

Annex 3

Consumer focus groups

1.1 This annex records the high level findings from a series of consumer focus groups and depth interviews that were run across the UK during July and August 2007. The Review Team commissioned The Value Engineers (TVE), a strategic brand consultancy to run these events, where the overall objective “was to understand from the potential users perspective, what the desired content, style and governance would be for a national generic financial advice service.”

1.2 The Review Team found it as essential to seek people’s opinion to properly understand the reasons, motivations and needs of individuals using a GFA service. These sessions were particularly intended to provide insight and understanding on the following specific objectives:

1. the likely barriers and triggers to using a national GFA service;
2. what the most relevant content would be;
3. how and where the advice should be made available; and
4. the style and tone in which the advice should be presented.

1.3 The Consumer Focus Groups, together with other consumer research such as the recent Resolution Foundation YouGov Poll¹ have highlighted that consumers would certainly benefit from the introduction of an impartial information and guidance service.

1.4 It is important to highlight that the focus groups were asking consumers to think about a service that is not yet in existence, and such abstract thinking is obviously challenging. However, even with this inhibitor, many of the consumers became more interested in what the service could do for them once they appreciated it would not sell a product or service to them and that it would be independent of the financial services sector.

1.5 This research has clearly been of importance to the Review Team in terms of shaping and developing thinking. We plan to engage further which those who participated in this research.

1.6 Copies of the full de-brief pack provided by the Value Engineers to the Review Team are available upon request.

¹ Tackling the Financial Capability Deficit. August 2007. See http://www.resolutionfoundation.co.uk/PDFS/news_pressrelease_yougovpoll_14082007.pdf



Thoresen Review
Output from the Consumer Focus Groups/Depth Interviews
United Kingdom
July & August 2007

This annex records the high level findings from a series of consumer focus groups and depth interviews that were run across the UK during July and August 2007. The overall objective was “to understand from the potential users perspective, what the desired content, style and governance would be for a national generic financial advice service”.



objectives

Following the work on the stakeholder workshops in May and June 2007, it was agreed that it would be valuable to seek a sample of consumers' opinion to understand the reasons, motivations and needs of a service such as the generic financial advice (GFA) service. While re-examining some of the issues raised at the stakeholder workshops, these sessions were particularly intended to provide insight and understanding on the following specific issues:

1. The likely barriers and triggers to using the proposed service
2. What the most relevant content would be
3. How and where the advice should be made available
4. The style and tone in which the advice should be presented



methodology

Two analytical methods were used for this research:

Discussion groups

Eight discussion groups (each lasting two hours) were run in four locations around the UK (two in each city) – Cardiff, Belfast, Glasgow and Exeter. Containing six to eight people, each discussion group brought together individuals to exchange personal experiences, attitudes and beliefs. The participants also responded to selected stimulus material used to help facilitate and enhance responses. In order to gain a balanced sample across the demographic range for the discussion groups, the following profiles were included:

SEGMENT / GROUP	Life stage	Working status	Location
PRE FAMILY	18-35, young singles, no kids	Full-time working	Cardiff Belfast
NURSERY FAMILY	18-35, young couples / singles with kids (1st child born last 5 years)	Full-time working	Belfast Glasgow
ESTABLISHED FAMILY	35-55, older couples / singles with children	Part-time/full-time working	Exeter Glasgow
PRE-RETIREMENT	55-64, approaching retirement	Part-time/full-time working	Cardiff
RETIRED	75+ elderly, retired	Retired	Exeter

Depth interviews

All groups included an even mix of male and female respondents

Seven one-to-one interviews, each lasting one and a half hours, were conducted in London. The intention for carrying them out was to gain an even deeper understanding of the reactions of individuals from black and minority ethnic (BME) groups. Depth interviews allow respondents to give their personal opinions without any public/peer pressure (by providing an appropriate forum for the discussion of more sensitive or personal issues).



SEGMENT / GROUP	Life stage	Working status	Ethnic origin and sex
PRE FAMILY	18-35, young singles, no kids	Full-time working	1 x Black male 1 x Asian male
NURSERY FAMILY	18-35, young couples / singles with kids (1st child born within last 5 yrs)	Full-time working	1 x Black female
ESTABLISHED FAMILY	35-55, older couples / singles with children	Full-time working	1 x Black male 1 x Asian female
PRE RETIREMENT	55-64, approaching Retirement	Part-time/full-time working	1 x Asian male
RETIRED	75+ post retirement	Retired	1 x Black female

All depth interviews were conducted in a Central London research facility
All those recruited for the discussion groups and the depth interviews met the following criteria:

- All to be users of standard financial services
- All to be in socio-demographic groups C1 or C2
- All to be the main or joint decision-maker regarding financial matters in their household
- All to be earning £35,000 (individually) or £50,000 (household)
- All to see themselves as possessing modest or low financial capability
- None to regularly use a financial adviser
- None to be in a household more than 80 per cent dependent on state benefits or be reliant on benefits for longer than 12 months
- None to be working in financial services, professional advice bodies or any form of government-funded service



advice

To initiate discussion a consumer-friendly definition of GFA was presented to the participants in each of the focus groups and depth interviews:

“Guidance and advice on everything to do with your money and financial matters”

The immediate response from the majority of respondents was that this would not be a service that would be of relevance to them. Their perception was that GFA was something that might best serve (and be accessed by) people-typologies at the two extreme ends of the financial spectrum:

- At one end, the wealthy – who have money to invest and **can afford to pay for financial advice**
- At the other end, those who are seen as poor or debt-laden and in financial difficulty – **who require financial advice as a necessity** – a crisis intervention

The respondents saw themselves as members of the vast majority who sit between these two positions - who manage to “get by”, and therefore consider themselves to be in little need for GFA (except possibly for mortgages and pensions).

The majority of respondents were perfectly aware of the need to “manage their money”, which they viewed as being a personal matter and very much a case of self-discipline, as well as the ability to balance the books so that their finances were **manageable** and remained **in control**. However, they did not recognise this area as being one where they either needed help or could receive help to improve their abilities.

In terms of “financial advice”, most participants did not initially feel GFA was relevant to them as they felt they were already managing their money, were not in debt crisis and/or did not hold any large amounts of disposable income that could be used for longer term savings. However, the values they associated with financial advice were identified as:

- Long-term
- Related to investment products
- Not for everyone
- Handing over responsibility to others required trust and recommendation
- Proactive decision
- Involving risk
- Relies on specialist knowledge
- Requires effort

Clearly the GFA service that the Thoresen Review is trying to develop is far wider than the perception of “financial advice”. It will therefore be important for the Review team to consider the importance of the type of marketing and branding



that is taken forward to make sure that consumers understand whom the service is for, and what it can do for them.

The discussion then moved to look at GFA more generally. There were three different responses to GFA:

1. Need (latent or apparent) for financial information
2. Likelihood to seek out advice
3. Openness to receiving financial information/advice

In most cases (except for the retired) those who participated felt there was a high or medium-high need for financial information. However, corresponding with this across all participants was the low likelihood to actually seek out this information and advice. It was in the receptivity or openness to receiving financial information or advice that there was a clearly identifiable variance. Essentially, the older the participant, the less likely they were to be receptive to financial advice.

The challenge for a GFA service is therefore how it goes about reaching everyone who needs it. So, while a GFA service might find that younger groups (pre-family and those with nursery-age children) are more receptive to receiving financial information and advice, the greater challenge is to ensure engagement with other segments – such as older people – where they may not be so immediately aware of the need for GFA.

Crucially, it is important to highlight that here was a change in attitude towards the GFA service by many participants once they realised it was to be a more government-led initiative in a non-sales environment. Overall, they became more positive towards the concept and believed it could be far more relevant to them.



targeting

What do people want from the GFA service?

Participants identified five core areas that would be of interest to them:

- Pensions
- Mortgages
- Jargon busting
- Debt management
- Tax and Tax Credits

In addition, the following information was also identified as most likely to be required (or desirable) by different age groups, although most of it could be equally relevant for all age groups:

Younger Groups Only	Older Groups Only
Budgeting Life insurance Child Trust Fund How charges work Bank accounts Benefits Savings advice and illustration (help me to visualise the end result of saving)	Making a will Inheritance Tax planning Planning for retirement (savings) Investment Equity release Advice on advisors How to complain



governance and organisational structure

It was felt that the GFA service should operate as an independent body, with an advisory panel drawn from the financial services industry and other interested stakeholders. Based on the views expressed, the GFA service would operate from its own offices. It is believed this would show it is an impartial organisation while acting to coordinate the work of others. It was assumed that a GFA service would be backed and funded by the Government, while not looking or feeling like a government department.

Consumers were highly sceptical of the financial services industry being directly involved. However, it was felt that it would be acceptable for any industry funding to be channelled through an independent organisation. The FSA was considered to be the sort of well-regarded consumer-friendly institution that could act in this capacity.

It was felt that there would be potential to deliver the service through trusted third sector organisations. Citizens Advice was seen as an obvious example, although concerns were raised about the current association of its brand: it was perceived by many participants to be currently “downmarket” and seen as a place mainly to go when there is a distress situation, rather than for “more preventative information and guidance”.



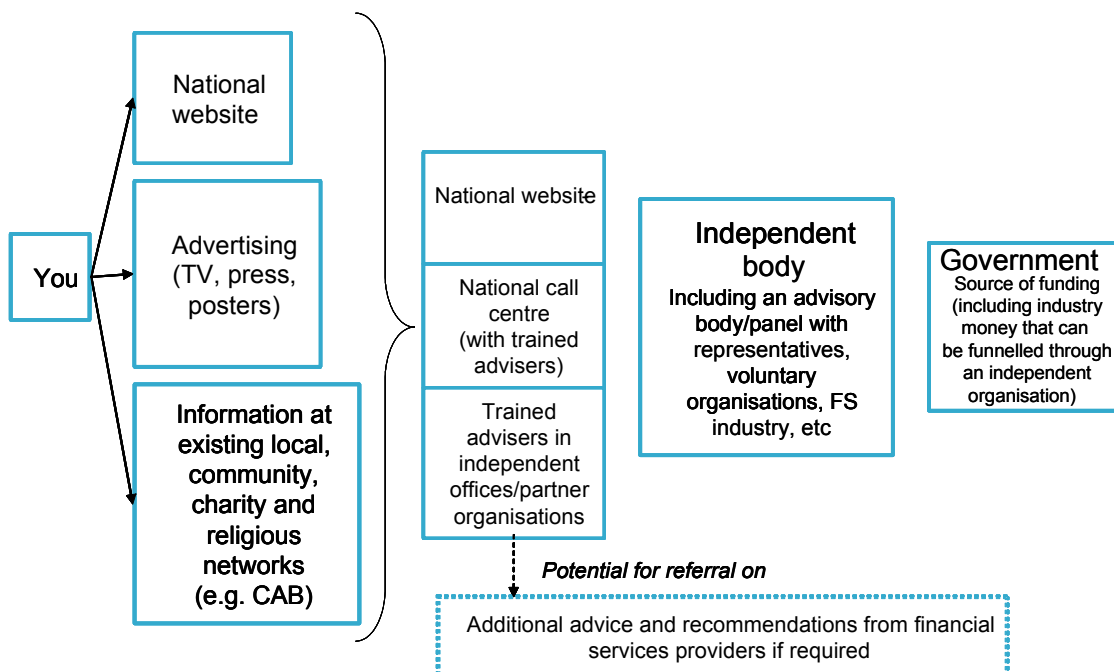
what would the GFA service look like?

Following some guided discussion, the participants felt that a tiered model of access to GFA would be the most appropriate form of delivery:

Delivery Channel	Content
Website	<ul style="list-style-type: none"> • Simple generic advice first port of call • Glossary – jargon busting • List of contacts for further information as appropriate)
Phone Service	<ul style="list-style-type: none"> • Second level advice – more tailored advice for the more financially confident • Referral service to specific Financial Service providers
Face-to-face meetings	<ul style="list-style-type: none"> • Highly personalised advice and guidance (for all levels of information) • Referral service to specific Financial Service providers

In terms of building the model, questions were raised over identifying who would be the third sector partners that would work with the GFA service. Concerns were also expressed about the advisability and possible impartiality of conducting face-to-face meetings in bank and building society branches.

An important point that came through strongly from the focus groups was that while many people want to be provided with solutions to their financial questions, the very act of going to see someone (however sympathetic) to discuss it is an obstacle. A GFA service must ensure it offers clear messages and simple responses, so that users are not overwhelmed with more “clutter”. Drawing together the views of the participants the “optimised straw-man model” looked like this:





how should the GFA service look and feel?

There was a desire that the GFA service should balance between being authoritative and being personable and approachable. Its values and personality were described as:

Values	Personality
Trusted	Confident
Knowledgeable	Calm
Intelligent	Professional
Honest	Approachable
Has the best interests of the consumer at heart	Down to earth

Analogies given for the presentation and tone were Citizens Advice and Frank (a government-funded anti-drugs campaign), as well as Which? (the consumers' organisation). People are seeking sources of trustworthy **impartial** advice, delivered in their language. A direct comparison was made with the website run by Martin Lewis, where it was felt that there was some overlap with the remit of the proposed GFA service.



conclusions

This research confirmed the need for the provision of financial information and guidance across the UK population. It is noteworthy that we found no significant difference between the consumers in each of the different nations; except that in Northern Ireland it was especially important to use trusted intermediaries known through the research family. The research also showed that consumers perceive that the existing “financial advice” provision is geared towards those at the top and bottom ends of the market – the GFA service will need to overcome this. There is also a significant segment of the population who are not financially sophisticated and who would benefit from a more structured and informed approach to managing their financial affairs.

The key question raised was how to get a significant proportion of the UK population to engage with information and guidance, especially where they do not realise that they have a need for it. There is not only a need to get people to engage with using it, but to then **keep on using it** throughout their lives

The research highlighted that while there are segments of the population who certainly have a potential need for financial information and guidance, there are a range of factors to overcome to make sure that the service is as successful as possible. This research has highlighted that a GFA service will have to help consumers understand that:

- Having a lack of financial confidence in knowing what questions to ask is not an inhibitor to using the service, but rather it is a good reason to use it
- You do need to have a high level of disposable income to make a GFA service worthwhile and relevant to them
- It will not be a time-consuming interaction if they do not want it to be, but that investing their time in the service will be of benefit to them
- GFA will not be delivered in a sales or commercial environment

In addressing this, the implications are that the engagement strategy of a GFA service will be crucial in stimulating active consumer demand. To ensure successful engagement, delivery will have to be carried out by an independent and financially disinterested body, delivering information and guidance in a way that is relevant and beneficial to the consumer.



strategic
market planning

consumer
understanding

brands
and branding

innovation

marketing
capabilities



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