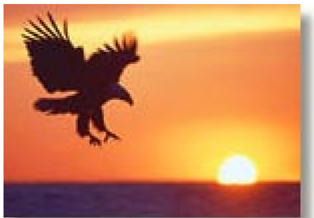

Eagle Net

WHERE EAGLES SOAR INC.
16 Mountainview Rd. South, #301
Georgetown, Ontario, Canada. L7G 4K1
Tel: 905-873-7733
Pat Palmer – Principal & CEO
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THE MEDIUM IS THE MESSAGE

Marshall McLulan made this famous statement decades ago but it is just as relevant today.

Consumer communications are a question of mediums when attempting to reach the diverse segments in today's marketplaces and the Internet has raised the stakes greater than any channel in the past. Large financial institutions with deep pockets tend to dominate newspapers, periodicals and TV due to the cost for impact frequency, whether it is for brand and/or sales purposes. But if you realistically want to optimize your communications value the first step is to know the medium preferences of your consumer segments and where and when they want to access messages. The options range from in-branch displays/information to the endless Internet choices from websites to podcasts and more. Some people read messages accompanying their statements whereas others immediately throw the "extra paper" in the waste bin. Then there are suppertime call centre calls, messages on your ATM screens, periodic catalogues, educational seminars etc. The possibilities expand with imagination.

A major challenge today is the Gen Y segment, which is our Internet captured youth. Then again, retirees have become the second dominant group on the Internet. The latter primarily use the search functions whereas the former do everything via the Internet – communicate, gather information, do transactions and most importantly, engage in social networking. Actually, Canadians across the board are the major Internet and electronic payment users per capita.

Everything you do sends messages that contribute to your customer experiences. Hopefully all elements are in sync i.e. branch image, staff behaviour, brochures, website, product operations plus all other messages received.

Everyone has a website today but some are static and others robust. The attract and interact functionalities vary significantly. Then there is what search engines generate. Plug in "residential mortgages" or "mutual funds" and see what is on the first two pages (most of us don't go any further), the banner ads, pop-ups etc. Some of the largest financial institutions with those big pockets haven't got themselves priority status on these search pages. Others appear repeatedly, such as ING. Most of the major players are experimenting with podcasts and a few with social networking.

With all the mediums available to consumers, you have to pick your communication niches carefully and be sure to get your message absolutely correct in context and content. In our Communications Audits internally and externally with clients they are amazed at the amount of missed messages and the strength of informal channels within their organization. E-mail etiquette is an important priority for most – if you won't speak it or send it in a letter that way – what impression are you creating? Brand management and communications management are inexplicitly linked in everything you do. Start by knowing what you want your image and message to be and continuously check for consistency of consumer reception in their channel choices.

THE SUB-PRIME SPONGE SOAKS UP MORE INSTITUTIONS

The large international Swiss based UBS finally admits exposure in the area of 60 to 70 billion dollars. In the next month many international banks will release 2007 earnings reports and U.S. banks will have completed their SEC filings. For some, this will be their first public day of reckoning for their sub-prime related exposure through disclosure rules and market expectations. But wait, this is probably still just the beginning of the tidal wave surging through the international financial world. We will see more admissions of exposure, insolvencies and wealth erosion, plus legal challenges and fraud investigations. Many CEO's will also feel the pressure, no not just pressure, but also the responsibility to resign their careers leaving a sub-prime legacy. The greatest hardship still is the ruination of consumer lives and their financial health.

7 INNOVATIONS TO REINVENT PHONE-BASED CUSTOMER SERVICE

eGain Communications Group has released the subject 16 page report which is available through their website. The seven innovations are:

1. VoIP
2. End to end call process automation
3. Customer Interaction Hub (CIH)
4. Multi-dimensional knowledge base™
5. Phone-aided web collaboration™
6. Multimodal web self-service™
7. Cloning the best agent DNA

BRITAIN

Northern Rock Bail Out

The British government has stepped up to take control of mortgage lender, Northern Rock PLC. Nationalizing the Rock is a government embarrassment and a taxpayer's nightmare. The government had previously lent $49 billion of taxpayer's money to the Rock and they will now have to institute the required adjustments and dilutions to make it attractive to the private sector at some time in the future.

The credit crisis takes another victim– the British taxpayers.

CANADA

Single Women Increase Housing Assets

A study commissioned by TD Canada Trust suggests that of those women between 20 and 45, who have purchased a home by themselves, with an average purchase age of 29, 82% are single, 80% have no children and 49% have a university degree. Their objective was to get into the housing market as an investment and their major worry leading up to the decision was affordability and the financial commitment. Condos were the most popular choice and cost plus neighbourhood were the key selection criteria.

WESI's North American Channel Preference Studies also suggest women influence or make 55% of financial decisions today.

New National Securities Rules

Canada’s financial industry is preparing for a new national securities system to replace the historical, independent provincial regulators. The draft rules infer new registration requirements and educational requirements on all institutions and their customer contact officers … potentially including tellers, which is still to be clarified. Stay tuned!

Competitive Deposit Rates

Previously, I alerted our clients to the number of websites available in various countries that compare competitive deposit rates. In particular, the suggestion was made that in your own communications to consumers (letters, bulletins, blogs etc.) you must ensure that you include favourable competitive comparisons. The websites show selected financial institutions and rates and do not necessarily ensure that rates related to identical products and associated features. On Friday, February 9th, the Toronto Star newspaper’s front-page business section story was on deposit rates and the competitive battles. Although the article attempts to highlight differences e.g. online vs. branch-based accounts, the chart displayed, like those on websites, is selective and erroneous. Their assumption, which is probably a reasonable one in our commoditized markets, is that high rates increase core deposits.

Let us reiterate, don’t let competitive charts for deposit rates go by without responding to your customers or members. Ensure that you always highlight your best rates visibly in branch and on your website along with other value features.

U.S.A.

Social Networking P2P Lending

By now, hopefully you’ve been acquainted with social network lending through Zopa, Prosper or Facebook. If you would like a good primer go to creditunionmagazine.com by CUNA and look at the article by Beth Stetenfeld, Managing Editor (bstetenfeld@cuna.com). In the next few years this new P2P channel will no doubt increase into the billions.

Credit Unions Growth Strategies Study 2008

The subject study by Weber Marketing and the Credit Union's CEO Advisory Group in the U.S.A. released at year-end 2007, has good information and advice. A recap can be found in the Credit Union Times January 8, 2008 edition. Some of the highlights are:

1. Since 2000, 50% of credit unions (especially small and medium sized) have had a net loss in members
2. People don't switch financial institutions for good service. (Total value proposition is key)
3. Ability to buy online is becoming a staggering fact
4. Niche marketing is more important than ever

Mobile Banking Devices Grow

Callan and Associates report titled "Integrating Mobile Banking into Your Retail Delivery Strategy: What do Members Really Want" (Phew!) has been released after surveying 11,500 credit union members. (Most of the credit unions in the study did not offer the service). As you would expect awareness is highest (18%) for those 18-39 and the lowest is 60+ at 12%. Current usage is 12% with 30-39 age group and 5% at the 60+ end. The key adaptation reason is "functionality". The trend points to an evolutionary rate of change versus a revolution of adapters.

One Third of U.S. Credit Unions Changing to Banks?

The Aite Group has just completed a survey of 1,200 credit unions with more than $100 million in assets and their findings state a 33% intention to convert to mutual bank charters. (Credit Unions Times, January 30, 2008). Since the firm is only working with 101 survey responses there are many other interpretations of the non-statistically reliable data.

THE LAST WORD

Sales Growth in Difficult Times

Even though economic conditions, which demonstrate a downturn, send everyone scurrying for cost cutting initiatives, there are still sales to be made for the astute marketing and sales oriented organization. As an aside, cost management should be a continuous, preventative maintenance thrust not a periodic session of radical surgery, which then creates an inertia recovery period.

First focus is fast growing markets and purchase prone segments. All locations differ in growth potential and momentum based on a variety of dynamics such as building permits, consumer location preferences, community attractiveness etc. You need appropriate delivery channel solutions offering the access choices of the residents. New subdivisions or restored urban centres attractive to Gens Y and X don't need expensive real estate solutions to start. The keys are centred on their convenience access preferences. In growing markets you have to have sales stealth in competing for market share – your people are knowledgeable, motivated self-starters – top guns. Whether it is asset or liability growth or both as your focus, each segment in your existing and potential areas represent different purchase propensities in tight economic times. Emphasize efforts where segment returns are the highest and keep staff ideas and success stories flowing daily amongst the sales teams.

Second, when it comes to your greatest resource – people, economic downturns are not the time to stifle creativity and initiative within good risk management principles. Organic growth is generally where it is at for the majority of efforts. Leadership needs to increase encouragement and empowerment for people to create the new revenue generators for their customers or members. Also strengthen partnerships with alliances   and corporate relationships to expand ideas and compliment your resources – especially advisory partners with proven track records.

Finally, look at your infrastructure and information assets for untapped opportunities. For example, what can your consumer information/data bases tell you that you may have missed in the past e.g. family referral potential? How about individual branch hours? Do they synchronize with market dynamics, especially in suburban sites? Then there is the reach of your website and the potential for communicating through blogs, podcasts etc. as well as becoming an online image in social networks. The latter are perhaps a little strange for traditionalists but for many that is where it is at. Again in terms of alliance partners, there can be excellent on the ground or online prospects to expand your sales reach.

Undoubtedly difficult economic times are for the hungry hunters not retrenched resources. Here's where you turn-up the marketing force of your people, enabling resources and outreach structures. You can adjust your marketing momentum with strong professional leadership, empowerment and empathy with staff and customers. Plus, having an advisory partner, like WESI, can multiply the sales synergies.