

## Case studies



We continue our coverage of the best of the case histories from the 2005 Financial Services Forum Awards for Marketing Effectiveness with a winning submission from Yorkshire and Clydesdale Banks and commended entries from Sainsbury's Bank and Bank of Ireland. Yorkshire and Clydesdale and Bank of Ireland also picked up the two special awards made by the judges.

### Winner

Most effective new product or service or innovation  
Judges' special award for marketing learning

# YORKSHIRE AND CLYDESDALE BANKS

#### The challenge facing the business

The automated teller machine (ATM) business is competitive and complex, and relies on encouraging repeat and increased usage. Therefore, ATMs must be as available and as accessible as possible – to all customer segments.

However, National Australia Group (NAG), like all organizations providing ATM services, has been unable to supply this service easily to all customers. Dyslexic and sight-impaired people have long been denied full access to this most convenient day-to-day banking channel. Approximately 4% of the UK population – 2m people – have impaired sight, and this figure is increasing. The issue of access to ATMs will therefore continue to grow in significance, further affecting usage and achievement of the desired transaction volumes.

NAG has an organization-wide commitment to servicing all customer segments. This commitment is a core strategy and is growing in importance. Therefore, a solution to the business challenge as outlined was needed.

Such a solution would clearly be constrained by the physical structure and industry standards for machines and sites, and the capital-intensive nature of significant

changes to machine configuration and operations. But there was also an opportunity. The first organization to develop a solution that met the needs of this segment could also benefit from likely positive customer, industry and media sentiment; and would also potentially benefit on interchange fees as more non-customers were drawn to the machines.

NAG's latest initiative – the ATM text-to-speech–audio lead-through solution – addresses ATM access and usage issues for the affected population and delivers on corporate social responsibility (CSR) objectives. It enables the provision of more-accessible services to more customers, and pro-actively addresses the spirit as well as the letter of a range of legislative requirements, such as the Disability Discrimination Act. Clydesdale Bank and Yorkshire Bank are the first banks in Europe to introduce this functionality.

#### The strategy

NAG aimed to develop a customer-centric, cost-effective solution. The project team:

- Engaged with key bodies such as the RNIB to gain detailed insight and to understand how similar access problems have been mitigated.

- Consulted customers to understand the issues and, eventually, to test potential solutions.
- Investigated global best-practice.
- Developed assessment criteria to compare options, aligned to commercial considerations and corporate strategy.
- Discussed requirements with ATM suppliers.
- Tested prototype solutions for “usability”.
- Piloted a solution with staff and customers.
- Gained feedback, integrated this into the plans, and enhanced the solution.
- Launched the initiative.
- Promoted the solution as good news for affected customers, for sight-impaired or dyslexic members of the public, and for the organization.

The audio-enablement of ATMs is an innovative response to NAG’s genuine desire to meet customer needs.

Text-to-speech–audio lead-through is delivered by:

- Upgrading the ATM with a headphone jack-plug.
- Upgrading the ATM memory.
- Installing the Phoenix Phase 3 software.

National specifications for new ATMs now require that machines have the jack-plug pre-fitted to ease the introduction of the service.

Customer choice was a core consideration in the screen set-up. Screens can be blacked out to protect privacy, or not. Customers are able to use their own headphones with the standard jack-plug, further supporting self-service. Familiarization guides and trained staff are available in branches to assist people using the service.

#### Customer insight underpinning the solution

An organization-wide impetus to make channels more accessible and increase usage was the catalyst for change. At a corporate level, CSR goals drove the development of the solution; within ATM operations, the commitment to customer service, ensuring accessibility and continuous operation; and at branch level, the availability of an automated solution to assist customers whose struggles staff witnessed daily.

The development of the solution was informed by internal research; customer usability assessments; prototype testing; and staff and customer pilots. Simplicity, accessibility and ease-of-use were key factors that surfaced in all the research and became guiding principles. Individual sight-impaired customers and the RNIB were critical reference groups in designing, testing and implementing the solution.

#### Controls to measure effectiveness

Before the launch, feedback from the research, usability studies and pilots was incorporated into the

development of the solution and the implementation and communications plans.

After the launch, regular contact with branches was a core on-going control mechanism – to report metrics and anecdotal evidence, and to raise issues. Feedback from customers and non-customers was also collected, to gauge the positive endorsement.

#### Proof that the strategy solved the challenge

Sight-impaired customers are now more easily able to access cash and other ATM services unassisted, thus increasing their independence. The RNIB has strongly supported the initiative, and features it on its website.

Positive awareness has impacted all ATM performance indicators. Machine usage initially grew by 100% each week, and further strong growth is expected. Increased awareness of ATM audio-enablement has translated into increased activity at the customized ATMs.

#### Value added to the business

The solution has:

- Contributed to retention of customers in the key group benefiting from the solution.
- Resulted in positive media coverage.
- Created increased awareness with all customers, with positive accolades received at branches and call-centres, and by post.
- Resulted in increased usage at enabled machines.
- Generated very positive media coverage.

This initiative is an important component of NAG’s overall ATM strategy, focusing on addressing issues of accessibility, availability and interchange. It also demonstrates tangible delivery on the company’s commitment to meeting the needs of all customers. Further, it is testament to the benefits of spending the necessary time, money and resources to develop innovative solutions to assist individuals and general customer segments.

#### Judges’ comments

This was a clear case of two relatively small sister banks punching well above their weight – and doing so very effectively. The judges were particularly taken by the strategic positioning. The enhanced machines will, by definition, only benefit a fairly small proportion of the customer base, but they will impress almost every customer that uses them in the conventional manner – with the subliminal message that “if they care that much about a few blind customers, then they are likely to care about me as well”.

This was a worthy winner in an exceptionally strong category, and was also a clear choice for the judges’ Special Award for Marketing Learning.



## Commended

Most effective integrated campaign

# SAINSBURY'S BANK

## LIFE COVER CAMPAIGN

### The market challenge

- The life insurance market is dominated by traditional large players such as Legal & General, Standard Life and Norwich Union.
- Strong, established brands and consistent advertising play crucial roles in influencing consumer choice.
- There is a limited purchase window for life insurance. The primary challenge is to engage consumers at key life-stage trigger points.
- Life insurance is a low priority, with a high level of inertia amongst consumers.
- Other new, non-traditional players have also entered the market.

### The business challenge

- Create a fully-integrated, multi-channel marketing campaign to replicate the successful 2004 launch of the product and reinvigorate declining sales.
- Develop a thought-provoking and impactful proposition that targets the bank's core customer base and leverages the supermarket parentage.
- Achieve cross-channel creative standout whilst complementing the existing product portfolio.
- Address the low consideration and awareness levels for life insurance within the target audience and raise the profile of Sainsbury's Bank as a provider.
- Challenge the approach of the traditional providers by reflecting the bank's brand values of convenience, simplicity and value through the product offering.
- Utilize existing business strengths via direct channels and facilitate the customer journey – encouraging consumers to buy on the phone or online.
- Increase internal colleague advocacy and product endorsement.

### The proposed strategy

- Utilize existing channel knowledge and devise a focused communications strategy based on a single

marketing proposition with multi-channel appeal.

- Implement a consistent customer experience visually and through tone of voice which would facilitate the entire purchase journey.
- Combat consumer inertia by adopting a simple approach to both the marketing message and the visual representation.
- The marketing proposition *Protect your bunch for less* tapped into an emotive family-orientated approach. This was reinforced with a functional price-led message reflecting the core target audience, and Sainsbury's Bank's consistent positioning within the life insurance best buy tables.

An integrated multi-channel marketing communications campaign was implemented over a two month period incorporating:

- February/March 2005: In-store promotional campaign across 400 Sainsbury's stores. Point-of-sale material and product sales literature was introduced at relevant "hot spots" – including the checkout area and baby product aisle.
- Direct mail and statement inserts were mailed to over 600,000 Nectar card-holders and Sainsbury's Bank customers. Selections were based on identified in-store purchase behaviour correlated to the life cover product.
- The customer's online journey was simplified and refreshed with the new proposition and creative approach. The web call-to-action was reinforced across all marketing activity to encourage direct conversion. External search engines, text links and key words were optimized for the campaign.
- An interactive themed colleague launch day was held in conjunction with the external activity to establish the new campaign. The internal communication strategy included personalized e-mail and bespoke internal product communication.

### The customer insight

Key learnings from Legal & General's annual study were used to establish the new marketing proposition.

- Trade research indicated a market driven by price but also triggered by emotion.
- There was a clear willingness to apply for life insurance via direct channels.
- An agency creative critique of the marketplace identified an opportunity for a fresh approach, providing a balance between the need to initiate product consideration in the consumer's mind and an overt "spelling out" of the proposition.
- Sainsbury's Bank brand research identified the importance of translating the retail brand equity through product marketing material, with the use of food imagery as link.
- Previous experience across other products within the portfolio had indicated a 5–10% increase in response from an integrated channel approach.
- Historical learning in relation to direct mail selections indicated the success of models identifying prospective customers based on shopping triggers.

### Controls to measure effectiveness

A clear set of objectives was established around core business metrics to measure and evaluate the campaign.

Metrics measured and monitored included:

- Number of new business calls received.
- Quotes generated.
- Applications received.
- Volume of sales achieved.
- Overall commission generated.

Consumer research measures included:

- Monthly product awareness and consideration research amongst Sainsbury's core shopper base.
- Post-campaign research conducted with an online panel to review impact of the campaign in-store.

Marketing channel analysis included:

- Post-campaign cost-per-sale review.
- Direct mail wrap-up reports produced twelve weeks after launch, evaluating response rates, sales volumes and cost-per-sale.
- Online customer journey review and implementation of tracking processes at key stages. Weekly review of online ratios, including quote to application and application-to-sale, and analysis of conversion rates.

### Proving it worked

- 48% increase in overall life cover sales.
- Week-on-week records achieved within the new business area. Call volumes doubled.
- 43% increase in quotation volumes.

- 60% increase in average weekly product applications for the duration of the campaign.

Product awareness doubled in April 2005 compared with the same period in the previous year. These were the highest figures since launch for the life cover product.

- Purchase consideration amongst the Sainsbury's core shopper base tripled following the campaign (according to NOP FRS).

The channel results were impressive:

- In-store: 40% uplift in sales.
- Direct mail: 154% increase in sales on previous two months' activity.
- Online: 53% increase in hits on the life cover home page compared with the previous twelve week period. Quote volumes increased by 36%, and sales increased by 63%.
- Colleague advocacy: 145% increase in product purchase.

### Adding value

- Since the launch, average monthly life cover sales have increased by 51%.
- Sainsbury's Bank was recognized by Moneyfacts as *Most Competitive Term Assurance Provider 2005* two months after the campaign launch.
- The internal colleague communication process was adopted as business best practice following the success of the life cover campaign.
- Internet sales increased by 59%. The customer journey review has been implemented across other insurance products.
- Key learnings regarding relevance of product placement within the supermarket purchase journey have been utilized by other business areas to identify additional sales opportunities.
- Colleague advocacy increased by 29% between 2004 and 2005.
- Channel learnings from the campaign have been taken forward to define future life cover marketing plans.

### Judges' comments

Sainsbury's Bank is a relatively new entrant into the British financial services market, but with a name and a heritage that is familiar to all, and which (despite the supermarket's recent travails) reassures customers about both quality and value.

The judges were particularly impressed with the way in which the bank took care to harmonize the campaign with the overall Sainsbury's core values, and also leveraged the offer very successfully through the stores and the shopper databases.



## Winner

Judges' special award for customer insight

## Commended

Most effective new product or service or innovation

# BANK OF IRELAND

## AMAAR PROPERTY FINANCE

### Challenge

Bank of Ireland (BoI) has been a very successful specialist lender to the UK commercial property market for many years. UK property remains a key growth area, and it is continually looking for new ideas and opportunities to grow market share.

The challenge came directly from some existing Muslim clients who had been dealing with the bank on a standard commercial basis but who wanted it to create a sharia-compliant commercial property investment product. The key issue for them as Muslims was the prohibition against interest (riba).

BoI accepted the challenge, as the product was technically feasible and commercially attractive. It was also a natural extension into a new segment of a key market, and fitted well with its business focus, as it allowed the bank to use its relationship-led strategy to maximum effect.

### The proposed strategy

The key to success was to gain an understanding of the issues constraining Muslims in relation to "western" property finance – specifically what was and was not acceptable, how to provide an appropriate solution, and how to do this within a competitive pricing framework that would not differentiate between western and Islamic facilities.

- **Understanding:** Documented what customers wanted, and benchmarked this against existing products (both BoI and the market).
- **Structure:** Reviewed the various options (including competitor offerings); murabaha<sup>1</sup> structure was confirmed as the preferred option, and the technical, documentary and legal frameworks for the new product were developed.
- **Sharia compliance:** Islamic contractual expertise was sourced through Stephenson Harwood, a legal

firm specializing in Islamic finance, and through Yasaar Ltd (an Islamic advisory consultancy). Sharia compliance was provided through BoI's panel of internationally-renowned Islamic scholars drawn from a cross-section of Islamic schools of thought. Sharia approval, in the form of a fatwa confirming that Amaar Property Finance was "halal and pure", was granted in November 2004.

- **Brand:** Amaar Property Finance (Amaar, chosen from the Arabic book of names, is an Islamic builder or constructor) is a commercial property investment facility (for both residential and commercial properties) that is fully compliant with sharia. Whilst developed specifically to meet the needs of Muslims in the UK, it is also available to non-Muslim investors.
- **Product:** A commercial property investment facility; pricing, term and conditions are the same as a western facility. It is available for residential and commercial investment property in Britain, and is supported by suite of Islamic documentation. Key features include 5–25 year term, and a minimum facility of £250k with no upper limit. It is available to individuals, corporates and faith institutions, but not to residential mortgage applicants.
- **Competition:** Amaar Property Finance is currently the only off-the-shelf Islamic commercial facility available in Britain from a non-Arab bank.

### The consumer insight

BoI had been dealing with Muslim customers for many years, reflecting both the demographic profile of its branch network and its deep penetration into the property investment market.

The original project work was in response to specific customer requests to look at the Islamic finance market and create a product which would allow them to continue to do business with BoI, in a way that fitted with their religious beliefs.

Extensive research/consultation confirmed:

- Many UK providers were moving into the consumer market<sup>2</sup> (c20% of Muslims would like to use Islamic finance in place of western finance<sup>3</sup>) but no one was emerging in the commercial market.
- There are c5,000 Muslim millionaires living in Britain with liquid assets in excess of £3.6 billion<sup>2</sup>.
- Over 500,000 Muslims visit the UK from overseas, especially from the Gulf and Pakistan, which are further key target markets. 94% of Muslim investors prefer the UK as a property investment location.<sup>4</sup>
- Property investment is preferred by Muslims instead of funds, because of the prohibition on interest.

This confirmed an excellent opportunity to provide an Islamic commercial property facility, given:

- The strong fit with BoI specialist provider reputation in the commercial property market.
- Its confirmed ability to create a bespoke “Islamic” solution.
- The complementary fit with its strategic growth strategy focused on the business (non-consumer market) in the UK.
- The demographic fit of BoI offices with Muslim communities across UK.

### Controls to measure effectiveness

Effectiveness has been measured and confirmed:

- A “soft launch” approach was adopted, working individually with introducers and customers – the objective was to learn and grow the business carefully, building a strong word-of-mouth reputation within the Muslim community.
- Deal flow is on target with a strong pipeline.
- Customer response has been extremely positive (many requests to attend local seminars/events; huge willingness to promote the product amongst the community).
- Originally piloted in the Midlands, Amaar Property Finance is now available in England and Wales and will shortly be launched in Scotland.
- High awareness in market place (customers, introducers, mentions at seminars, etc) and number of deals submitted and written.
- Compliance with sharia (annual audit by scholars).
- Awareness amongst relationship managers (accredited to sell Amaar Property Finance following an intensive cultural, documentary and technical training programme). Training was urgently requested this summer because of increased interest from customers, and relationship managers’ desire to add this product to their portfolio.

### Proving it worked

On-going customer feedback from Muslims in relation to Amaar Property Finance is hugely positive, and professional

advisors and introducers (solicitors/accountants) are very keen to promote it to their clients.

The bank’s ambition is to maintain its lead in the provision of Islamic commercial property finance. Market feedback, business written and the strong pipeline suggests that it is well on course, and deal size is double that projected.

It is also planning two further products to complement the Amaar Property Finance facility.

### Adding value

BoI has written significant business since the launch and has a strong pipeline in a new market which is, overall, a very positive result. There is also the opportunity to launch additional new products in this market.

Feedback from relationship managers is hugely positive, and they are extremely keen to pursue the new opportunities presented by this market.

This has proved to be a very innovative product, has confirmed the bank’s strong reputation in one of its preferred markets, and is a further enhancement of the BoI brand.

Customer satisfaction ratings have been enhanced because of the bank’s responsiveness to a specific need, and its willingness to create a bespoke solution without compromising on competitiveness.

Islamic finance is an emerging market with exciting opportunities to develop further new products. BoI believes it has the potential for significant growth in the short- and medium-term, and is committed to its future in the UK.

<sup>1</sup> The murabaha contract is equivalent to deferred sale finance; the bank buys the commodity (eg property) directly from the vendor and immediately sells it to the customer for a higher price (profit plus principal).

<sup>2</sup> Datamonitor July 2005: Islamic mortgage market set to grow by 47% a year, to reach £1.4 billion by 2009.

<sup>3</sup> Yasaar Ltd, Aug 2004.

<sup>4</sup> *Shariah Property Investment: developing an international strategy*; RICS Research 2005.

### Judges’ comments

Amaar Property Finance has been a very successful initiative, and the case study offers a textbook illustration of how to identify a gap in the market and then to exploit it. In particular, Bank of Ireland took great pains to ensure that its proposed product was entirely consistent with sharia requirements (the key product feature for the customer, if not the FSA) by consulting a panel of Islamic scholars. It was also noteworthy that the bank really did listen to its Muslim customers when they asked for a facility that was compatible with their religious beliefs.

It would have been a worthy winner in its category had it not been for the exceptional ATM entry from Yorkshire and Clydesdale Banks, described on pp42–43. However, the judges had no hesitation in recognizing the exceptional customer insight with one of their two Special Awards.