

Brand-strength of robos is still fairly weak: Cerulli

By Editorial Staff Thu, Nov 15, 2018

The latest issue of The Cerulli Edge-U.S. Retail Investor Edition details the efforts of 10 of the leading digital-focused financial advice platforms in establishing brand awareness among retail investors.

Almost six in 10 investors (59%) were not aware of any of names of 10 digital advice platforms that were offered to them in a questionnaire, according to a recent survey of investors by Cerulli Associates, the research and consulting firm.

The ten companies (in order of brand-recognition) were Betterment, Merrill Lynch Edge, Go (Fidelity), Intelligent Portfolios (Schwab), Vanguard Personal Advisory Services, Acorns, Wealthfront, Essential Portfolios (TD Ameritrade) Adaptive Portfolios (E*Trade), and Personal Capital.

Awareness of the names of the ten robo-advisors and robo/human hybrid platforms varied by age. Younger investors, predictably, were more aware of the digital advisors than older ones. The percentage answering “none of the above” after seeing the list ranged from 34% (among those under age 30) to 75% (among those age 70 or older).

Cerulli’s fourth quarter 2018 issue of The Cerulli Edge—U.S. Retail Investor Edition details the efforts of 10 of the leading digital-focused financial advice platforms in establishing brand awareness among retail investors and looks at the degree of familiarity that each firm has achieved among prospective investors on a wealth tier basis.

“While increasing awareness is an excellent near-term goal, the ability to accumulate assets under management will determine the ultimate success of these platforms,” said Scott Smith, director at Cerulli, in a press release.

“The largest platforms are affiliated with firms with a long history of serving investors directly, largely through brokerage relationships. In many cases, investors on these platforms began their relationships with the intention of remaining completely self-directed, but eventually found the responsibility more burdensome than rewarding.

“During the five-year time horizon, conversion of brokerage clients to advisor relationships at the largest direct providers will be the primary driver of the digital advice segment,” Smith said. “But more recent entrants’ persistent efforts will allow them to consistently improve their awareness levels among affluent investors and achieve sustainable scale.”

