

Partner Metrics:

Consumer Attitudes towards Alternative Distribution Partners in UK Financial Services

June 2010

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Prospectus contents

	Page
What is the research?	3
What is the rationale?	4
Which alternative distribution partners are included?	5
Which financial products are covered?	6
How is the report structured	7
How can the research be used, and what key questions does it address?	8
Who can use the research?	9
What are some of the key findings?	10-13
What methodology has been used?	14
How does the consumer sample break down?	15
What is the cost and format?	16
How can the research be purchased?	17

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What is the research?

Partner Metrics is a study of consumer attitudes towards 140 major non-financial brands in the UK, to test their willingness to acquire financial services through them.

It looks at nine separate insurance and banking products, so that it can quantify the market potential for these 140 brands for specific products.

In particular, it seeks to answer the following questions:

- ***how many customers*** does each organisation have and what is the profile of these customers in terms of their frequency of contact as well as their gender, age and household income?
- ***how much do consumers in general trust*** each organisation and how much do the organisations' own customers trust them?
- ***do customers currently buy insurance or banking products*** from these organisations?
- if not, ***what is the evidence that they are willing to do so*** in future?

The answers to each of these questions are combined to produce an estimate for each organisation's potential for a specific product, thus identifying where the best opportunities lie - and which should be avoided.

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What is the rationale?

The rationale for the *Partner Metrics* report is that:

- UK consumers have proved themselves open to taking out financial products from a wide variety of non-traditional distribution partners, and thousands of partnership marketing deals now exist;
- some of these have proved extremely successful, either by type of product, such as pet insurance and prepaid cards, or by partner, such as the Post Office, Saga and Tesco;
- however, the failure rate is also high, and many partnerships end each year due to a lack of sales.

So which partnerships have been successful, and what opportunities exist in future?

The *Partner Metrics* survey provides detailed answers to these questions by looking at consumer attitudes to specific organisations and for particular financial products.

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Which alternative distribution partners are included?

118 118	British Heart Foundation	Holiday Inn / Priority Club	National Trust / National Trust for Scotland	Superdrug
AA	BT	Homebase	Nectar	Talk Talk
Accessorize	Budgens	House of Fraser	New Look	Tesco
Adidas	Cancer Research	IKEA	Next	Texaco
Age Concern / Help the Aged	Carphone Warehouse	ipoints	Nike	The Co-operative
AIRMILES	Chelsea F.C.	iTunes	npower	The Football Association
Aldi	Comet	JD Sports	O2	The Money Shop
Amazon	Currys	JD Williams	Orange	Thomas Cook
American Express	Daily / Sunday Telegraph	JJB Sports	Oyster	Thomson Holidays
Amnesty International	Daily Mail / Mail on Sunday	John Lewis	PC World	TK Maxx
Apple	Debenhams	Kuoni Travel	Petcare Trust	T-Mobile
Argos	E.ON	Kwik Fit	Peugeot	Top Gear
ASDA	easyGroup	La Redoute	Pixmania	Topman / Topshop
ASOS.com	eBay	Lakeland	Porsche	Toyota
Audi	EDF Energy	lastminute.com	Post Office	Toys R Us
Auto Trader	Esprit	Laura Ashley	Primark	Travelax
Autoglass	Esso	Lidl	RAC	Vauxhall
Avon	Expedia	Littlewoods	Robert Dyas	Virgin
B&Q	flybe	London Olympics 2012	RSPCA	Vodafone
Bhs	Focus	Lonely Planet	Ryanair	Volkswagen
bmibaby	Ford	M&Co	Ryman	Waitrose
BMW	Game	Manchester United F.C.	Saga	Waterstone's
Body Shop	Grattan	Marks & Spencer	Sainsbury's	Western Union
bonmarché	H&M	Matalan	Save the Children	WH Smith
Boots	Habitat	Mercedes	Shell	Wickes
BP	Halfords	Miles & More	Sky	Women's Institute
British Airways	Hilton Hotels	Morrisons	Sony	Yell
British Gas	HMV	Mothercare	Spar	Zara

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Which financial products are covered?

Partner Metrics focuses on nine financial products, concentrating on the products most appropriate to each brand. The list of products and the number of organisations researched for each product is:

- motor insurance: 75 organisations;
- household insurance: 70 organisations;
- travel insurance :70 organisations;
- pet insurance: 55 organisations;
- accident and health insurance: 55 organisations;
- life insurance: 55 organisations;
- personal loans: 80 organisations;
- payment cards: 130 organisations;
- savings accounts: 60 organisations.

If required, Finaccord can provide the questionnaire containing full details about which organisations are researched for which products.

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How is the report structured?

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

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

2. *Consumer relationships and trust*: presentation of the survey results for all 140 organisations, broken down into: depth of consumers' relationships with these brands; the number of customers implied by these relationships; the gender, age and household income profile of customers; the level of trust each organisation has, measured first for all respondents and then for the actual customers of each organisation in isolation.

3. *Product analysis*: for each product covered by the report, analysis and rankings are provided for: consumers' use of, or willingness to use, an organisation to buy the product with results split between all respondents and the actual customers of each organisation in isolation; and the implied number of customers that could be achieved by each organisation for each product.

An *Excel MetricsBASE™* accompanies the report to present all the data tables in a way that can be used for data export and further analysis, and to present data on each distribution partner.

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How can the research be used, and what key questions does it address?

The research can be used in one or more of the following ways:

- identify key opportunities for partnerships, by distribution partner and by product;
 - if Tesco has been a success, does that mean that all supermarkets are lucrative partners?
 - what is the demographic profile of potential partners?
- benchmark current performance against competitor brands and against potential sales;
 - how good are other retailers, car manufacturers, charities and travel companies at selling financial products?
 - what share of viable sales is your own organisation currently achieving, product by product?
- explore the possibilities offered by a wide range of partnerships;
 - would niche partners with strong cross-selling potential be better than partners with a mass customer base but no clear link to a financial product?
 - do home improvement brands open a channel to sell household insurance?
 - partners in the survey range from Top Gear to The Money Shop to the Women's Institute.

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Who can use the research?

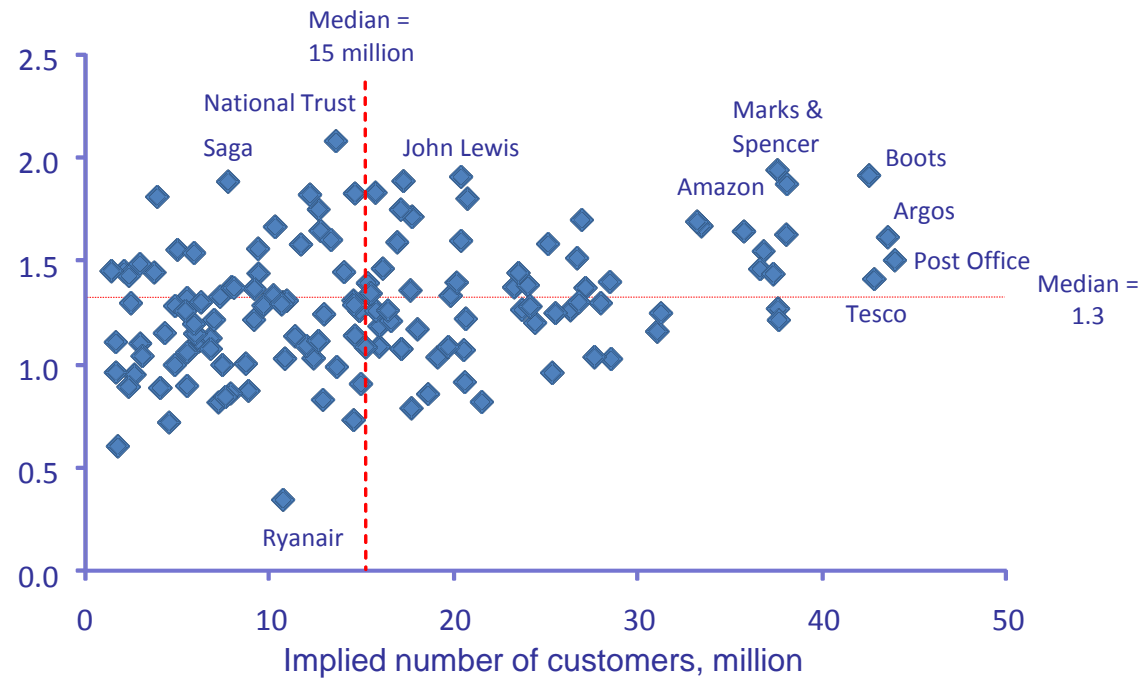
1. *Banks, building societies and credit card issuers*: assess what volume of sales you could make through the partners researched for personal loans, savings accounts and payment cards, identifying new opportunities and benchmarking current performance;
2. *Insurance companies*: as with banks, identify opportunities and benchmark current performance for motor, household, travel, pet, accident and health, and life insurance;
3. *Distribution partners included in the survey*: for organisations ranging from car manufacturers to fashion retailers, identify which products consumers are most - and least - likely to buy from you, and measure your performance against this;
4. *Other distribution partners*: see how competitors in your sector perform, to assess where your own opportunities may lie;
5. *Management consultancies*: are you helping a financial services company or an alternative distribution partner with its partnership strategy? Understand partner metrics across a broad range of partners and financial services, including your clients and their rivals.

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What are some of the key findings?

1. The National Trust is the most 'trusted' organisation among its own customers / members, while Ryanair is the least trusted

Score for trust across own consumers



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

2. Tesco has a larger ongoing opportunity in pet insurance than the RSPCA

Partner organisation	Sector	Combined % of viable customers %	Implied no. of own customers (m)	Implied no. of customers for product (000s)	Rank
Tesco	Retailer - supermarket	10.8%	42.9	4,643	1
RSPCA	Charity	22.3%	14.7	3,279	2
Post Office	Post Office	7.1%	44.0	3,114	3
The Co-operative	Branded conglomerate	8.1%	33.2	2,689	4
ASDA	Retailer - supermarket	6.7%	38.1	2,565	5

Analyse partners by sector

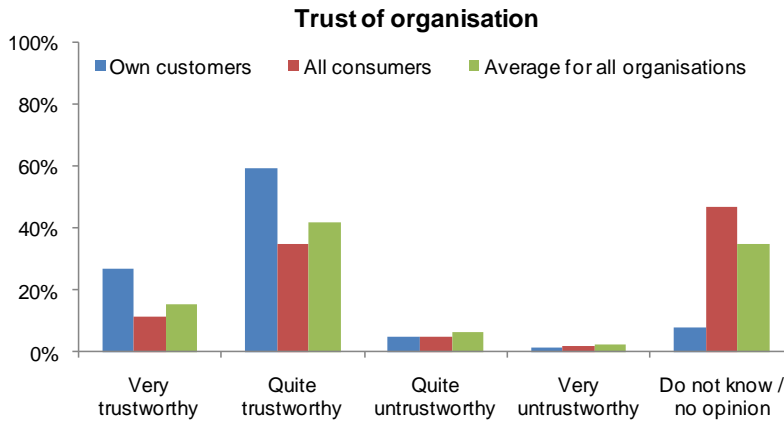
Actual and potential cross-selling rate is given product by product...

... so the total number of customers available for each organisation can be calculated

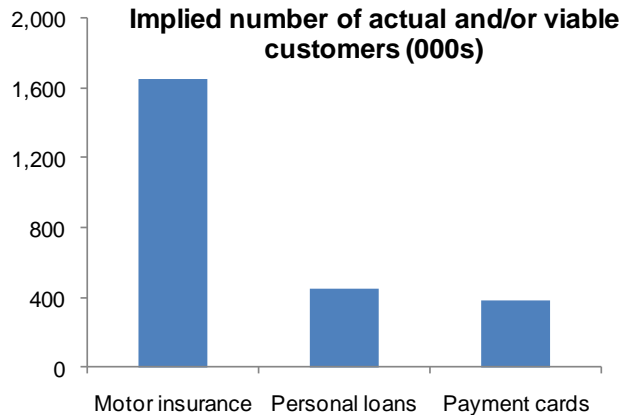
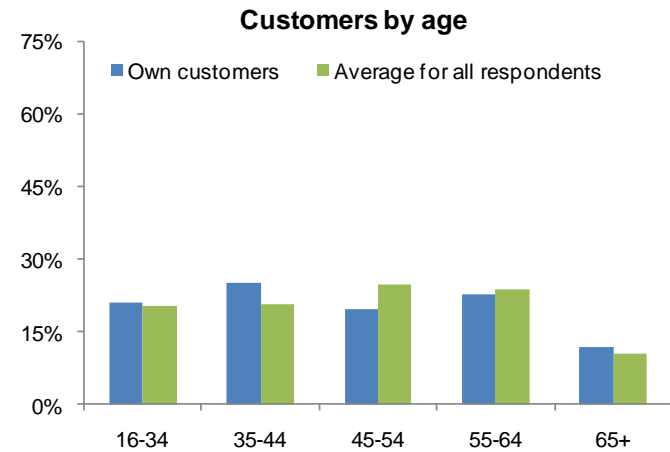
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What are some of the key findings? (cont.)

3. 'Top Gear' has a high level of trust...



... a broad 'customer' base...



... and substantial potential as a distributor of motor insurance

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

Key findings from the *Partner Metrics* report include:

- high street retail brands command the highest volumes of customer relationships and the greatest level of awareness, with a much wider 'reach' than other types of organisation;
- Saga has the highest actual or viable cross-selling rate amongst its own customers, reaching as much as 30% for travel insurance and 40% for motor and household insurance;
- the two organisations with the greatest unrealized opportunity in financial services are Boots and Morrisons, with large customer bases and high levels of trust;
- travel agents and airlines have strong cross-selling rates for travel insurance, but hotel chains have little apparent opportunity to act as distributors of this product;
- The Money Shop, Western Union and the Women's Institute all have high interest from their customers for specific products, making them interesting potential niche partners.

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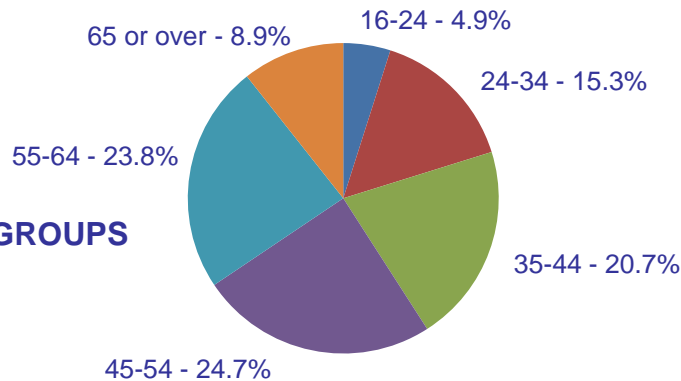
What methodology has been used?

Partner Metrics is based on the results of an online survey of 3,000 consumers carried out by Tpoll Market Intelligence between February and May 2010. Respondents were split into four groups, so that each group answered questions about 35 organisations and the order of these organisations was rotated between respondents within each group. They were asked questions about relationships, awareness and trust for all 35 organisations, and then were asked about their willingness to buy a financial product from a subset of these 35, concentrating on those offering or most likely to offer each product. A transcript of the questionnaire used can be obtained from Finaccord if required.

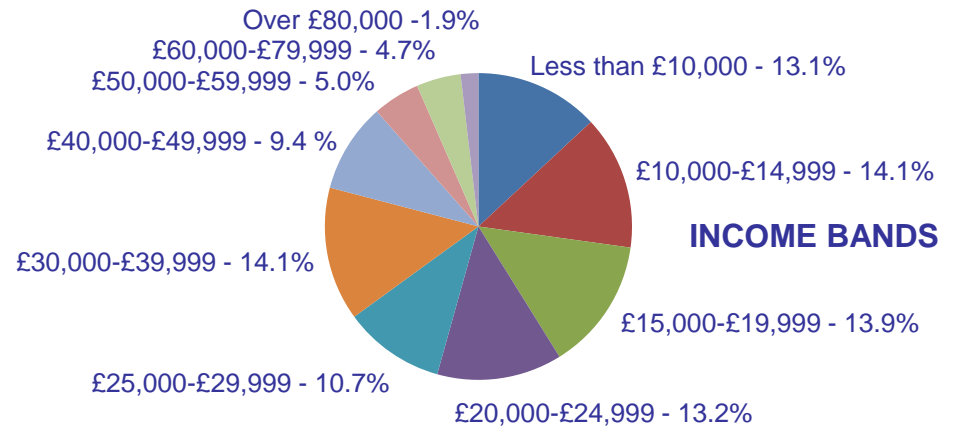
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How does the consumer sample break down?

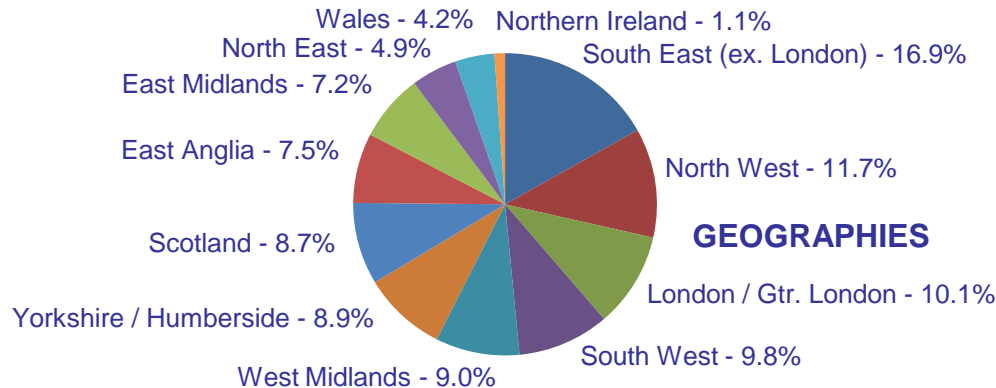
AGE GROUPS



INCOME BANDS



GEOGRAPHIES



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What is the cost and format?

The *Partner Metrics* report is available as a standard Adobe Acrobat PDF document and / or hard copy, while the accompanying MetricsBASE is available as an *Excel* file. The cost for this report and other relevant titles are as follows:

REPORT	COST	FORMAT
PARTNER METRICS: CONSUMER ATTITUDES TOWARDS ALTERNATIVE DISTRIBUTION PARTNERS IN UK FINANCIAL SERVICES	£1,995	c. 125 pages plus database
CHANNEL METRICS: CONSUMER DISTRIBUTION TRENDS IN UK FINANCIAL SERVICES Overview report (incorporating all 28 briefings as well as extra comparative analyses) Individual briefings	£3,495 £395 each	c. 350 pages c.25 pages
AFFINITY AND PARTNERSHIP MARKETING IN UK FINANCIAL SERVICES Series of eight reports by product	£595 to £1,195	c. 70 to 115 pages plus database
ASSISTANCE METRICS: CONSUMER ATTITUDES TO AND USE OF ASSISTANCE WITH EVERYDAY PROBLEMS IN THE UK	£1,795	c. 175 pages

VAT at the prevailing rate will be added to the basic price. Costs quoted are for a single site user licence only.

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

Printing and postage costs of £50 will be payable for the overview report 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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