

New report from Tulip Financial Research criticises finance industry's use of media advertising¹

In the past twelve months £1,074 billion² - was spent in the UK on media advertising for financial products, of which 90% was for personal loans, insurance and credit cards.

Just 4% of this £1 billion of financial advertising (£44 million) was spent on promoting investment products targeted at the rich and wealthy, at the 1% of UK households who own two thirds (65.5%) of the UK's total liquid, investible assets. Over £650 billion worth of unit and investment trusts, corporate bonds, gilts, alternative assets company shares, mutual funds & cash are owned by this 1%, yet they are allocated only 4% of the financial industry's media budget!³

Tulip's new report comments that *"as most wealthy investors make most of their investment decisions without professional advice, there is a strong case for a re-appraisal of financial advertising budget allocations: much more should be spent on the HNW & Ultra HNW sectors"*

The report is even more critical of the media selected for the £44 million spent promoting financial products to the wealthy. Figure 1 compares the media allocations for all financial advertising with those used to promote investment products & services targeted at the wealthy..

Figure 1: Financial Ad Expenditure and Media Allocations

The Media	All Financial Advertising		Wealth Targeted Advertising*	
	£ millions	% allocation	£ millions	% allocation
Direct mail	386.2	36	5.5	13
TV	290.8	27	12.4	28
Press	237.4	22	21.0	48
Internet	86.1	8	*	*
Radio	38.7	4	1.6	4
Outdoor	34.5	3	3.0	7
All Media	1073.7	100	43.5	100

* See Footnote 3 for definition of Wealth Targeted Advertising

Tulip's principal criticisms are that... *(continued overleaf)*

¹ The new report from Tulip Financial Research, entitled *Promoting Financial Services to the Wealthy*, was published in July 2007

² Source: Nielsen Media Research – 12 months ending March 2007.

³ This wealth targeted advertising included all advertising for unit & investment trusts, structured products, private banking, portfolio & asset management, savings & money market accounts

1. **Far too much is spent on TV and radio:** Tulip's report shows that the very wealthy average only nine hours weekly watching TV, and mostly view the non-advertising BBC channels and listen to the non-advertising BBC stations.
2. **Far too little is spent on direct mail and the Internet,** media that can directly target wealthy households. Especially the Internet, which the report shows is nowadays heavily used and very highly rated by the rich and wealthy for financial information and advice. Yet it rates minimal advertising.
3. **Too high an allocation is made to the press,** which, although well targeted at the wealthy via the FT, the qualities and specialist magazines like Investors Chronicle, does not warrant its current 50% of the total wealth advertising budget.

John Clemens, Managing Partner of Tulip Financial Research Ltd, commenting on Tulip's new report findings said:

" For this report we interviewed not just HNW's and Ultra HNWs⁴ but also a sub-group of very wealthy individuals, all with well over £1 million in liquid assets, and averaging around £20 million. Many of these take sole responsibility for their individual investment decisions and name newspapers as their most useful source of investment advice – closely followed by the Internet and then by specialist financial magazines.

This report highlights how important the Internet has become as a medium for reaching and persuading the wealthy. Yet the Internet takes less than 1% of wealth targeted advertising budgets, whilst TV takes over 25%. Financial advertisers appear to have little understanding of the media habits of their most valuable clients and of how important effective promotion via the Internet has become – particularly as most rich individuals spend very little time watching TV and most of that on the non-advertising BBC channels."

For more information about this report and a full contents listing contact John Clemens, Managing Partner, Tulip Financial Research Limited on 020 7582 6870 or email him at john.clemens@tulipresearch.com The report is also available from Mintel International: for more information email Todd Davis at tdavis@mintel.com or call Todd on 020 7606 4533 For more information about Tulip please visit www.tulipresearch.com

⁴ In June 2007 Tulip Financial Research selected and interviewed a representative sample of 100 HNW & Ultra HNW investors with minimum liquid assets of £250,000 and minimum financial assets of £650,000.