10 Ways To Communicate Effectively With Millennial Investors

Cultivating ties with younger investors may offer the potential to build loyalty among clients who will be investing for decades to come.

As baby boomers start to retire en masse, the Millennial generation (also known as Generation Y) may represent an attractive future growth opportunity for many financial advisors. Representing 86 million people between the ages of 18 and 37, Millennials are America's largest generation, larger even than the Baby Boom generation[1].

Although a recession-weakened economy has made it difficult for some of the younger Millennials to find career-oriented jobs, this generation already controls nearly 10% of U.S. wealth, according to Cogent Research.[2] Accenture estimates that they and their older siblings will also inherit an estimated $30 trillion from their baby boomer parents during the next three decades.[3]

Cam Marston, the founder of Generational Insights in Mobile, Ala., and author of *The Gen-Savvy Financial Advisor*, has studied this massive age group closely over the past 15 years. "The most important thing for an older financial advisor to remember about Millennials is that they're not like us," says Marston. "They have little interest in the dues you've paid or the legacy you've built with your other clients. What concerns them most is how you will partner with them to create a plan for their own future."

To communicate effectively and connect emotionally with this generation of young investors, Marston says advisors may want to consider the following suggestions:

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1. Be upfront.

The financial collapse of 2007-08, in conjunction with the Bernie Madoff scandal, may have fueled Millennials' suspicions of the financial services industry, Marston says. To connect with them, you must establish yourself as honest and trustworthy. "They will look up your name on Google®, Facebook®, and Twitter® to decide whether they trust you," he explains. "Make sure all of your relevant information is available to them. Don't hide anything. They'll look up what you tell them on the Internet to see if it's true."

2. Act your age.

Trying to affect a young, quirky, or hip manner can backfire with Millennials. They will respect you more, Marston says, if you communicate in a straightforward way and demonstrate that you understand them and can help them achieve their goals.

3. Become a trusted resource.

In a recent survey of high-income, tech-savvy investors by Accenture, 44% of 21- to 30-year-olds said they were extremely interested in learning more about investing[4]. Therefore, Marston says advisors may want to consider positioning themselves as an unbiased resource who will help clients educate themselves.

You may want to let clients know that they can text, email, or call you without obligation anytime they have a question. Your goal is to be seen as a trusted guide who can help them make smart financial decisions, says Marston.

4. Offer a customized solution.

"Millennials are uniquely individualistic within their group of peers, odd as that may sound," Marston says. "They want what their friends have and what their friends are doing, but with a unique twist." That could mean customizing a solution in some way, or creating one just for them.

5. Self-esteem is everything.

Many Millennials grew up "protected, praised, and programmed," Marston says. Throughout their young lives, some have been hovered over by "helicopter parents" who constantly reinforced their self-esteem. To build rapport, Marston says you may want to recognize their individuality and accomplishments. Let them know that you notice the individual style they've expressed in some distinctive and striking way.

6. Use peer "pressure."

Marston's research shows that Millennials put great faith in peer-to-peer referrals, so you may want to consider passing along snippets from texts, emails, and positive comments (with permission) from satisfied Millennial clients. If possible, Marston says advisors may want to consider having prospects talk with existing clients who share similar demographics.

7. Target the herd.

Millennials are highly influenced by – and loyal to – their circle of friends, Marston says. "If you can get in front of a group of them, they'll likely think of you when choosing an advisor," he points out. "And if you can identify the chief influencers in the group, winning them over may go a long way toward winning the approval of the others."

8. Stake your reputation.

Manage your reputation carefully, especially online, Marston says. Millennials will be acutely aware of any experiences their peers have had with you, and they may share their own impressions with friends and acquaintances on social networks and other media. Marston says it's important to acknowledge this reality so you can get out in front of it.

9. Don't push it.

Marston cautions that Millennials generally don't respond well to a hard sell. That may be especially true if your sales pitch represents an abrupt departure from the low-key approach you used to engage them and build a relationship. This may feel like "bait and switch" to them.

10. Talk about them, not about yourself.

One of the essential elements in building a relationship with Millennials, Marston says, is "to talk about them and their future, not yourself and your degrees and designations." While this may require changes in the way you deal with some of your existing clients, "it's like breaking in a new pair of shoes," says Marston. "At first it may be uncomfortable, but over time you won't even notice it."

The next article in this series will examine ways you can leverage technology to potentially build closer relationships with Millennial investors.

Learn More

For more insights into the habits of Millennial investors, read the *2013 Fidelity® Millionaire Outlook Executive Summary: Gen X/Y Millionaires Not Sitting Idle.*

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1. Barron's, "On The Rise," April 29, 2013.
2. Anne Fallon, "Reaching Affluent Investors: A New Approach Needed for Gen Y," Cogent Wealth Reports Thoughts blog 3/18/13.
3. "Generation D: An emerging and important investor segment," Accenture, 2013.
4. Ibid.

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