



Consumer perceptions of financial marketing

Prepared by Ken Roe 12th March 2008



Background

- At the TCF Conference held on 7th November 2006, delegates were invited to participate in a series of polls. The audience of 400 which comprised compliance officers and those responsible for TCF in their firms voted by interactive keypads. (source <http://www.fsa.gov.uk/pages/Doing/Regulated/tcf/library/results.shtml>)
- A couple of the answers are worrying from the marketers perspective
 - ▶ Biggest challenge to your company in implementing TCF? - **Consumer expectations 37%**
 - ▶ 38% found Principles base regulation “Unclear”
 - ▶ When asked about affinity insurance sales by a supermarket “Who is responsible for ensuring that the consumer is provided with clear information at the point of sale?” only 24% correctly answered Supermarket and only 9% correctly identified that the Supermarket is also responsible for ensuring that TCF is built into the product design process?
- Where does this leave FS marketers?
- So we asked if consumers believe that they are being treated fairly using the CCB Consumer Voice online research panel and received over **2,500 responses within 48 hours**



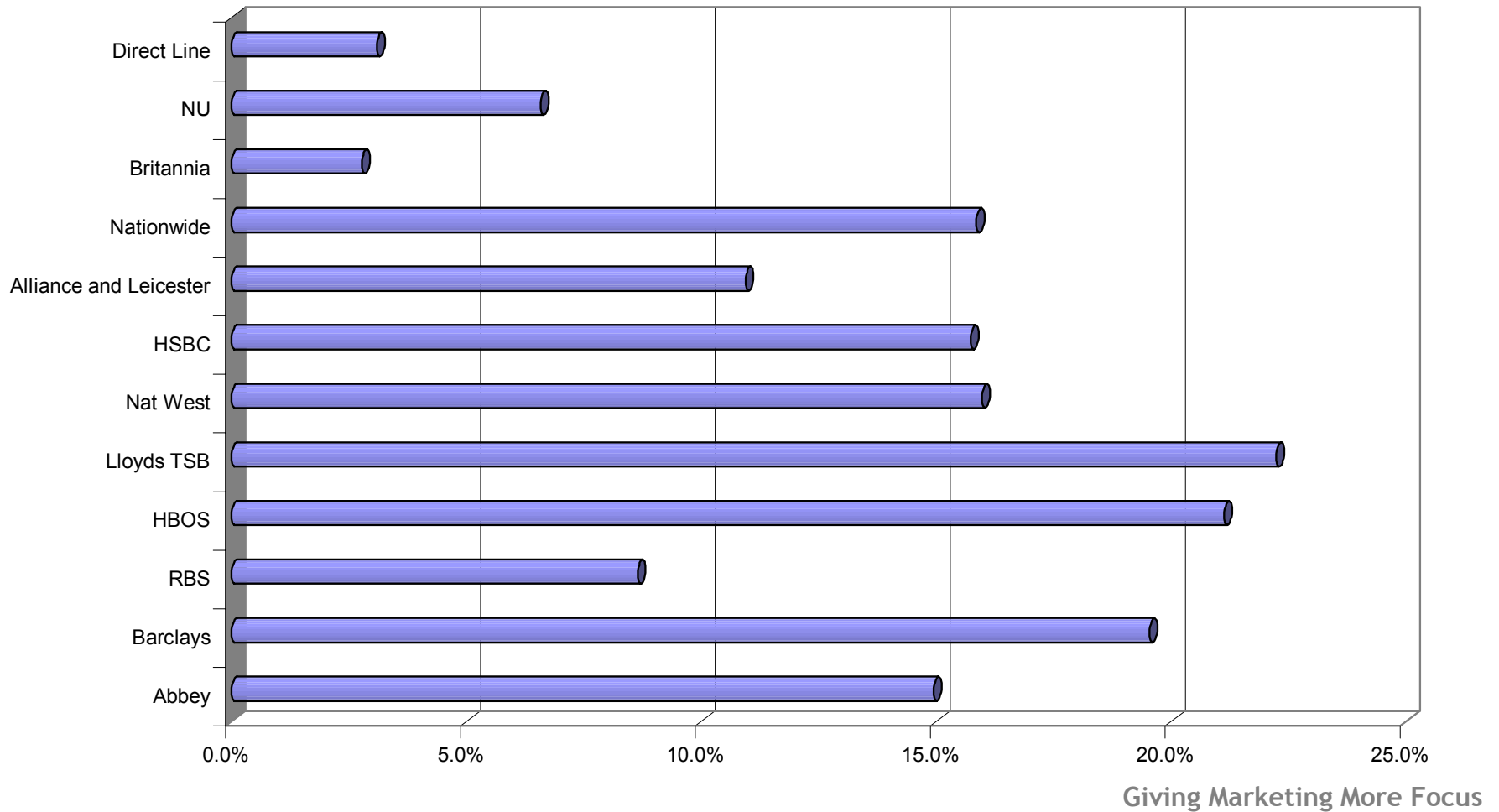
Summary

- Only 6% of customers believe their FS providers consider their needs in the DM that they receive
- 17.3% will make a complaint when unhappy with DM, that's a lot of customer service resource!
 - ▶ 1.4% would complain to a watchdog such as the FSA
- 45% find it difficult to understand financial DM
 - ▶ Reduced response rates?
 - ▶ TCF risk
- 19% feel that they are treated “very fairly” in the DM they receive
- 56% of consumers feel that financial advertising gives inconsistent messages across media channels
 - ▶ How does this affect TCF compliance?



Results

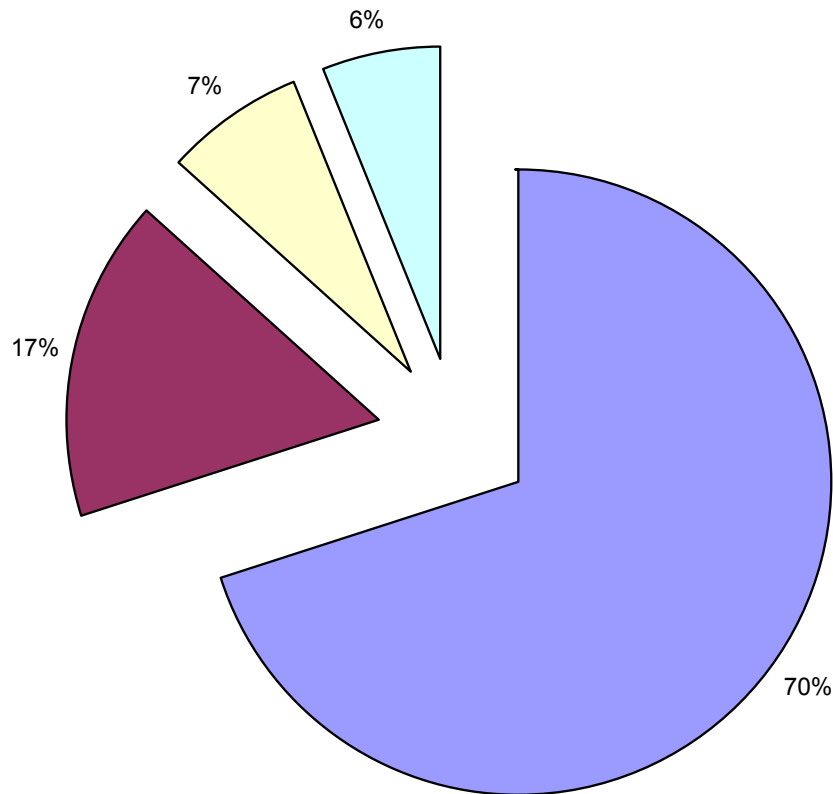
- Financial companies responders “mainly” use





Results

- How do **customers** feel about information they receive through the post?

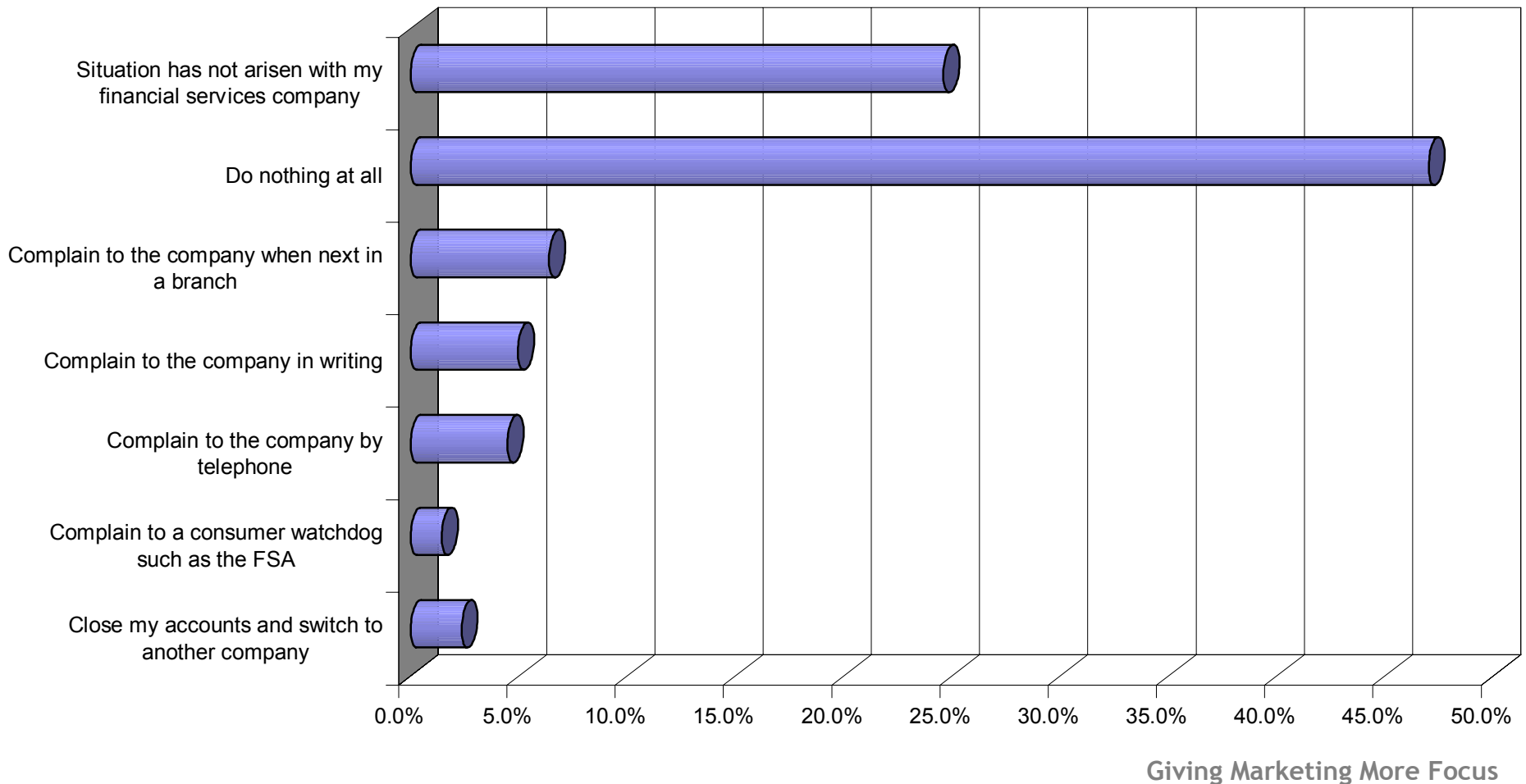


- It's junk mail: they haven't considered my personal needs at all and are just trying to sell me something.
- The products generally fit quite well with what I need to suit my personal circumstances and the information is clear and easy to understand
- The products generally fit quite well with what I need to suit my personal circumstances but I don't understand "the small print"
- The products offered fit very well with my personal needs and the company seems to be considering my circumstances not just trying to sell me something



Results

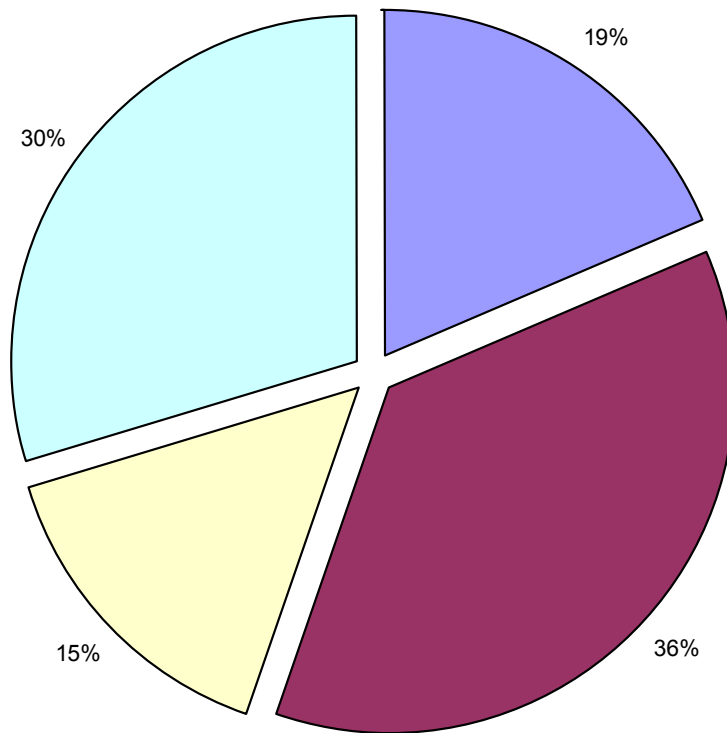
- What do customers do when they are unhappy with marketing materials?





Results

- Which of the following best describes how you feel about the information you receive when considering buying financial products or services?

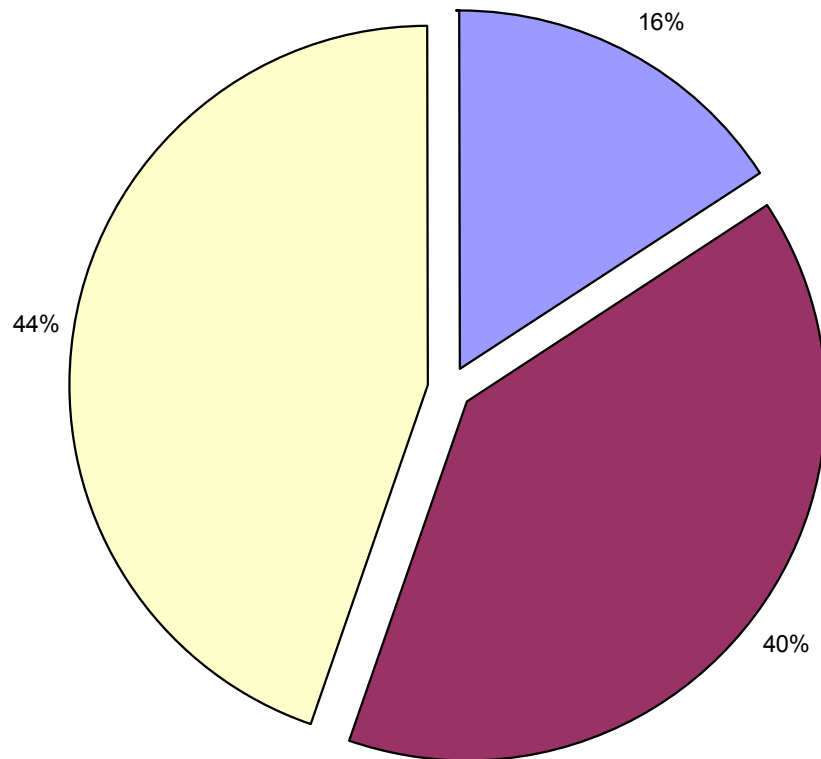


- I am treated very fairly all information given to me is clear and easy to understand.
- I am usually treated fairly, information is generally clear and any queries I have about it are explained well.
- Information is usually difficult to understand and unclear, I am left feeling unsure about what I am signing up to.
- Too much jargon makes it very difficult to understand and make an informed decision.



Results

- Do you feel that messages from your financial provider are consistent across different channels such as TV, Newspaper ads, and direct mail?

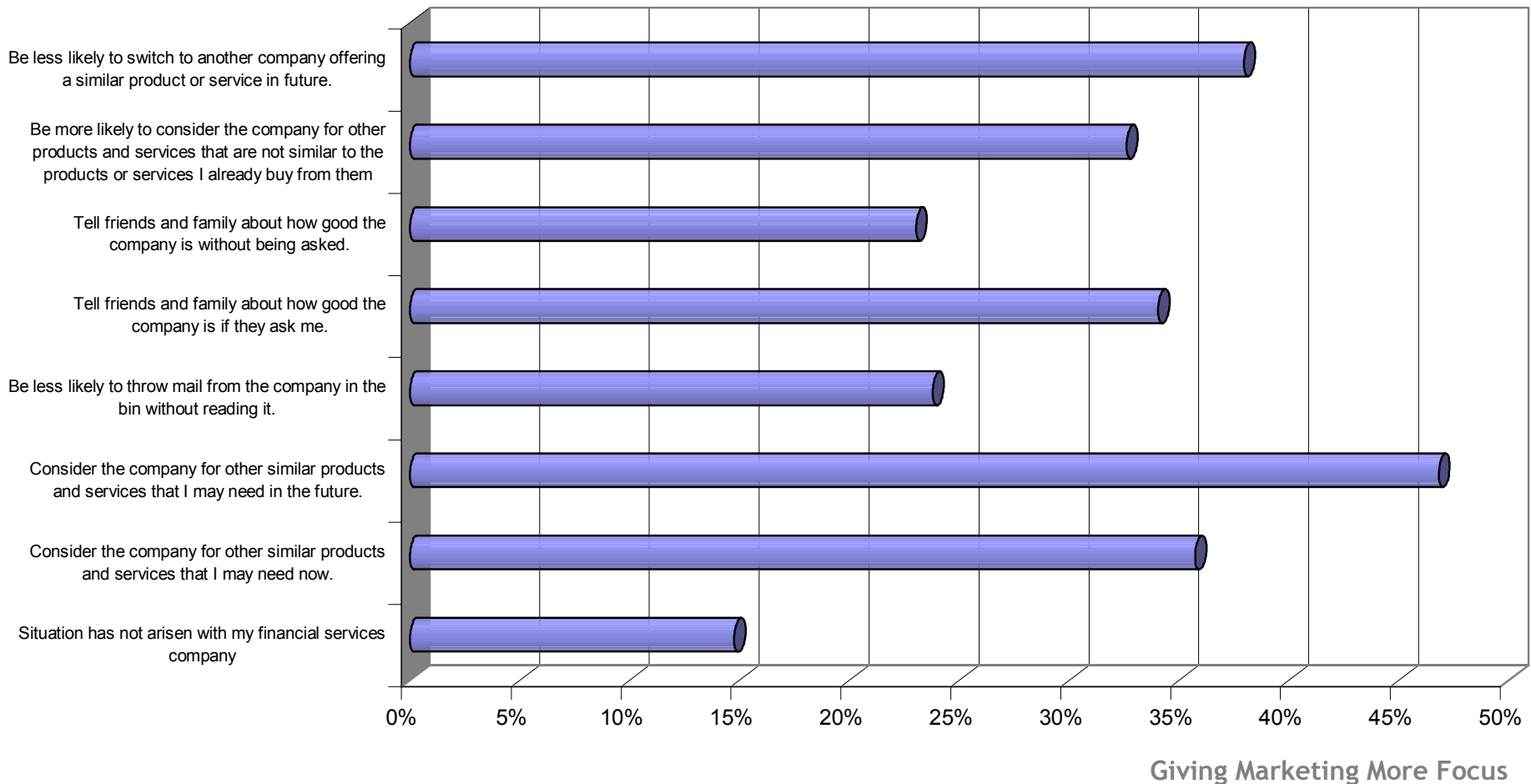


- Information is not consistent at all and difficult to understand
- Information sometimes appears to be different in different media and can be confusing
- Usually the information is consistent over all methods of communication and is usually easy to understand



Results

- When asked what they are likely to do if they receive good service and feel they are being treated fairly 2,503 customers responded...





Implications?

- There is clearly a significant grey area when it comes to consumers level of understanding of the DM they are receiving from their FS providers
- This risk needs to be mitigated to avoid possible breaches of TCF principles on “Promotional Materials”
- How can providers ensure that:
 - ▶ restrictions/exclusions/opt-ins and opt-outs associated with the product being promoted are easy to pick out and understand?
 - ▶ all the charges, including any early redemption charges, made clear to the customer?
 - ▶ the promotional literature makes clear who the product’s most suitable for?
 - ▶ the ad/direct mail letter positioned/targeted at an appropriate audience?
- Given the subjective nature of the principles and their application is there a way that businesses can demonstrate to the FSA that they have done everything possible to ensure that Ads/DM packs adhere to the regulations?



How can Core Insight help you comply?

- Identify potential breaches before you execute the campaign
- Test your creatives by showing them to up to 10,000 real consumers
 - ▶ Ask them what they think/feel/understand having seen your packs
 - ▶ Profile responders by a wide range of lifestyle and demographics to ensure the promotions is hitting the right target audience
 - ▶ Real time online reporting from your web browser - results in hours not weeks
- Create a full audit trail to establish your adherence to TCF principles
- Quicker and cheaper than traditional Market research methods
- We can help you to demonstrate to the FSA that thousands of real live consumers had seen and understood your packs before you executed the campaign!



What is FastMap

- An invite only online research panel of 30,000 consumers who are representative of the total population
- Incentivised surveys are sent out to each of the consumers on the database, inviting them to join the Consumer Voice Panel by opt-in and asking them to provide information about themselves on a wide range of background variables
- Once the data is collected a monthly omnibus is carried out together with a number of bespoke solus surveys to individual panels of 10,000 asking client specific questions and cross referencing background variables to maintain data quality
- Typically 2,000 plus completions within 48 hrs
- Consumers can opt-out at any time and are replaced by invite only to maintain a statistically representative sample of the UK
- Avoids the time and cost of traditional market research



How can we help?

- Enable you to understand how best to reach different types of customer with different messages
- Enable you to test pricing differentiation
- Test creatives BEFORE executing the campaign
- Allow you to understand how consumers feel about your brand
- Enable qualified feedback to other stakeholders about the campaign
- Allow you to test new product concepts
- Develop your own model of customer/prospect segmentation and targeting
- Carry out competitor intelligence
- Pre and post campaign analysis
- Detailed results on your desk within days rather than weeks or months



Want to know more?

If you'd like more detailed information on our home movers research, or any of our recent consumer research on:

- ✓ Home Movers
- ✓ Insurance Switchers
- ✓ Pensions and Retirement Planning
- ✓ Mortgage Switchers
- ✓ The Credit Card Market
- ✓ The IFA Market

Or if you have any specific areas you'd like us to include in our upcoming monthly surveys

Please feel free to email Ken@coreinsight.co.uk or frank@coreinsight.co.uk