

Ways to Increase Share of Wallet as Consumers Spread Assets Across More Firms

Big Drop in Millionaire Households Planning to Invest More

(Aug. 10, 2023, Rye, NY) – An analysis of competitive trends in retail investing identifies ways financial services firms can increase share of wallet even as consumer use of multiple firms is at its highest in a decade, according to [Hearts & Wallets](#), the independent research and benchmarking firm that specializes in saving, investing and financial advice.

Stores & Success Metrics 2023: How to Compete for Share of Wallet Given Industry Consolidation and Asset Concentration analyzes retail financial services firms, or the “stores where retail consumers purchase and hold investments,” across a variety of metrics including share of wallet, customer trust, [intent to recommend](#) and [intent to invest more](#). The report identifies industry market leaders on these and other success metrics, drawing from the Hearts & Wallets Investor Quantitative™ (IQ) Database, recognized as the largest single dataset with over 120 million data points on saving, investing and advice behaviors from over 70,000 U.S. households dating back to 2010.

Consumers Spread the Wealth

The percentage of U.S. households with 2-plus saving and investing relationships is at the highest level since Hearts & Wallets tracking began in 2012, now at 64%, nearly double 35% in 2012. The average household has 2.5 saving and investing relationships, up from 1.4 relationships in 2012. The average \$1-million-plus household has 3.6 saving and investing relationships, up from 2.8 in 2012.

The increasing number of relationships makes it harder for firms to achieve high share of wallet, defined as being the primary store. **Morgan Stanley** (NYSE: MS) (60%), **Fidelity** (55%) and **Edward Jones** (55%) are industry leaders at serving as the primary store, doing so for over half of customers.

Two Ways to Increase Share of Wallet

One way to achieve higher share of wallet is to serve as the main source of retirement advice (MSRA). Relationships where the store is the MSRA have over two thirds or more the percentage of share of wallet in comparison to 30% to 40% share of wallet where the store is not the MSRA.

A second way to achieve higher share of wallet is to provide customer experiences that deliver both service and advice. Hearts & Wallets Inside Advice® Grid, the framework that classifies customer experiences into categories, shows that average share of wallet for customers who report their relationships are on the Inside Advice® Grid is two times that of relationships not on the grid (53% vs. 27%). For millionaire customers, average SOW is 51% when on the grid vs. 16% off, or nearly three times.

“Getting a customer covered by an experience that delivers both service and advice is more important than the category the experience competes in,” Laura Varas, Hearts & Wallets CEO and founder, said. “Firms who wish to grow assets by increasing the share of wallet their customers entrust to them should analyze their customer experiences to improve business results.”

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Success Metrics for Millionaires

The report analyzes success metrics for households in three asset segments – under \$100,000, \$100,000 to under \$1 million and over \$1 million. **Fidelity** is No. 1 with millionaires, having relationships with 38% of millionaire households. Fidelity covers a higher percentage of its millionaire customers with robust customer experiences than any other leader in the \$1M+ segment. Fidelity's relationship strength translates into a high share of household wallet, resulting in a 17% overall share of assets for \$1 million-plus households. Other leaders in the millionaire segment include **Charles Schwab/TD Ameritrade** (NYSE: SCHW), **Vanguard**, **Bank of America Merrill** (NYSE: BAC), **Morgan Stanley/E*TRADE** (NYSE: MS) and **JPMorgan Chase** (NYSE: JPM). See the full report for more on market leaders in key success metrics.

Higher-asset customers are more likely to be in high-trust relationships than lower-asset customers. Millionaire households rate 55% of their relationships as high trust vs. only 43% of relationships for customers with under \$100,000. Leaders in high trust among all customers are **Ameriprise**, **Edward Jones**, **Morgan Stanley** and **USAA**, earning high trust from over half of their customers.

Of concern, high likelihood to invest more with current firms fell nationally 3 percentage points year over year, and precipitously so for households with \$1 million-plus, reaching the lowest level in a decade. Today, only 32% of customers with \$1 million-plus are highly likely to invest more with current primary/secondary firms. **Robinhood** (NASDAQ: HOOD), **USAA**, **Edward Jones**, **Ally** and **Bank of America** excel on high likelihood to invest more across customers of all asset ranges.

"Millionaire households may be planning additional investments at their third and fourth stores," Beth Krettecos, Hearts & Wallets Subject Matter Expert and report co-author, said. "They could also be considering real estate or alternative assets. Firms competing in the wealth market should keep an eye on reluctance among millionaire households to invest more at their current primary firms."

Convergence of Banking & Investing

The full report identifies firms that excel at cross-selling, particularly integration of banking and investing. **Ameriprise**, **Bank of America**, **USAA** and **Wells Fargo Advisors** (NYSE: WFC) have the highest percentages of customers with multiple account types. Banks are more successful at cross-selling investments to their customers than investment firms at providing banking to their customers. Among banks, **Bank of America** leads in integration of banking and investing, with 26% of its customers having investment accounts.

Methodology

The *Stores & Success Metrics 2023: How to Compete for Share of Wallet Given Industry Consolidation and Asset Concentration* report is drawn from the section of the Hearts & Wallets Investor Quantitative™ Database (IQ Database) that analyzes retail firms that consumers use, including share of wallet, reach and trust. The latest survey wave fielded August 15 – September 15, 2022, with 5,993 participants. The full IQ™ Database is recognized as the largest single dataset with over 120 million data points on consumer buying patterns from over 70,000 U.S. households.

About Hearts & Wallets

Hearts & Wallets is the independent research and benchmarking firm that specializes in saving, investing and financial advice. Leading firms rely upon Hearts & Wallets research reports, software and benchmarking to make strategic decisions that lead to growth by improving products, distribution, pricing, positioning and targeting. For more information visit www.heartsandwallets.com.

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