

Launching the Family Building Society

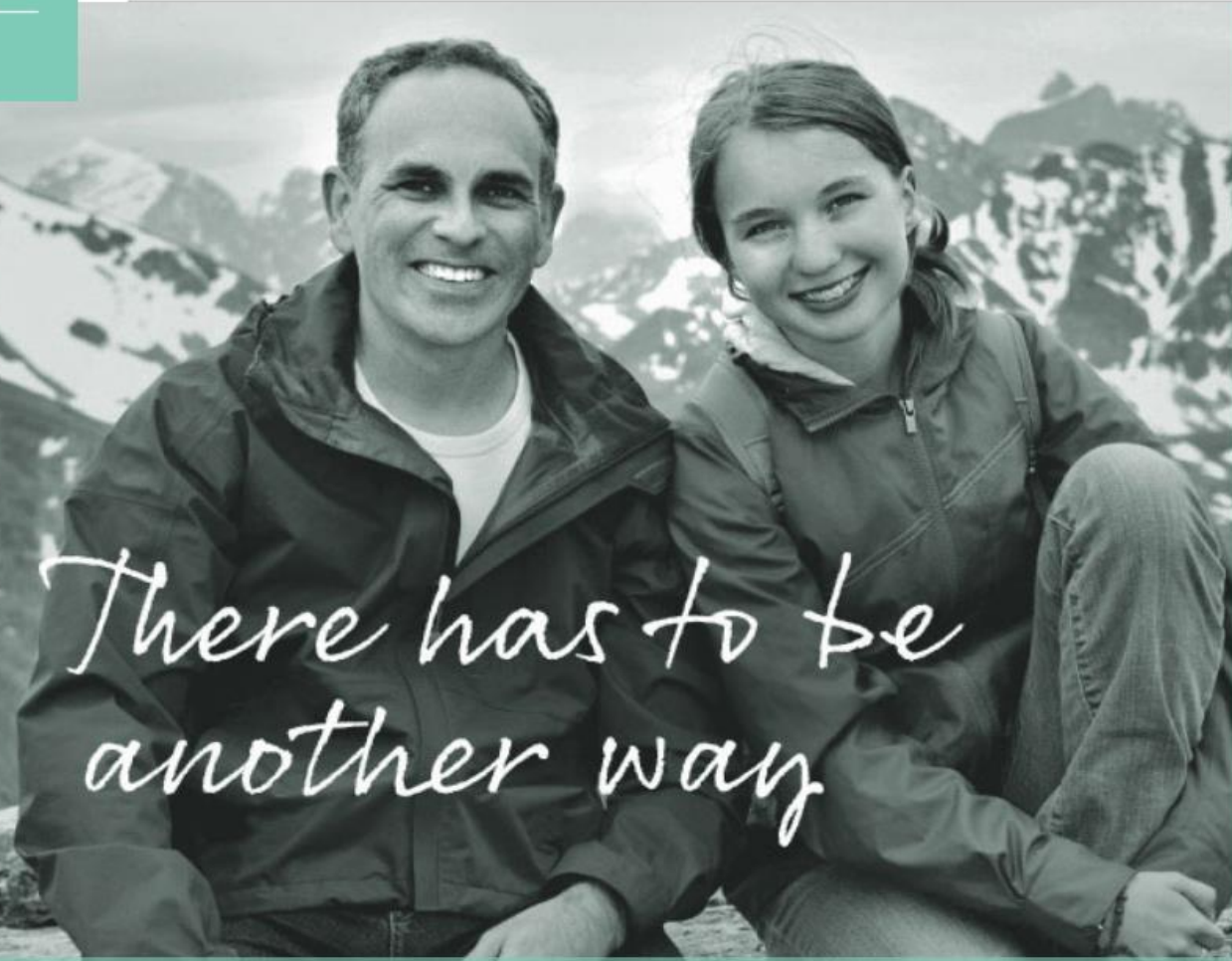
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MORTGAGES ▾

SAVINGS ▾

INSURANCE ▾

LATER LIFE PLANNING ▾



*There has to be
another way.*

Windfall Bond

For a more rewarding way to save >



Helping families work together, across generations, to reach financial goals.

Why do it?

Background

- National Counties Building Society – small, profitable, well capitalised
- Cost of capital is high for smaller players
- Regulator has a view – the need to ensure security in the future
- If you are not growing you could be a risk
- A plan for future growth is needed – new markets

Objectives

Find new markets that allow the business to:

- Increase scale
- Raise funds less expensively
- Maintain margins on mortgages

Developing the proposition

PEST and SWOT

PEST the single most important step in the process

Driver	Consequences	Impact across 1 – 5 years
<p>P1. Increasing regulation of RFS</p>	<p>P1a. Regulator rebalancing the rules in favour of the consumer P1b. RDR P1c. MMR P1d. UCIS regulation</p>	<p>P1bi – Fall-out from IFA market possibly in excess of 25% leaves orphans and curtails mortgage reviews. P1bii – Mass affluent having been effectively orphaned opt for DIY financial management P1biii – Comparison sites and direct offers allied to basic advice can capture market share P1biv – Company sponsored workplace advice grows but most is delivered online P1bv – Banks become the ‘safe’ default option P1ci – Fall-out of advisers from mortgage advice market due to extra regulation P1cii – Mortgage advisers join larger networks for employment security P1ciii – Larger mortgage networks develop panel based systems to support advisers P1civ – Providers and intermediaries still provide execution only mortgages allied to basic advice e.g. Tesco P1cv – Mortgages become harder to qualify for lower end of the market P1cvi – Providers go direct to market, building their own advice capability as they are picking up the affordability risk P1di – Property replaces UCIS in investment portfolios, increasing demand, prices and buy-to-let market P1dii – Increase in commercial property within SIPP</p>

Developing the proposition

PEST and SWOT

SWOT

Issues

- Systems – doing the washing up
- CRM/CMS/Email
- Sales culture
- Managing change after a long period of being the same

Strengths

- Care for the customer
- Personal service
- Respect for the history of the business

Developing the proposition around real people and needs

Picture the target market

- 45 – 60, thought they were doing well but...
- Squeezed/stretched by the generations above and below
- Care for parents, help for children who have come home again
- And their own retirement to afford
- Waitrose shoppers/Bupa users/Farrow & Ball decorators/Volvo and Audi drivers

A new set of needs

- Deposits for property – long term increase in cost
- Cost of education – moved from state to individual
- Motor insurance – more than you think
- Cost of care – more for longer

Testing through research

Two options – put to focus groups

- Local/community based building society
- Family based building society

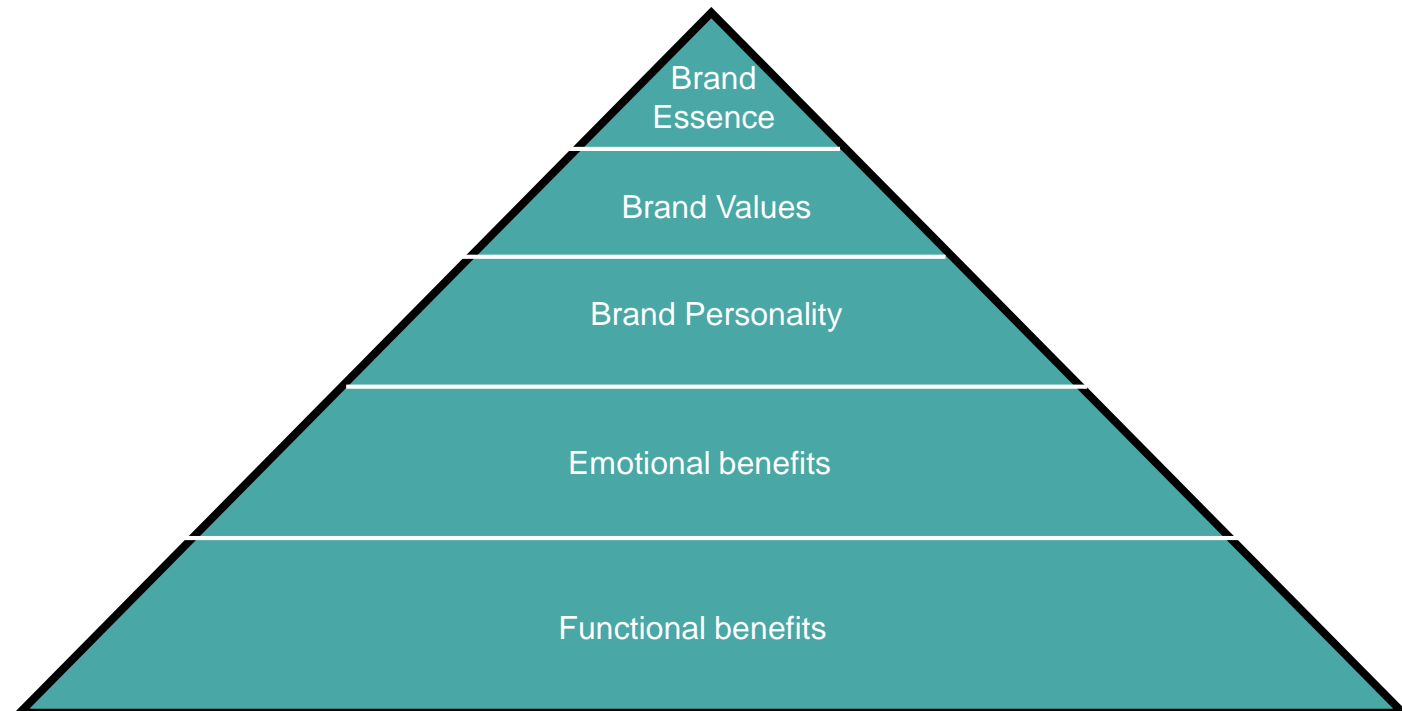
Outcome – better products/better service

- Podification
- Deposits for property – guarantor/offset mortgage
- Cost of for education – Windfall bond
- Motor insurance – Telematics
- Cost of care – later life planning partners

Developing the proposition - the brand pyramid

How does the pyramid help?

- Enter into the process as a bit of brand development
- The search for the brand essence
- Engage a wide audience to encourage involvement/understanding



Developing the brand - visual identity and tone



Set high standards...

- Copywriting style – particular appeal to the target market
- Tell stories – case studies sell
- Logo and design – focus on service/innovation
- Imagery – real customers not stock shots

...but you have to know when to compromise

- Cost and timing become unacceptable
- Agencies feel constrained
- Some simply cannot excel with too many rules
- Not all customers are attractive, not all ads can tell stories

The solution we chose



THE
FAMILY
BUILDING
SOCIETY

The solution ended up being very simple and quite different to what we expected.



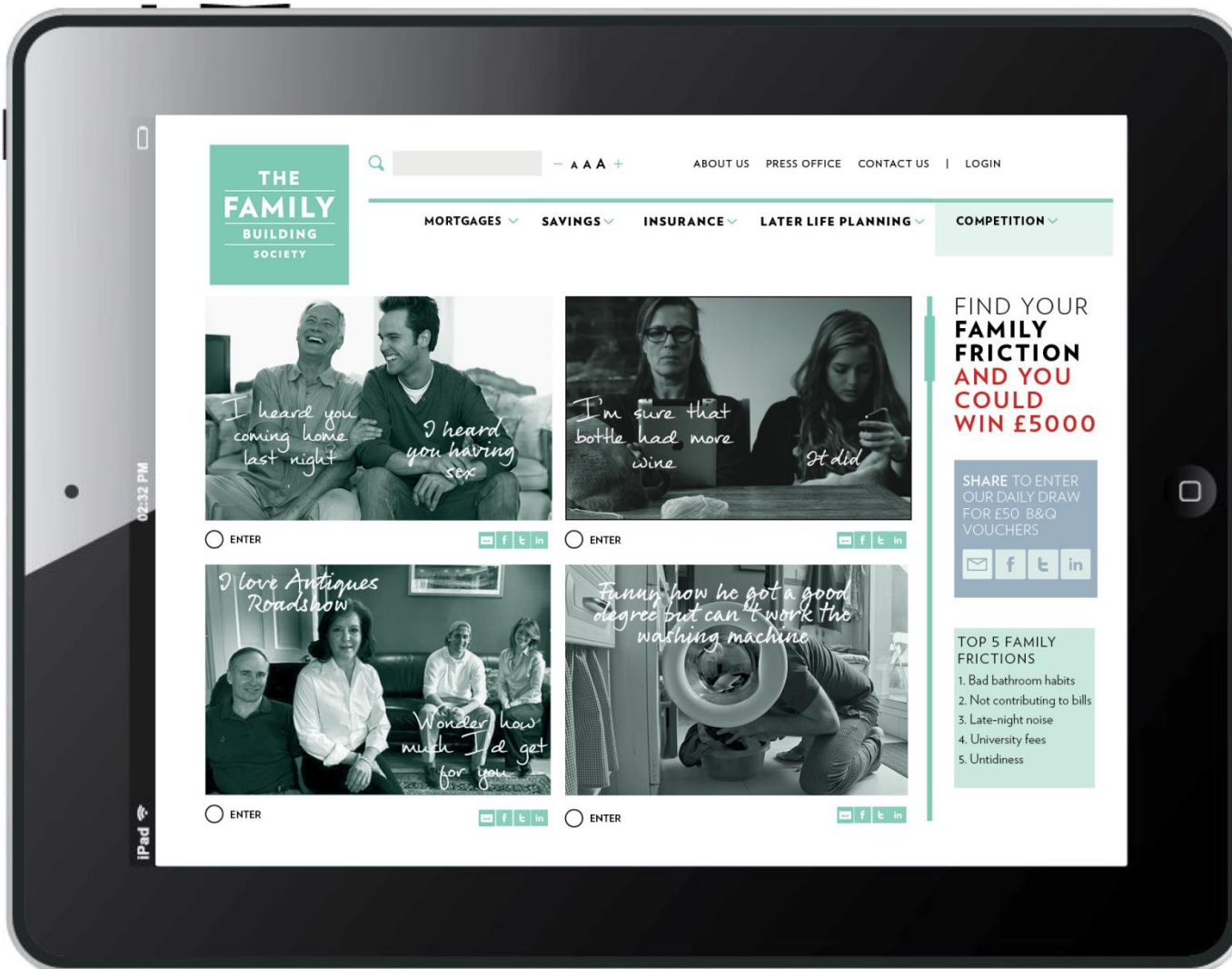
Communicating the proposition

Low budget launch:

- Brand v Leads (80:20)
- Gateway v Flagship product as the lead
- Focus on limited media options and stick to them
- Find something different – a bit tactical
- Home Truths competition
- PR has to lead – more effective for lead generation
- Social media may have a role

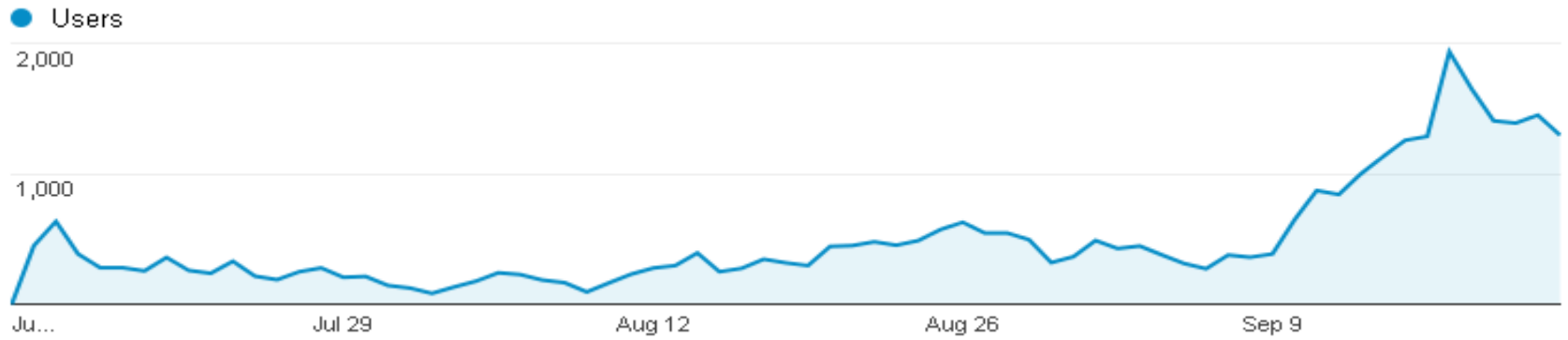
Home Truths Competition

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Communicating the proposition

- Website visitors from launch



Stage 1

Pages 3.77

Time on site: 3 min 47secs

Stage 2

Pages: 2.16

Time on site: 1min 41secs

Competition: 522

Stage 2b

Pages: 1.5

Time on site: 0 min 47secs

Competition: 1,291