



Scotiabank

TEAM 13 – Sons of Analysts
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EXECUTIVE SUMMARY

Objectives

Convert all current non-primary customers to primary subject to \$1 million budget
Identify the most important segments (primary, non-primary, most vulnerable to churn)

New Definition

- Complete larger number of transactions
- Constantly leverage Scotiabank loyalty program and redeem points

Acquisition

Financial literacy program: Acquire ~754,000 more new customers

Engagement

Reimagining Cineplex experience + financial literacy program for existing customers:
Convert ~234,000 non-primary customers to primary

Loyalty

Savings reward program: Convert ~12,000 non-primary customers to primary

INDUSTRY ANALYSIS

Retail Banking in Canada: Highly Competitive and Saturated Market

Drivers

- Increasing household disposable income
- Increasing network effect and partnerships

Industry Cycle

- Mature, highly concentrated industry with five major players in Canada

Key Success Factors

- Customer satisfaction
- Accessibility
- Range of services

Competitor Offerings

- Cashback
- Perks
- Point system



Analysis

Acquisition

Engagement

Loyalty

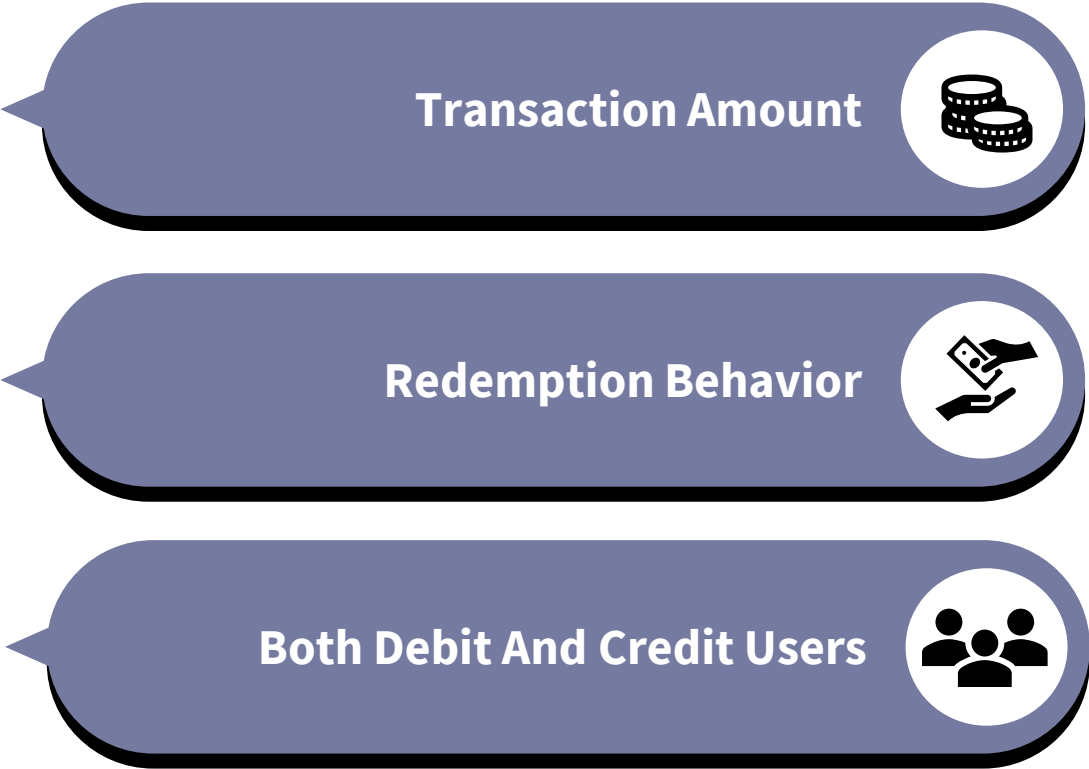
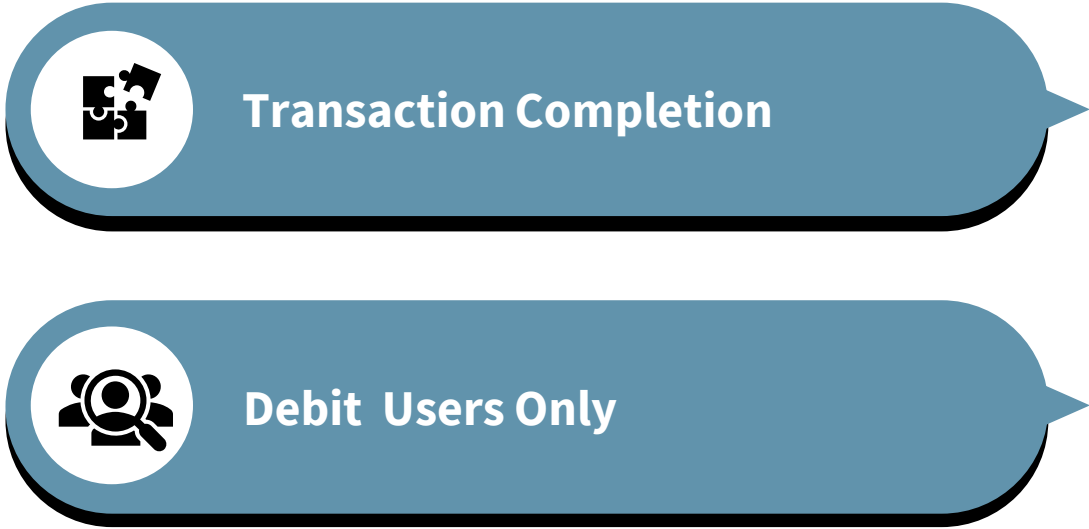
Implementation

REDEFINING PRIMARY CUSTOMERS

From Transactional to Personal

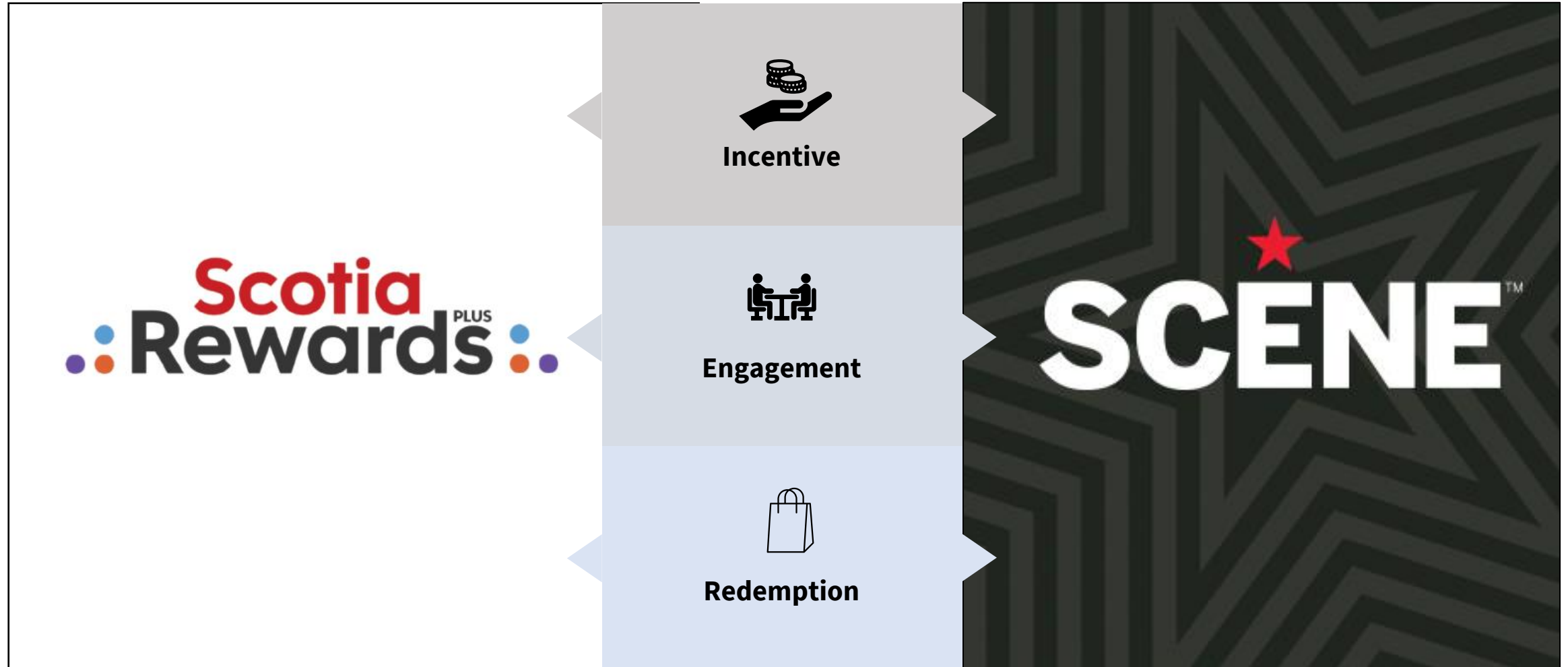
Scotiabank

SOA



Scotia Credit Card Offerings

Comparing Scotia Rewards And SCENE Rewards



Analysis

Acquisition

Engagement

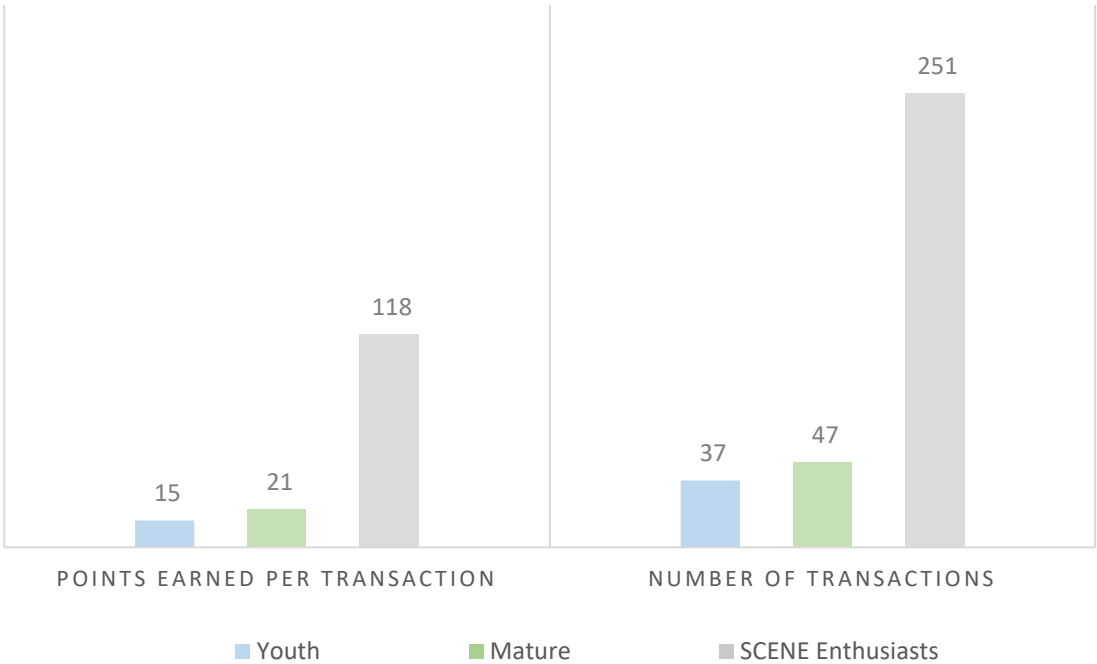
Loyalty

Implementation

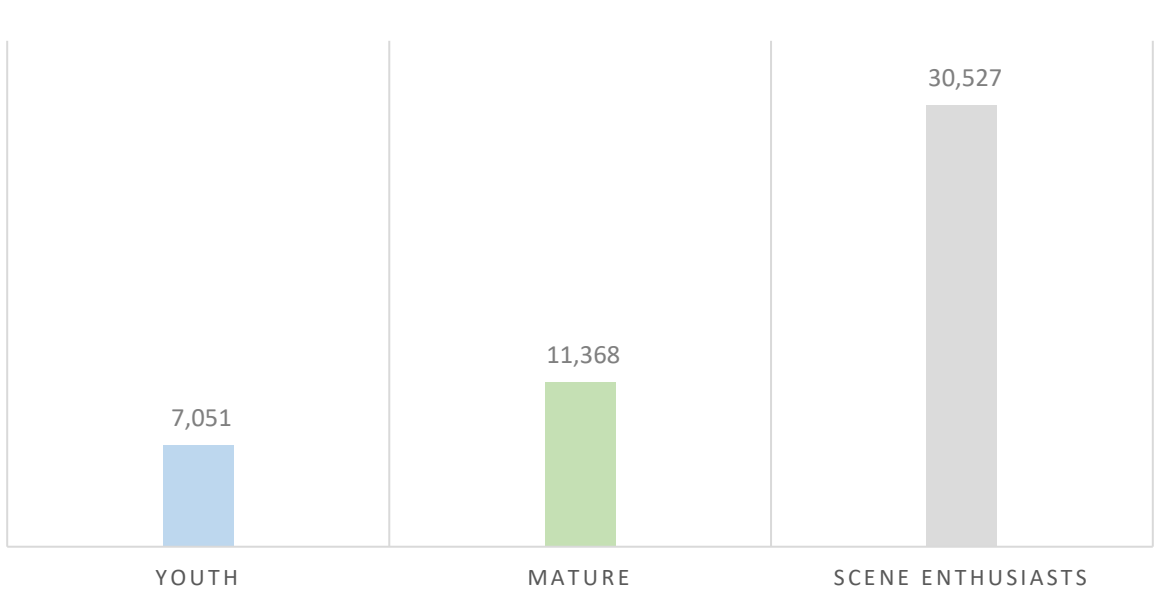
DATA ANALYSIS

SCENE Credit Card Cluster Characteristics

TRANSACTION CHARACTERISTICS



TOTAL POINTS BALANCE



Analysis

Acquisition

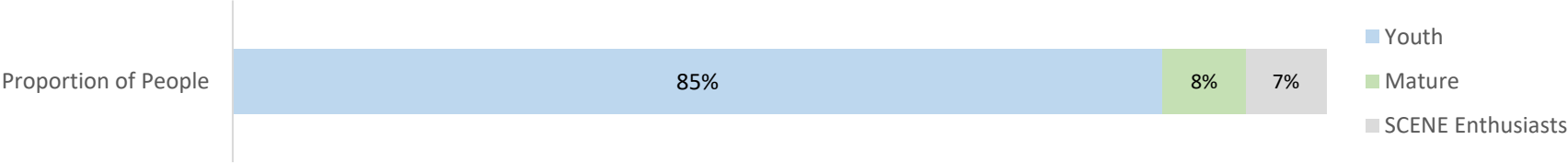
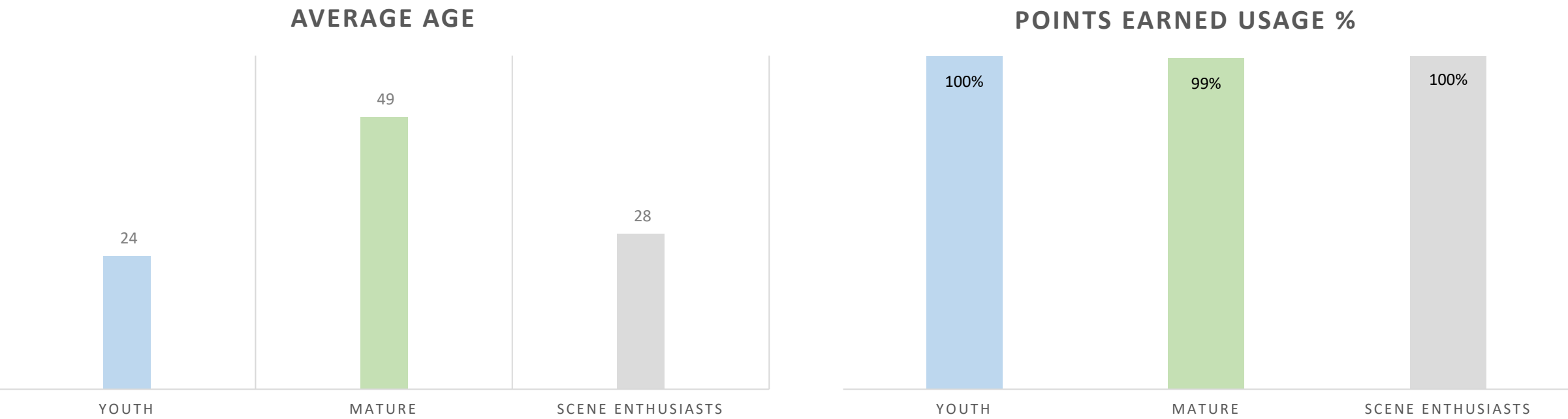
Engagement

Loyalty

Implementation

DATA ANALYSIS

SCENE Credit Card Cluster Characteristics



DATA ANALYSIS

SCENE Credit Card Segment Summary

Vulnerable				Primary	
	1 Youth Segment		2 Mature Segment		SCENE Enthusiasts

- Largest segment
- Frequent redeemers
- Low purchasing power

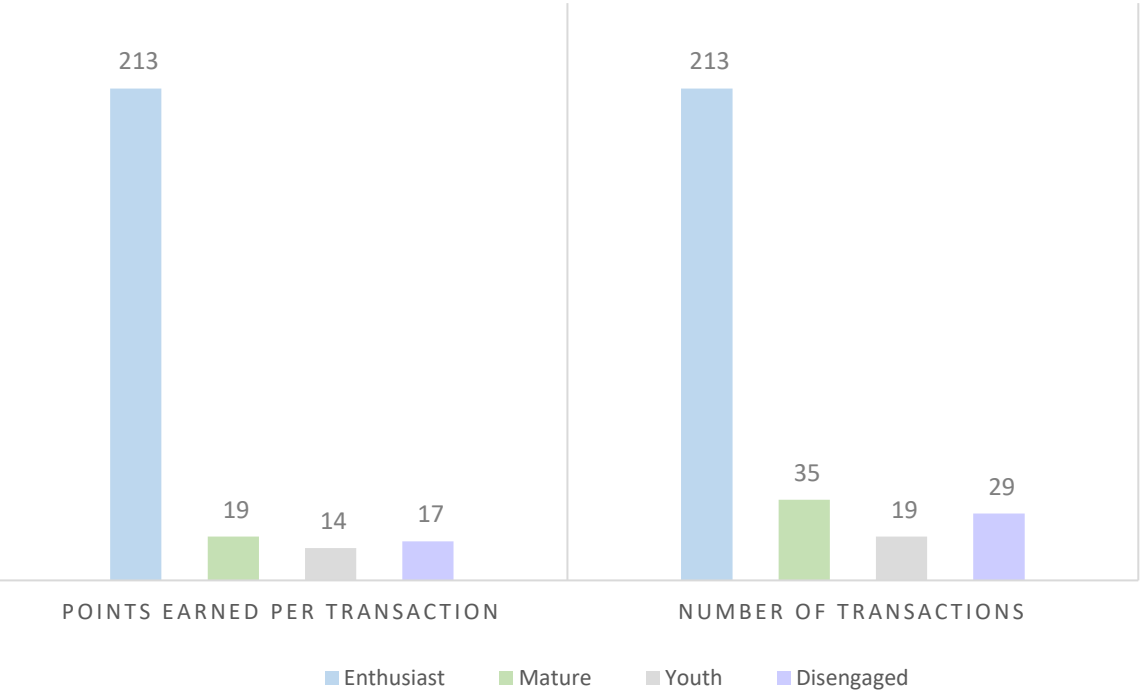
- Small segment
- Frequent redeemers
- Non-primary credit card users

- Small proportional segment
- High purchasing power
- Larger transactions
- Frequent redeemers

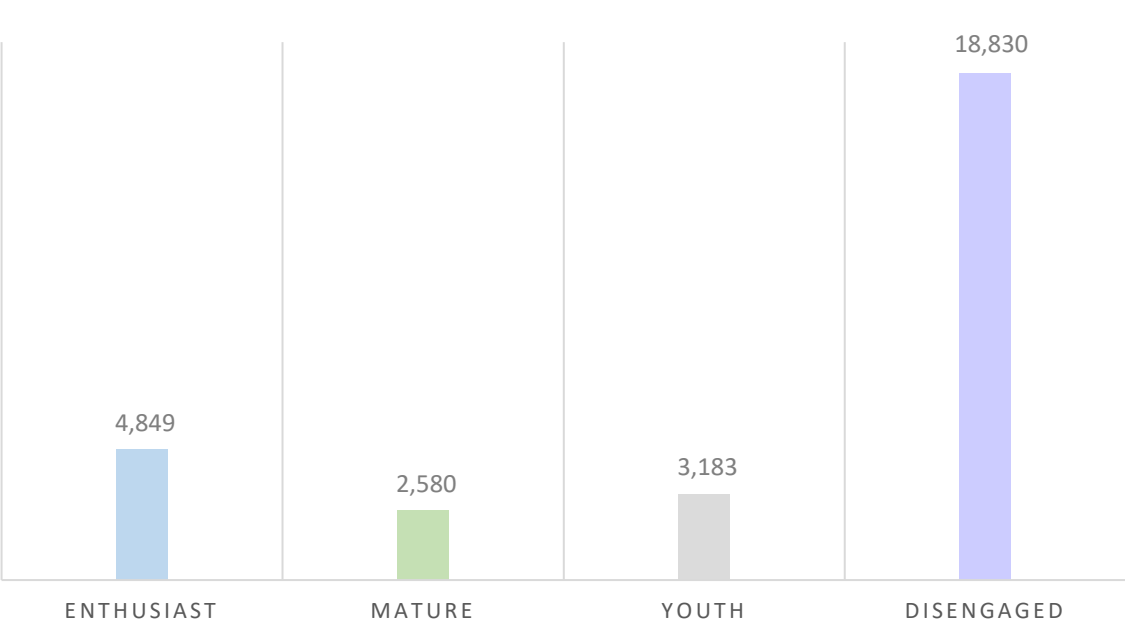
DATA ANALYSIS

Scotia Rewards Credit Card Cluster Characteristics

TRANSACTIONS CHARACTERISTICS



TOTAL POINTS BALANCE



Analysis

Acquisition

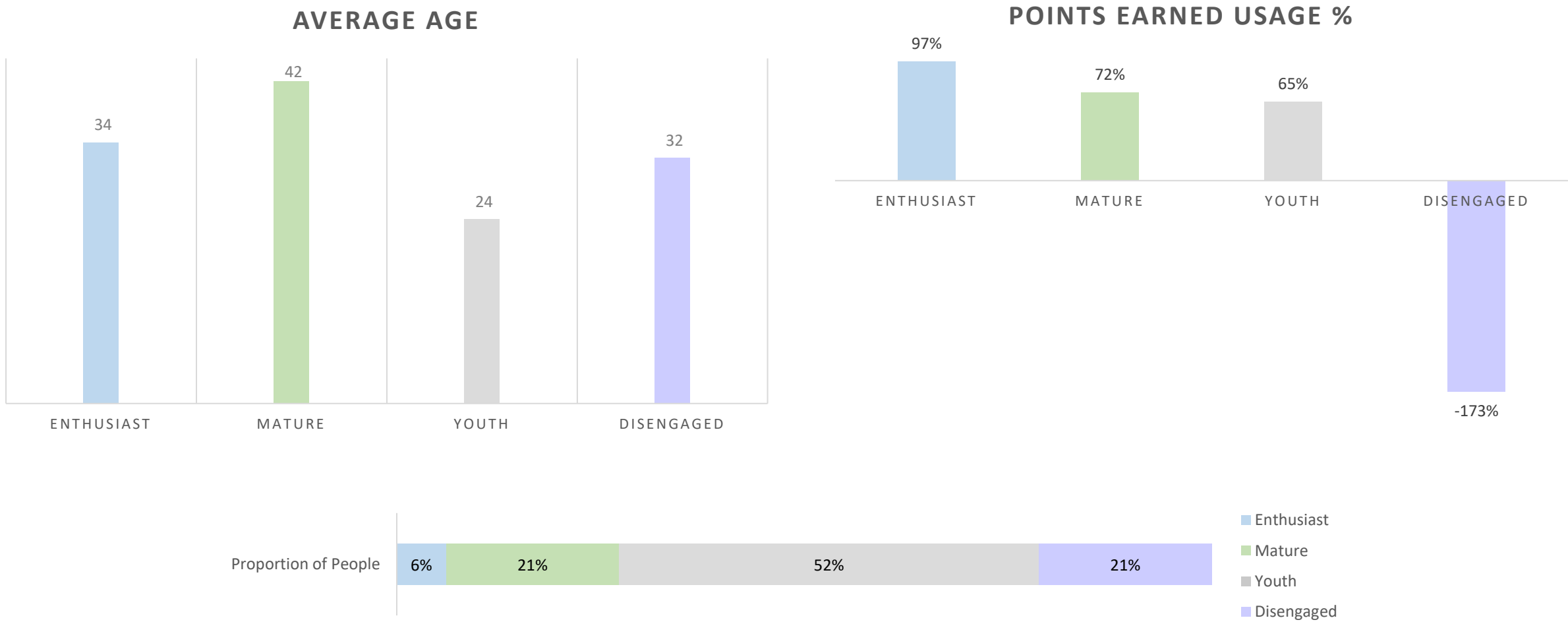
Engagement

Loyalty

Implementation

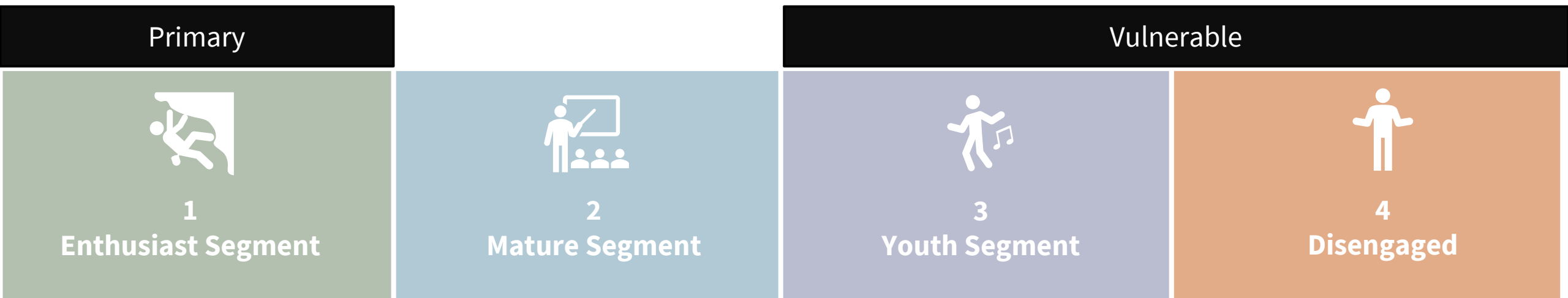
DATA ANALYSIS

Scotia Rewards Credit Card Cluster Characteristics



DATA ANALYSIS

Scotia Rewards Credit Card Segment Summary

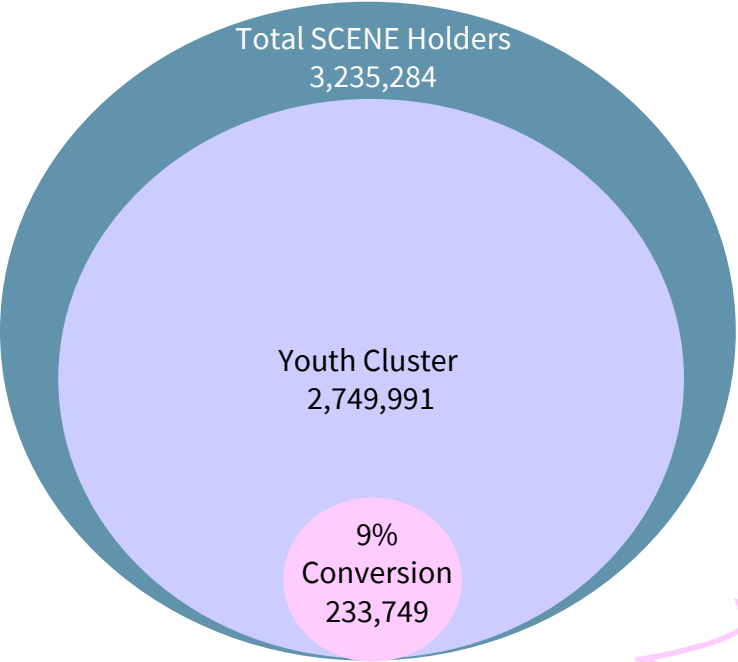


- | | | | |
|---|--|---|---|
| <ul style="list-style-type: none">• Niche segment with rewards enthusiasts• Frequent redeemers• High purchasing power | <ul style="list-style-type: none">• Smaller segment• Semi-frequent redeemers• Few transactions | <ul style="list-style-type: none">• Majority segment• Semi-frequent redeemers• Few transactions | <ul style="list-style-type: none">• Smaller but significant segment• Very few redemptions• Few transactions |
|---|--|---|---|

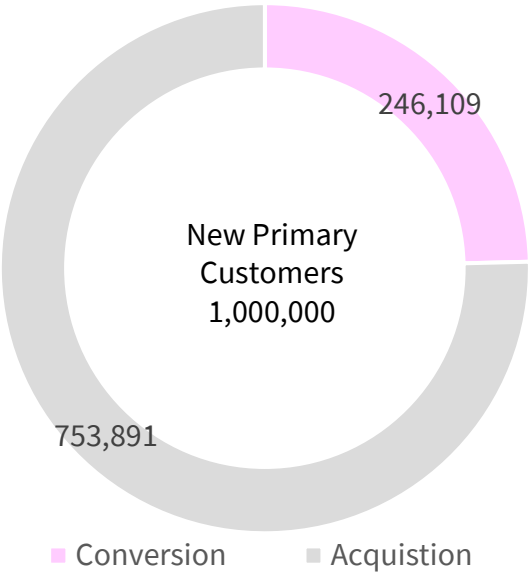
DATA ANALYSIS

Conversion of Customers

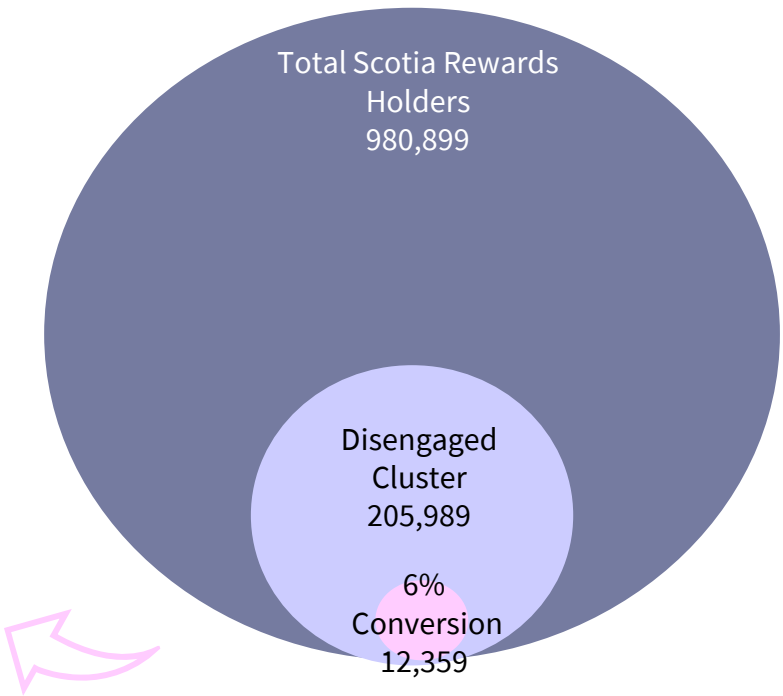
SCENE



Conservative 9% conversion rate
Optimistic 15% conversion rate



Scotia Rewards



Conservative 6% conversion rate
Optimistic 10% conversion rate

SOLUTION OVERVIEW



ACQUISITION

- Develop an online financial literacy certification program

ENGAGEMENT

- Open drive-in movie theaters for new experiences

LOYALTY

- Reward customers for saving

Analysis

Acquisition

Engagement

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Implementation

FINANCIAL LITERACY CERTIFICATION PROGRAM

ScotiaCertification™



Problems With Budgeting & Planning



Increasing Confidence Increases Engagement



Target the SCENE Youth segment



Young adults seeking financial independence



Completion Incentives

Analysis

Acquisition

Engagement

Loyalty

Implementation

DRIVE-IN MOVIE EXPERIENCE

Scotiabank SCENEPLEX™

Issue

*Limited options to
redeem points*



Solution

*COVID-friendly and
temporary*



Target

*Non-primary movie-
goers to increase
engagement*



Analysis

Acquisition

Engagement

Loyalty

Implementation

SAVINGS REWARD PROGRAM

ScotiaSavings™



Issue

Customer loyalty



Solution

Offering savings
rewards program



Target

Least engaged
members with an
average age of 32

Analysis

Acquisition

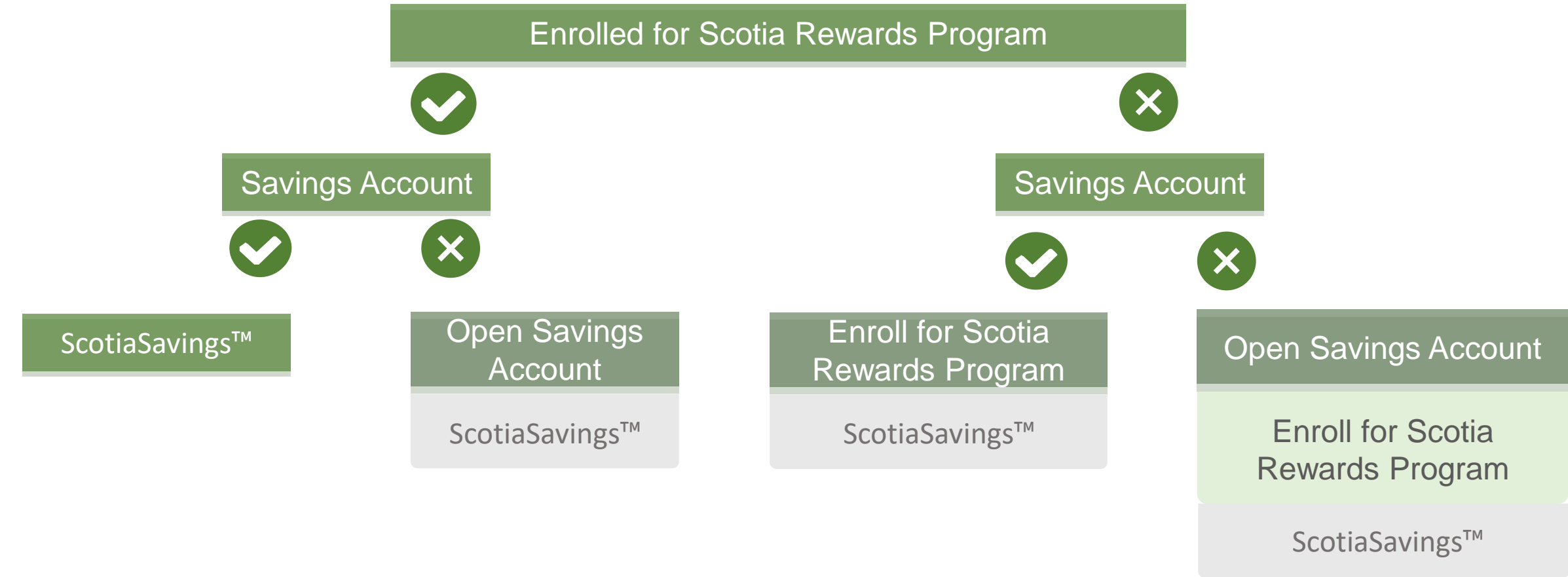
Engagement

Loyalty

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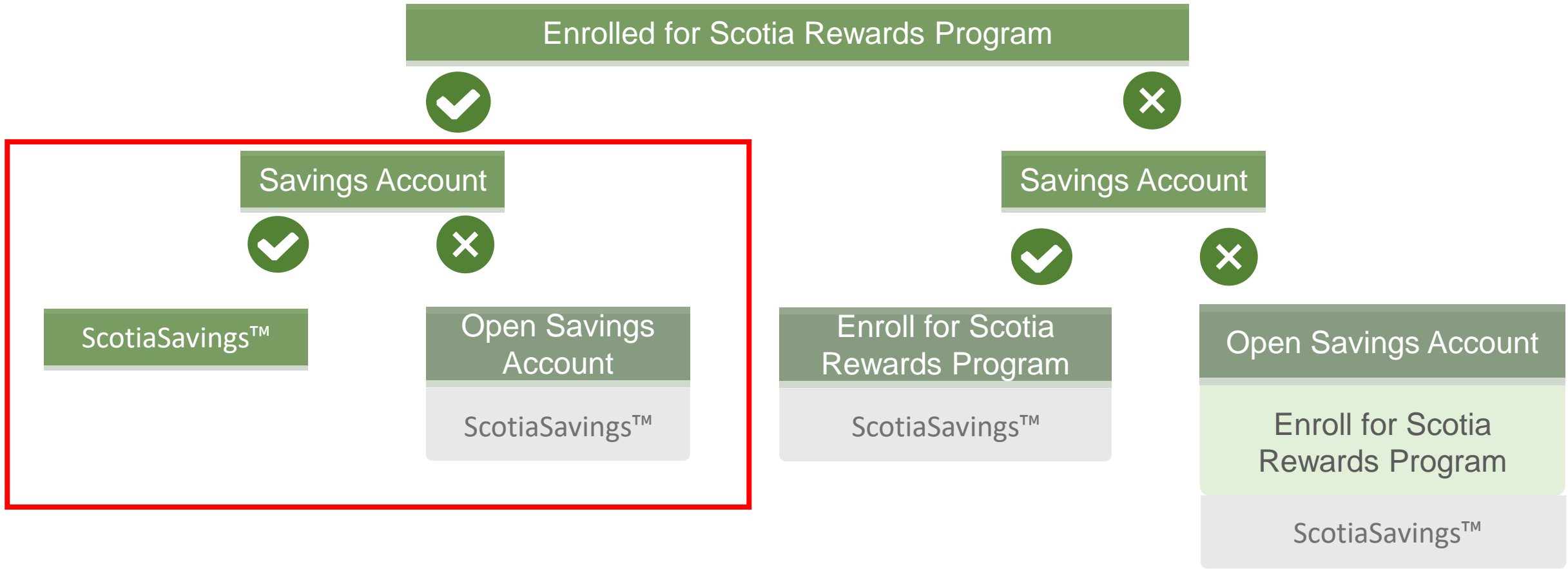
SAVINGS REWARD PROGRAM

ScotiaSavings™



SAVINGS REWARD PROGRAM

ScotiaSavings™



RISK AND MITIGATION

Risk

Acquisition

Low program completion rate

Engagement

Logistical challenges

Loyalty

Challenge customers' spending habits



Mitigation

- Strategic partnerships with business professionals and professors
- Takeover existing Infrastructure
- Enrollment incentives

Analysis

Acquisition

Engagement

Loyalty

Implementation

FINANCIAL PERFORMANCE

Overall Results

Investment & Enrollment

Requested Funding	Acquisition Increase
\$1,000,000	10%

Return on Investment

Year 1 – 26.26%
Year 2 – 36.89%

Net Profit Margin

Year 1 – 20.8%
Year 2 – 28%

Analysis

Acquisition

Engagement

Loyalty

Implementation

FINANCIAL PERFORMANCE

Revenue Per Option

ScotiaCertification™

*Scotiabank
SCENEPLEX™*

ScotiaSavings™

Year 1	Year 2
\$548,240	\$603,064
\$409,061	\$449,967
\$305,301	\$335,831

Analysis

Acquisition

Engagement

Loyalty

Implementation



Scotiabank

THANK YOU!

We welcome any questions



APPENDIX

Appendix 1: Points Used % based on Transactions and Point Balance

	SCENE		
	Youth	Mature	SCENE Enthusiasts
Points Earned Per Transaction	15	21	118
Number of Transactions	37	47	251
Total Points Balance	7,051	11,368	30,527
Average Age	24	49	28
Proportion of People	15,913	1,428	1,369
Points Earned for avg person	555	987	29,618
Avg Points Balance	0.44	7.96	22.30
Points Used	555	979	29,596
Points Used %	100%	99%	100%

	Scotia Rewards			
	Enthusiast	Mature	Youth	Disengaged
Points Earned Per Transaction	213	19	14	17
Number of Transactions	213	35	19	29
Total Portfolio Balance	4,849	2,580	3,183	18,830
Average Age	34	42	24	32
Proportion of People	4	14	34	14
Points Earned for avg person	45,369	665	266	493
Avg Points Balance	1,212	184	94	1,345
Points Used	44,157	481	172	- 852
Points Used %	97%	72%	65%	-173%

Appendix 2: Converting Non-Primary Customers to Primary

Converting Non-Primary to Primary

Total SCENE	3,235,284
Cluster 1 population	2,749,991
% conversion through programs	9%
Population converted:	233,749

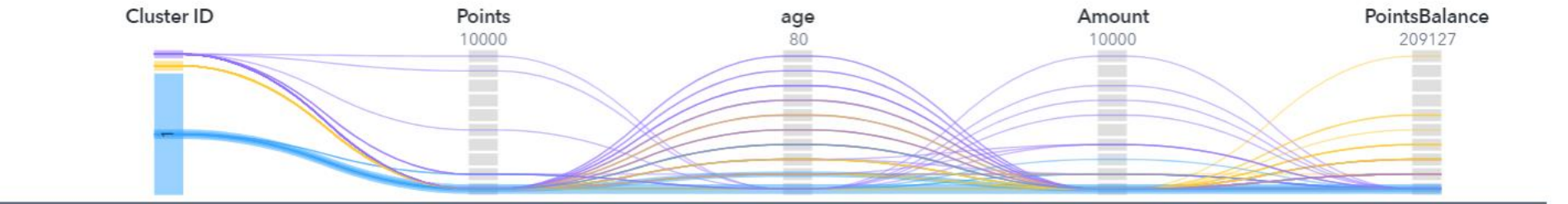
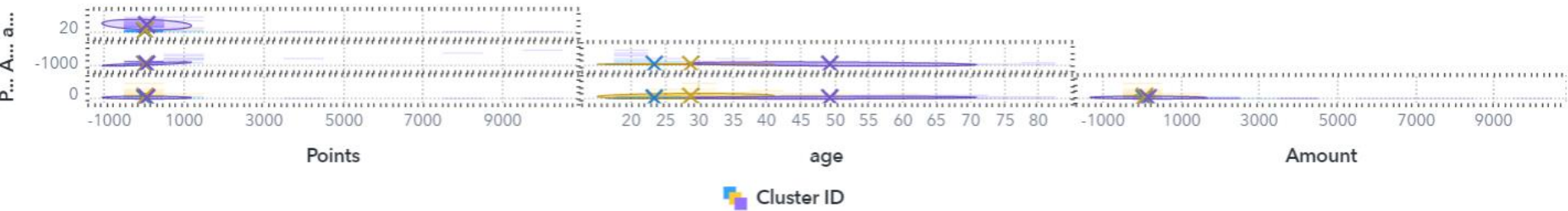
Total Scotia Rewards	980,899
Cluster 4 population	205,989
% conversion through programs	6%
Population converted:	12,359

Conversion	246,109
Acquistion	753,891
Total	1,000,000

Appendix 3: SCENE Clusters

Cluster of Selected Variables

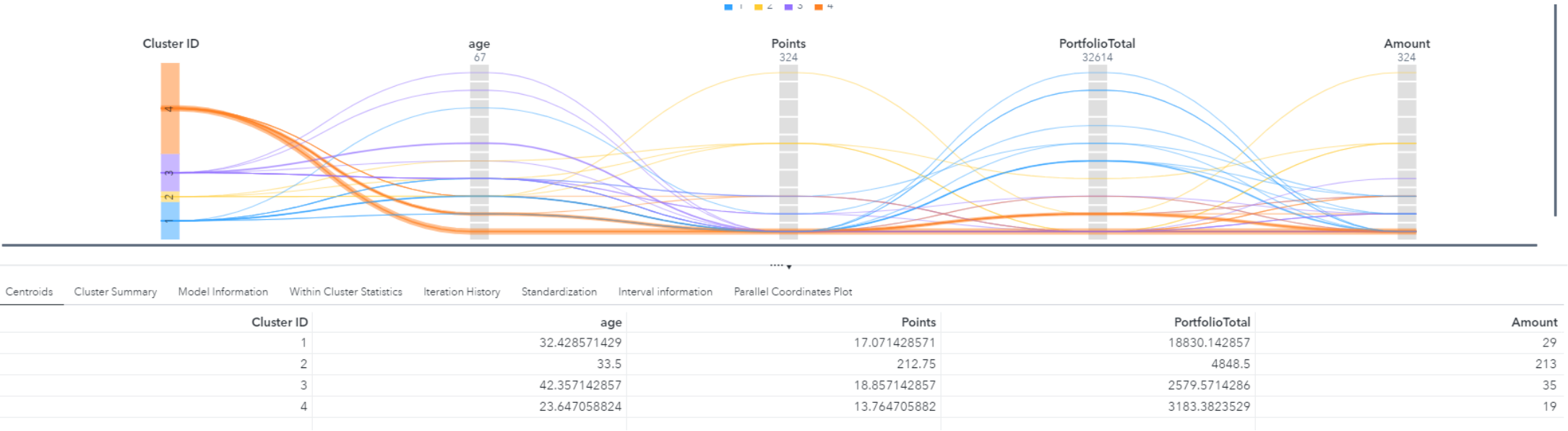
Cluster Observations Used **18,710** Polylines **61**



Centroids Cluster Summary Model Information Within Cluster Statistics Iteration History Standardization Interval information Parallel Coordinates Plot

Cluster ID	Points	age	Amount	PointsBalance
1	18.65248317	24.014225835	44.603379906	6782.7116728
2	27.123115578	28.042713568	56.640502513	30397.334171
3	69.112973761	49.570699708	146.4191035	10953.318513

Appendix 4: Scotia Rewards Clusters



Appendix 5: Financial Performance

Year 1

	ScotiaCertification Program	Scotiabank SCENEplex Program	Scotiabank Rewards Program
Revenue	548,240	409,061	305,301
Total cost	400,000	300,000	109,468
Profit per option	148,240	109,061	195,833
Marketing campaign	199,655		
Profit	253,479		
ROI	25.12%		
Profit margin - Net profit margin	20.08%		

Year 2

	ScotiaCertification Program	Scotiabank SCENEplex Program	Scotiabank Rewards Program
Revenue	603,064	449,967	335,831
Total cost	250,000	300,000	100,000
Profit per option	353,064	149,967	235,831
Marketing campaign	350,000		
Profit	388,862		
ROI	38.89%		
Profit margin - Net profit margin	28.00%		