

**MEMO# 6180**

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# **MUTUAL FUND DISTRIBUTION CHANNELS: UNDERSTANDING SHAREHOLDER CHOICES**

August 30, 1994 TO: BOARD OF GOVERNORS NO. 90-94 DIRECT MARKETING COMMITTEE NO. 26-94 INDUSTRY STATISTICS COMMITTEE NO. 17-94 MARKETING POLICY COMMITTEE NO. 40-94 MEMBERS - ONE PER COMPLEX NO. 61-94 PUBLIC INFORMATION COMMITTEE NO. 30-94 RESEARCH COMMITTEE NO. 24-94 SALES FORCE MARKETING COMMITTEE NO. 34-94 SHAREHOLDER COMMUNICATIONS COMMITTEE NO. 24-94 RE: Mutual Fund Distribution Channels: Understanding Shareholder Choices

I enclose a copy of the most recent publication from the Research Department C Mutual Fund Distribution Channels: Understanding Shareholder Choices. Because the road shareholders travel to purchase mutual funds is a key component of mutual fund marketing, mutual fund companies need to understand the role of distribution channels in the investor's fund purchase process. Based on interviews with more than 700 long-term fund shareholders, this report investigates shareholders' use of the following six primary distribution channels: full-service broker, discount broker, insurance, bank, financial planner, and direct market. The report provides a detailed analysis of the channels shareholders currently use as well as those used to purchase their first and most recent mutual funds. The study also examines the channel from which they expect to purchase their next mutual fund and the channels shareholders say they will no longer use. The report presents the reasons why shareholders use particular channels and a segmentation analysis based on shareholders' investment needs. Please note that with all ICI reports of this type, only ICI members initially will receive copies. After six months, the ICI usually makes such reports available to nonmembers for a fee. For comments or questions about this report please contact Vicky Leonard-Chambers at (202) 326-5918. For additional copies call Ada Simpson at (202) 326-5913. Sandra J. West Director, Marketing Research