Consumer Digital Demands

October 2018
Overview

Charles Schwab’s **Consumer Digital Demands** is a survey of American consumers and robo advisor users regarding their preferences, sentiment, and experiences interacting with technology and people across a range of life activities and experiences, including investing and financial planning.

The online study was conducted by independent research firm Edelman Intelligence among 1,000 U.S. general population adults and 391 current robo advisor users over the age of 18 between July 25, 2018 and July 31, 2018. General population respondents were weighted to be nationally representative based on most-recent U.S. Census data.

Robo advisor users were collected based on mix of natural fallout among general population and oversample; users were identified through self-selection of at least one robo advisory platform. The study has a margin of error of ±3.1% for the general population segment and ±5.0% for robo advisor users, at the 95% level of confidence.
Americans are more likely to automate their day-to-day finances than other daily activities, but they still prefer human assistance over automation.

Q6: We'd now like to understand your comfort level with each of the following tasks being automated. Using the slider bar below, please indicate what level of automation you’re comfortable with for each of the tasks listed [Asked on a 9-point scale where 1 means “Comfortable with this being fully automated,” 5 means “Comfortable with this being a mix of automation and human assistance,” and 9 means “Comfortable with this being fully human-assisted only.”]

Base sizes: Gen pop = 1000, Robo-users = 391
Boomers are the least comfortable with automation, but all generations still largely prefer human assistance.

Q6: We’d now like to understand your comfort level with each of the following tasks being automated. Using the slider bar below, please indicate what level of automation you’re comfortable with for each of the tasks listed [Asked on a 9-point scale where 1 means “Comfortable with this being fully automated,” 5 means “Comfortable with this being a mix of automation and human assistance,” and 9 means “Comfortable with this being fully human-assisted only.”

Base sizes: Millennials = 316, Gen X = 247, Boomers = 339
Overall, Americans are split on their reliance on technology versus humans.

Q5: When making decisions - from home repairs to shopping - which statement describes you best? Please remember that most people are not 100% one or the other. Just select the statement which comes closest to describing you.

More comfortable relying on people to get answers to questions and solve problems: 48%

More comfortable relying on technology to get answers to questions and solve problems: 52%

Base sizes: Gen pop = 1000, Robo-users = 391, Millennials = 316, Gen X = 247, Boomers = 339
In the customer service journey, technology is seen as the immediate, easy, and safe first step to take when looking for answers.

64% only turn to a person when they can't find what they're looking for online.

47% didn't follow through on something because it would have required talking to a person rather than doing it all online.

46% get anxious when they have to talk to someone they don’t know on the phone.

Q9: How much do you agree or disagree with the following statements? (<Somewhat/Strongly agree> reported)

Base sizes: Gen pop = 1000, Women = 510, Men = 490, Robo-users = 391
This is especially true among Millennials, who are more likely to use technology to avoid picking up the phone.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Millennials (21-37)</th>
<th>Gen X (38-53)</th>
<th>Boomers (54-72)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I only turn to a person when I can’t find what I’m looking for online</td>
<td>73%</td>
<td>68%</td>
<td>53%</td>
</tr>
<tr>
<td>There have been times I didn’t follow through on something because it would have required talking to a person rather than doing it all online</td>
<td>61%</td>
<td>52%</td>
<td>33%</td>
</tr>
<tr>
<td>I get anxious when I have to talk to someone I don’t know on the phone</td>
<td>57%</td>
<td>45%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Q9: How much do you agree or disagree with the following statements? (<Somewhat/Strongly agree> reported)  
Base sizes: Millennials = 316, Gen X = 247, Boomers = 339
But human customer service remains a key driver in brand preference, even among tech-reliant Millennials.

86% of Americans Prefer brands that *make it easy to get ahold of a real person* (Millennials: 82%, Gen X: 84%, Boomers: 92%)

Q9: How much do you agree or disagree with the following statements? (<Somewhat/Strongly agree> reported)
Base sizes: Gen pop = 1000, Millennials = 316, Gen X = 247, Boomers = 339
Why? Working with people means answers and solutions when you need them in the moment.

Drivers of trust when doing business with a professional

- **89%** Easy to get in contact with/get ahold of
- **88%** Quickly understands my problem
- **88%** Responds to me quickly

Q8: Please indicate to what extent each of the following attributes drives your trust in a professional you do business with. (Somewhat/Strongly agree reported)
Base sizes: Gen pop = 1000
Even within digital experiences like apps or online, the #2 driver of trust is easy access to human customer service.
And when it comes to their finances, Americans expect technology to make money management easier.

- 79% agree: Technology should decrease the amount of time I spend managing my finances.
- 66% agree: Technology has given me more time to focus on my family than my finances.
- 62% agree: Technology has given me peace of mind when it comes to my finances.
- 54% agree: Technology has helped me to reach my financial goals.

Q17: How much do you agree or disagree with the following statements? (Somewhat/Strongly agree) reported
Base sizes: Gen pop = 1000, Robo-users = 391
Why? They equate the level of difficulty with financial planning to running a marathon.

Most Americans (55%) think financial planning is at least as hard as training for a marathon...

...But want it to be at least as easy as booking a hotel (56%)

Q14: Which of the following do you think is equivalent to creating a financial plan in terms of difficulty and the time you spend doing it? (Net of the following responses: training for a marathon, planning a move across the country, planning a wedding, getting a master’s degree, and raising a child)

Q15: And which of the following is what you think creating a financial plan should be equivalent to, in terms of difficulty and the time you spend doing it? (Net of the following responses: pressing a button, making a coffee, ordering take-out, and booking a hotel)

Base size: Gen pop = 1000
The biggest barrier to investing is not knowing where to start...

Find it difficult to manage investments

Millennials say they want to spend more time investing, but don’t know where to start

7 in 10

Compared to 60% Gen X and 41% Boomers

Q1: How easy or difficult do you find it (or would you find it) to deal with each of the following? (<Somewhat/Extremely difficult> reported)

Q19: How much do you agree or disagree with the following statements with regards to your investing strategy? (<Somewhat/Strongly agree> reported)

Base sizes: Total Millennials = 316, Millennials who invest = 252, Total Gen X = 247, Gen X who invest = 173, Total Boomers = 339, Boomers who invest = 222
...Or feeling that investing is too difficult without more help.

Half of Americans aren’t investing

51%

Of Americans report they don’t hold an investment account

1 in 3 of those who do invest find it difficult

32%

Of investors say managing their investments is difficult

They want to invest more but need more help

55%

Of Americans agree they want to spend more time investing, but don’t know where to start

S6: Which of the following investment accounts, if any, do you currently hold?
Q1: How easy or difficult do you find it (or would you find it) to deal with each of the following? (<Somewhat/Extremely difficult> reported)
Q19: How much do you agree or disagree with the following statements with regards to your investing strategy? (<Somewhat/Strongly agree> reported)
Base sizes: Gen pop = 1000, Investors = 749
In fact, people would rather do a range of unpleasant tasks than spend time investing.

65% of Americans would rather do at least one of the following than spend time managing their investments:

- Wait in line at the post office 18%
- Clean my gutters 13%
- Sit in rush hour traffic 12%
- Look for a parking space in a full lot 12%
- Go on an awkward first date 12%
- Troubleshoot an issue with my internet service provider 11%
- Go to the airport on a major holiday 11%
- Be on an international flight without entertainment 8%
- Get a root canal 8%
- Talk to telemarketers 7%

Q16: What would you rather spend your time doing than managing your investments?
Base size: Gen pop = 1000
Not only would tech make finances easier, it would make Americans more engaged investors.

6 in 10 say they would spend more time investing if:

- the smaller tasks were automated
- they had smarter online tools that guided them through the process

Q19: How much do you agree or disagree with the following statements with regards to your investing strategy? (Somewhat/Strongly agree reported) Base size: Gen pop = 1000
Millennials have made the most use of technology with their finances, but all ages see the value.

Q17: How much do you agree or disagree with the following statements? (<Somewhat/Strongly agree> reported)
Base sizes: Millennials = 316, Gen X = 247, Boomers = 339

- **Technology has given me peace of mind when it comes to finances**
  - Millennials (21-37): 75%
  - Gen X (38-53): 65%
  - Boomers (54-72): 51%

- **Technology has helped me to reach my financial goals**
  - Millennials (21-37): 71%
  - Gen X (38-53): 51%
  - Boomers (54-72): 44%

- **Technology has helped me get out of debt**
  - Millennials (21-37): 56%
  - Gen X (38-53): 42%
  - Boomers (54-72): 32%
Millennials have especially high trust in technology.

“I trust technology more than a person when it comes to managing my money”

- **59%** Millennials (21-37)
- **39%** Gen X (38-53)
- **26%** Boomers (54-72)

Q17: How much do you agree or disagree with the following statements? (Somewhat/Strongly agree reported)
Base sizes: Millennials = 316, Gen X = 247, Boomers = 339
Across areas of fintech, robo advisors are seen as the most impactful.

<table>
<thead>
<tr>
<th>Biggest impact on financial services</th>
<th>Using on regular basis by 2025</th>
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</thead>
<tbody>
<tr>
<td>Robo-advisors 45%</td>
<td>Robo-advisors 58%</td>
</tr>
<tr>
<td>Cryptocurrency/Bitcoin 29%</td>
<td>Robotics 57%</td>
</tr>
<tr>
<td>Artificial intelligence 28%</td>
<td>Artificial intelligence 55%</td>
</tr>
<tr>
<td>Big data/IoT 21%</td>
<td>Virtual reality 54%</td>
</tr>
<tr>
<td>Robotics 19%</td>
<td>Big data/IoT 53%</td>
</tr>
<tr>
<td>Virtual reality 12%</td>
<td>Augmented reality 43%</td>
</tr>
<tr>
<td>Blockchain 10%</td>
<td>Blockchain 36%</td>
</tr>
<tr>
<td>Augmented reality 9%</td>
<td>Cryptocurrency/Bitcoin 36%</td>
</tr>
</tbody>
</table>

Q27: And which do you think will ultimately have the biggest impact on financial services?

Q28: Looking ahead to 2025, how likely do you think it is that you’ll be using each of the following on a regular basis? (Extremely/Somewhat likely reported)

Base sizes: Gen pop = 1000, Millennials = 316, Gen X = 247, Boomers = 339
But Americans want the best of both worlds – robos are great, but best with humans.

Of Americans say robos are a good start, but they expect to need more personal service for more complex situations

*Millennials: 78%, Gen X: 72%, Boomers: 64%*

Q22: How much do you agree or disagree with the following statements about robo-advisors? (<Somewhat/Strongly agree> reported)
Q23: Earlier you mentioned you don’t use a robo-advisor. What would make you more likely to use one?
Base sizes: Gen pop = 1000, Millennials = 316, Gen X = 247, Boomers = 339, Non-robo users = 714, Millennial non-robo users = 191, Gen X non-robo users = 165, Boomer non-robo users = 273
About Charles Schwab

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