

**M&G Wealth research finds over a quarter of advisers don't segment their client base:  
launch of best practice guide**

- Advisers who segment clients believe it can deliver better outcomes, improve value for money and offer lower cost services to some client groups.
- To support advisers, [M&G Wealth has launched a new guide](#) using independent research conducted by NextWealth, which provides a best practice client segmentation approach, a simple 8-step process to help firms create and review existing segmentation strategy and a checklist for building a framework.

**24 June 2024** – New research from M&G Wealth shows that one in four financial advice professionals say they aren't segmenting their client base which might help them deliver on their Consumer Duty obligations.

Segmentation is the process of using client data to identify characteristics, such as asset level, age and life-stage, which helps advisers and firms assess what value is being delivered to certain types of clients and ensure the right tools and services are in place at appropriate points in the client journey as needs evolve.

Of the 200 financial advice professionals surveyed, 74% said they were segmenting their client base. That means just over a quarter (26%) aren't – an increase of 10% from last year (16%).

The research also found that advisers think the main benefits of client segmentation are delivering better outcomes (60%), improving value for money (57%) and offering lower cost services to some client groups (39%).

It also shines a spotlight on differences in interpretation of what client segmentation is, and what it isn't, which might explain why an increasing number state they are not segmenting clients. For example, segmentation doesn't mean having as many propositions as client types or trying to force clients into a template and ignoring the individuality of their needs.

Rather, segmentation helps advisers and firms support their business objectives as it offers an opportunity for firms to offer a clear and differentiated proposition, keep clients engaged as they meet their distinct needs and justify fees.

To support advisers, M&G Wealth has launched a new client segmentation guide in collaboration with NextWealth, an independent research specialist, with practical tips and tools to help advisers and firms better evidence how they understand and meet client needs in support of their Consumer Duty obligations.

The guide contains a simple 8-step process to help create and review existing segmentation strategy, a checklist for building a framework and examples of what an applied client segmentation framework might look like.

The guide is available to advisers through the M&G Wealth Platform [website](#).

**Catriona McNally, investment specialist at M&G Wealth, said:** “With the industry’s focus on ongoing fees and service, segmentation can help advisers to evidence and deliver on Consumer Duty obligations.

“It's encouraging that a fifth of advice firms say they are now looking at segmentation more holistically and exploring characteristics, such as communication preferences and behavioural criteria, that can influence outcomes.

“While segmentation by levels of investible assets is still the typical starting point for most firms, alongside life-stage and complexity of needs, this guide will be a valuable tool for advisers and firms to give client segmentation, or their existing framework, another look.”

**Philip Leigh, Senior Qualitative Researcher at NextWealth, said:** “Effective interpretation is key in how well advice firms meet their obligations. Firms have to be able to show they have reviewed how different clients will experience their service. This research has shown that client segmentation is the most obvious way – and that it can come with other benefits to the business.

“We hope our research in partnership with M&G Wealth will help advice firms to appraise how they are assessing the segmented needs of their clients and enable firms to implement processes that evidence the suitability of solutions, as well as the value being delivered.”

**-ENDS-**

## **Media enquires**

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## **Notes to editors**

- The guide is available to advisers through the M&G Wealth Platform [website](#).
- Eight-step process to create or review existing client segmentation strategy:
  1. Clarify your firm’s client segmentation goal: what does your firm want to achieve with client segmentation?
  2. Define client characteristics and explain why they matter: think about the common characteristics of people that you work with and decide which are most relevant for profiling your clients into segments.
  3. Segment clients with similar characteristics.
  4. Review the feasibility of the ongoing servicing model: having identified your client segments, you now need to check the feasibility of providing the necessary level of service to these types of clients.
  5. Ensure the right tools and services are in place at appropriate points in the client journey as needs evolve.
  6. Assess your firm’s data analysis capabilities: consider whether your segmentation can be accomplished with current data held on clients.

7. Review the client segmentation model to ensure the firm continues to offer a suitable service to clients: regularly assessing the planning needs of clients will capture changes in client needs as they occur and enable timely tailoring of services.
8. Identify prospective clients: assess whether there are other target clients that you don't currently serve that represent a natural opportunity to target in the future.

### **About M&G Wealth**

We believe wealth is more than money. It's not just what you have, but what you can do with it. It's choice, knowledge, peace of mind and doing the right thing by you, for those we love and the world we all share.

Together, we're working towards strengthening what we have. And, building something we believe is new and unique; a multi-channel offering that is advice-driven, tech-enabled and sustainability-led; a long-term savings and investment powerhouse with the reach and resources to help people manage and grow their savings responsibly.

### **About NextWealth**

NextWealth is a specialist research and consultancy business dedicated to helping firms adapt to what's next in wealth.

We have a genuine passion for wealth management and want to make the industry work better for financial advisers and consumers. We do this through unrivalled research, insight, consultancy and thought leadership to help our clients thrive by turning ideas into action and change.

We are experts on the financial advice market, specially focusing on investment propositions and adviser tech.

We publish syndicated research reports and industry metrics, perform bespoke services and host public events and private roundtables. To sign up to our research panel, email [enquiries@nextwealth.co.uk](mailto:enquiries@nextwealth.co.uk).

The NextWealth Directory lists and reviews all of the tech providers supporting financial advice businesses. It is free to use and has over 1,700 reviews from people working in financial planning firms. From back office systems to cashflow modelling – we publish ratings and reviews. Read a review. Leave a review: [nextwealth.co.uk/directory](https://nextwealth.co.uk/directory).