The Path Decoded: HK Consumers’ Financial Decision-making Journey Today

A Study into Hong Kong Consumers Wealth Management Journey

Aug 2022

Prepared by Google and InSites Consulting
<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Trends</td>
<td>03</td>
</tr>
<tr>
<td>Research Background</td>
<td>04</td>
</tr>
<tr>
<td>Key Takeaway</td>
<td>05</td>
</tr>
<tr>
<td>01 Consumer Needs Today</td>
<td>06</td>
</tr>
<tr>
<td>02 Customer Journey Experience And Pain Points</td>
<td>12</td>
</tr>
<tr>
<td>03 Future Financial Brand Roles And Digital Forward Experience</td>
<td>21</td>
</tr>
<tr>
<td>The Way Forward</td>
<td>25</td>
</tr>
</tbody>
</table>
HK consumers’ appetite for wealth growth and wealth protection remained strong through COVID-19, fuelled by the rise of digital in finance.

Investment stays relevant; earlier uptake of long-term insurance products

- **6 in 10**
  Consumers claimed their appetite for investment remained the same despite the impact of COVID-19.¹ (2021)

- **40 vs. 47**
  Average age of consumers of tax-deductible annuity products.³ (2021 vs 2019)

Digital transactions doubled

- **+120%**
  Value of investment transactions via digital channels (H1 2021 vs. H2 2019)²

- **2x**
  Long-term insurance policies sold via digital channels (H1 2021 vs. H2 2019)²

Source: 1 IFEC Retail Investors Study, Sept 2021  ² HKMA, Apr 2022  ³ Insurance Authority, SCMP Jan 2, 2022
We conducted 3 stages of research to understand current consumers' wealth management needs to support brands' growth and stay ahead the digital era.

<table>
<thead>
<tr>
<th>Qual Immersion</th>
<th>Qual Conversation</th>
<th>Quant Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How</strong></td>
<td>1-hour in-depth interviews with 8 consumers</td>
<td>20 mins online survey with 1,102 HK consumers</td>
</tr>
<tr>
<td><strong>What</strong></td>
<td>Deep dive into wealth management decision-making pain points and information gaps.</td>
<td>Validation of mindsets, behaviors and pain points with 'investors'.</td>
</tr>
<tr>
<td><strong>Who</strong></td>
<td>8 investors chosen from those who participated in the Qual Immersion stage.</td>
<td>Aged 18-65</td>
</tr>
<tr>
<td><strong>When</strong></td>
<td>March 2022</td>
<td>May 2022</td>
</tr>
</tbody>
</table>

1 Wealth management products in this research include Traditional investment (Stocks, Funds, Forex, Bonds), Digital asset (Crypto, NFT) or Insurance (Life insurance with savings component, Savings plan, Retirement plan/annuity and Investment-linked insurance)
Our insights highlight the consumers’ wealth management needs and experience in three main areas.

01 Consumer Needs Today
Consumers are looking to alternative routes for their financial needs. Consumers aged 18 - 34 are looking to support their desired lifestyle while those aged 35 - 65 seek wealth protection and actively prepare for retirement. A diversified portfolio of wealth management products are desirable to meet their financial needs.

02 Consumer Journey Experience & Pain Points
Consumer journeys to attain their financial goals are not direct and require much time and effort in product search and comparison. Consumers are left unsure if they have optimized and found the perfect solutions for themselves.

03 Consumer Expectation on Financial Brand Roles and Digital Forward Experience
Through digital platforms, brands can make information easy to understand and fun. Consumers envision technology to curate more personalized information content and experiences along their journey. Digital finance propels consumers’ intention to be self-reliant in future purchases.
Consumer Needs Today
Consumer Mindset & Behaviour

Across age groups, consumers proactively seek new, non-traditional paths to achieve their financial goals.

“Working hard, building a career or saving up is no longer the only way to achieve my financial objectives”

Agree

<table>
<thead>
<tr>
<th>Adult aged</th>
<th>18 - 24</th>
<th>25 - 34</th>
<th>35 - 49</th>
<th>50 - 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>75%</td>
<td>80%</td>
<td>73%</td>
<td>73%</td>
</tr>
</tbody>
</table>
Consumers expect an experience tailored to their needs and goals at their life stage.

**Adult aged 18 - 24**
Win fast

“The previous generation talks about stocks too, but we talk more about stocks for big and fast gains.”

Female, (18-24)

**Adult aged 25 - 34**
Level up & build foundations

“My goal is to not worry about money. I want to be comfortable, go on vacation, work when/if I want.”

Female, (25-34)

**Adult aged 35 - 49**
Prepare and be responsible

“I increased my coverage as I age. When I got married, I wanted to give my family more protection.”

Male, (35-49)

**Adult aged 50 - 65**
Stay safe

“I’m preparing for retirement right now, so I’ll look for less risky/short-term products, in case I need the cash.”

Male, (50-65)

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research In-depth interviews
Consumers aged 18 - 35 pursue financial goals to support their desired lifestyle and future-proof their income stream.

### Adult aged 18 - 24

- **Win fast**
  - To live up to my desired lifestyle: 52%↑
  - Achieve my financial and life goals faster: 51%↑
  - Prepare for earning/income uncertainties: 46%
  - Alternative income source: 46%
  - Reduce financial stress: 45%↑

### Adult aged 25 - 34

- **Level up & build foundations**
  - To live up to my desired lifestyle: 49%
  - Alternative income source: 45%
  - Achieve my financial and life goals faster: 44%
  - Prepare for earning/income uncertainties: 44%
  - Diversify financial risk: 44%

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research, B1/B2. What would you like to achieve with wealth management/What are your financial goals?, Top 5 Financial Goals.

Base: All respondents (n=1102); (18 - 24) n=200; (25 - 34) n=199.

↑/↓ Denotes significantly higher/lower than total sample at 95% confidence level.
Consumers aged 35 - 65 are more mindful of staying on track, protecting their wealth and preparing for retirement.

<table>
<thead>
<tr>
<th>Adult aged 35 - 49</th>
<th>Adult aged 50 - 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare and be responsible</td>
<td>Stay safe</td>
</tr>
<tr>
<td>Preparing for retirement</td>
<td>54%</td>
</tr>
<tr>
<td>Achieve my financial and life goals faster</td>
<td>44%</td>
</tr>
<tr>
<td>Beat inflation</td>
<td>44%</td>
</tr>
<tr>
<td>Prepare for earning/income uncertainties</td>
<td>43%</td>
</tr>
<tr>
<td>To live up to my desired lifestyle</td>
<td>42%</td>
</tr>
<tr>
<td>Prepare for earning/income uncertainties</td>
<td>48%</td>
</tr>
<tr>
<td>Diversify financial risk</td>
<td>48%</td>
</tr>
<tr>
<td>Beat inflation</td>
<td>41%</td>
</tr>
<tr>
<td>Achieve my financial and life goals faster /To live up to my desired lifestyle</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research, B1/B2. What would you like to achieve with wealth management/What are your financial goals? Top 5 Financial Goals. Base: All respondents (n=1102); (35 - 49): n=305; (50 - 65): n=398. ↑/↓ Denotes significantly higher/lower than total sample at 95% confidence level.
Financial Product Preference

Consumers aged 18 - 34 looks to balance growth with protection and is more inclined to consider a diversified portfolio.

<table>
<thead>
<tr>
<th>Products Intend to Purchase In Next 6 Months</th>
<th>18 - 24</th>
<th>25 - 34</th>
<th>35 - 49</th>
<th>50 - 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Investments</td>
<td>83%</td>
<td>86%</td>
<td>87%</td>
<td>89%</td>
</tr>
<tr>
<td>Insurance</td>
<td>48%↑</td>
<td>40%</td>
<td>39%</td>
<td>38%</td>
</tr>
<tr>
<td>Digital Assets</td>
<td>41%↑</td>
<td>36%↑</td>
<td>28%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research, 2019. Which of these products do you intend to purchase/subscribe/invest in the next 6 months? Base: All respondents (n=1102); (18 - 24): n=200; (25 - 34): n=199; (35 - 49): n=305; (50 - 65): n=398. ↑ Denotes significantly higher/lower than total sample at 95% confidence level.
02
Consumers Journey Experience & Pain Points
Consumers proactively attempt to make an informed decision but finding a signal amidst the noise proves to be a challenge.

- Action: Tends to do their own research (73%)
- Experience: Often to go back and forth to look for information and compare option (79%)
- Frustration: Spend more time and effort looking for information and compare option (79%)

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research, B4. Thinking about your investment/wealth management objectives and behavior, to what extent do you agree or disagree with the following statements? 7 point scale, Top 3 box % agree Base: All respondents (n=1102), C3. What frustrations did you feel at respective decision-making stages below? Base: Those tend to do their own research (n=808), C2. Based on your recent experiences of information search, to what extent do you agree with the following statements? 7 point scale, Top 3 box % agree Base: Those tend to do their own research (n=808)
Consumer Pain Points

Consumers have to face a degree of distrust and complex information causing uncertainty when making decisions.

### Top 3 Pain Points Along Each Stage of the Consumer Journey

<table>
<thead>
<tr>
<th>Stage</th>
<th>Explore</th>
<th>Evaluate</th>
<th>Consider/Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the source <strong>trustworthy</strong>?</td>
<td>42%</td>
<td>Is the source <strong>trustworthy</strong>? 34%</td>
<td>Did I made the right decision? 31%</td>
</tr>
<tr>
<td>Too many <strong>technical terms</strong> and analysis</td>
<td>33%</td>
<td>Is so difficult to compare the options 30%</td>
<td>Is the source trustworthy? 30%</td>
</tr>
<tr>
<td>Did I missed an opportunities or suitable products? / Have I collected sufficient information?</td>
<td>28%</td>
<td>Too many <strong>technical terms</strong> and analysis 26%</td>
<td>Did I missed an opportunities or suitable products? 24%</td>
</tr>
</tbody>
</table>
## Consumer Emotional Needs

Consumers want to gain a strong sense of control and feel positive about their decision.

### Top 3 Emotional Needs Along Each Stage of the Consumer Journey

<table>
<thead>
<tr>
<th>Stage</th>
<th>Explore</th>
<th>Evaluate</th>
<th>Consider/Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explore</td>
<td>Feel in controlled</td>
<td>Feel in controlled / Feel informed and conscious about my needs 28%</td>
<td>Feel in controlled 32%</td>
</tr>
<tr>
<td></td>
<td>Feel informed and conscious about my needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Feel empowered to make decisions</td>
<td>Feel empowered to make decisions / Being reassured that I am on the right track 27%</td>
<td>Being reassured that I am on the right track 30%</td>
</tr>
<tr>
<td></td>
<td>Feel inspired</td>
<td>Feel inspired / Feel engaged 24%</td>
<td>Feel optimistic 28%</td>
</tr>
<tr>
<td></td>
<td>Being reassured that I am on the right track</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research

C4. Ideally, how do you like to feel at respective decision-making stages? Base: All respondents (n=1102)
Most consumers turn to online sources to help with their decisions such as search engines, financial information websites, online video platforms, etc.

<table>
<thead>
<tr>
<th>Information channels used</th>
<th>Explore</th>
<th>Evaluate</th>
<th>Consider/Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rely on online sources of info</td>
<td>86%</td>
<td>88%</td>
<td>85%</td>
</tr>
</tbody>
</table>

**Top 3 online sources**

- **Explore**
  - 39% Search engines
  - 37% Financial information websites
  - 30% Online video platform

- **Evaluate**
  - 38% Search engines
  - 36% Financial information websites
  - 28% Online video platforms

- **Consider/Decide**
  - 34% Financial information websites
  - 31% Search engines
  - 25% Investment trading platforms

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research, C16a/C16b/C17a/C9a/C9b/C9c/C12a/C12b/C12c. Which channels did you use to explore, evaluate and consider respective products? Base: Past-12-months purchasers/explore information in past 3 months - ANY wealth management products (Explore/Evaluate n=1102, Consider/Decide n=968)
Receptive Moments

Consumers are more receptive to information when taking a break throughout the day or before heading to bed.

### Accessing wealth management related information online

<table>
<thead>
<tr>
<th>Preferred day-part</th>
<th>Top 3 moments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Morning, 7.00-11.59 AM</strong></td>
<td><strong>01</strong> Taking a break/ relaxing</td>
</tr>
<tr>
<td><strong>Mid-day, 12.00-2.59 PM</strong></td>
<td><strong>02</strong> Before going to bed</td>
</tr>
<tr>
<td><strong>Afternoon, 3.00-6.59 PM</strong></td>
<td><strong>03</strong> Commuting</td>
</tr>
<tr>
<td><strong>Evening, 7.00-10.59 PM</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Late night, 11.00 - 12.59 AM</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Past midnight, 1.00 - 6.59 AM</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Morning, 7.00-11.59 AM**: 29%
- **Mid-day, 12.00-2.59 PM**: 34%
- **Afternoon, 3.00-6.59 PM**: 32%
- **Evening, 7.00-10.59 PM**: 49%
- **Late night, 11.00 - 12.59 AM**: 19%
- **Past midnight, 1.00 - 6.59 AM**: 5%

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research, D3. Which dayparts do you usually/ would you like to access wealth management related information online? (choose more than 1 daypart). D4: What are you usually doing when accessing wealth management related information from online? Base: Those who would access info via respective channels (Online n=1083)
Role of Information Channels

Consumers acquire timely, comprehensive, unbiased, and trusted information through search, and engaging online videos to inspire and educate.

Perception of information channels

- Timely and up to date
- Comprehensive
- Inspires me
- Engaging
- Educates me
- Objective and unbiased
- A trusted source

Source: Google-commissioned InSites Consulting Hong Kong Consumers Wealth Management Journey Research

C14. What is the role of the following information channels? For each of the statements, please select the information channels that could be associated with it.

Base: All in-market investors, n=1102
Online Video Content Preference

Consumers prefer video content to be concise and help them build financial knowledge.

Top 5 preferred online video content

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>53%</td>
<td>Trend forecast</td>
</tr>
<tr>
<td>47%</td>
<td>Interpretation of news/current happenings</td>
</tr>
<tr>
<td>42%</td>
<td>Product comparison</td>
</tr>
<tr>
<td>40%</td>
<td>Product / platform review</td>
</tr>
<tr>
<td>40%</td>
<td>Technical skills</td>
</tr>
</tbody>
</table>

Average video lengths

“I like when they are concise, spend 10 minutes to inform me what does the company do, what can you expect.”

Female, (25–34)
Advocate Preference

Sharing from experts is the most preferred, with consumers aged 18 - 34 leaning towards KOL / investor alike.

Top 3 preferred advocates to share wealth management information

<table>
<thead>
<tr>
<th>Advocate Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic experts (non-brand)</td>
<td>44%</td>
</tr>
<tr>
<td>Representatives from brands</td>
<td>44%</td>
</tr>
<tr>
<td>Key Opinion Leader (KOL) or investor alike</td>
<td>25%</td>
</tr>
</tbody>
</table>

Consumers aged 18 - 24 and 25 - 34 preference towards KOL/investors alike as advocates are 1.4x ~ 1.5x higher than survey average.
03
Consumer Expectation on Financial Brand Roles and Digital Forward Experience
Most consumers expect brands to play a role in bridging their financial knowledge gap in an easy and fun way.

**Make It Simple**

“I like when they are concise, spend 10 minutes to inform me what does the company do, what can you expect.”

Female, (25-34)

“I feel like there should be videos regarding the procedures, not a lot of people know the necessary steps and knowledge.”

Male, (25-34)

**Make It Fun & Engaging**

“I play a game where I’m given $10K to invest, just to practice and train my mindset. Gamification makes me feel more engaged and happier.”

Female, (18 - 24)

“It’ll be great if content creators could go live once a week so I can ask about specific scenarios to confirm my understanding.”

Male, (25-34)
Consumers expect with technology, brands can offer more personalized information and tailored experience along the journey.

**Consumer Expectation towards Technology-Enabled Experience**

- **77%** Personalized Information
  - “I find that a lot of products recommendation are irrelevant to me, I would want the product to be more catered to my needs.”
  - Male, (18 - 24)

- **71%** Digitize Advisory Support
  - “I feel like there should be a 24-hour chatbot, and when the AI could not answer, it would redirect me to an actual person for advice.”
  - Female, (18 - 24)

- **70%** Optimize Decision
  - I would want big data to be incorporated into the platform, so I can inspect and compare the different investment choices simultaneously.
  - Male, (35 - 49)
Purchase Channel Preference

Digital finance further propels inclusivity and consumers’ intention to be self-reliant in future purchases.

75% agree digital platforms made wealth management more inclusive.

Prefer purchasing through self-directed online channels:
- Traditional Investments: 67%
- Insurance: 55%
- Digital Assets: 78%
The Way Forward
Recommendations

3 steps to optimize future consumer journey experience through content and digital advancement.

**Build Confidence**

“Help consumers turn information into knowledge”

- Simple, easy-to-understand, consumer communications.
- Incorporate fun elements to help consumers internalize information.
- Short videos facilitate engagement and information absorption.

**Be Relatable**

“Making financial info. relevant to individual consumers”

- Reach out to consumers at the right time with technology-optimized content, tailored to their personal goals and life stage.
- Deploy topic experts to foster trust and KOL/investor alike to build relevance especially for consumers aged 18 - 34.

**Grow Engagement**

“Reassurance through technology-enabled support”

- Technology like Robo-advisors can help synthesize data and optimize decisions making, minimize consumers’ time and effort spent.
- Digitize advisory elements using technology like AI to support a seamless self-directed online consumer experience.