently *cite social impact as one of the most important roles of business*. Of all the generations alive today, Millennials are the most willing to trade financial return for greater social impact, according to “*Millennials and Money*,” a 2014 study from Merrill Lynch’s Private Banking and Investment Group.
- According to another study, U.S. Trust’s “*Insights on Wealth and Worth*,” wealthy Millennials are almost twice as likely as their grandparents to regard their investments as a way to express social, political, or environmental values (see chart), and nearly three-quarters of Millennials believe that it is possible to realize market-rate returns investing in companies based on their social or environmental impact.

MILLENNIALS WANT TO HAVE AN IMPACT

Different generations have dramatically different investment priorities.

PERCENTAGE OF RESPONDENTS WHO AGREE



SOURCE 2014 U.S. TRUST INSIGHTS ON WEALTH AND WORTH

HBR.ORG

- Millennials are poised to share in the largest intergenerational wealth transfer in human history — *one widely-cited estimate puts its value at \$41 trillion* in the United States alone by the year 2052.
- Authors posit that 3 actions will be critical in accelerating the mobilization of capital by millennials and allowing impact investing to scale to a *projected \$1 trillion market by 2020*:
 - Private-sector entrepreneurs need to keep identifying opportunities to build companies that can accept and use impact capital to grow to scale, providing an increasing capacity for deal flow.
 - Millennials should vote with their wallets and demand that retail banks, wealth managers, and advisory firms provide a suite of financial products that range across the risk/return/impact triangle. Wealth management firms acknowledge that they are not yet positioned to give impact investing equal footing to conventional investments.
 - Public- and private-sector actors will need to partner with academia to aggregate information on impact investing deal activity, compile best practices in impact measurement, reduce transaction costs, and inspire new participants through social engagement.

- Different generations have dramatically different investment priorities; Millennials want and expect to make an impact with their money
- “Of all the generations alive today, millennials are the most willing to trade financial return for greater social impact, according to “Millennials and Money,” a 2014 study from Merrill Lynch’s Private Banking and Investment Group.”
- Millennials who have inherited or are building significant private wealth are especially key to growing and sustaining the impact investment movement; see investing as a way to express social, political, or environmental values
- “Traditional financial players appear to be wary of novel, risky investment structures and skeptical about trading some amount of profitability for social return;” however, Millennials are most willing to sacrifice financial returns in order to make a social impact
- This philanthropic movement really needs the financial backing of innovators and early adopters to build momentum and inspire widespread adoption

Horoszowski, M. (2016, May 03). 'Purpose' Is the Key to Engaging Millennials in Volunteering and Giving. Retrieved September 26, 2016, from

http://www.huffingtonpost.com/mark-horoszowski/purpose-is-the-key-to-eng_b_9824326.html

- Millennials view philanthropy in a different way than the Baby Boomer generation. For example, instead of donating directly to an environmental charity, Millennials are more likely to spend more on sustainably sourced goods.
- Millennials blur the lines between their philanthropic, personal, and professional lives. “[They] strive to [do less harm](#) while also trying to do more good.”
- “About half of Millennials are most likely to give when they know how their gift will impact an organization’s work.”

Hu, E. (2014, October 14). How Millennials Are Reshaping Charity And Online Giving. Retrieved September 27, 2016, from

<http://www.npr.org/sections/alltechconsidered/2014/10/13/338295367/how-millennials-are-reshaping-charity-and-online-giving>

- “One piece of advice she gives on appealing to younger donors? Don't even ask them to “donate,” because younger donors want to feel more invested in a cause. Choose a different word, with a different connotation: investment.” Millennials want to know they are giving money to a lasting, impactful, trustworthy and tangible cause.
- ““We're always taking selfies, we're sharing details about our lives. So why not do a little social narcissism for a good cause,” Beth Kanter, author of Measuring the Networked Nonprofit, [told NPR in August](#).”
- “Charity: Water stokes that by building campaigns around birthdays. “One of the big ideas that the Millennials embraced,” Harrison says, “is this idea that we sorta stumbled into, when we asked people to give up their birthday for clean water. So I went around asking everyone I knew to give \$32 for my 32nd birthday.””

Preston, C. (2016, August 11). New Poll Shows Millennials Prefer Companies That Give to Charity. Retrieved September 19, 2016, from <http://fortune.com/2016/08/11/millennials-philanthropy/>

- In comparison to older generations, Millennials are more likely to buy products from a charitable company or recommend the business to a friend.
- “Denise Lee Yohn, a brand consultant and author of the book *What Great Brands Do*, encourages companies to engage in authentic philanthropy that ties most directly to their areas of expertise.” Consumers can detect inauthenticity.

Yeap, N. (2016, June 14). Millennials want their investing to make a difference. Retrieved September 28, 2016, from

<http://www.onwallstreet.com/news/millennials-want-their-investing-to-make-a-difference>

- According to a recent U.S Trust study, Millennials are prioritizing social, environmental issues and the greater good when choosing an investing strategy.
- More than 85% of Millennial respondents expressed an interest in or owned social impact investments.
- U.S. Trust wasn't alone in this finding. *Proving Worth – The values of Affluent Millennials in North America*, a research study completed by OppenheimerFunds and Campden Research, showed that 64% of Gen Y respondents were interested or very interested in impact investing.
- Basic human rights are the primary focus of Millennials' impact investing strategies, according to OppenheimerFunds and Campden Research. Both firms and U.S. Trust also cite education, healthcare quality and environmental sustainability as some of the top issues young clients show most interest in.
- When it comes to solving issues, Millennials see greater value and effectiveness in using a combination of both philanthropy and impacting investing, VanderBrug says.
- U.S. Trust's VanderBrug, however, points out that measurability of the impact itself in these investments is difficult to quantify and accountability remains a huge issue.
- “(But) Millennials have a good nose for authenticity,” VanderBrug says. “They can figure out companies that have a diverse leadership and address issues proposed and promised.”
- The study found that 69% of Millennial clients find advisers through recommendations from family, friends and colleagues.

Virtual Actualization:

MacManus, R. (2016, January 21). The Future Of Virtual Reality Lies Beyond Gaming - ReadWrite. Retrieved September 28, 2016, from

<http://readwrite.com/2016/01/21/virtual-reality-future-beyond-gaming/>

- NextVR is one of the most promising VR content companies. It aims to broadcast big sporting events in 3D virtual reality. In October last year, NextVR streamed an entire NBA basketball game through its app for the Samsung Gear VR.
 - According to UploadVR, the view of the action was “low, at table level, with the scorer’s table at center court.” Road to VR declared it “an exciting way to watch the game,” because it was “a much more realistic POV [point of view] than you would get watching it on a traditional monitor.”

- When he announced the purchase of Oculus in March 2014, Facebook CEO [Mark Zuckerberg](#) asked us to “imagine sharing not just moments with your friends online, but entire experiences and adventures.” Two examples he gave were “studying in a classroom of students and teachers all over the world or consulting with a doctor face-to-face.”
 - The following is 8i’s description of its new [portal](#) for Oculus Rift and HTC Vive: “You can now walk up to someone in VR who looks real and not computer generated, move around them, make eye contact, and feel true presence.”
- Penrose Studios has come up with something called “Touch Orbit” (“Torbit” for short), which allows the viewer to change perspective while watching a film. VRfocus [explains](#): “By swiping on the pad, viewers can rotate a ‘primary object’ in front to them to assume different viewpoints as the film unfolds.”
- There are many other opportunities for VR to change our content. They include news (immerse yourself safely in a war zone using the New York Times VR app), retail (hunt for your next house using a pair of VR goggles), and fashion (try on a new pair of shoes in VR).

Millennials are Entering Virtual Reality. (2016, April 27). Retrieved September 27, 2016, from <http://thebrief.com/articles/millennials-are-entering-virtual-reality-659>

- Almost three-quarters of Millennials [are interested in virtual reality](#).
- “General Mills is now using VR as a recruitment tool for potential Millennial job applicants, giving them a headset that allows them to go on a GoPro tour of the [company’s Golden Valley campus](#).”
- “Companies are also [tapping into such Millennial interests as travel and fitness](#), giving them virtual tours of foreign lands, or making a stationary bike seem like it’s pedaling in outside environments.”

Six powerful new trends shaping THE FUTURE OF BETTERMENT #BETTERMENT. (2016, April). Retrieved September 10, 2016, from <http://trendwatching.com/trends/the-future-of-betterment/>

- Virtual reality as a tool for actualization / tool for preparedness (virtual actualization).
- Real-time, constant improvement feedback. Transparency, view progression.
- Virtual consultation via different channels of communication.

Vukicevic, V. (2016, September 08). Creativity In AR Brings Art To New Audiences . Retrieved September 22, 2016, from <http://www.psfk.com/2016/09/vladimir-vukicevic-meural-pokemon-gos-success-in-tech-is-the-art-industrys-saving-grace.html>

- Augmented reality (AR) (a la Pokemon Go) is bringing new life to traditional museums and increasing patron engagement
- Fine art can be seen as stuffy and inaccessible
- AR allows users to view the world around them differently
- Transforms a static medium
- AR blurs the line between tech and culture
- Note: parallels with finance and classical music/fine art – all have barriers to entry/understanding

The Future of Work:

A New Workforce of Millennial Freelancers. (2016, January 13). Retrieved September 27, 2016, from <http://thebrief.com/articles/a-new-workforce-of-millennial-freelancers-616>

- Freelance work appeals to what Millennials seek in the workplace: Accessibility, Affirmation, and Authenticity.
- “One report found that [45% of Millennials](#) will choose workplace flexibility over pay. In fact, [lack of flexibility](#) has been cited among the top reasons Millennials quit their jobs (costing employers [\\$15K-\\$25K per employee every time one does quit](#)).”
- “About 30% of Millennial employees have reported they will leave if their career goals are [not aligned with their jobs](#).”
- “[Millennial freelancers in particular](#) want work that has “a positive impact on the world” (62% of Millennials vs. 54% of non-Millennials) or is “exciting” (62% of Millennials vs. 47% of non-Millennials).”
- There are currently several job site platforms that cater to the freelancers: [Upwork](#), [Elance](#), and [Craigslist](#) are some examples. “Tech start-ups [Uber](#), [Lyft](#), and others have allowed Millennial workers to commoditize their personal time.”

Adkins, A., & Rigoni, B. (2016, June 01). Paycheck or Purpose: What Drives Millennials? Retrieved September 26, 2016, from

<http://www.gallup.com/businessjournal/191906/paycheck-purpose-drives-millennials.aspx>

- Compensation is important, but Millennials place other factors ahead when considering new positions:
 - opportunities to learn and grow
 - quality of manager
 - quality of management
 - interest in type of work
 - opportunities for advancement
- “Despite the financial constraints many Millennials are experiencing, they still place jobs that allow them to grow, develop and do what they do best over jobs that supplement their income.”

[Amplify Festival] (2005, July 1). *Redesigning work, employment and the social contract* - HEATHER MCGOWAN. [Video file]. Retrieved September 20, 2016, from

<https://www.youtube.com/watch?v=G67RfVvOmvY&feature=youtu.be>.

- Nature of work is rapidly changing, many jobs are being automated
- Shift from long-term full-time employment to a gig based economy
- Gig workers are faced with gaps in their income, which they seek to supplement by buying assets which they can use to generate additional income within the sharing economy

Horowitz, S. (2015, April 01). Why Millennials Understand The Future Of Work Better Than Anyone Else. Retrieved September 26, 2016, from

<https://www.fastcompany.com/3044478/the-future-of-work/why-millennials-understand-the-future-of-work-more-than-anyone-else>

- Looking for a more meaningful work-life.
- According to [a national survey](#) conducted last year by Freelancers Union and Elance-oDesk, 38% of Millennials are freelancing compared to 32% of all other age groups.
- Parallels between this generation of Millennials and the “Millennials of the 20th century” - the workers who were coming of age during the heyday of the Industrial Revolution. “It was the workers of the 1910s and 1920s who saw the rapidly changing economy and built the labor movement in response.”
- “They pioneered the social unionism movement. They banded together to build worker-owned banks, housing, insurance companies, and even vacation camps. Today’s Millennials are building support systems and co-working spaces.”
- Millennials will be able to leverage their comfort in freelancing and understanding of networks to create the sustainable independent work economy of the future.

Matthews, J. (2015, May 15). The New Frontier of Word-of-Mouth Marketing is Visual. Retrieved October 12, 2016, from

<http://www.targetmarketingmag.com/article/the-new-frontier-word-of-mouth-marketing-visual/all/>

- 84% said word-of-mouth recommendations from family and friends are most trustworthy form of advertising
- On social media networks, visual content like photos and videos receive up to 94% more engagement than text
- Brands need to figure out how to bridge and leverage WOM with visual content for higher engagement

PEER ARMIES | March Trend Briefing from TrendWatching. (2016, March). Retrieved September 10, 2016, from <http://trendwatching.com/trends/peer-armies/>

- Partnering with peer armies (tapping into the tribe).
- Power of peer to peer.

Why 2016 is not about authenticity, it is about being real. (2016, January 13). Retrieved September 21, 2016, from

<https://www.wgsn.com/blogs/why-2016-is-not-about-authenticity-it-is-about-being-real/>

- “Being real” goes deeper than “authenticity”; it’s about removing all clichés and presenting reality, unfiltered. Perfection doesn’t resonate and it isn’t true.
- The “be real” movement is trending on social media among celebrities, bloggers, and fashion personalities. Some examples:
 - <https://www.instagram.com/deliciouslystella/>
 - <https://www.instagram.com/socalitybarbie?hl=en>
- As consumers age and experience “real life” they will demand their brands are “real” too.

TRIBES:

Godin, Seth. (n.d.). Tribes Q&A. Retrieved October 1, 2016, from http://sethgodin.typepad.com/seths_blog/files/TribesQA2.pdf

- We all have a basic need to connect with other human beings.
- One type of connection is Values + Social, which allows people to connect with others who share the same values in a social setting
- The glue that holds a tribe together is its mission, not its leader.
- One way to create a tightly-knit tribe - allow tribe members to contribute and participate in a project. Being part of the project rather than merely a fan, members feel more attached to its outcomes and more tribe-integrated.

LEARNING STYLES:

Auditory Learners. (2016). Retrieved October 10, 2016, from <https://www.studyingstyle.com/auditory-learners/>

- 30% of the population are auditory learners
- Auditory learners absorb information best through the sense of hearing

THE GIG ECONOMY:

A New Workforce of Millennial Freelancers. (2016). Retrieved October 10, 2016, from <http://thebrief.com/articles/a-new-workforce-of-millennial-freelancers-616>

- Millennials seek to satisfy three needs in the workplace: Accessibility, Affirmation, and Authenticity
- Freelance jobs done remotely let Millennials access their work from anywhere via Wi-Fi
- 45% of Millennials would choose workplace flexibility over pay
- Millennials expect fulfillment from their jobs

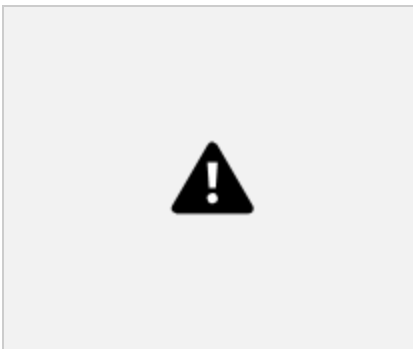
BANNER ADS:

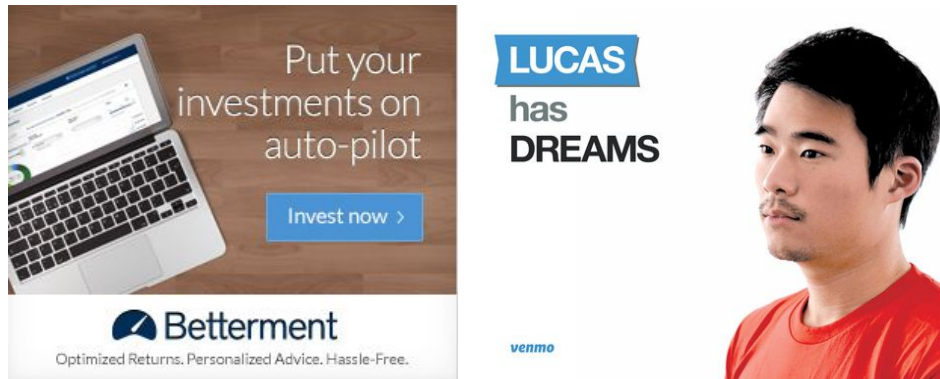
Retargeting banner ads served online:



- <https://moat.com/advertiser/vanguard>
- <http://adage.com/article/media/vanguard-s-marketing-exec-funny/236089/>

Competitor / mentor ads:





- BlackRock Investor Again Ad Campaign (2012):
<https://www.youtube.com/watch?v=VMv7XVap4-w>
- BlackRock We Are BlackRock Ad Campaign (2012):
<https://www.youtube.com/watch?v=20gf5l00hMM>
- BlackRock Investing for a New World Ad Campaign (2012):
<https://www.youtube.com/watch?v=Oja0KbVw1QQ>