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Wealthsimple

Wealthsimple for Education

Utilizing sub-branding and referral strategies to raise awareness and increase trust among low-income families

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Executive Summary



Opportunity

Currently, awareness for the Canada Learning Bond is very low. About 2 million eligible families are not claiming the free government grant money. That's 4 billion dollars with no claims..




Recommendation

We recommend Wealthsimple launch "Wealthsimple for Education", a specific sub-brand around education investing and also implement double sided referrals. By doing so, Wealthsimple will reach a larger customer base and establish credibility



Impact

We predict that our solutions will unlock \$1B in Assets Under Management and a profit of \$2.183B for Wealthsimple, while also reaching a new customer base through low-income families.

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- Investment in CLB adds additional opportunity costs for Financial Institutions
 - CLB recipients (child and parents) are generally low priority for FI
 - **We want to get 1M more users access to CLB**

Low Education Rates Lead to Negative Feedback Loops

Escaping poverty is hard. Without access to education, it gets even worse.

Students Cannot Afford Higher Education

When families do not plan ahead and save for their children's education, their children do not get the opportunity to attend post-secondary due to lack of funding.

Students Make Less Money

Without a higher degree, students are less likely to be hired by high paying employers. Sometimes, students have to live paycheck to paycheck.

Their Children Cannot Get Higher Education

When living paycheck to paycheck, families find it hard to find money to invest or save. In turn restarting the cycle for their children.

1.

2.

3.



A man and a woman are sitting on a light-colored couch, looking at a document together. The man is on the left, wearing a light blue button-down shirt over a grey t-shirt and dark jeans. The woman is on the right, wearing a grey cardigan over a dark top and mustard-colored pants. She is holding a white sheet of paper with text on it. They both appear to be focused on the document. The background is a simple, light-colored wall.

Objective

What is the fundamental problem we are trying to solve?

4 Billion Dollars are Left Unclaimed.

Focusing on identifying the outlying problems that cause low sign up rates for Canada Learning Bond.

Misinformation

Families tend to not sign up for RESP's and CLB because they are giving the wrong information or do not know enough about it. Sometimes, even bank advisors do not know what the CLB is.

Lengthy Process

The process to sign up for RESP's takes a lot of time and the paperwork is often very intimidating. Families often cannot find the time to go banks to sign up or are scared to do so.

Low Trust

Low trust is a huge factor that discourages people from signing up for RESPs. Many families do not trust the banks located in their communities because of horrible previous experiences.



Build a plan that fits you

Calvin ▾

Step 1

Plan your future

Tell us a bit about yourself and we'll build a financial plan that makes sense for you. This will only take 1-2 minutes.

[Change your plan](#)

Step 2

Set up your future

Select investment accounts and start filling in your application.

[Edit application](#)

Step 3

Invest in your future

Add your banking information, sign the application and start investing

[Go to your dashboard](#)

[Start investing](#)

Recommendation

What is our Solution to the Problem?



Investing for Humans

Sub-Branding

WealthSimple as a Brand for Education to Attract
Low-Income Families

Wealthsimple

The Solution

WealthSimple For Education

Branding Wealthsimple as an **empowerer of education** with the objective of aiding students to attend post-secondary schools will widen the **customer base, establish credibility**, and **emotionally connect with customers** to sign up for the service. Wealthsimple for Education would be a one stop resource for low-income families to find key information around education investing.

Through forms of advertising and marketing, WealthSimple will be able to attract more customers and set themselves apart from the competition with a **clear identity**.



What is “Wealthsimple for Education”?

A new perspective on saving for the future



Platform for Simple Investing

A platform specifically around encouraging low income families to sign up for RESPs and reduce complexity in determining CLB eligibility.



Content on Education Investing

A resource hub for low-income families to find articles on investing benefits and how to make regular RESP contributions etc.



Opportunity for new Marketing Tactics

Wealthsimple will reach low-income families through different channels such as community partners, increasing visibility to a new customer base



The Solution

Benefits Sub-Branding has to Bring

Widens the Customer Base

By developing a sub-brand under Wealthsimple, we can leverage the ability to reach a **targeted demographic** that would be attracted to incentives tied to an RESP or CLB. A sub-brand would allow Wealthsimple to put out key messaging specifically around education investing and leverage unique marketing tactics to reach **low-income families directly**. Our goal is for Wealthsimple keep winning with the parent brand, while targeting a new customer with Wealthsimple for Education.

Establish Credibility

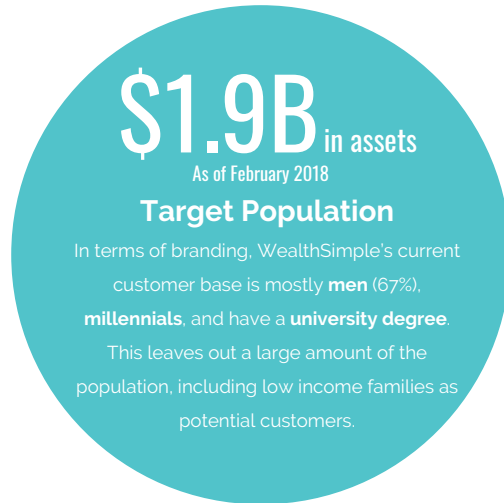
Low-income families have **low trust** with the CLB program today tied to low government confidence, the complicated process to sign up for a CLB and their fear of hidden costs. Wealthsimple for Education would promise **simplicity, transparency**, and would become a **knowledge hub** for low-income families where a parent could find key information such as eligibility for CLBs, investing tips, scholarships etc. **Content creation is key** to gain trust and establish credibility and would allow Wealthsimple to become a partner in the communities of the target market.

Creates an Emotional Connection

Wealthsimple for Education targeted messaging would allow the brand to make a **personal and emotional connection** with the customer base and build **brand loyalty**. Customers with strong brand connections have higher rates of consideration, purchase and are often willing to pay a premium. Wealthsimple for Education will be an opportunity to create **emotional connectivity** with low-income families and create a **gateway** for them to begin using other Wealthsimple products.

A Brand Extension to Attract Low-income Families

Branding WealthSimple as a company for education will **widen the customer base** to generate more revenue and achieve the objective of propelling low income families to sign up for the Canada Learning Bond with WealthSimple.



Case Study: Airbnb for Work

In 2016, Airbnb launched “Airbnb for Work” a sub-brand targeting specific users that were in need of a corporate travel platform to organize large scale business travelling

3x Growth

Targeted Growth

Sub-brand grew Airbnb bookings **3x** in the first year, specifically reaching new customers (businesses) looking for value-added corporate travel programs

700K Users

Increased Customer Acquisition

Airbnb announced 700K companies are now using Airbnb for Work, up from 250K the previous year

+7% Engagement

Increased Customer Engagement

Targeted marketing campaigns were successful in beating their goal with +7% global average increase in engagement, doubling reach of previous campaigns tied to leveraging very direct messaging around the services

+6% YOY Growth

Parent platform continuing to grow

Airbnb parent company continues to post strong YOY growth rates. As 30% of Airbnb for Work users extend their trip over an additional weekend, there is a strong likelihood that they are leveraging Airbnb's parent brand services to support their personal stay



A photograph of three people standing in front of a chain-link fence. On the left, a man with a beard and a plaid shirt is pointing towards the center. In the middle, a woman with long dark hair and a dark sweater with a white V-neck is looking down. On the right, a woman with long dark hair and a yellow sweater is looking towards the center. The background shows graffiti on the fence and a building with the words 'SECURITY' and 'BEFORE' visible.

Referrals

Rewarding Customers for Promoting the Service to Reach
Even More Customers

The Solution

A Double-Sided Referral Program

A referral program is a deliberate systematic way of getting customers to advertise a business through rewards. In a **double-sided referral** program, both the current customer and the friend they successfully refer the service to are rewarded.

By implementing a double-sided referral program into the sub-brand of WealthSimple for education, the reward will be a free \$50 contribution towards both accounts, which will amount to \$60 after the CESG grant, and can be invested for an even higher return. This great incentive will drive many customers to refer their friends!

Better Customers

Referrals get the best customers, with higher brand loyalty and profit margins, and increases the loyalty of existing customers as well

Increased Trust

People are twice as likely to pay attention to referrals as 92% of consumers trust recommendations from people they know, combatting the trust issue

Increased Awareness

From small-world experiment, a referral program will drastically increase the awareness of the service due to small-world type networks and numerous connections.

How it Works Out for WealthSimple



Lifetime Value

Lifetime value of an average WealthSimple customer is \$2298

Customer Acquisition Cost

Referral costs and customer acquisition cost total to \$115 (\$100 + \$15)

Net Profit per Customer

Net profit = Lifetime Value - Customer Acquisition Cost

Objective of 1M Customers:

\$2.183B



Dropbox Case Study



Avoided Ad Spending

By using referrals as their main promotional technique, Dropbox was able to save large amounts of money. Traditionally, it would have costed up to \$388 for a \$99 product. If they had followed that method, Dropbox would not be up today.



Double Sided Referral Program

Incentives for the referral program were provided to both parties. Both the inviter and the invitee received 500 MB permanently to their account to a limit of an addition 16gb to their account. .



3900% User Growth in 15 Months

The referral process was very simple and apart of the onboarding process. Users also had a clear visualization on the status of their referrals, which allowed them to track if their referrals were being accepted or unaccepted and by who. This process quickly became a viral loop. Dropbox increased their user base from 100 000 to 4M in just 15 months.

Wealthsimple

For Education

Impact

How Will Our Solutions Play Out?



Complementing Solutions

The strategies of sub-branding and referrals play a direct role in reinforcing one another and will work together to amplify their impact to increase trust and awareness.

Sub-Branding

Sub-branding through outreach, marketing, and advertising will raise awareness for the referral program.

Sub-branding will also increase trust for the referral program since potential will perceive WealthSimple as a brand for education and be more likely to listen to recommendations from friends.



Referrals

Referrals to friends will raise awareness about the WealthSimple for education sub-brand and lead to interest.

Referrals will also increase trust for the sub-brand because people are twice as likely to listen recommendations from friends and will be more likely to trust the brand as well.



The Impact Forecasted Growth

Make life more easier

Through the implementation of aspects of both Sub-branding and referral based programs to target towards low-income families, we can expect exponential growth in areas of account sign-up / creation , referred users, and growth in the amount of families utilizing their access to CLB's

3x Growth cycle = 30K users in Year 1

In 2016, Wealthsimple's initial customer base of managing accounts was 10K. Assuming 3x growth cycle, based on Airbnb case study, we can expect Wealthsimple for Education to acquire 30K users in Year 1, all of which would be set up to successfully register for the CLB.

1M users in 4 Years

Assuming a conservative growth rate from referrals as a quarter of Dropbox's growth rate of 40x in 15 months, we can predict receiving 1M users in its 4th year

On a personal note...

Dear WealthSimple Team,

We'd like to take a moment to thank you for this amazing, unique opportunity! We're so grateful for being able to help improve the customer acquisition rate for RESP and CLB accounts. We appreciate you taking time to review our recommendation.

We hope that we are able to impact WealthSimple's future decisions! If you have any questions or concerns about our recommendation, feel free to contact us via email or LinkedIn. We'd love to hear from you!

Warm regards,

Alim, Albert, and Johnny



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