

Finaccord



Affinity Metrics: Consumer Usage of Affinity Distribution Channels in UK Financial and Other Services

Report Prospectus

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Prospectus contents

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What is the research?

Affinity Metrics offers a detailed analysis of the results of Finaccord's research into consumer distribution channel usage for a range of financial and other services as they pertain to eight important affinity categories which can be described as 'non-universal' by virtue of the fact that they do not embrace all consumers. Namely, these non-universal affinity categories are supporters of charities, current and former alumni of educational institutions, supporters of football or other sports clubs, members of loyalty schemes, regular readers of particular newspapers or magazines, members and close relatives of members of professional or trade associations, members and close relatives of members of trade unions, and employees of businesses or other organisations.

In particular, the study seeks to provide in-depth data concerning the characteristics of consumers who classify themselves as belonging to these affinity categories and, in addition, to offer data describing the take-up rates among members of these affinity groups for 25 financial and three other products and services, including computation of the approximate number of customers captured by each affinity category that is implied by the results. Furthermore, by way of contrast and in order to set a benchmark for the eight non-universal affinity channels, it also provides equivalent data sets for two major 'universal' affinity categories to which all consumers can be said to belong, namely the Post Office and supermarkets and other retailers.

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What is the rationale?

The rationale for producing this publication is as follows:

- almost three years have elapsed since the original *Affinity Metrics* study was released and distribution channel dynamics, including those for the affinity categories investigated, have evolved further during the intervening period;
- in particular, competing distribution systems such as web-based aggregators, brokers and on-line comparison services threaten to erode the position of traditional affinity groups in a number of areas hence this updated analysis of their effectiveness is timely;
- moreover, affinity marketing is used to promote an ever-widening array of consumer products and services thereby justifying the expansion in coverage in this report to legal, telecoms and utilities services in addition to 25 distinct financial products and services;
- robust data describing the actual performance of different affinity categories remains thin on the ground hence the results of this research describing affinity take-up rates and implied policies or contracts in force provides a comprehensive and thorough review of the current state of this important marketing channel.

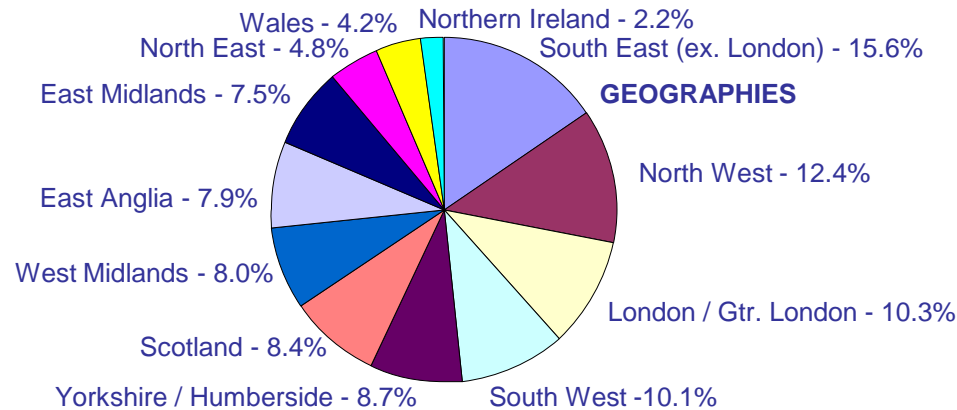
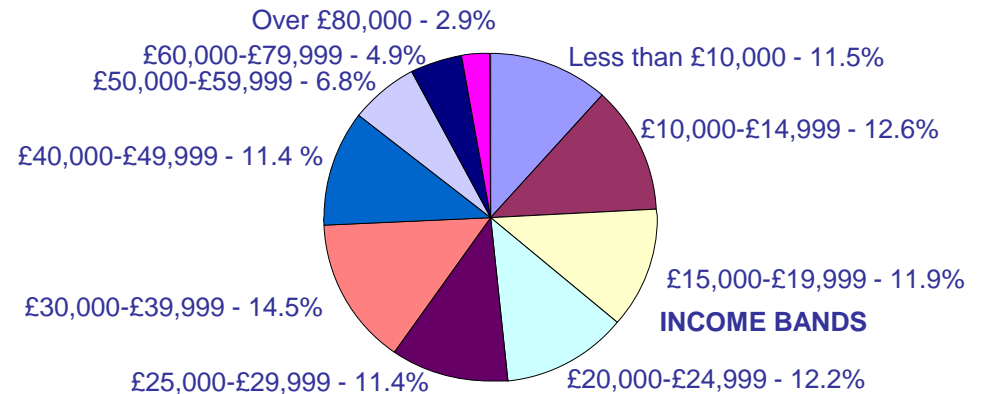
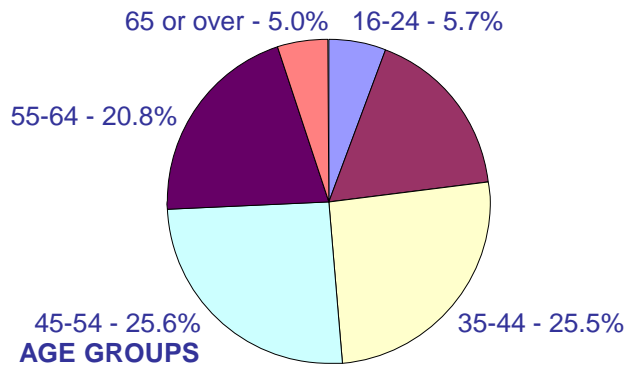
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What methodology has been used?

The research for this study was carried out during November and January 2008 using the Internet consumer panel of Tpoll. In total, completed surveys were filled in and submitted on-line by a total of 3,600 consumers breaking down by age group, household income band and geographical location as illustrated in the graphics overleaf.

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How does the consumer sample break down?



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For which financial and other products and services are data and analysis provided?

Data and analysis to illustrate the potential and the performance of the ten affinity categories considered are provided, where relevant, for each of the following families of financial and other products and services:

MOTOR INSURANCE, HOUSEHOLD INSURANCE AND ASSOCIATED POLICIES: motor insurance, breakdown recovery insurance, extended warranties for cars, household insurance, home emergency insurance;

LIFE, ACCIDENT AND HEALTH INSURANCE: life insurance, critical illness insurance, private medical insurance, dental insurance, health and hospital cash plans, personal accident insurance;

NICHE INSURANCE: travel insurance, pet insurance, mobile telephone insurance, extended warranties for electronic appliances;

LENDING PRODUCTS AND RELATED INSURANCE: mortgages, personal loans, car finance contracts, credit cards, mortgage payment protection insurance, loan payment protection insurance;

SAVINGS AND INVESTMENTS: interest-bearing savings accounts, cash ISAs, Child Trust Funds, personal / stakeholder pensions;

LEGAL, TELECOMS AND UTILITIES SERVICES: legal services, household broadband or fixed / mobile telecoms, household electricity or gas.

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What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale and a detailed description of methodology.

2. *Affinity Characteristics*: providing insight into the characteristics of consumers belonging to each of the eight non-universal affinity categories investigated by this report including graphics and commentary relating to the proportion of consumers in different age groups and annual household income bands who classify themselves as belonging to these affinity categories and, thereafter, tables for each affinity category with the data both for the different age groups and annual household income bands as well as results as they pertain to the gender split.

3. *Affinity Performance*: presenting the results of the survey for each of the 25 financial products and three other services under review and for each of the ten affinity channels considered. In particular, for each channel, it provides the percentage of respondents falling within the affinity category holding each product or service and the proportion of those respondents acquiring the product or service through the affinity channel in question in 2007 or a previous year. Furthermore, it also expresses these metrics in terms of the implied number of affinity customers.

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What are the key features of the research?

Key features of this report include:

- in-depth analysis of take-up rates for each product and service covered for each of the two universal and eight non-universal affinity channels considered;
- calculation of the implied number of customers currently holding the same products and services who acquired them through the affinity categories to which they belong;
- investigation into the gender, age group and annual household income profile of consumers classifying themselves as belonging to each of the eight non-universal affinity categories including the average age and average annual household income of individuals falling into each category;
- assessment of the importance of affinity marketing for 25 distinct financial products and services including under-researched sectors such as Child Trust Funds and dental insurance;
- directly comparable coverage for the first time in a published format of the impact of affinity marketing in legal, telecoms and utilities services.

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How can the research be used?

You may be able to use this report in one or more of the following ways:

- appreciate how the marketing efficiency of affinity groups varies both by category of affinity partner and type of product or service promoted;
- understand the current performance and likely future potential of various affinity channels and how this differs according to the financial or other product or service in question;
- gain access to clear data and analysis illustrating how the socio-demographic characteristics of affinity group members differ from those of the UK adult population as a whole;
- comprehend to a granular level of detail the extent to which your company can work with organisations in the affinity categories considered to promote a broad range of financial products and services to consumers;
- benchmark the apparent effectiveness of the same affinity categories as distribution channels for other important consumer services.

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Who can use the research?

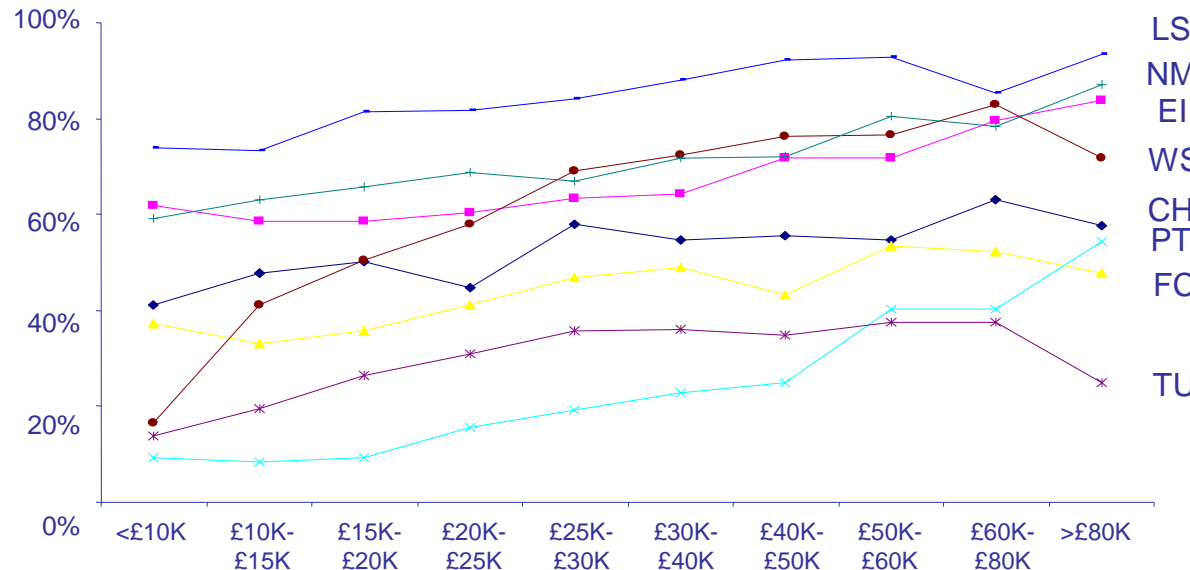
1. *Banks, building society and credit card issuers:* compute what volume of sales your organisation could be generating from relationships with affinity partners in areas such as cash ISAs, credit cards, interest-bearing savings deposits and personal loans;
2. *Insurance and investment companies:* appreciate the potential for promoting your products through each of the affinity categories investigated and consider whether your current distribution channel mix is correct in the light of this information;
3. *Affinity and commercial partners:* for organisations ranging from charities to trade unions and from loyalty schemes to media entities, this research will provide you with a product-by-product guide of the likelihood of consumers buying through your channel;
4. *Management consultancies:* are you helping clients in the financial, legal, telecoms or utilities sectors with their distribution strategy or are you advising an affinity or commercial partner with regards to how it can expand into new consumer markets? Understand affinity metrics across a broad range of financial and other services, saving time and effort on researching the subject yourself.

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What are some of the key findings?

- The likelihood that consumers classify themselves as belonging to any given affinity category tends generally to rise in line with increasing annual household income

% of income group belonging to affinity category



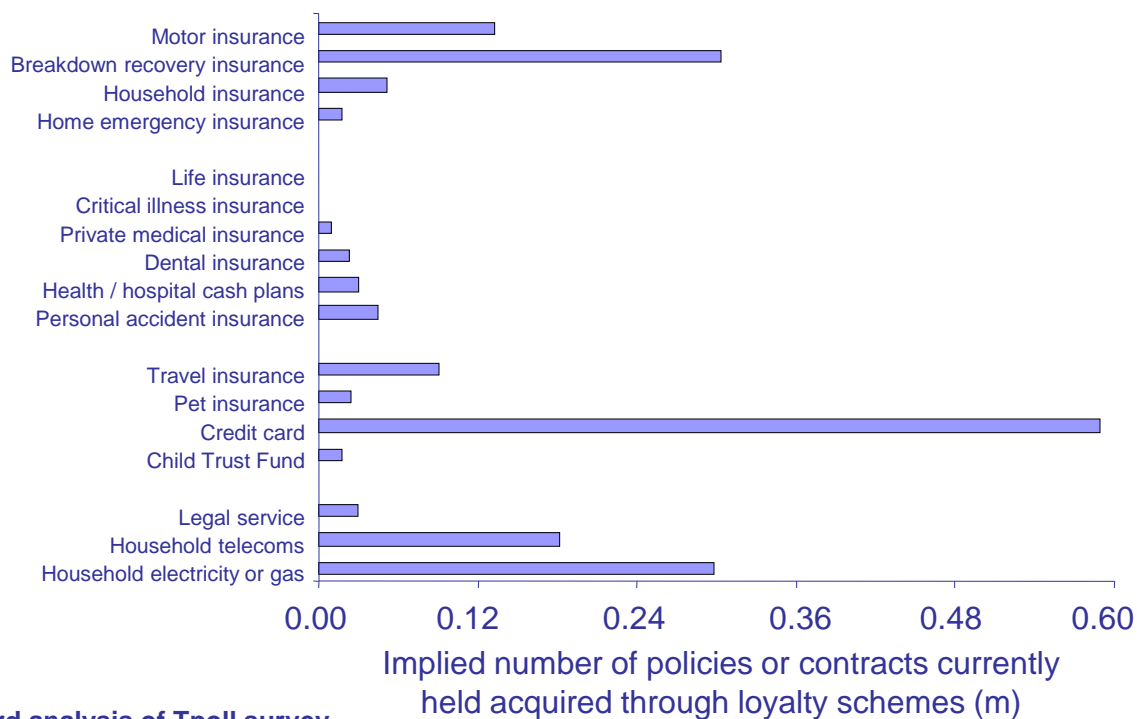
Note - CH = supporters of charities, EI = current and former alumni of educational institutions, FC = supporters of football and other sports clubs, LS = members of loyalty schemes, NM = regular readers of particular newspapers or magazines, PT = members of professional and trade associations, TU = members of trade unions, WS = employees.

Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

2. The results suggest an implied number of almost 590,000 individuals using a credit card related to a loyalty scheme as their main payment card

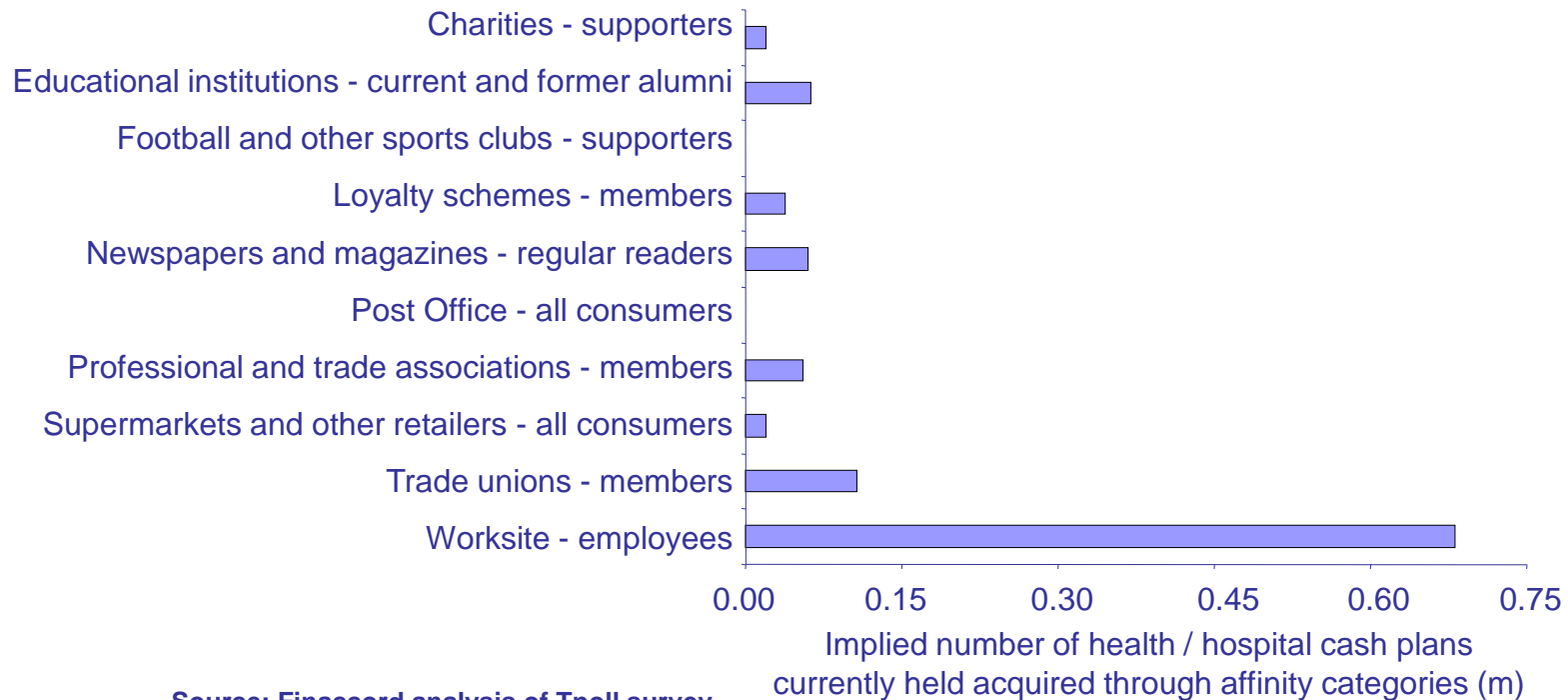


Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

3. The implied number of health and hospital cash plans currently in force and acquired through affinity channels is highest by far in the case of the worksite



Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

Key findings from the executive summary include:

- with an average age of 40.9 years, employees of businesses and other organisations offer the most youthful audience among the non-universal affinity categories considered while at 52.4 years, supporters of charities have the highest average age;
- newspapers and magazines appear to achieve generally modest take-up rates among their regular readers for the products and services considered although this weakness is offset by the fact that they are utilised to contract a fairly broad array of financial and other products or services;
- given that an implied number of over three million consumers with a credit card consider a co-branded card taken out through a retailer to be their main payment card, the results offer an indication of the effectiveness of retailer cards relative to other types of affinity card;
- as illustrated by the data published in this study, the performance of particular affinity categories varies greatly from one product or service to another so the key for providers is not only to forge distribution alliances with the most effective, specific organisations but to tailor their proposition to the particular strengths of the affinity category.

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What is the cost and format?

Affinity Metrics: Consumer Usage of Affinity Distribution Channels in UK Financial and Other Services is available as a standard Adobe Acrobat PDF document and / or hard copy. Costs for this research and sister consumer titles are as follows:

REPORT	COST *	FORMAT
Affinity Metrics: Consumer Usage of Affinity Distribution Channels in UK Financial and Other Services	£1,495	c. 120 pages
Brand Metrics: Consumer Awareness of and Attitudes Towards Brands in UK Financial Services	£1,495	c. 170 pages
Channel Metrics: Trends in Consumer Distribution Channel Usage in UK Fin. Svs. (report / 25 briefings)	£2,995 / £395	c. 300 pages / 25 pages
Net Metrics: Cons. Purchasing and Research Trends in UK Insurance / Banking (two separate reports)	£1,495 / £1,495	c. 150 pages
Partner Metrics: Consumer Attitudes Towards and Willing. to Use Alternative Providers in UK Fin. Svs.	£1,795	c. 230 pages

VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.

Costs quoted are for a single site user license only.

For corporate user licence options, please see the next slide for further details.

Printing and postage costs of £30 per title will be payable if hard copy is required.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_uk_cfsr.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.

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