

Retailer Financial Services in Southern and Western Europe, 2009 / 2010

Report Prospectus

November 2009

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Prospectus contents

	Page
What is the research?	3
What is the rationale?	4
What methodology has been used?	5
How do organisations surveyed break down?	6
Which specific retailing groups have been researched	7
What is the report structure?	8
What are the key features of the research?	9
How can the research be used?	10
How can the PartnerBASE be used?	11
Who can use the research?	12
What are some of the key findings?	13-16
What is the cost and format?	17
How can the research be purchased?	18

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What is the research?

Retailer Financial Services in Southern and Western Europe is a report, based on a survey of 1,230 high profile retail brands in eight countries in Southern and Western Europe, about the activity and partnerships of major retailers in areas of financial services including payment cards, consumer finance, retail banking and mainstream insurance policies, namely motor insurance, household insurance, accident insurance, dental insurance, other health insurance, travel insurance, pet insurance and life insurance. In addition, the study also covers proprietary and coalition loyalty schemes and international remittances. Countries covered are Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the UK.

In fact, the study provides a comprehensive and detailed overview of the market for retailer financial services across the eight countries in Southern and Western Europe that goes far beyond the scope of previously published research. Moreover, the PartnerBASE™ database that accompanies the report details each of the many marketing initiatives for co-branded and store cards, proprietary and coalition loyalty programs, consumer finance, banking products, retailer insurance and international remittances traced by Finaccord. Other global regions covered in sister reports and associated databases are Asia Pacific and the Middle East, Eastern and South-Eastern Europe, Northern and Central Europe, and North and Latin America.

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What is the rationale?

A number of factors, some of which are specific to financial services and some to retailing, provide ample justification for the development of this report and the sister reports covering the same subject in four other broad global regions. With regards to financial services, this rationale can be broken down between what might be characterized as ‘traditional’ retailer financial services (i.e. co-branded / store cards and consumer finance / personal loans) and ‘non-traditional’ retailer financial services (i.e. insurance, mortgages and savings accounts).

For example, in the field of ‘traditional’ retailer financial services, the experience of card issuers is that the profitability of successful co-branded card schemes, including retailer programs, usually exceeds that of standard payment cards. Moreover, the ‘credit crunch’ has brought about a reduction in the availability of unsecured lending to consumers in many countries, thereby arguably providing a greater incentive for retailers to organize point-of-sale finance.

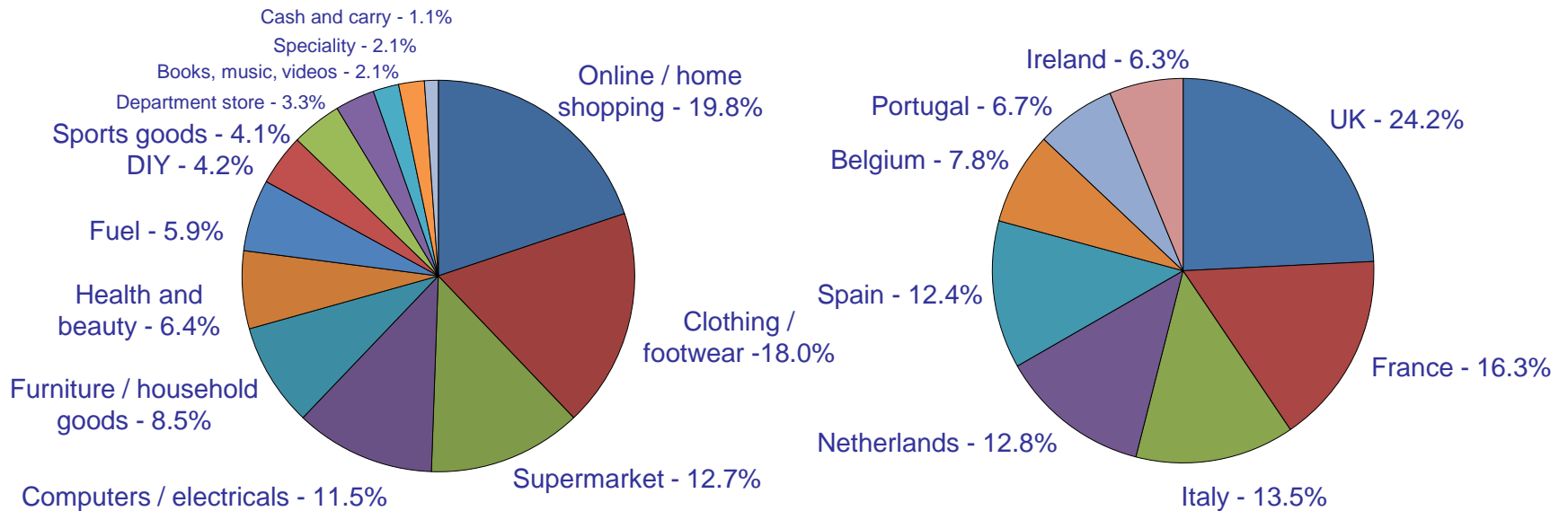
As for ‘non-traditional’ retailer financial services, it can be asserted that in much of the world, consumers are changing the way in which they acquire financial services and demonstrating an increasing willingness to use alternative distribution systems, including major non-financial brands such as large retailers. In addition, the successful precedent of retailer insurance in the UK is encouraging major retail brands in other countries to challenge traditional distributors with their own ‘brandassurance’ propositions.

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What methodology has been used?

The main research input into this study is a survey, carried out between September and November of 2009, of 1,230 major retail brands across eight countries in Southern and Western Europe. The aim of this investigation has been to gather top level data concerning the provision of financial services by the organizations in question, the operating models that they use and the financial partners with which they work in this context. Naturally, given that there are literally millions of smaller retailers in total in the territories reviewed, the majority with just a single outlet, Finaccord has sought to focus on the very largest entities that are likely to be of most strategic interest to providers of financial services. Indeed, the 1,230 major retailers break down by country and by category as illustrated in the graphic overleaf.

How do organisations surveyed break down?



The organisations covered by the survey extend to 1,230 major retailers eight countries in the region.

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Which specific retailing groups have been researched?

Among the major retailing groups included in the research are:

3 Suisses	Carrefour	Étam Développement	Intergamma	New Look
Ahold	Casino	Euretco	John Lewis	Next
Aldi	Celesio	Euronics International	Kesa Electricals	PPR
Alliance Boots	Château d'Ax	Expert International	Kingfisher	Primark
Alticor	Colruyt	ExxonMobil	Kröfel	Repsol YPF
Amazon	Conforama	Finiper	Leroy Merlin	Royal Dutch Shell
Arcadia	Conrad	Foot Locker	Les Mousquetaires	Sainsbury's
AS Watson	Cortefiel	Froiz	Lidl	Selex
ASDA	Darty	Gadisa	L'Oréal	Shop Direct Group
ASOS.com	De Bijenkorf	Game	Louis Delhaize	Système U
Auchan	Debenhams	Groupe Galeries Lafayette	M&Co	Tesco
Avon	Decathlon	Grupo Inditex	Macintosh	The White Company
Benetton	Delhaize Group	Gruppo Coin	Mango	Toys R Us
Bhs	Dirk van den Broek	Gruppo Rinascente	Marks & Spencer	TV-Shop
BoConcept	DSG International	H&M Hennes & Mauritz	Maxeda	Unide
Boulangier	E. Leclerc	Hachette Distribution Services	Metro Group	Varner Gruppen
BP	El Corte Inglés	Home Retail Group	Mobilier Européen	Vivarte
Brown Thomas	ElectronicPartner	Homestyle Group	Modelo Continente	Vobis
C&A	Eroski	House of Fraser	Morrisons	WH Smith
Carphone Warehouse	Esprit Holdings	IKEA	N Brown Group	Yves Rocher

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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, description of methodology and other related notes.

2. *Regional Overview*: comprising a regional overview of the activity of major retail brands in payment cards, proprietary and coalition loyalty programs, consumer finance / personal loans, banking, mainstream insurance policies and international remittances. As well as analyses of the operating models used by retailers for financial services, this section also analyses the extent to which retailer cards are affiliated to MasterCard, Visa and other international payment brands in each country and identifies retailers operating through captive or joint venture finance arms.

3. *Belgium*: an in-depth analysis of the market for retailer financial services in Belgium with separate consideration given to initiatives in payment cards, loyalty schemes, consumer finance / personal loans, banking products, insurance and international remittances. Key partnerships between retail chains and banks, card issuers and insurance providers are identified for each of these financial services while retailers are analysed according to whether they possess proprietary loyalty programs or participate in coalition loyalty schemes.

4 – 10: chapters for France, Ireland, Italy, the Netherlands, Portugal, Spain and the UK follow a similar structure.

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What are the key features of the research?

Key features of this report include:

- comprehensive coverage of the involvement in financial services of 1,230 major retail brands in eight countries in Southern and Western Europe;
- investigation of over 700 schemes for retailer payment cards and point-of-sale finance: which finance providers are strong in which countries and with which retail chains do they collaborate?
- identification of over 400 proprietary retailer loyalty programs including the split by country according to whether they are linked to a corresponding payment card or to a card with no payment function;
- focus on key initiatives in retailer banking such as Banque Accord, Banque Casino, Banque Chabrières, Financiera El Corte Inglés, M&S Money, Sainsbury's Bank and Tesco Bank;
- in-depth consideration of retailer provision of mainstream insurance: 51 major retail brands in Southern and Western Europe were active in 'brandassurance' by the end of 2009.

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How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- gain rapid access to a unique source of intelligence covering virtually all significant retail groups across eight countries in Southern and Western Europe;
- monitor the activity of key national and pan-European competitors in retailer financial services including the many international subsidiaries of BNP Paribas, Crédit Agricole and Santander;
- understand the potential in each country for converting proprietary retailer loyalty cards and coalition loyalty schemes into fully-fledged payment cards;
- evaluate the extent to which consolidation among conventional banks in Southern and Western Europe is opening up opportunities for new retailer banks to emerge as ‘consumer champions’;
- supermarkets and other retailers in the UK are experiencing substantial success as distributors of mainstream insurance - appreciate the opportunity for their counterparts elsewhere in Southern and Western Europe to replicate this performance.

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How can the PartnerBASE be used?

Filter by type of retailer Select country Filter by type of card

Retailer	Type	Country	PAYMENT CARD			Operating model	Partner(s)	Network
			Credit / deferred debit card	Debit card	Rechargeable prepaid card			
Bazar el Regalo	Computers / electricals	Spain	Yes			Multiple partners	Cetelem, Finconsum	MasterCard
BCC	Computers / electricals	Netherlands	Yes			Single partner	Laser Cards	Visa
Beales	Department store	UK	Yes			Captive	Beales	Private
Benetton	Clothing / footwear	Portugal	Yes			Single partner	Santander Consumer Finance	Visa
Bennet	Supermarket	Italy	Yes			Single partner	Agos	Private

Look up specific retailers Choose operating model Identify financial services partners

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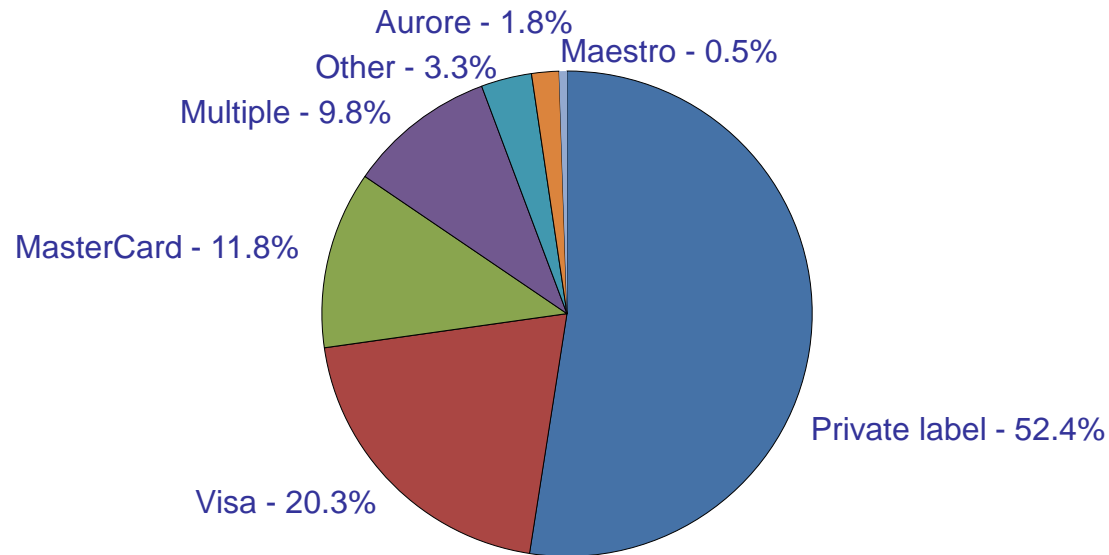
Who can use the research?

1. *Payment card issuers:* this study is an up-to-date and comprehensive source of information about retailer payment cards in eight markets in Southern and Western Europe with coverage of credit / deferred debit, debit and rechargeable pre-paid products;
2. *Banks and lending institutions:* partnerships with major retailers for the provision of point-of-sale finance, especially in categories such as computers / electricals, furniture / household goods and online / home shopping, offer a potentially strong growth channel;
3. *Insurance companies:* as merger and acquisition activity brings about the creation of larger, more international retailing groups, the opportunities for underwriters and brokers to set up retailer insurance programs are sure to multiply;
4. *Retailers:* Tesco generated a share of operating profits of in excess of £400 million from its financial services operations for the 2008-9 period: to what degree is there an opportunity for other organisations to expand profitably into banking and insurance?
5. *Loyalty management companies:* the research offers a thorough guide to over 400 proprietary retailer loyalty programs in Southern and Western Europe as well as coverage of the leading coalition loyalty schemes.

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What are some of the key findings?

1. Over 50% of retailer payment cards in Southern and Western Europe are classifiable as private label products that can only be used to pay within the retail chain in question

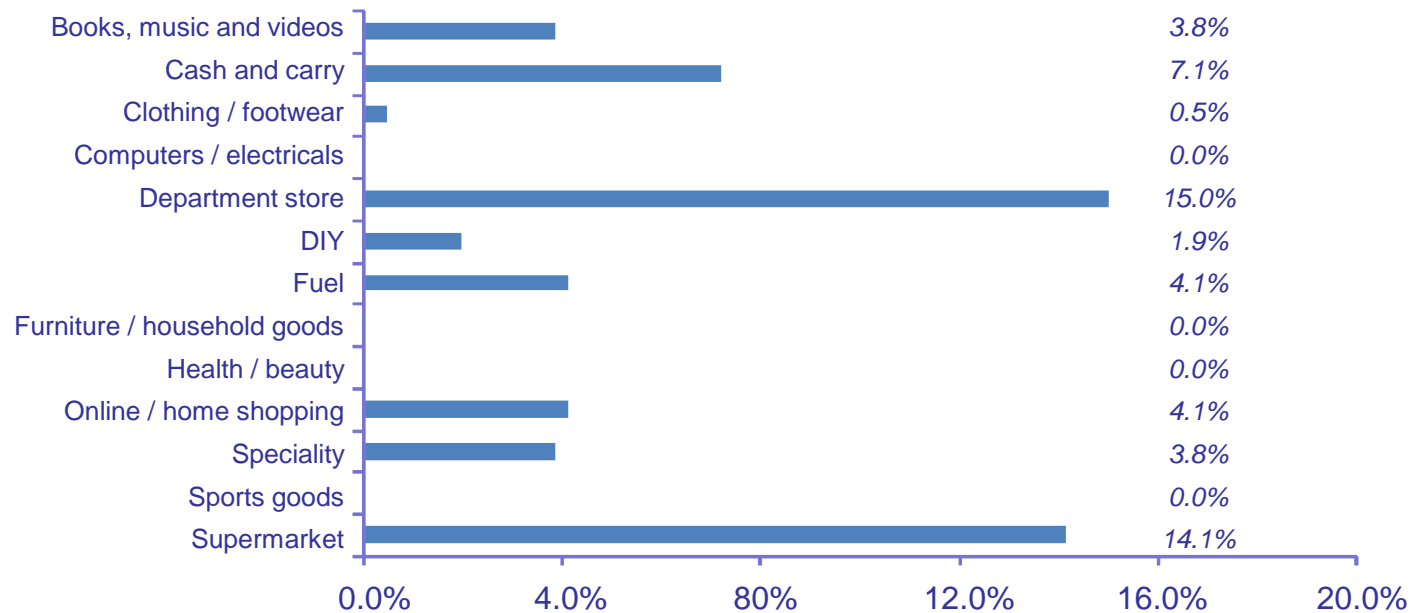


Source: Finaccord PartnerBASE for Retailer Financial Services

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

2. In Southern and Western Europe, involvement in insurance distribution is most widespread among department stores and supermarket chains

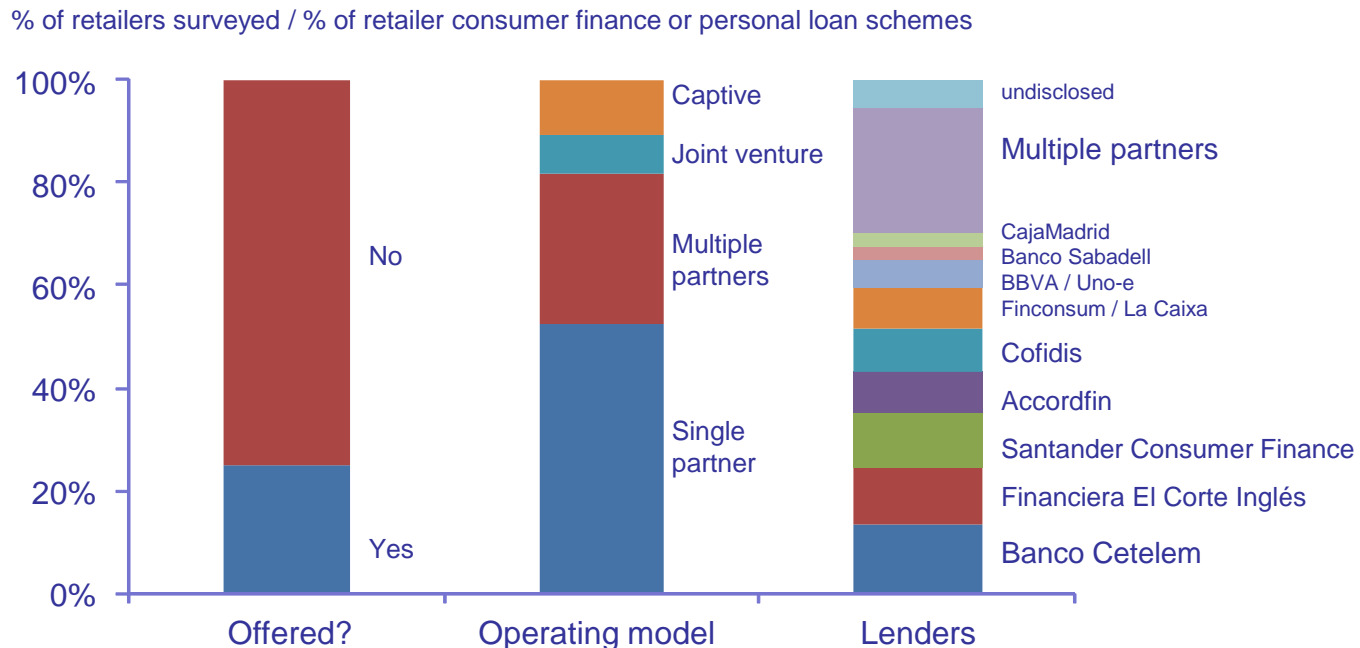


Source: Finaccord PartnerBASE for Retailer Financial Services

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

3. Spain plays host to a relatively fragmented market for retailer point-of-sale finance



Source: Finaccord PartnerBASE for Retailer Financial Services

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

4. Key findings from the executive summary include:

- with regards to the penetration of co-branded and store cards by category of retailer across Southern and Western Europe as a whole, they achieve the highest penetration among fuel retailers (86.3%), department stores (67.5%), and retail chains specializing in the sale of computers and electrical products (50.7%);
- in France, Spain and the UK, coalition loyalty schemes are comparatively popular since 11.5%, 11.8% and 14.4%, respectively, of the retail brands contacted, disclosed to Finaccord that they participate in such initiatives;
- retailers in the UK use the widest variety of different operating models for marketing insurance including aggregation services, brokerage and ties with a single underwriter;
- banking institutions and insurance companies that develop partnerships with retailers can benefit from several advantages - these include gaining access to a huge number of customers, cutting acquisition costs, obtaining customer data to help define risk profiles and expanding physical distribution channels.

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What is the cost and format?

Retailer Financial Services in Southern and Western Europe is available as a standard Adobe Acrobat PDF document and / or hard copy. The PartnerBASE™ that accompanies it at no further charge is in *Microsoft Excel* format. Costs for this research set and selected other titles in the global retailer financial services series are as follows:

REPORT	COST *	FORMAT
Retailer Financial Services in Southern and Western Europe	£1,495	c. 170 pages
Global Retailer Insurance: Affinity Schemes in Supermarkets and Other Stores	£2,495	c. 210 pages
Global Retailer Cards: Co-Branded, Loyalty and Private Label Programs	£3,995	c. 550 pages
Retailer Cards in Europe: Co-Branded, Loyalty and Private Label Programs	£1,995	c. 300 pages
Retailer Financial Services in Asia Pacific and the Middle East	£2,495	c. 280 pages
Retailer Financial Services in Eastern and South-Eastern Europe	£1,495	c. 170 pages
Retailer Financial Services in North and Latin America	£1,995	c. 225 pages
Retailer Financial Services in Northern and Central Europe	£1,495	c. 240 pages

VAT at the prevailing rate will be added to the basic price for UK-based buyers 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 up to £50 will be added for delivery of each hard copy. Invoices can be paid in €, at the prevailing exchange rate, if preferred.

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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_global_rfsr.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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