

How survey data may help drive more robust, accurate investment decisions



Key findings from our recent survey

Abstract

Qualitative survey data can help investors make the best possible decisions for their portfolios and supporting sustained, long-term performance. For investors looking to buy/sell within a sector, many decisions come into play. While some are looking to generate alpha, others can be more focused on optimizing their portfolios and due diligence inside of their portfolios.

In this paper, we explore the power of these survey data to better understand what is driving retail investor sentiment and decision making. We also highlight a few key findings from our recent SurveyMonkey survey, where we asked retail investors about the influx of tools, platforms, and information, and their impacts on the market.



“We’re always looking for something unique that can provide differentiated insights. A proprietary data set certainly helps us achieve that goal.”

Leslie Mallon
Head of Public Markets, LionTree

Looking at data from the past to forecast the future

Accurately forecasting how financial markets will behave has never been an easy task. Analysts refer to an array of financial data, information, and trends to make interpretations and predictions about what to expect in both the short- and long-term. And every day, more information about the market becomes available.

Market forecasts have become more challenging in the last decade as the globe has faced major crises: the 2007-2009 global financial crisis (The Great Recession), followed by a slow recovery, then most recently by a global economy battered by a pandemic.

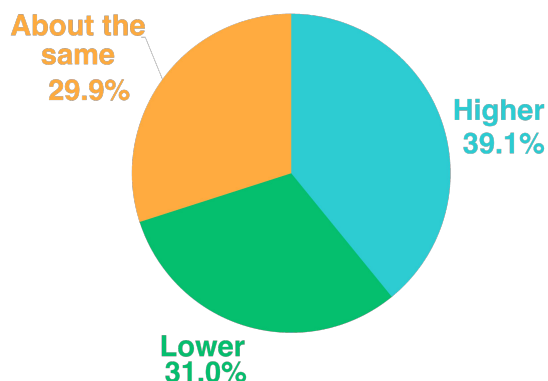
To make the best possible decisions about their portfolios, institutional and retail investors alike often look to data from the past to predict the future. To complicate matters further, psychology plays a role too—market sentiment, consumer confidence, and even a group mindset can alter the markets. More, the global nature of trading today can create “a domino effect” and “seemingly never-ending cycle of market adjustments.”

Some of these factors may have contributed to the retail investor “frenzy” in January 2021, an unforeseen event that prompted halts in trading and significant trouble for at least one hedge fund. Despite the fact that they’re often criticized as not having the “knowledge, discipline, or expertise,” retail investors have access to a broader array of self-service tools, platforms, and information sources than ever before. And it’s clear: they can indeed drive the market, making interpretations of real-time data—and their predictions—even more challenging for portfolio managers as well as institutional investors.

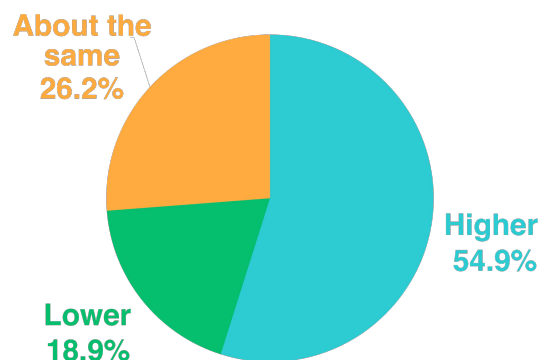
A new SurveyMonkey investment sentiment survey asked respondents to make some predictions about financial markets in the coming years. The survey revealed a range of insights retail investors might use to better manage their portfolios.



How will the stock market end 2021?



How will the stock market end 2025?



Respondents told us that they expect the stock market to continue pushing higher, even in the midst of an uncertain economic climate and COVID-19 vaccine rollout.

Market research informs investor decision making

Institutional investors today need more than strictly financial performance data; “extra-financial data is becoming not a nice thing to have but a core component of research,” [explains](#) an analytics expert from a global equity research firm.

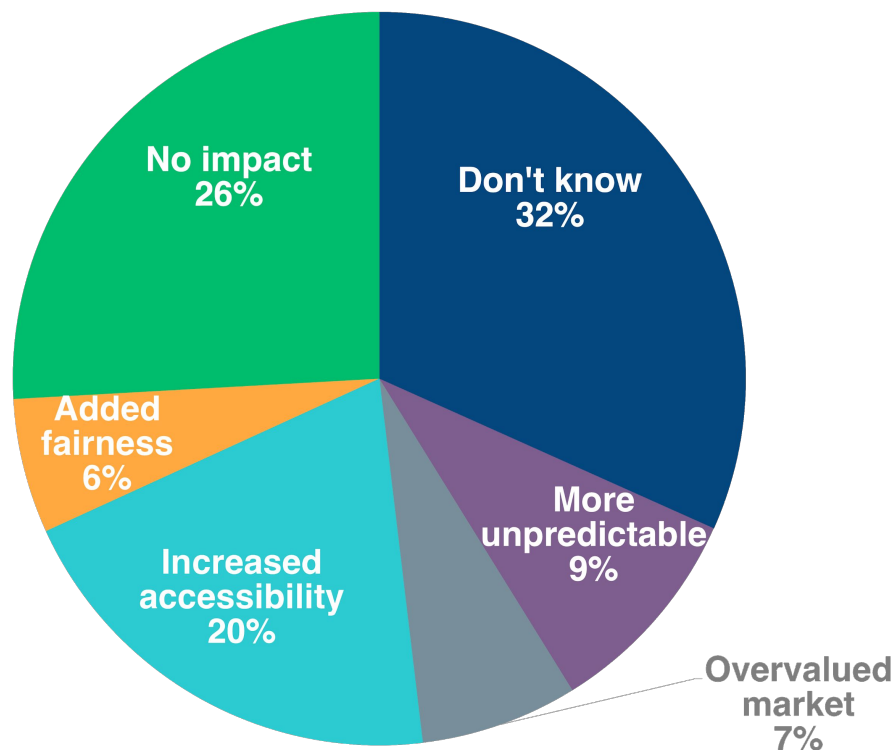
Could a more robust dataset, including extra-financial data, have helped predict the retail investment frenzy? While the answer is impossible to know, institutional investors may garner deeper, more meaningful insights from these alternative information sources, including insights from qualitative survey data such as those revealed by the recent SurveyMonkey investment sentiment survey and highlighted throughout this paper.



In short, combined datasets can help present a more complete picture than you would get by analyzing any given data source on its own.

Respondents to the new SurveyMonkey investment sentiment survey had mixed interpretations of the influx of tools, platforms, and information for retail investors and what they mean for financial markets. While about a third of respondents remain unsure of the impact, about a quarter of respondents believe that these emerging tools are increasing accessibility and adding fairness for everyday investors.

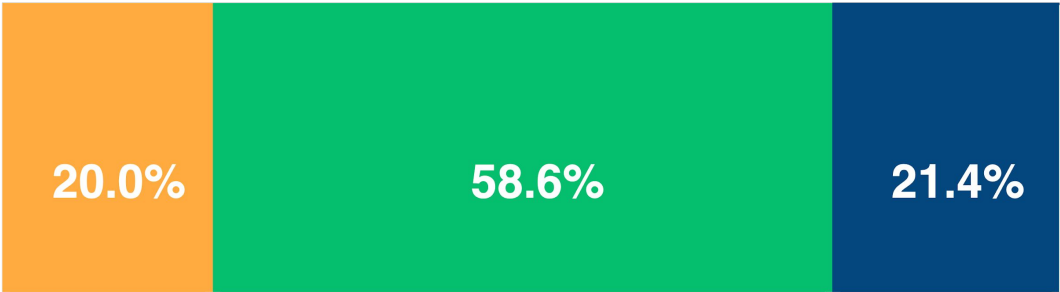
How have tools and platforms like Robinhood affected your assessment of the stock market?



For example, survey data, such as what was uncovered through the investment sentiment survey from SurveyMonkey, can help to shed light on questions that may have previously seemed unanswerable. Consider:



If you had some money available to invest, how willing would you be to invest it in the stock market today?



■ Not willing ■ Somewhat willing ■ Very willing



“As we evaluate new opportunities, we invest in a variety of data sources, including public data, research sources, and survey research. The latter is an important aspect of our broader market insights.”

Ben Spero | Partner, Spectrum Equity

Which of the following do you use to invest in the stock market?



■ Zero / Low-Cost Platforms (4.8%) ■ Online Broker (12.2%) ■ Automated Platforms (1.0%)
■ Index Funds (4.8%) ■ 401K / IRA (31.8%) ■ Mutual Fund (17.1%)
■ Traditional Brokerage (21.0%) ■ My Bank (4.3%) ■ Other (3.0%)

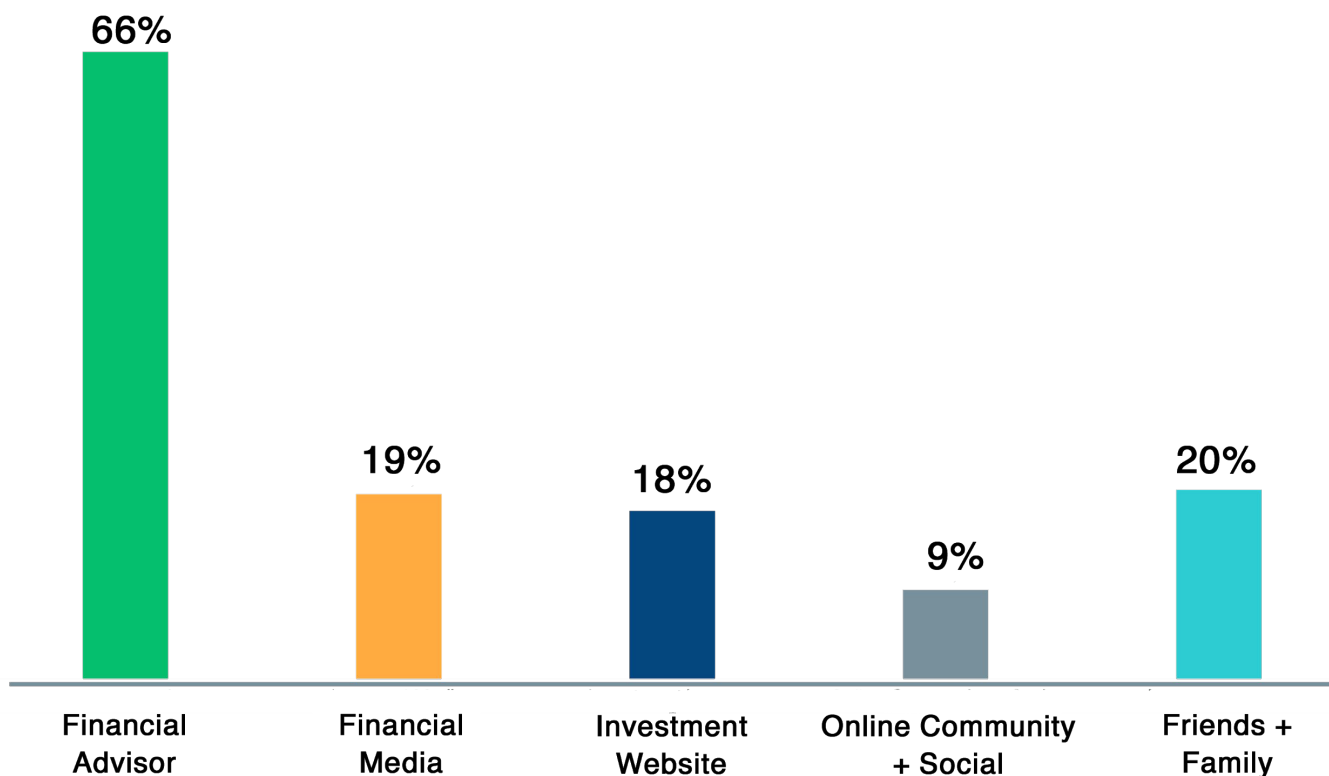


Using survey data to make better investment decisions

Market conditions remain dynamic and accurately predicting what the future holds is all but impossible. Data that's as close to current as possible is paramount; even quarterly numbers can get stale in a market such as this one. By enriching your current business intelligence datasets with survey research, institutional investors can uncover the insights that help make the best possible decisions for your business. Still, not all resources are created equally. A climate of misinformation has eroded public trust in the credibility of third-party research and sourcing.

The investment sentiment survey from SurveyMonkey revealed that respondents found information from financial advisors and analysts most trustworthy, whereas information found on social media and other online communities was largely viewed as “not at all” trustworthy. Moreover, respondents were more likely to trust investment recommendations from friends and family than they would from these sources.

Have you made an investment based on recommendations from ... ?



Working with a partner



An ongoing survey project delivers insights like the ones featured in this paper, which institutional investors can leverage to make informed decisions not just about portfolio positions, but also how, where, and when to communicate with the market, customers, and prospective clients.

And while selecting a survey platform, designing and delivering surveys, and analyzing results can seem overwhelming, the truth is simple: it doesn't have to be. Working with a partner whose experience and expertise span decades, millions of surveys, and countless hours managing projects can help contribute to your long-term success.

If you're ready to learn more about how survey data can help you make better investment decisions, [SurveyMonkey Market Research Solutions](#) are here to help.

Data comes from a set of SurveyMonkey Audience online polls conducted Jan. 27, 2021, among a national sample of 770 adults in the U.S. The modeled error estimate for this survey is 2.0 percentage points. The sample was balanced for age, gender, and U.S. Region according to the Census Bureau's American Community Survey.

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