

Bronze: New Campaign for Existing Product or Service

# Flick of a Switch!

## How the permanent tsb Switch current account created the biggest shift in Irish retail banking ever.

**ADVERTISING HAS BEEN THE SINGLE BIGGEST FACTOR IN THE SUCCESS OF THIS PERMANENT TSB'S CAMPAIGN TO CHANGE THE PERCEPTION OF SWITCHING CURRENT ACCOUNTS. RMG TARGET AND MINDSHARE WERE BEHIND THE CAMPAIGN.**

With the launch of its free current-account banking in 2005, permanent tsb created the biggest shift in Irish retail banking to date. Today, virtually every major financial institution is either emulating them, or struggling to catch up.

Prior to permanent tsb's engagement with consumers, retail banks paid little attention to their current accounts.

When permanent tsb embraced the concept of free banking in 2005, they gained not just an additional 127,000 new accounts but also they stole the marketing high-ground from all of their competitors.

The effectiveness of the campaign is robustly validated by the following results.

- 127,000 new current-accounts opened from February 2005 to June 2006
- Established 11% market share (from 5% base) of total current accounts  
**(Source: MORI IPSOS)**
- Became the No. 1 Choice of Bank for current accounts switchers  
**(Source: ibid)**

### BACKGROUND

Traditionally, mainstream banks made switching current accounts a tortuous process.

Consumer apathy and inertia were also impediments to account-switching. In addition, consumers had little choice as there was minimal product difference – why go through all the hassle of changing banks for another 'me-too' type product?

To overcome this, the Irish Bankers Federation (IBF), introduced a regulation to facilitate the moving of current accounts in January 2005 called the Switcher code.

However, the new code didn't generate a meaningful amount of switchers and had little effect on consumer behaviour. Nevertheless, permanent tsb, instantly recognised that being first-to-market with an unprecedented consumer offering would allow them to take ownership of the initiative.

### MARKETING OBJECTIVES

Open 50,000 new accounts within twelve months of launch (01/02/05)

Establish permanent tsb as the leading challenger bank in Ireland (thereby repositioning it from Ireland's No. 1 Mortgage Provider)

In this conservative market, major banks assumed that customer loyalty/inertia would protect them from any adverse effects. However, permanent tsb deduced that the major banks were confusing customer loyalty with customer apathy - and they took full strategic advantage of this.

Establishing themselves as a leading retail bank presented permanent tsb with the single biggest strategic opportunity.

While the target of 50,000 new customers was ambitious, it was also achievable with the right kind of campaign.

Thus it was decided to separate the apathetic consumers from the loyal, then to proceed on the basis that apathetic consumers could be convinced to switch current accounts if a credible proposition was presented to them in a manner that was energetic, compelling and supported by a strong call to action.

As a result, the latent consumer-dissatisfaction with major banks was tapped by presenting consumers with a practical and emotional reason to switch to permanent tsb. This hearts-and-minds (Logical and Emotional)

approach garnered an unprecedented response which ensured that permanent tsb's marketing objectives were exceeded.

### THE TASK: OVERCOMING THESE OBSTACLES

#### 1. Lack of awareness of new IBF Switching code

There was minimum awareness of the new IBF Switching Code due to no investment behind this initiative. As such, there was a significant educational gap facing permanent tsb.

#### 2. Consumer cynicism

When presented with free-offer based propositions, Irish consumers remain doubtful. This doubt has hardened into virtual rejection during recent years and needed to be overcome.

#### 3. Consumer Inertia

The deregulation of various markets such as the telecommunications market has demonstrated the high level of consumer inertia in the Irish market. The Irish consumer seems content to stay with their existing provider despite substantial savings being available from switching.

#### 4. permanent tsb was not perceived as a retail bank

While permanent tsb is the market leader in the Mortgage sector, it was not so for retail banking.

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**THE STRATEGIC SOLUTION**

The strategic approach consolidated itself around the already-established consumer-equity gained by Frank Vincent (created by Index Creative Communications). Given that research had revealed his effectiveness as a more general permanent tsb spokesman, a strategic advantage was to be gained in expressing current-account offerings through a character who already had high acceptance with consumers.

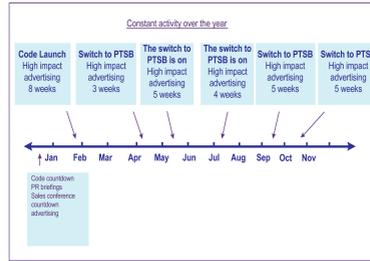
**COMMUNICATIONS BRIEF**

To set the communications parameters in place, a brief was developed which became the baseline for measuring conformity with the strategic solution. This brief formalised and made mandatory three critical inclusions in all future communications.

1. Repeat and reiterate to consumers that permanent tsb had “No Unnecessary Bank Charges”.
2. Switching accounts was easy, and the smart thing to do.
3. Deliver these messages with urgency, confidence, and an assertive and repeated call-to-action to use a 1890 number.

**CREATIVE TACTICS**

To originate creative which allowed Frank Vincent to extend his existing rapport with consumers by “championing” their cause. It was decided to develop a creative platform based on consumer-confidence in the character of Frank, it was also decided that an “I know you - you know me” approach should be used to develop trust and intimacy with the consumer.



**THE IDEA**

A creative brief was developed which carried the injunction that all executions acknowledge consumer dissatisfaction, amplify it, and then convert it to a motivation to switch to permanent tsb with the mantra: “No Unnecessary Bank Charges”.

- **By implication** - these words strongly suggest that bank-charges were unjustified.
- **By repetition** - these words became the anthem, the USP, and the mnemonic which now inextricably links “Free Banking” to permanent tsb.

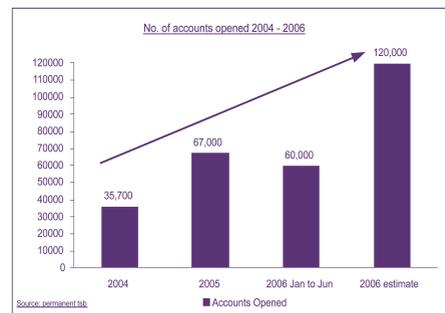
This USP was used to establish an emotional basis from which to then exploit the other consumer insight: The sense of being exploited by Big Banks. The consumers’ response was directed into action by creatively presenting the logic that “switching to permanent tsb is easy” and that switching would end Big Bank exploitation.

The forthright and commanding delivery of these messages by Frank Vincent was used to generate a sense of urgency, his “savvy” was used to present permanent tsb as the only hero amid a coterie of impersonal and exploitative Banks.

**THE COMMUNICATION ACTIVITY**

An aggressive direct-response focused media strategy was implemented.

In order to consolidate the forthright nature of the creative, the media strategy was developed in three strands:



**UBIQUITOUS MEDIA STRATEGY**

**2. TURN THE DIRECT RESPONSE (DR) MEDIA MODEL ON ITS HEAD**

Traditional DR strategies focus on cost rather than effectiveness of communication. However permanent tsb was able to make a huge impact in traditional ‘brand-building’ media. Simultaneously, we were able to force down cost per acquisition despite high levels of media inflation over this period. This high-volume activity was needed to overcome ingrained consumer inertia as well as to “wear down” consumer resistance.

**3. SUBTRACTING RTE FROM THE PLAN**

RTE is very expensive. Media cost is the biggest part of any campaign. Deleting RTE was an unprecedented move, since no financial advertiser had ever excluded RTE from their TV schedules. But this novel approach worked for permanent tsb. It enabled us to buy more ratings, resulted in a bigger campaign, and resoundingly overcame consumer inertia.

**THE RESULTS**

127,000 new current-accounts were opened from February 2005 to June 2006. But before we definitively demonstrate the effectiveness of the advertising, we need to ascertain how many of the 127,000 new acquisitions were NOT due to advertising?

**ISOLATING THE EFFECT OF ADVERTISING FROM OTHER VARIABLES**

**1. Effect of the IBF Switcher Code = 15,640 accounts**

So great was the level of apathy and inertia that only 17,000 people, less than one percent of current account holders, used the new switcher code to change current accounts in 2005. However 92% of those who did switch, switched to permanent tsb.

**2. Other marketing communications = 0 accounts**

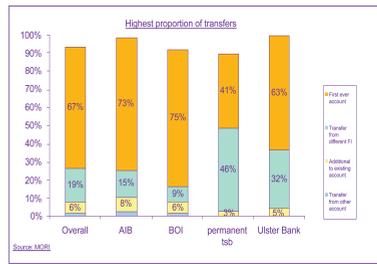
In 2005, the main focus for permanent tsb was on ATL advertising, therefore we can rule out any effect of Below the Line communications.

## permanent tsb

### 3. Overall Bank Advertising Spends = 0 accounts

Bank advertising spends have increased in response to high mortgage demand and SSAs. However, IAPI Adspend figures show the current account advertising spends dropping 40% in 2005 from 2004, therefore we can rule this out.

In our opinion, the direct contribution of advertising is between 84,000 and 86,000 of the 127,000 (c. 67% of the total).



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### WHAT ELSE DID THE CAMPAIGN ACHIEVE?

#### 1. Profound behaviour change

The effect of advertising has been unprecedented. Over 137,000 new current accounts were opened from February 2005 to June 2006.

The success of the Switcher campaign is an enduring one. permanent tsb's campaign continues to attract new customers. Weekly analyses from 2004 to week ending 14th July 2006 reveal a year on year uplift in current account openings.

#### 2. Significant attitude change permanent tsb now own the current-account Switcher market.

Three examples of this will illustrate.

**A. Highest proportion of transfers**  
MORI research reveals that, since the launch of the Switcher campaign, permanent tsb have the highest proportion of transfers, making it the No. 1 Switchers Choice



**B. Propensity to switch to permanent tsb is the highest.** When asked which financial institution you would most likely contact first, BMR research reveals that permanent tsb is closing the gap with AIB and BOI.

**C. Increased market share of total current-accounts is faster than any competitor**

Prior to 2005, AIB and Bank of Ireland controlled over 70% of the 3.9 million personal current accounts. MORI Tracking research showed that permanent tsb had 9% market share in 2002 and this had increased to 11% in 2004. Since 2005, permanent tsb has achieved 15% share of current-account openings.

### RETURN ON INVESTMENT

This has been the most successful campaign for permanent tsb to date. Advertising has been the main driver of this success. This positive effect of the advertising strategy for the launch of free banking to non-customers has now been positively replicated in the promotion of other permanent tsb product offerings.

In Irish Life and permanent tsb 2005 annual report, permanent tsb C.E.O David Went commented;

“We did equally well with our very successful fee-free current account marketing strategy resulting in the bank opening a total of 67,000 new current accounts and leading to a 27% increase in current account balances which grew to €2.2bn”.

### AUTHORS

#### David Sneddon, Managing Director

David entered the Advertising business in London in 1994 when he joined TSMS to sell Television airtime. In 1995 he joined the network (The Ogilvy Media Company) to work primarily on Government business with the COI. In 1998 he moved to MindShare London upon formation of the company and began to carve a niche in the Direct Response side of media specialising in DRTV. In September 1999 he moved to MindShare Dublin and expanded both his experience and his client base. He was promoted to Deputy Managing Director in 2002 and to Managing Director in January 2005. His account experience includes Irish Life and permanent tsb, 3, Unilever.

#### Cathy Collins, Account Manager

Cathy joined MindShare in March 2003. Prior to this, she graduated with a MSc. in Marketing Practice from UCD Michael Smurfit Graduate School of Business. Since joining MindShare, Cathy has been working with a variety of clients including Irish Life & permanent tsb, 3, Marks & Spencer, Motorola and Barnardos.

#### Geoff McGrath, Managing Director, RMG Target

Geoff McGrath was appointed Managing Director of RMG Target in November 2003. Prior to this, he held a similar position with McConnell's Direct. Under his stewardship, both companies enjoyed unprecedented successes and most recently, RMG Target were awarded Agency of the Year at this year's An Post Direct Marketing Awards. His work, for client such as permanent tsb, Guinness, Coca-Cola, BT, Eircom & Kellogg's, has been recognized both internationally and nationally with over 30 awards including the Best Direct Marketing Programme in the World at last year's International Echos Awards in Atlanta, USA.