2009 Full Service Investor Satisfaction Study

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As the global economy continues to sputter, investors are looking more and more to their financial advisors for guidance on their investments. In fact, a new study by J.D. Power and Associates suggests that, during difficult economic times such as these, the relationship between investors and their financial advisors becomes even more crucial—eclipsing that of actual investment performance.

The J.D. Power and Associates 2009 U.S. Full Service Investor Satisfaction StudySM reveals that the financial advisor is the most important aspect of overall investor satisfaction, comprising 30 percent in 2009—an increase from 22 percent in 2008. In contrast, investment performance declines in importance—accounting for only 15 percent of overall satisfaction, compared with 24 percent in 2008.

“As investors become increasingly uneasy amid current market conditions, they’re more often looking to their financial advisors for reassurance and guidance,” said David Lo, director of investment services at J.D. Power and Associates. “As investment performance tends to be a relative and subjective measure, it’s more important that the financial advisor manages investors’ expectations of investment performance.”

The 2009 U.S. Full Service Investor Satisfaction Study measures overall investor satisfaction with full service investment firms based on six factors (in order of importance):

- financial advisor;
- convenience;
- investment performance;
- account offerings;
- account statements;
- fees.

The study also finds that improved communication by the financial advisor may increase investor satisfaction. In particular, proactively contacting investors to set or refresh a comprehensive financial plan, thoroughly explaining fees and providing clear explanations regarding the reasons for investment performance may have a substantial positive impact on satisfaction.

“Financial advisors need to address uncertainty and apprehension by proactively reaching out to their clients,” said Lo. “In 2009, 20 percent of investors say they haven’t been contacted enough to review their investment performance, up from 15 percent in 2008. Interestingly, the average number of times investors have been contacted to review their investment performance has not changed from last year.”

According to the study, Edward Jones ranks highest in investor satisfaction with a score of 784 on a 1,000-point scale, performing particularly well in convenience and account statements. LPL Financial Services follows in the rankings with a score of 773, performing well in the financial advisor factor. Charles Schwab & Co. ranks third with 771.

"Top-performing firms that have consistently sustained high levels of investor satisfaction during the past three years have been among the few to grow or maintain their average assets under management per investor," said Lo. "It's no coincidence that firms with lower levels of satisfaction have experienced a decline in their average assets under management, which further highlights the relationship between delivering a superior experience for investors and improving the bottom line."

About the Study

The 2009 U.S. Full Service Investor Satisfaction Study, now in its seventh year, is based on responses from nearly 4,500 investors who make some or all of their investment decisions with a financial advisor, and was fielded from March to April 2009.