

## D2C distribution It's the consumer, stupid!

23 June 2011

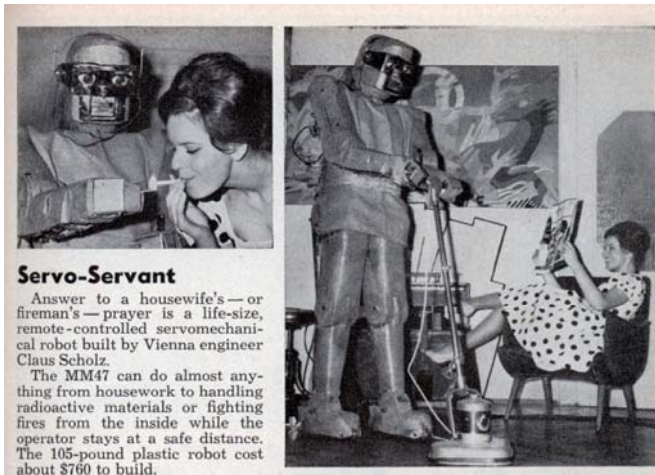


June 24, 2011

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## Visions of the future can be unreliable



### Servo-Servant

Answer to a housewife's—or fireman's—prayer is a life-size, remote-controlled servomechanical robot built by Vienna engineer Claus Scholz.

The MM47 can do almost anything from housework to handling radioactive materials or fighting fires from the inside while the operator stays at a safe distance. The 105-pound plastic robot cost about \$760 to build.

July 1961

June 24, 2011

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## A kind of myopia

**ASSET M  
ANAGER  
PRO  
VIDER  
ADVIS  
ER TRUS  
TEE  
CONSUMER**

## FSA Wealth Management Review

“Overall, 79 per cent of files reviewed had a high risk of unsuitability or the suitability could not be determined. 67 per cent of the files reviewed were not consistent with one or more of the following: the firm’s house models; the client’s documented attitude to risk; and the client’s investment objectives.”



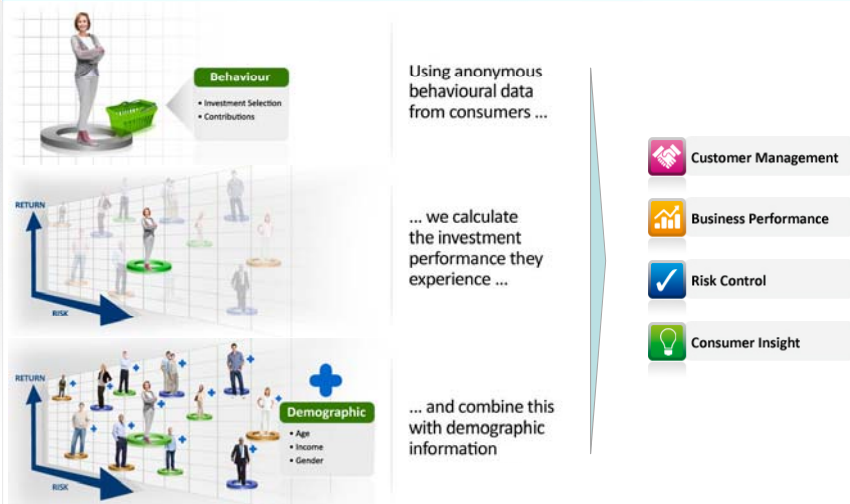
<http://www.cityam.com/wealth-management/indicate-approach-regulation>

## Evolution

1. How do markets evolve?
2. What are the attributes for success in D2C?
3. How might our market change?



## DCisions – why we are interested in this



## Metamorphosis



1. Slow, steady, greedy, fat



2. Resting, preparing, transforming



3. Free, light, mobile, beautiful

## Metamorphosis



1. Slow, steady, greedy, fat



2. Resting, preparing, transforming



3. Free, light, mobile, beautiful (?)

## Metamorphosis



1. Slow, steady, greedy, fat

amazon.com®

2. Resting, preparing, transforming



3. Free, light, mobile, beautiful

## Metamorphosis



1. Slow, steady, greedy, fat



2. Resting, preparing, transforming



3. Free, light, mobile, beautiful

## Metamorphosis



1. Slow, steady, greedy, fat



2. Resting, preparing, transforming



3. Free, light, mobile, beautiful

## It will seem obvious (in retrospect)

1. About the user not the chooser
2. Low-cost (operate at scale)
3. Paperless and built on tech (but easy to use)
4. Traffic ('more is different')
5. Data-driven
  - **Context**
  - **Social/crowd-sourced**
  - **Aggregated**

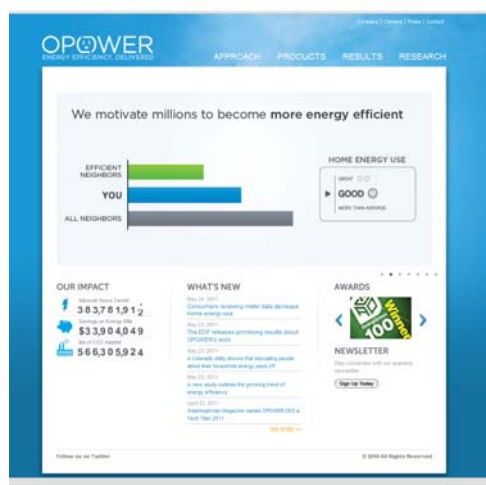


## Context - the big question



What's everyone else doing?

## The (o)power of comparison



**Step 1:** Customer reads report: "You used 72 percent more than your efficient neighbors."

**Step 2:** Customer reads targeted tip: "Most people in your area keep their AC at 78 degrees"

**Step 3:** Customer turns down thermostat and takes other energy-saving actions.

## The power of comparison

**What's everyone else doing?** O<sub>2</sub>

14 November 2011  
 Mr AB Gange  
 Mobile Line  
 Newcastle

Dear AB,

**Are you missing out on £1000?**

You haven't joined the O2 Pension Plan. Are you missing out?  
 Almost 60% of your colleagues in professional services are already members. We're writing to you so you might want to consider joining your colleagues.

Last year, O2 paid on average £1000 more than pensions - over and above the salary in fact. O2 matches personal contributions pound for pound up to 5% of salary.

Want more reason to join?

Not only does O2 match your personal contributions, but so will the matched contributions from O2, you'll also receive extra tax savings over your period group term.

Joining O2 makes sense for you because, simply put, for your O2 Pension Plan and O2 will be the best option for you.

Work smart

James O'Connell  
 Group Pension Manager  
 O2 Pension Plan

www.o2pensions.co.uk

**Join the O2 Pension Plan now!**

Join Now!

Use these simple steps to help you join the O2 Plan during the limited time window.

All you need is a National Insurance Number - 14 November - 3 December 2011. Your National Insurance Number will give you access to details and this will be used to set up your plan. If you haven't got one, you'll receive one from O2.

When you get your National Insurance Number, you'll need to do this:

How much to contribute

If you're not sure, start on the minimum of 4% and increase it. Most O2 members contribute 4% or 5% of their salary.

If you want to save National Insurance, O2 will automatically deduct it from your salary. You will also automatically receive 10% of the O2 Plan for you or your partner.

How to join

If you're not sure, ask the O2 Pension Plan team how to join. You can also contact the O2 Pension Plan team on 0800 010 010. You can also contact the O2 Pension Plan team on 0800 010 010.

Join Now!

View

Your colleagues

**Step 1:** "60% of your colleagues have joined the plan."

**Step 2:** "people like you pay £x which is matched by £y – you save less than that"

**Step 3:** Customer joins and/or saves more.

## Social/crowd-sourced

Online advice? Don't fail! Stay on top of your day-to-day money. Money. How would you describe it? Home! Money Advice Service

FutureAdvisor

About Us Our Methodology Our Blog Sign In

**Meet Your New Investment Advisor**

Get personalized data-driven recommendations to help you stay on track of your investment goals

**Get Started For Free**

Learn More

Your Retirement Goal Status: **On Track** 8 Items To Do

How well measure your retirement goal

Quarterly Savings: **50%** (Goal for this quarter: \$1,000.00)

Diversification: **64%**

Fund Quality: **89%**

Financial Projections: Get a financial projection of your future and find out if you're on track for your goals.

Diversification Plan: Get an unbiased, personalized diversification plan for your 401(k) and other investments.

Save Money On Fees: Get data-driven recommendations that save you money on investment fees.

Connect securely with all of your investments and get a comprehensive picture. [Learn more about our security.](#)

Fidelity Charles Schwab Vanguard E\*TRADE shareBuilder FIC Merrill Lynch

## Social/crowd-sourced

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Covestor  
Invest for Dummies

Home | Share a Portfolio | Invest | Market Search | Top Performers | My Account | Sign Up

Deinstitutionalize yourself  
Active money management from just 0.5% per annum

90-Day Trial  
of our unique mirroring account

Try it for FREE  
No cost and no obligation

Need help? Call  
1.866.825.3005

Or sign up today >

What is Covestor?

Covestor is a smarter and more rewarding way to invest in the markets

Invest with thousands of proven individual and pro investors

Auto-trade one or multiple 'models' from a single account

See how your account is doing and what you are holding 24/7

EFG	16.36	1.38
GOOG	71.95	43.01
APPL	36.99	28.52
IBM	41.33	19.25
WPMI	35.35	15.36

Securities protected in your own

Customize your portfolio to fit your

Access support and services around

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## Aggregated

Millions of products. Thousands of shops. Too much choice.  
Why not stop shopping and start enjoying life?

Just buy this one

FREE DEL.

THE BEST COMPACT CAMERA

THE BEST TV

THE BEST LAPTOP

THE BEST DVD PLAYER

THE BEST TOASTER

THE BEST KETTLE

THE BEST COLOUR PRINTER

THE BEST RADIO

THE BEST VACUUM CLEANER

THE BEST MICROWAVE

THE BEST DIGITAL SLR

“We looked at **137,787 TV reviews**: this is the **best TV under £650.**”

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## What do you need to succeed in D2C

What do you need?	Who has it?	Advisers	Platforms	Asset managers	Banks	Retailers	Websites
Scale			+	+	+	+	+
Traffic					+	+	+
Trust/ Brand			+		+	+	+
Innovation				+	+	+	+

## Isn't NEST direct to consumer?

1. About the user not the chooser
2. Low-cost (operate at scale)
3. Paperless and built on tech. (but easy to use)
4. Traffic ('more is different')
5. Data-driven



## “free, clear, unbiased advice”

"We want to change the way people think about and manage their money, reaching out to the millions of people who do not currently seek practical money advice – because they think they don't need it or they can't afford it," he says.

**"The advice we give is free and unbiased but is not regulated.** This means that we do not sell or recommend any particular financial products but we can set people on the right path in terms of understanding and managing their money."



## D2C distribution

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