



Market Research – Findings

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Overview

- Client Bank contracted Evolyte to perform market research on a target customer group: Gen Y in Cities XYZ
- Overall, two surveys were developed: an online quantitative survey and a qualitative telephone interview
 - This report represents the findings from each of these surveys
- This survey was conducted between October and November, 2010 and provided only to XYZ area residents between the ages of 25 and 35 years old
- Out of approximately 150 potential telephone participants, the actual participation in this survey was 56, representing a market leading 37% participation rate
- Out of these 56 online survey participants, 10% were selected to participate in the qualitative telephone interviews to achieve more comprehensive view of online and offline preferences as well as more specific, banking preferences.

Executive Summary

Client Has a Premium Brand With Opportunities to Win Market Share

- Client Bank is viewed as a premiere bank in Cities XYZ on a variety of factors, including great service and being community-minded
- Unfortunately, Client Bank is also viewed as the most complex bank in Cities XYZ
- Survey participants rank Client Bank as the best bank in Cities XYZ, regardless of the participant's current bank of choice
 - Interestingly, Wells Fargo customers rank Client Bank +25% higher than Wells Fargo
 - However, Wells Fargo customers cite “Stickiness” as the number one reason why they don't change banks (i.e., incredibly inconvenient for participant to change banks due to multiple services with current bank)
- In addition, mobile banking is consistently rated as the most important banking product, which would help Client Bank differentiate itself in the Cities XYZ market
 - Thus, there is an opportunity for Client Bank to win customers from Wells Fargo and others, but must offer a compelling value proposition for doing so

Executive Summary

Recommendation: Mobile Banking

- Client Bank may want to consider developing a mobile app (e.g., iPhone, Blackberry, Android, or mobile webkit) to offer mobile banking for its customers
- This would allow for the following positive benefits:
 - *Market differentiation* – be one of very few banks nationally to offer mobile app functionality, allowing for potentially free press
 - *Simplify complexity* – Client Bank is viewed as the most complex banking institution; use the app to simplify complex financial issues (e.g., 401(k) vs Roth IRA); this can be broader than just Client Bank products/services
 - *Marketing opportunities* – showcase various services that Client Bank offers and direct service rep contact from app (via phone or email)
 - *Customer self-service* – account balances, activity, and alerts, money transfer between accounts, check deposit, etc.
 - *Highlight community-minded mission* - develop the only community-driven mobile app in Cities XYZ providing information for all local events, public places, and historic monuments

Executive Summary

Recommendation: Mobile Banking

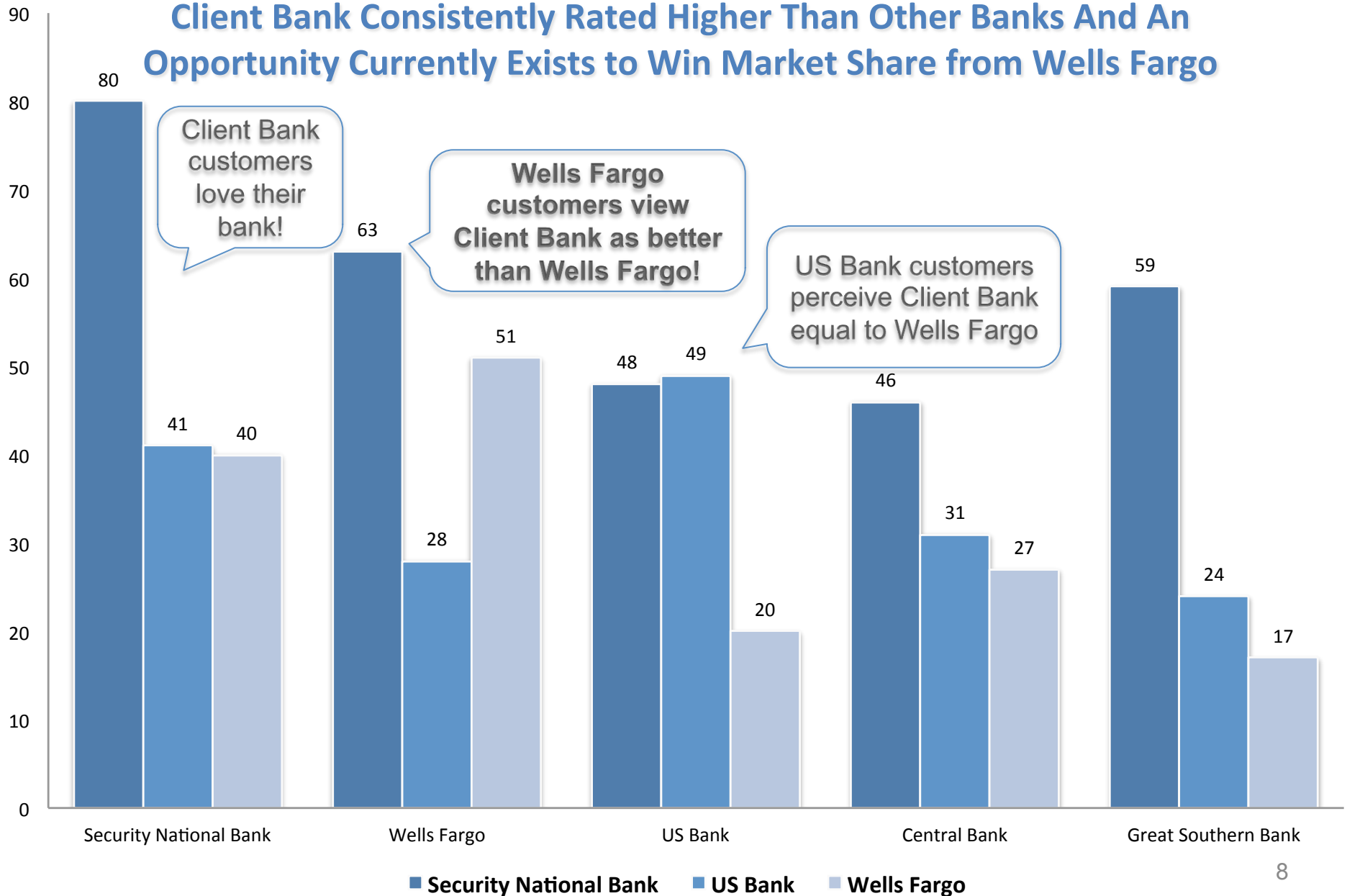
- Chase's iPhone banking app has achieved record-breaking downloads, usage, and free press, while also maintaining tight security and encryption



Online Quantitative Survey

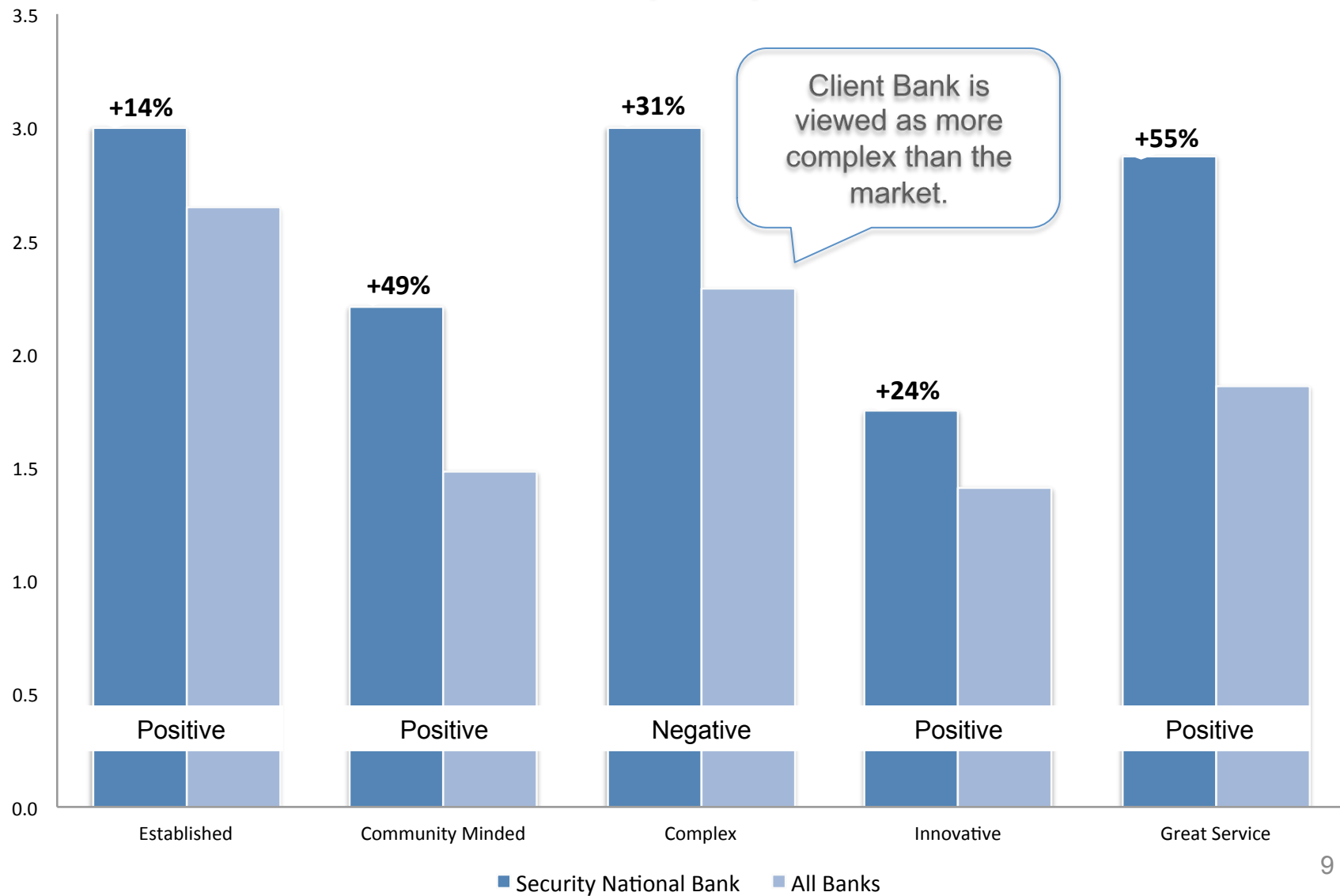
Bank Perception Score

Client Bank Consistently Rated Higher Than Other Banks And An Opportunity Currently Exists to Win Market Share from Wells Fargo



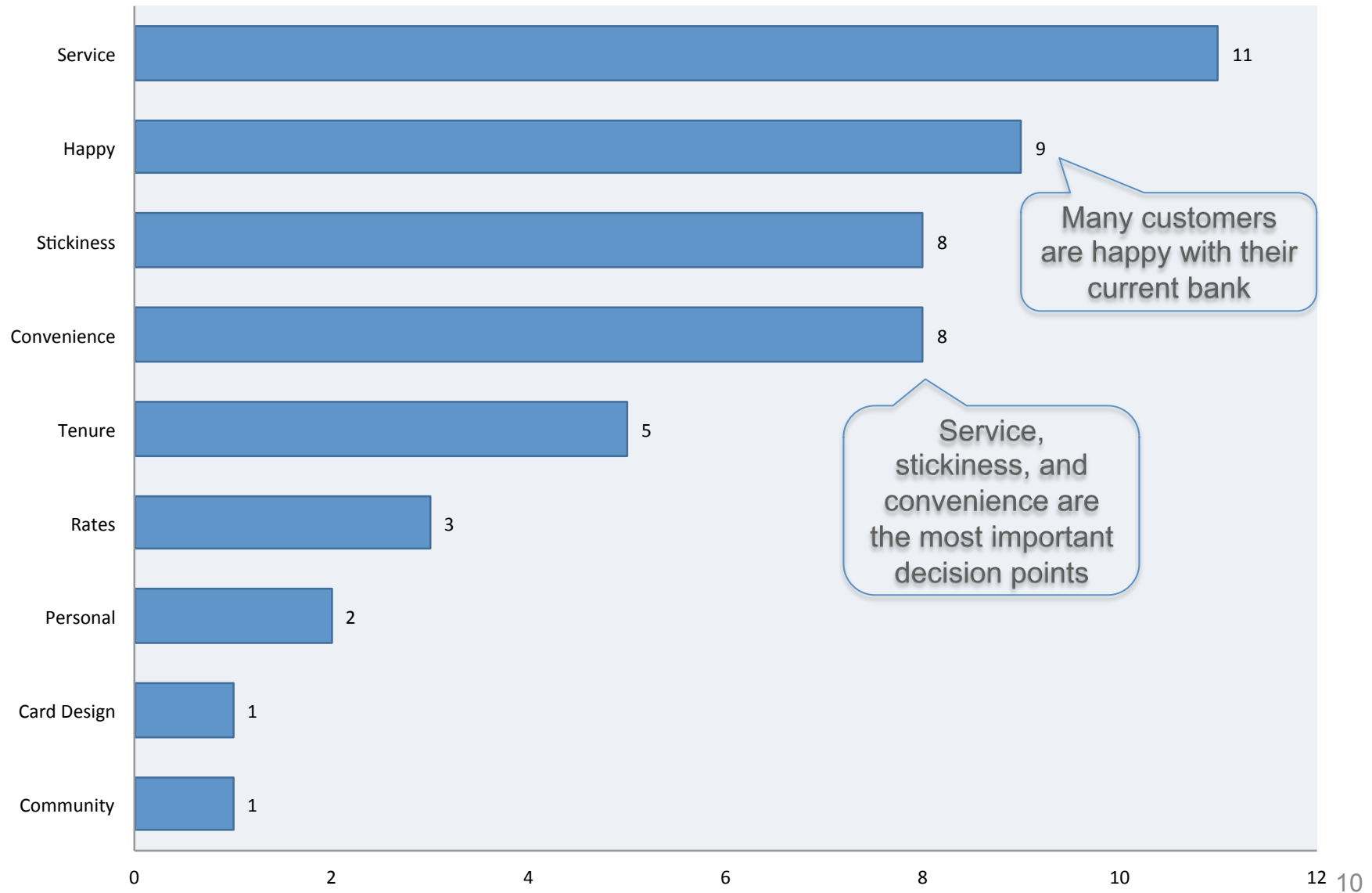
Bank Preference Score

Client Bank's Brand is Perceived Better Than the Market In Every Category But Complexity



Why are you willing/not willing to change banks?

Write-In Responses, Categorized



How important is it your bank offer the following services?

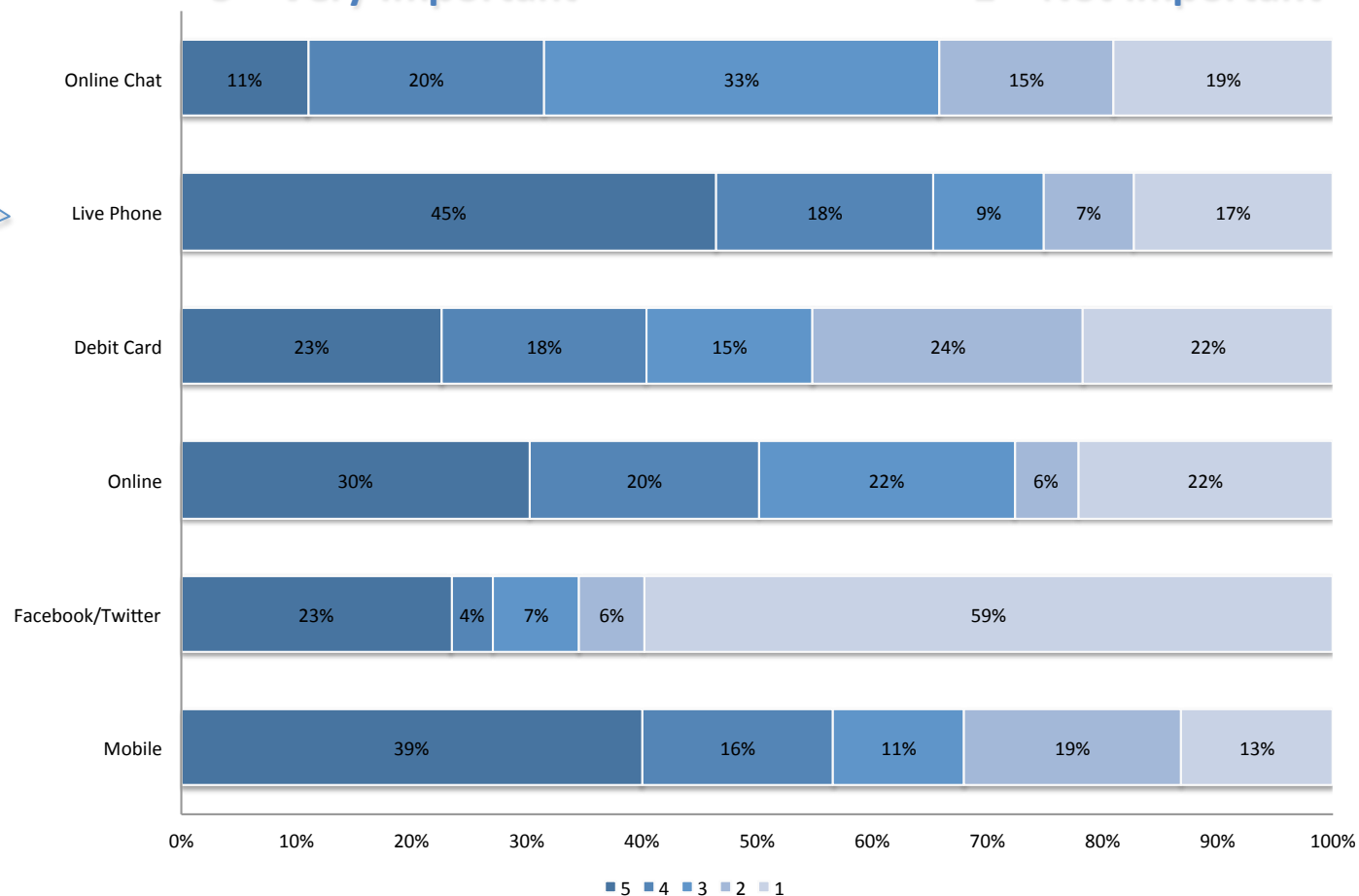
Check the Box

5 = Very Important

1 = Not Important

Live phone reps
and mobile
banking/apps are
the two most
important services

Social media
presence is of
least importance
to customers



Why are you willing/not willing to change banks?

Write-In Responses, Categorized by Bank

- Nearly half of Client Bank customers are happy with the bank and do not have a desire to change banks at this time
 - Customers also cite customer service, interest rates, personal relationships, and tenure with the bank as reasons to consider changing banks
- Wells Fargo and US Bank customers will **not** change due to stickiness (i.e., “too much of a hassle to move to a different bank”)

Bank	Happy	Service	Stickiness	Rates	Tenure	Convenience	Personal	Community	Total
Security National Bank	7	3	1	2	2	1	0	1	17
US Bank	1	2	2	3	0	3	1	0	12
Wells Fargo	0	1	4	0	3	0	1	0	9
Great Southern Bank	1	0	1	0	0	2	0	0	4
Iowa Nebraska State Bank	0	0	0	2	1	0	0	0	3
Central Bank	0	2	0	0	0	0	0	0	2
Liberty National Bank	1	0	0	0	0	0	0	0	1
Hometown Bank	0	0	0	0	1	0	0	0	1
Bank of the West	0	0	1	0	0	0	0	0	1
First National Bank	0	0	1	0	0	0	0	0	1
Pioneer Bank	0	1	0	0	0	0	0	0	1
Siouxland National Bank	0	1	0	0	0	0	0	0	1
Home Federal	0	0	0	0	0	0	0	0	0
Total	10	10	10	7	7	6	2	1	53

Note: not every survey participant described their reasons in the write-in section; some participants also cited multiple reasons

Telephone Qualitative Survey

Qualitative Phone Interview

Offline Happenings -- Physical Events

- **Our findings show that most Cities XYZers (80% of phone participants) actively attend community-drive events whenever possible (i.e., Saturday In The Park, Awesome Biker Nights, Rivercade, etc.).**
- Additionally, all phone participants regularly attend professional networking events with the most popular organizations being Cities XYZ Chamber (60% of phone participants involved) of Commerce and Cities XYZ Growth Organization (40% of phone participants involved).
 - Other local organizations mentioned include Business Network International (BNI), Employers' Council of Iowa (ECI), Business Afterhours, Cities XYZ Professional Womens Network (SPWN), Junior League of Cities XYZ, Leadership Cities XYZ Board, and Mercey's Ladies Night Out.
- 40% of phone participants expressed interest in attending professional networking events hosted by their bank. However, only one participant expressed interest in attending free financial seminars, specifically for new homebuyers.

Qualitative Phone Interview

Offline Happenings -- Newspapers & Radio

- Less than 20% of participants regularly read the Cities XYZ Journal newspaper
- 60% of participants listen to the radio on a daily basis
 - Radio station favorites are KG95 (95.5 FM), Z-98 (97.9 FM), 1360 KSCJ (1360 FM), Fox Sports Channel (620 AM), 102.3 Jack FM, and KISS FM (107.1 FM)
 - **Not one participant mentioned any radio spot as being a favorite marketing campaign or advertisement**

Traditional media is not reaching the Gen Yers anymore, and alternative channels should be considered

Qualitative Phone Interview

Offline Happenings -- Television and Advertisements

- All participants regularly watch television and the vast majority do so in the evenings.
- 60% of participants view FOX News at 9pm and some of the other news networks viewed by participants include CNN, MSNBC, and the celebrity gossip program, TMZ shown on FOX
- The most popular scripted television program (40% of participants) was HBO's Eastbound & Down, a 30-minute comedy program.
 - Other scripted television program favorites include The Daily Show with Jon Stewart, Saturday Night Live, Weeds, Always Sunny in Philadelphia, How I Met Your Mother, Mad Men, MTV, and college and professional sports.
- **A common thread among participants is the preference for “high brow”, intelligent comedy. These shows are smart with punchy dialogue, memorable characters, and jokes with pop culture references.**
 - This comedic commonality is also noticed by the favorite commercial and advertisement mentions by participants: these were catchy commercials by familiar brands such as Geico, Snickers, and Quizno's.

Qualitative Phone Interview

Online Happenings -- The Summary

- **Our findings show that 60% of phone participants spend more than five hours online per day, including time in and outside of the workplace.**
 - All participants expressed that mobile phone web browsing occurs throughout the day as well.
- The Cities XYZ Journal online was the number one choice for news consumption with 80% of phone participants surfing the website content daily.
- Personal and niche blogs were of little to no importance to interviewees.

Internet and mobile consumption are two recurring themes found in our online and offline interviews.

Qualitative Phone Interview

Online Happenings -- Social Media Activity

- A large majority of participants are currently active on social networks (100% of participants on Facebook, 80% on Twitter, and 60% on LinkedIn).
- **When asked, “would you ‘follow’ or ‘like’ your current bank on Twitter or Facebook”, however; participants voiced very strong viewpoints on both sides of the yes-no spectrum.**
 - 40% of participants expressed that they would absolutely ‘follow’ or ‘like’ their bank in order to learn about the bank’s latest product and service offerings as soon as such features become available.
 - Conversely, 40% of participants responded negatively, saying they are very unlikely to gain anything insightful from their current bank’s Facebook feed or Twitter timeline.
 - The remaining 10% was impartial, but was unsure of what kind of content their current bank would provide that would be worth their attention.

Qualitative Phone Interview

Online Happenings -- Current Bank and Why This Bank

- 60% of participants currently have at least one account at Client Bank; 40% have at least one account at Central Bank; and 60% have additional accounts at more than one banking institution
 - 60% of phone participants have opened new accounts at Client Bank within the past two years and 2/3 of these new customers switched within the last six months
- **The vast majority of phone participants chose their current bank and have stayed with this bank because of either its strong customer care** (i.e. really caring about bank customers and providing the personal touch of live phone representatives) or its commitment for the Cities XYZ community
- Convenience was less of a concern when participants initially chose their current bank, however; finding **convenience is a vital selection incentive for participants who expressed a consideration in changing banks**

Qualitative Phone Interview

Online Happenings -- Online and Mobile Banking

- **Online banking was the clear winner as being the most important banking feature according to the phone participants**
 - Participants expressed online banking as being important for several reasons: overall convenience, automatic bill pay, and transfer of funds
 - Participants firmly expressed a need for easy online banking functionality and account balance accuracy
- **All participants expressed a strong interest in mobile banking if their bank offered it. However, one participant does currently use mobile banking at Central Bank**
 - In fact, 40% of participants said mobile banking would be an enticing incentive for changing banks.
- Easy access to ATMs was also expressed by 20% of participants, but it was less important compared to having state-of-the-art online banking and/or mobile banking products and services.

Mobile is the new banking “gold rush”

Qualitative Phone Interview

Preferred Methods of Banking

- **Online banking and the ability to have mobile banking are the two preferred method of banking according to 80% of participants.**
 - Convenience and time efficiency are the primary reasons for these methods of banking.
- Phone participants use their debit card more than anything else – multiple times per day, but a large portion of participants use their credit card in order to gain points (i.e. Flight Miles).
- Offering a points system for debit cards may be a way to influence banking customers to use debit cards more often. Using plastic over cash was overwhelmingly the more popular form of purchasing.

Qualitative Phone Interview

Preferred Methods of Banking

- **80% of participants expressed a potential consideration of changing banks.**
- Incentives for changing banks were heavily driven towards convenience, user-friendly online banking with accurate account balances, and mobile banking service offerings.
- Rates could be enticing to these participants, but the convenience factor of having easy access to banking accounts was much greater.
- The inconvenience of switching banks is a factor, but almost all participants expressed that if the switch would benefit their future banking experiences, the inconvenience would be well worth it to switch banks.

Thanks, and We Hope You Enjoyed.
Sean & Jeff.