

OVERCOMING INVESTOR INERTIA

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Obstacles

- Negative Opinions About Mutual funds
 - There have been more losses than gains in the last 20 years
 - Mis-selling: risks haven't been appropriately communicated
- Unfamiliarity
 - ▣ A relatively new option
 - ▣ Many more banks and insurance branches than MFs
- Complexity
 - ▣ MFs are Difficult to Understand

Emotions are more powerful than logic...



...but people want to be logical



Bigger Chocolate



Smaller Chocolate

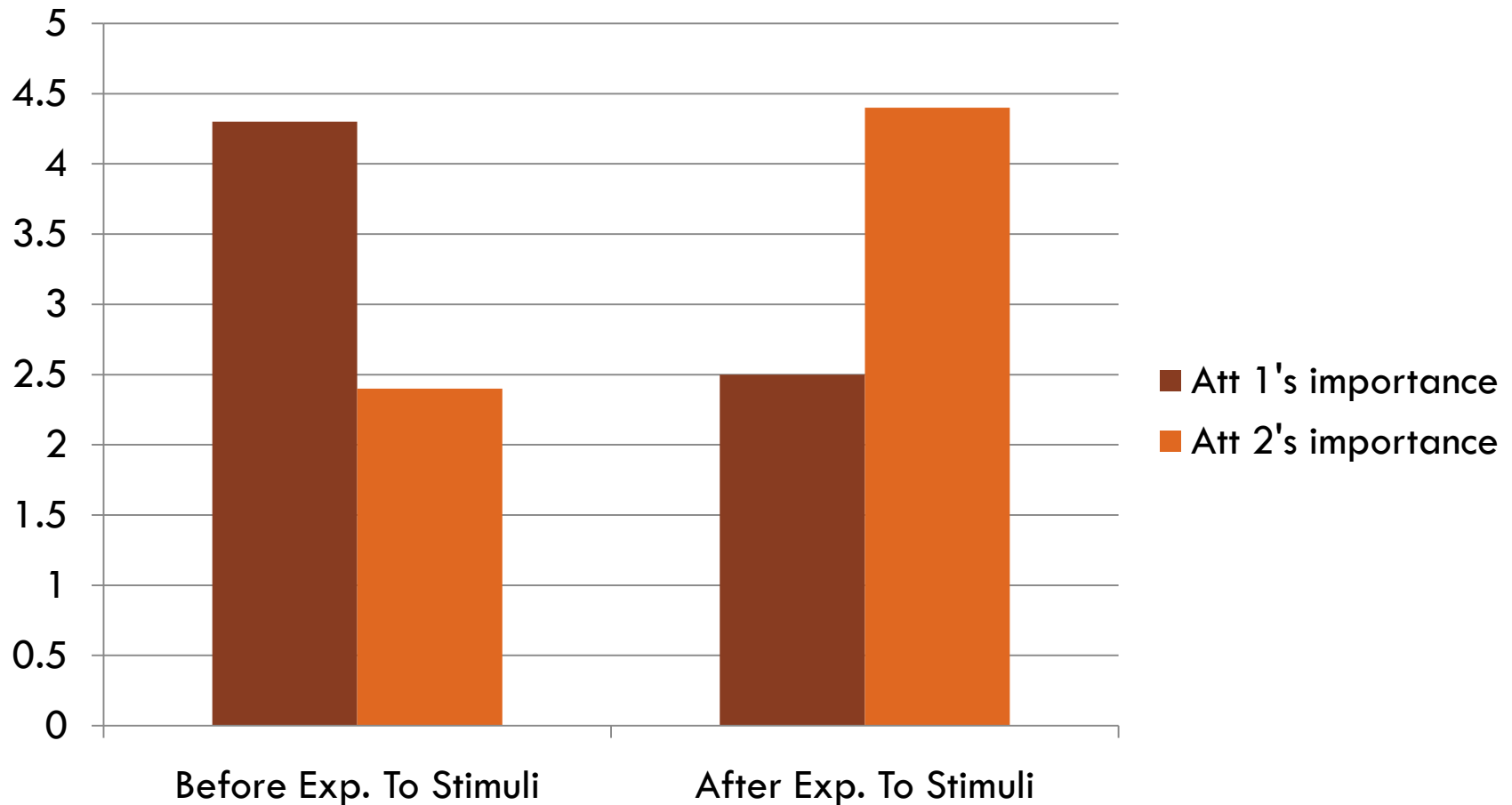


- ❑ Not smart or witty
- ❑ Very romantic



- ❑ Very smart and witty
- ❑ Not very romantic

Post-Decisional Revision of Attribute Importance



Overcoming Negativity: Emotional Appeal + Functional Reasons



Some Strategies for Overcoming Negative Attitudes



People Hate Unfamiliarity and Ambiguity



Some Strategies for Overcoming Unfamiliarity



Social proof: Get existing investors
to market for you



Give Consumers Control



Give consumers helpful “metaphors”

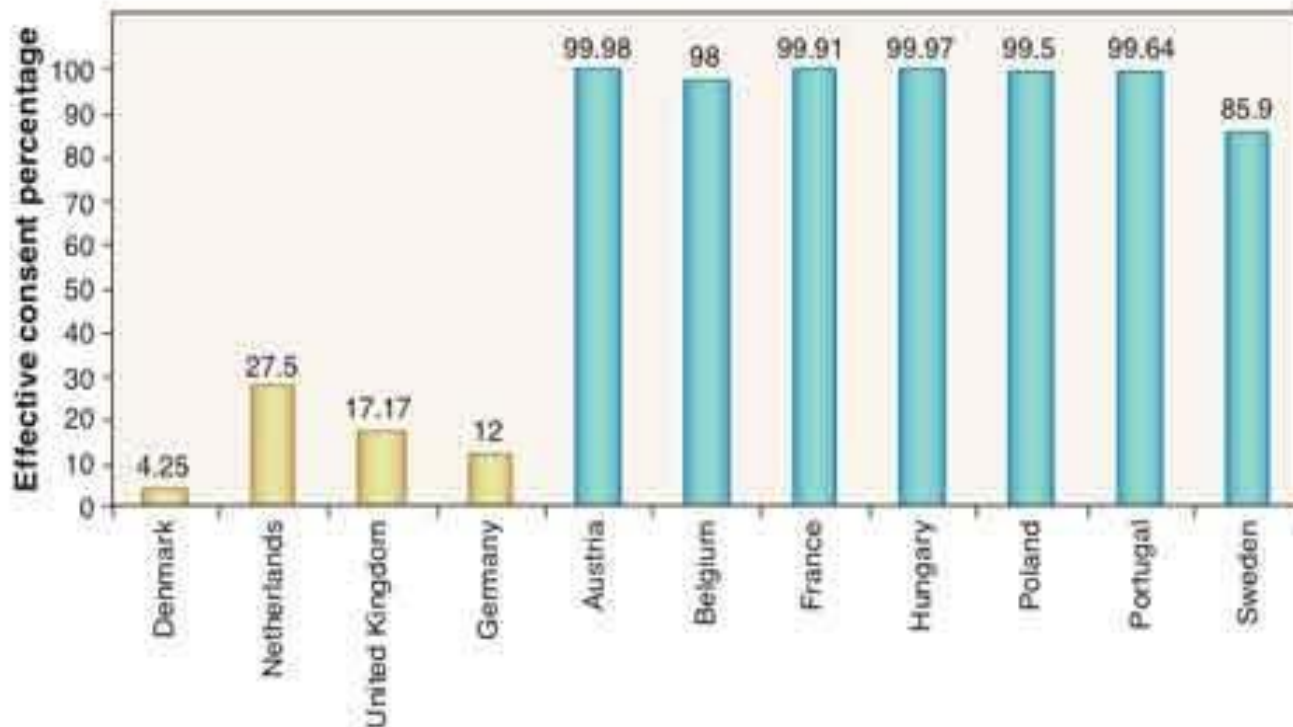
People Dislike Complexity



**BRAND
VS.
GENERIC**



Overcoming Complexity: The Power of the Default Option



Effective consent rates, by country. Explicit consent (opt-in, gold) and presumed consent (opt-out, blue).

Case Vs. Base Rates

Due to decimation of Eucalyptus forests, Pandas are endangered. Specifically about 20% of all Pandas in Australia (or 4500 bears) are endangered

How much money would you donate?

Overcoming Complexity: Case Vs. Base Rates



Trippy, a 2 year old Koala bear lost his home due to deforestation. Will you help him build a new home?

How much money would you donate?

“Case Rate” Ads



Other Recommendations

- Reduce pain of payment:
 - People are more willing to invest more in the future than in the present
 - Especially a % of bonuses and raises that they get
- Decoy effect: Make MFs look more attractive by choosing what is presented to potential investors
- Freemium Model: Acquire customers at low cost and then upgrade with high feature/service basket

Summary

