

Share of Wallet and Household “Reach” Up at Leading Financial Firms; Key Trust Metric Declines, Especially Among Most Affluent Customers

COVID-19 Customer Outreach Yields Higher Intent to Recommend; Top Performer Firms Announced for Success Metrics

(June 16, 2021, Rye, NY) – Leading financial services firms increased reach¹ into U.S. households and grew share of wallet, reversing a 2019 dip. This growth occurred even as trust and other key success metrics dropped at the national level, driven by steep declines among the most affluent customers, in a new research report by [Hearts & Wallets](#), the market research and benchmarking firm that specializes in how consumers save, invest and seek financial advice.

In the **Stores & Success Metrics: The Battle for Customer Loyalty Heats Up as Big Firms Gain Share and Service Models Diversify** analyzes the retail financial services firms (or “stores”) U.S. consumers use, share of wallet for leading firms, and meaningful customer success metrics, such as trust, satisfaction with outreach, and loyalty, including intent to recommend, intent to investment and the Hearts & Wallets score, which combines intent to recommend and intent to invest more.

Annual success metrics are for leading national providers – brokers, banks and retirement platforms – cited most often by their customers as their primary, secondary or third firm by asset amount based on a survey of 5,920 U.S. households. The research draws from the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 60,000 U.S. households.

Big Get Bigger

The biggest firms substantially increased their reach into U.S. households. In the No. 1 spot, **Bank of America Merrill** (Bank of America Corp. NYSE: BAC) has relationships with 1 in 5 U.S. households. Some firms, such as Fidelity, grew reach organically. Others, such as Charles Schwab, grew through acquisition, and others in the top tier did not grow.

By wealth segments, **Fidelity**, already No. 1 with \$1 million-households, grew to reach nearly half of households with \$1 million-plus. **Charles Schwab**’s acquisition of **TD Ameritrade** created a new competitor with strong reach into the \$1 million-plus households. Having more relationships with more affluent households leads to higher asset share.

Fidelity grew its share of U.S. retail investable assets to 16% in 2020, up from 13% in 2017. Although no firm comes close to Fidelity’s asset share, the newly combined Charles Schwab - TD Ameritrade enterprise now has 9% of U.S. retail assets.

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¹ The term **reach** is borrowed from advertising and refers to percentage of target audience reached by a message. Reach totals over 100% because consumers have multiple relationships. A relationship is the first step to grow share of wallet.

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“The data in the report underscores how new entities of Schwab-TD Ameritrade and Morgan Stanley-E*Trade are really changing the competitive landscape,” Laura Varas, CEO and founder of Hearts & Wallets said.

COVID Cash, Savings and Outreach

Consumers stashed their COVID savings at their primary firm in 2020. The average household entrusted 79% of its saving and investing wallet to its primary store up from 71% in 2019. Average share of wallet at primary store had been flat around 71% since 2016. Lower-asset households awarded their primary stores with substantially more share of wallet. The exception: \$2 million-plus households did not increase share of wallet at their primary store.

Banks experienced a big jump in mean share of the customer wallet in 2020 vs. 2019, as consumers accumulated cash with lower spending during the pandemic. Banks with the highest mean share of wallet in 2020 include **JP Morgan Chase** (NYSE: JPM), **PNC** (NYSE: PNC), Bank of America and **Wells Fargo Bank** (NYSE: WFC).

Outreach during COVID-19 mattered with more client contact and personalization being associated with higher intent to recommend. Conversely, lack of outreach is associated with lower intent to recommend. After an initial burst of outreach from March to May, customer outreach further improved over the summer. Full-service investment firms were most active.

“Personalization works,” Beth Krettecoc, Hearts & Wallets Subject Matter Expert, said. “Firms should understand the dynamics between personalized emails and multiple phone calls with regards to higher customer intent to recommend.”

Warning Signs, Outreach for \$2-million-plus Clients

Success metrics of high trust (defined as a score of 9 or 10 on a scale from 0-10), intent to recommend and intent to invest more at current relationships dropped at the national level in 2020 with declines in primary relationships and \$2-million-plus household relationships driving the drop. About 10% of \$2-million-plus relationships with their primary and secondary stores are no longer high trust, making them ripe to move to other firms. Only 35% of customers with \$2 million-plus intend to invest more with their primary and secondary stores.

Top Performer Firms

Proven over the past decade, the Stores & Success Metrics Top Performer methodology offers a useful guide to firm performance on meaningful customer success metrics. To earn the Top Performer designation, firms must receive ratings from their customers distinctively higher than ratings that customers of other firms give to their firms (*see methodology at end of this release for more information*). Each firm must have sufficient sample size to be considered as a Top Performer.

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The Hearts & Wallets IQ Dataminer software allows deep and broad analysis of 18,000 sets of competitive ratings for a more precise understanding of target customer groups. Report ratings encompass all customer account types and are weighted to national assets and age for comparison across firms and years.

Edward Jones emerged as the Top Performer on the Hearts & Wallets Loyalty Score, which is a 50/50 composite of top 3 box likelihood to recommend and top 3 box likelihood to invest more. No firms emerged as Top Performers on high trust, intent to recommend or intent to invest in 2020.

The following firms earned Top Performer designations based on their outreach to customers during COVID-19:

Percent of Customers Contacted During 1st Six Months of COVID-19 -- **Ameriprise, Edward Jones, Merrill Lynch, Morgan Stanley**

Top 2-box Satisfaction with Frequency of COVID-19 Outreach AND Satisfaction of COVID-19 Outreach – **Edward Jones** (Top Performer for both metrics)

Success Metrics

Other success metrics and leading firms – including relationships/reach, primacy as primary store, highest average share of wallet, customers holding over 75% share of wallet with a store, and main source of retirement advice – can be found in the full report. The research also analyzes the rapid diversification of service models across the Hearts & Wallets Inside Advice[®] Grid.

Methodology

The *Stores & Success Metrics* report is drawn from the section of the Hearts & Wallets Investor Quantitative™ Database (IQ Database) that analyzes retail firms, or “stores” that consumers use, including share of wallet, reach and trust. The 5,920 survey participants shared their primary, secondary and third stores as part of the latest IQ Database survey wave fielded in August 2020. The full IQ Database is recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 60,000 U.S. households. To be cited as a Top Performer, firms must receive ratings from their customers that are distinctively higher than ratings that customers of other firms gave to their firms.

About Hearts & Wallets

Hearts & Wallets is the market research and benchmarking firm that specializes in how consumers save, invest and seek financial advice. Leading firms rely upon Hearts & Wallets thought-leadership reports, software and benchmarking to make their saving, investing and advice solutions more consumer-centric. For more information visit www.heartsandwallets.com.

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