



Demand-based Investor Education Study:

*What Canadian Investors want to know
and how they want to learn*

Summary of Findings:

Learning and Key Events for Age 20-34

Prepared for

Investor Education Fund

by

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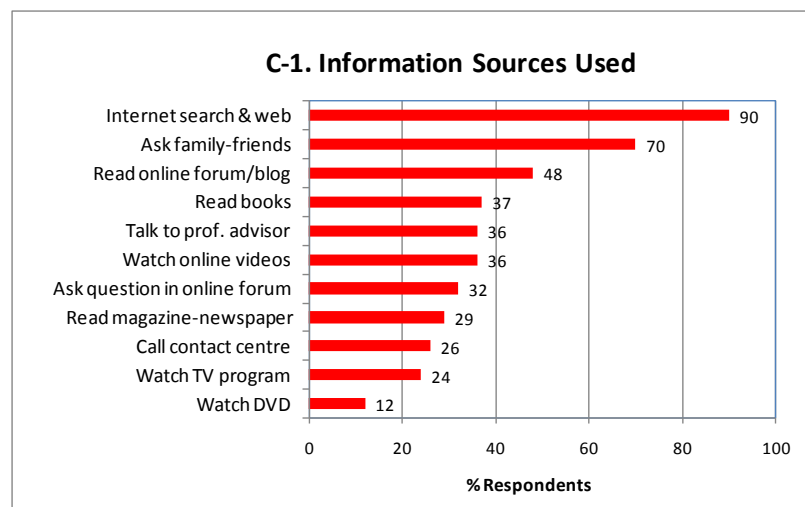
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Introduction

- This report summarizes the results of two related studies designed to assess how individuals learn in an online environment, especially how they learn what they need to know about handling key life events. The work is geared to learning in relation to three key events that typically occur between the ages of 20-34: New job; Getting married; and Becoming a parent. Studies were carried out between June-August 2009.
- In the screening process for the survey, we found that half of the age group did not experience any of our key events in the past two years. This tells us that the proportion of the 20-34 age range experiencing each event in a typical year is: 15% for New Job; and 7-8% each for Married and Parent.

General Learning Practices

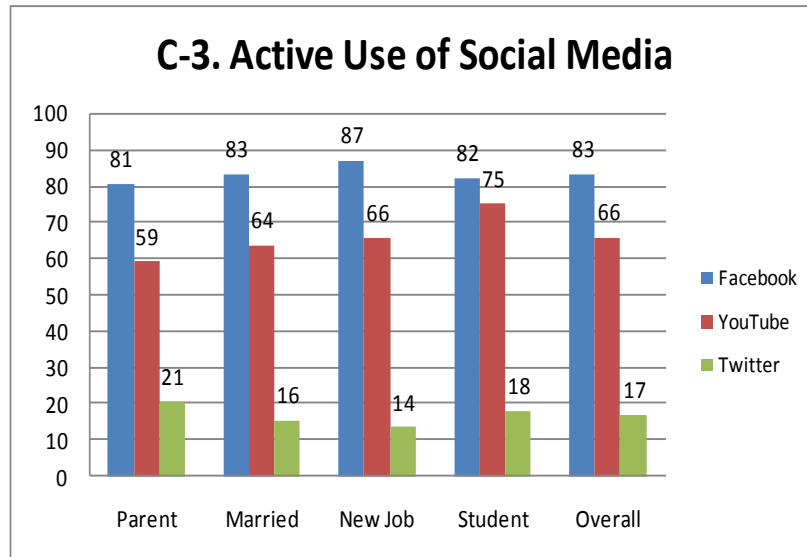
- With some eleven potential choices (see C-1), the top two sources were the same for all groups: Internet searches and websites (90%) and then Asking friends, family or co-workers for information (70%). The number of information sources people use is a psychological characteristic not driven by event.
- Some 5 out of 6 people start a search using a search engine and then move to content sites. Google is the preferred search engine cited most in interviews and online focus groups. Search skills and strategies are not “subject dependent” i.e. people will use same methods for research regardless of topic and interest level. Consistent, repetitive information is a sign of a successful and complete search.



Social Media

- Active users of social media (see C-3) are those who use the medium at least twice per week. **Only 6% of the sample are not active users of at least one of the three social media we investigated.** The % active users for the three social media we queried are:
 - Facebook usage is 83% overall – 86% for under 30’s and 75% for 30-34 year olds. Women are slightly heavier users than men (86% vs. 80%) and 90% of information-seekers are active.
 - YouTube usage is 66% overall – 74% among 20-24 year olds and 60% for age 25 and older. Most of the remaining demographic correlates follow from age, except we note that men are far heavier users than women (74% versus 58%) as are information-seekers (83%)
 - Twitter usage is 17% overall with no strong age relationship. It is used more heavily among high income respondents

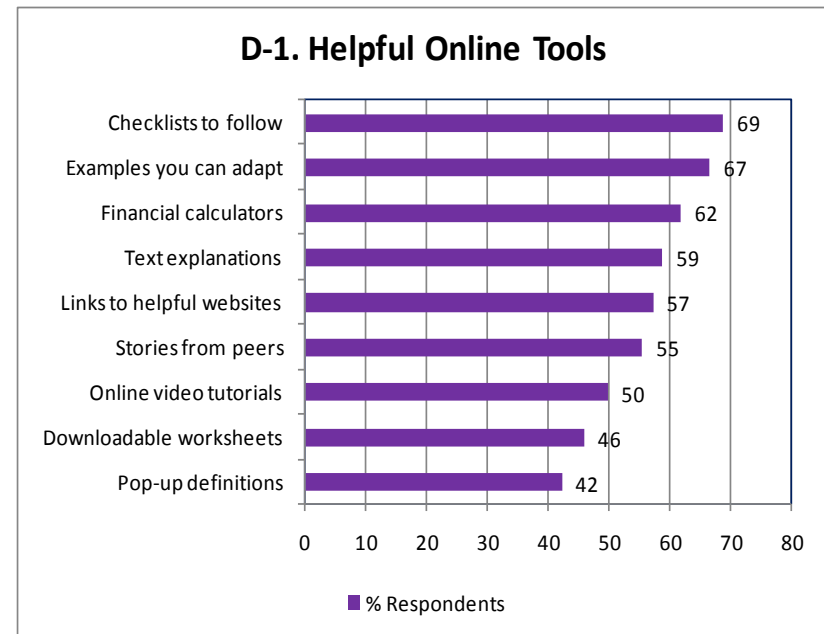
(29% over \$75k) and university graduates (24%). Twitter is somewhat more popular among men than women (20% versus 14%).



- Facebook will reach almost all users of social media. For the 10% that can't be reached by Facebook, YouTube will prove effective. Only 1% will be missed between the two media.
- Facebook and YouTube are used by 20-25% to either interact with brand pages, view ads or communicate with brands.

Online Learning for Financial Matters

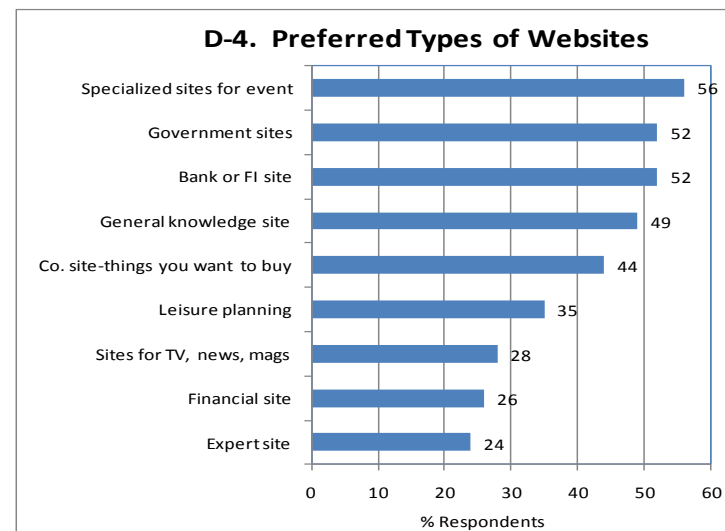
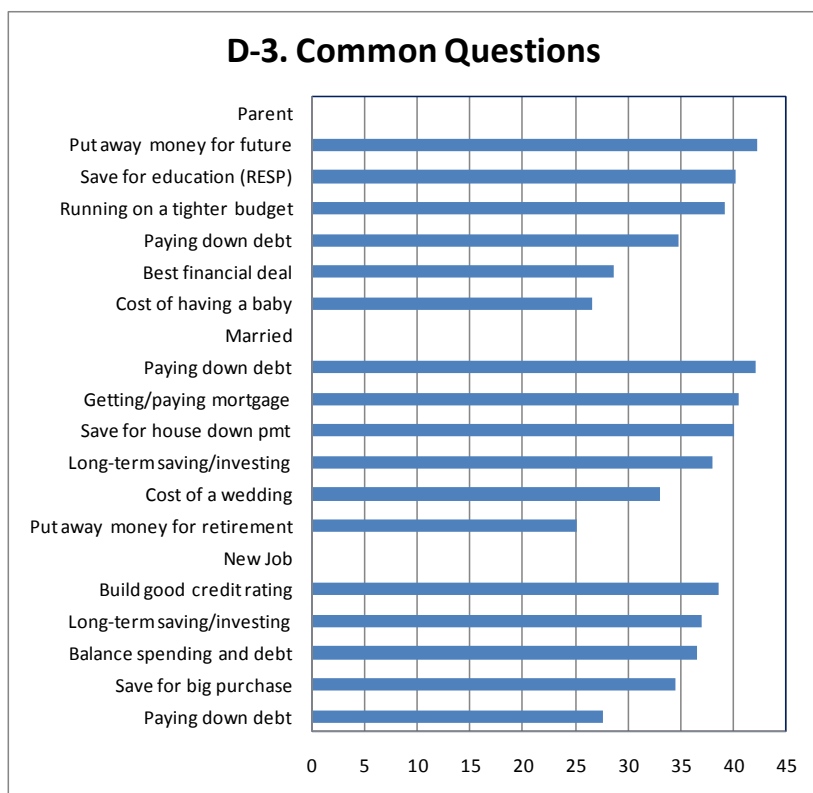
- This section deals with online learning for financial matters. We first look at the online tools that are most helpful. Then we look at the key questions asked by each event group and where they typically go to seek out online information.
- Checklists of steps to follow for getting things done (69% helpful) is the most helpful online tool, followed by Examples that people can adapt to fit their needs (67%) and Financial calculators (62%). Almost all of the nine online tools are deemed helpful by at least half of all respondents (see D-1).



- Exhibit D-3 shows the questions asked by at least one-quarter of each segment. The three top questions for each group are:
 - Parents (39-42%): Putting away money for the future; Saving for your child’s education (RESP); and Running a house on a tighter budget.
 - Married (40-42%): Paying down or consolidating debt; Getting/paying for a mortgage; and Saving for a down payment on a house.
 - New Job (37-39%): Building a good credit rating; Long-term saving and investing; and Balancing spending and debt.

- Specialized websites geared to the specific event lead as resources for learning about events (see D-4). Looking at sites common to all groups, we find government and bank/FI websites are the most widely used for financial information with General knowledge websites like Wikipedia quite close behind. The information people seek is tightly related to the key event that motivates their search.

- The main variations in website usage by event are:
 - Parents: Baby & parenting blogs (i.e., Event-oriented) top the list of sites used along with government websites. Company websites for baby products (i.e., things to buy) are close behind. Banks and general knowledge lag.
 - Married: Banks top the list followed by government. Wedding planning websites and others lag.
 - New Job: Career or job websites are the top of their list (66%) and the other big three follow.



Psychographic Segments

- Attitude statements allowed us to define two psychographic segments, comfort and control. Comfort refers to people who are comfortable with good financial practices. Control refers to people who are trying to take charge of their finances.
- Comfort divides into high comfort (49%), medium (35%) and low comfort (16%). Level of comfort is not related to age, income or event experience, but those with postsecondary education are higher comfort than others (53% versus 41%).
- Comfort levels affect learning methods with high and medium comfort levels being typically comparable in most cases and low comfort (only 16%) being quite distinct. Since high comfort is half the sample, this is inescapable. Use of Facebook, YouTube and Twitter are all much higher among those with low comfort levels. Similarly, **the number of social media functions is twice as high in the low comfort group as among others. Low comfort individuals are far more likely to search for content, view ads, communicate with brands and interact with corporate pages more than others. They are less likely to connect with friends and share information with them than high comfort individuals.** Low comfort individuals are more 'visual' and this is reflected in use of YouTube and Facebook.
- Low comfort individuals are also far more likely to use more information sources, also suggesting that information is a potential source of relieving discomfort for them. Nearly half are use 6 or more information sources when seeking information.
- “Controllers”, people who are taking charge of their financial matters, are divided into low (19%), medium (45%) and high (36%). People getting a new job are characteristically low controllers, suggesting they are not predisposed to take charge of their financial matters yet. The contrary is true for new parents, who are almost half Controllers. New parents are ready to take charge and act. Recently married fall in-between. Given the link to events, **control increases with age.** Control increases with **income and education.** It is not linked to either gender or region.
- When using information sources, Controllers read more and ask questions of more sources, both online and offline. Controllers are seldom satisfied by the first few sources they use when seeking information. Controllers use both YouTube and Twitter more than others, but their use of social media functionality is average.
- Controllers find every online tool more helpful than others. While they share the same general tool preferences as others, they are particularly keen on financial calculators compared to others. Similarly, the types of websites they use are similar to the general population but **Controllers show a distinct and consistent preference for bank/FI and financial websites when compared to others.**

Fear of Debt

- One of the attitude questions is worth examining on its own, namely, “I live in fear that one day I am not going to be able to pay for everything our family needs”. Some 43% of respondents agreed with this question, and as one would expect, they are typically low comfort. Fear of debt has no relationship to Control, but we note that it is more common in Ontario than in any other region of Canada.
- While parents are more worried about debt than others, **fear of debt is not age-related nor is it related to income**. Women are more concerned than men by a narrow margin. **Those with less education are the more fearful about debt. Other responses suggest that information reduces their fear.**
- **People worried about debt use more information sources. In fact, people worried about debt are just over half of all people who seek information from many sources.** Nonetheless, their use of social media is average. They do not rely on peer contact to reduce their concerns. They do make more use of TV and magazines as sources of information than others.
- People afraid of debt generally view online sources as more helpful than others. The lower education levels among this group find lengthy text explanations less useful.
- In terms of questions, this group is predictably more interested in paying down or consolidating debt. Among the recently Married, they also show far more interest in saving for a down payment on a house. For those with a New Job, long-term saving and investing is also a question of interest. In terms of the type of website this group prefers, we find no consistent preference.

Barriers To Action

- The qualitative portion of the study explored what stands in the way of acting on information. **Time, money and lack of ‘the right Information at the right Time’ are the main barriers to making informed decisions.** Even when good financial information is found, there can be barriers that stand in the way of action. The barriers for the 20-34 age group are:
 - Cash flow;
 - Time-- It takes time to save money. It takes time to make money. It takes time to pay off debt;
 - State of the economy. Unpredictability of the market;
 - Not knowing what they need to know when they need to know it. Hindsight is always 20/20.
- **‘Regrets’ expressed by respondents suggest a need to learn about finances before a major life event.**
 - Before the birth of the baby;
 - Saving & budgeting when you first get a job;
 - Learn about responsible spending & building good credit before you need it;
 - Need to know how credit rating affects getting a mortgage or loan; and
 - Need to know the consequences of credit cards and debt while in university or college.
- Lots of information is available online on how to get out of debt, but not enough information on how to avoid getting into debt.
- People report that a significant barrier to making informed decision is understanding financial language and concepts. Information needs to be simple and in everyday language.

PROFILES BY KEY EVENT

- In this section we present a one-page profile for each of the three main life events that are the focus of this report. We will start our profiles with New Parents and then work back in age.

New Parent Profile

- New Parents are predictably older with half in the 30-34 and one-third in the 25-29 age range. Some 4 out of 10 have personal incomes of \$50k or more. Three-quarters have completed post-secondary education, about evenly split between college and university. Some 4 out of 10 new parents got new jobs in the preceding two years and 1 out of 6 got married. Just under 1 out of 10 were full-time students.
- New Parents use an average of 4.5 out of 11 possible information sources when they want to learn about something. The information sources they favour are: Internet searches & websites (89%); Ask family-friends-coworkers (73%); Reading blogs or answers in an online forum (41%); and Talking to a professional advisor (39%). Reading books and watching online videos are close behind (36%).
- **Some 9 out of 10 use at least one type of social media.** Some 8 out of 10 actively use Facebook, versus 6 out of 10 for YouTube and 2 out of 10 for Twitter. **New Parents are more peer-focused than others for getting advice.**
- Use of Facebook is peer-oriented with the three dominant functions being: Connect with friends; Share information with friends; and Communicate with friends through discussion groups. Watching videos dominates YouTube, but a significant proportion also search YouTube for information content.

Twitter is friend oriented. Facebook and YouTube are used by about one-quarter to either interact with brand pages, view ads or communicate with brands.

- There are four questions that are concerns for at least one-third of new parents: Putting away money for the future; Saving for child's education (RESP); Running a house on a tighter budget; and Paying down or consolidating debt. New Parents are more future oriented than others. **New Parents are the most receptive to future-oriented and long-term advice.**
- Government and baby-information websites dominate the information searches of New Parents with both used by over half. New Parents are receptive to most online tools. Checklists and customizable examples top the list of helpful tools, but financial calculators, stories from peers, links to helpful websites and text explanations also appeal to a majority.
- Half of New Parents are high comfort with financial matters and almost as many are taking active control of their finances. Half are worried about covering their debts, as their top questions suggest. Two-thirds agree that 'Having a baby makes you think about planning your finances better for the future' and this is the key to attracting the interest of this group. Balancing lifestyle with earnings and staying out of debt are a key part of the mindset of New Parents.

Recently Married Profile

- Recently Married are predominantly 25-29 (46%) or older (34%). Some 4 out of 10 have personal incomes of \$50k or more. Some 8 out of 10 have completed post-secondary education with a slight edge for university degrees (45%). Over half of the recently married (55%) got new jobs in the past two years and one-quarter became parents. Some 2 out of 10 completed a post-secondary education program, which could be either graduate or postgraduate.
- New Married use an average of 4.6 out of 11 possible information sources when they want to learn about something. The information sources they favour are: Internet searches & websites (88%); Ask family-friends-coworkers (68%); Reading blogs or answers in an online forum (43%); and Talking to a professional advisor (43%). Reading books and watching online videos are close behind (37-39%).
- **Some 92% use at least one type of social media.** Some 8 out of 10 actively use Facebook actively versus 6 out of 10 for YouTube and 2 out of 10 for Twitter. **New Married are the least motivated to seek financial information.**
- Use of Facebook is peer-oriented with the three dominant functions being: Connect with friends; Share information with friends; and Communicate with friends through discussion groups. Watching videos dominates YouTube, but a significant proportion also search YouTube for information content. Twitter is friend oriented. Facebook and YouTube are used by about one-quarter to either interact with brand pages, view ads or communicate with brands.
- There are five questions that are concerns for at least one-third of New Married: Paying down or consolidating debt, Getting / paying a mortgage; Saving for a down payment on a house; Long-term saving & investing; and to a lesser extent, the Cost of a wedding. While questions may seem future oriented, focus groups indicate that New Married are more focused on establishing a current household than planning for the future.
- **Bank and FI websites dominate the information searches of New Married by a considerable margin.** Government websites place second, followed by Wedding planning websites. New Married are receptive to most online tools. Financial calculators and Checklists top the list as most helpful., Customizable examples and stories from peers also appeal to the majority.
- Half of New Married are comfortable with good financial practices, and slightly fewer are worried about taking control of their financial matters. Some 4 out of 10 are worried about covering their debts as the top questions suggest. Paying for the wedding is a significant issue for only one-quarter of New Married – less than saving for a down payment on a house. Balancing lifestyle with earnings and staying out of debt are a key part of the New Married mindset, just as they are for New Parents.

New Job Profile

- The New Job group are half age 20-24 (49%) with a secondary group in the 25-29 age range (31%). Just under one-quarter have personal incomes of \$50k or more, while 4 out of 10 have incomes under \$25k. Two-thirds have completed post-secondary education -- evenly split between college and university. Some 4 out of 10 attended a post-secondary institution during the past two years. Despite being a younger group, one-quarter also got Married and one-quarter became New Parents.
- People in their first significant New Job use an average of 4.6 out of 11 possible information sources when they want to learn about something. The information sources they favour are: Internet searches & websites (92%); Ask family-friends-coworkers (72%); Reading blogs or answers in an online forum (51%) is also popular. All other sources fall below the 40% usage mark.
- Some 95% use at least one type of social media. Some 9 out of 10 actively use Facebook versus 7 out of 10 for YouTube and 2 out of 10 for Twitter.
- Use of Facebook is peer-oriented with the three dominant functions being: Connect with friends; Share information with friends; and Communicate with friends through discussion groups. Watching videos dominates YouTube, but **more than half also search YouTube for information content**. Twitter is friend oriented. Facebook and YouTube are used by about one-quarter to either interact with brand pages, view ads or communicate with brands.
- There are four questions that concern at least one-third of the New Job group: Building a good credit rating; Long-term saving and investing; Balancing spending and debt; and Saving for a big purchase. **Those with New Jobs (at the start of their career) are generally concerned with saving and debt and how they will impact future financial decision-making and action.**
- **Career/job websites are a focal point that meets information needs for the New Job group. Bank/FI and Government websites form a second tier along with General knowledge websites like Wiki.** The New Job group are receptive to most online tools. Checklists, customizable example and financial calculators top the list as most helpful. Stories from peers, links to helpful websites and text explanations appeal to the majority.
- Half of the New Job group are comfortable with good financial practices, but only one-third are trying to take control of their finances. More than 4 out of 10 are worried about covering their debts. A similar proportion (43%) say 'I wish I understood more about credit cards when I was a student'.
- There are several New Job groups, but we have focused on those embarking on a new Career. Once on their own in the workforce they are quick to recognize what they need to know. The real challenge is helping them learn what they need to know before it is too late to fix the big mistakes.