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A Sound Investment: Measuring the Value of Email Marketing for the Financial Services Industry

Epsilon's Email Branding Study

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Introduction

Email is a cultural and marketing phenomenon. In its relatively short lifetime, email has become so widespread and so often used that it has firmly been established as an integral part of a multi-channel marketing scheme surpassing other channels in almost every dimension – volume, frequency, and ease of execution just to name a few. With increasing volumes and the proliferation of spam, this powerful communication channel and those looking to utilize it face savvy consumers able to weed through hundreds of messages looking for only the most relevant of information.

As a marketing channel, email is often underutilized, a last minute tactic to communicate a message because of the low cost, speed and convenience of getting something into market. However, peer deeper and you'll see that the medium has matured. Email is a vital link between marketer and consumer that can provide companies with rich information about their products and services. Email extends well beyond the boundaries of opens and clicks, and must be optimized and measured as an important part of the overall media mix.

Epsilon's email branding study was designed to deliver insights on the effectiveness and impact of permission-based email as part of a multi-channel communications strategy. The study delves into a number of different industries: consumer packaged goods, *financial services*, pharmaceuticals, retail and travel.

In this report - FINANCIAL SERVICES

We reveal findings below regarding consumers' feelings and reactions to email marketing messages from companies in the financial services industry. In the study, respondents who receive permission-based email from financial services companies, on average, receive communications from just under 3 financial institutions. Not surprisingly, the number one reason consumers subscribe to financial services emails was "to receive e-statement notifications" (75%). In addition we found that consumers are receptive to email communication from this sector with 8 out of

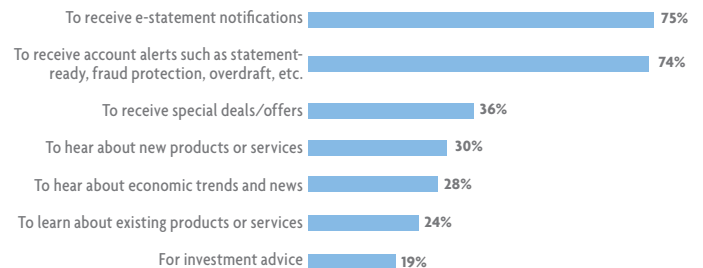
10 respondents who receive email marketing from financial institutions saying that it is a "great way to learn about new products." This study captures email-provoked activities by consumers that are not quantifiable by typical email metrics such as open-rates and click-throughs.

Consumers rank e-statements, account alerts as effective content

The study found that the primary reason consumers subscribe to email communications is to receive information related to their accounts such as e-statements or account alerts including fraud protection or overdraft notices. With online banking becoming a mainstream consumer activity, financial services email marketers rely on these interactions to connect with customers through personalized emails and offers. Over two-thirds of respondents prefer personalized content based on their website activity and past investments over general content.

The primary reason respondents opt in to receive email from financial services companies is to receive e-statements and account alerts.

Why do you subscribe to receive email from financial services companies? (Check all that apply) (N=552)

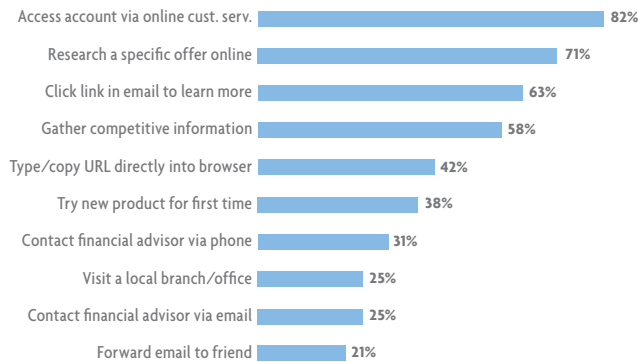


Emails elicit action

Email marketing sent by financial services companies effectively elicits action from consumers. As a direct result of receiving email communications from a financial services company, eight in ten respondents accessed their online accounts, and more than half researched a specific offer online, clicked a link in the email to learn more, and/or gathered competitive information. Offline activities were also influenced by the emails received by consumers, such as contacting their financial advisor via phone, visiting a local branch/office or contacting their financial advisor via email.

Email sent by financial services companies is effective in eliciting action from consumers

How often do you take the following actions as a direct result of receiving an email from a financial services company?
(Four point scale - Summary top 2 box) (N=552)



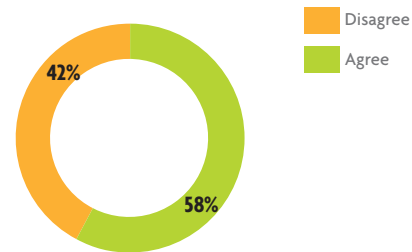
Security wariness remains

Knowing all too well the risks of identity theft, phishing, and email fraud, consumers are still wary of clicking links sent via email. Illegitimate senders are using sophisticated tactics and methods to create fake and often believable emails requesting personal information and passwords. More than half of respondents agreed they were hesitant to click on links in emails

from financial services companies because they don't always trust where they are coming from. Instead, over a third of recipients proceed directly to the company's website. These visits cannot be tracked by measuring click-throughs from the email marketing campaigns.

Over half of respondents who receive email from financial services companies say they are hesitant to click on links contained in the emails they receive.

I'm hesitant to click on links in emails from financial services companies because I don't always trust where they are coming from.



Building trust in tumultuous times

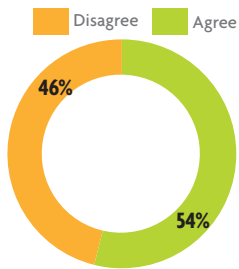
With economic uncertainty compounding the challenges that financial firms face today, building consumer trust and loyalty is essential. Brand awareness and loyalty to financial services firms has improved as a result of email marketing campaigns. The majority of respondents have a more favorable opinion of the companies that send them email communications and 44% said that email from financial services companies make them feel more loyal towards the companies and their products.

Reaching out to consumers with key messages in uncertain economic conditions is crucial in the financial arena. Effective email communications drive online and offline behavior, from applying for credit cards to opening new accounts and selecting investment products. It's all part of creating and fostering a trusting relationship with wary consumers.

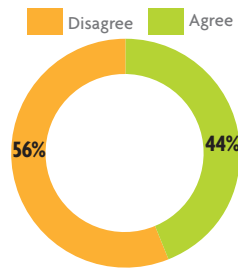
Many responded that they liked receiving emails they had signed up for, and formed a favorable impression of the company, even if they were not consistently reading the emails they received.

The majority of respondents who receive email from financial services companies have a more favorable opinion of those companies, and 44% say they are more loyal.

I have a more favorable opinion of the financial services companies that send me email because of the communications I receive.



The email I receive from financial services companies makes me feel more loyal towards those companies and their products.



Please indicate how strongly you agree or disagree with the following statement.
(Four point scale - Summary top 2 box) (N=552)



Methodology

Epsilon's 2008 email branding study was conducted in October 2008 by ROI Research, of Lancaster, PA., and compiles data from 1,517 responding consumers who receive permission-based email. The study focused on five specific vertical categories: CPG, financial services, pharmaceuticals, retail and travel. Respondents were screened for current receipt of permission-based email in each category. In addition to vertical-specific questions, the survey included a section of questions about permission-based email in general, which was compared to a similar 2005 survey on the same topic. The data has a sampling error of +/- 2.5%.

For More Information

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