

TITLE OF CASE STUDY: Charles Schwab\_Talk to Chuck

The case study can not exceed 5 written pages in 11 point font. The case study should explain the business opportunity and objectives, the research story behind campaign development, a description of the campaign, and proof of business results (please see Entry Kit for more details). *Proprietary data can be disguised.*

*Winners are able to submit an alternate version of the case study excluding sensitive information for use in public communications.*

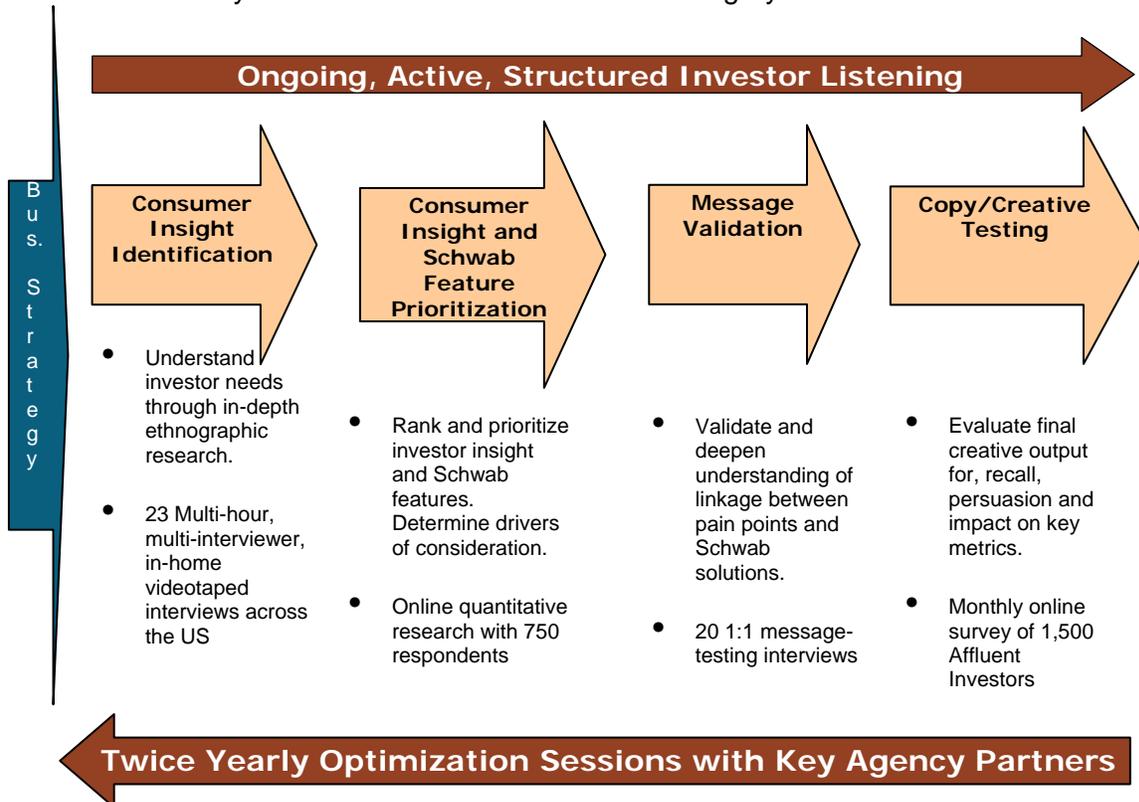
### Charles Schwab Business Situation

Four months into the Talk to Chuck (TTC) national advertising campaign Charles Schwab had made headway with a solid integrated campaign. Anecdotally, it was receiving positive feedback and most of our business and brand metrics were starting show improvement.

However, one key growth measurement was still lagging the competition and the Charles Schwab brand and advertising team had to figure out how to improve it. Charles Schwab ranked third in **consideration** in the category and we needed to improve it in order to affect new business growth.

We deconstructed the advertising and found that when we looked at our copy/creative ad testing results it became clear that some creative executions were more effective than others. Specifically, when our creative led with a strong, resonate benefit from an investor's point of view, the ads did well. When the ads spoke from the Charles Schwab point of view about Charles Schwab, performance suffered. It became obvious that the key to continued campaign success was the authentic voice of the investor coming through loud and clear. We needed to infuse "Talk to Chuck" with the sense that investors were being listened to as well as smartly linking our offerings to real investor painpoints and aspirations.

Charles Schwab needed to dramatically increase the relevance of our creative message to overtake our competitors. The result was the development of a research process designed to deeply understand our target audience and ensure our creative would strongly resonate with them in a way it does not for other firms in our category.



## Research Story

### **Research Background**

An earlier segmentation study identified two target opportunities for Charles Schwab: *self assured* and *unsure* investors. There are differences between these two targets on how they engage with the investment category, but both audiences have similar demographics: between the ages of 45 and 60, mass-affluent investors with between \$250K and \$750K in non-workplace investable assets, and most being married. The segmentation research concluded that both audiences wanted an investment firm with the following attributes:

- Being on the side of the investors
- Providing timely and comprehensive research
- Offering good value for the money
- Providing a good place to invest for retirement
- Offering services of knowledgeable FC's
- Helping investors achieve superior returns
- Making it easy to manage investments
- Solving problems quickly and competently
- Offering objective investment advice
- Offering investment tools for goal planning
- Monitoring accounts and suggesting changes

While these results were important in defining these segments, the statements were very broad and not actionable from a messaging perspective. The team also had no way of knowing what the most pressing painpoints for the target were, and which ones—if paired with a Charles Schwab solution—would most likely increase their interest in opening an account (e.g.: “considering”) with Charles Schwab.

### **Research Plan**

The success of “Talk to Chuck” was dependent on a deep understanding of investor painpoints, and relevant Charles Schwab solutions for them. To this end, a three-part research plan was developed to get a richer understanding of both audiences by putting a face on them and:

- Understanding why they invest
- Dimensionalizing and add richness to painpoints identified in the segmentation, specifically what these investors value and where the competition is falling short
- Identifying and prioritizing the specific painpoints that most resonate with these targets
- Identifying and prioritizing the strongest drivers of considerations for choosing an investment broker
- Refining appropriate messages to inform

### **The three distinct phases of the plan included:**

1. An ethnographic qualitative study—in-home visits with investors in our target audiences
2. A quantitative research study to test the hypotheses developed about investor insights and potential Charles Schwab solutions in the ethnographic research
3. A qualitative 1-on-1 messaging study to help hone and refine top scoring messages in the quantitative research

## 1. *Ethnographic Research*

The team concluded that ethnographic research would be more helpful for this assignment than conducting focus groups, as we correctly hypothesized that many of our research insights would be observational. Using ethnographic techniques, we were able to get to know the participants in the context of their daily lives, either at home or at work. This methodology allowed us to detail the behavior, practices, and motivations of Charles Schwab's two target segments both in and outside the investing category.

- How they view their “financial picture” and the role it plays in their lives
- How they view their current brokerage relationship and how they can articulate an “ideal” relationship
- The role investments play in their lives on a daily basis
- Attitudes and opinions about finance, politics, and community
- Their preferred interactions with sources of investment information
- Their use of traditional media and new media in their financial life
- Lifestyle habits such as shopping and brand usage
- Core interests and activities that they participate in
- Key financial services needs and desires from their providers

The team spent time with 23 investors in four states, interviewing them and observing how they lived. As investing is often a joint family decision, we met with several couples, and spoke with them together, then separately.

The ethnographies uncovered several insights about our target audiences that had a significant impact on how Charles Schwab talks to its target audiences—from messaging to tonality to imagery. The key finding for both segments included:

*“Self” characterization.* Most don't think of themselves as “investors.” They believe investors “have lots of money” and “do this for a living” or “for fun.” Our audience thinks of itself as “just people saving for their future”, doing this for financial security, managing their finances and/or people with money in the market. This insight relates to the average American's self-perception of affluence; our target audience does not think of itself as rich—it views itself as just regular people who have done well.

*Investing is not a discrete part of their lives.* Investing is not an isolated activity they engage in when they are in “financial mode.” It is a topic of everyday conversation, either at the dinner table, at social events with friends and with colleagues at the office. It is part of popular culture bordering on a pastime, even infotainment. It is in their consciousness as they shop and consume, as they engage in their everyday lives. Partially, the life stage between age 45 and 60 places this activity as top-of-mind.

*No shopping process.* The process of choosing a provider is remarkably haphazard and circumstantial. Initially, “proximity” creates the short list (e.g., “We knew this couple socially and he's in the business”, “A friend who's good with money uses them”). Generally, these investors are more methodical about planning a vacation, leasing an automobile, or buying high-end electronics. Ordinarily, “gut” makes the final decision—feeling “comfortable” and “the chemistry is right.” It was likened to choosing a doctor, dentist, or attorney.

*Not feeling valued by the category.* There is a huge disconnect between perceptions about the general treatment they receive as well-off consumers outside the category as opposed to the treatment they receive by the brokerage industry. As mass affluent consumers, they think they are generally well treated as consumers in just about all other areas of their lives, but in this category they believe that are not treated as valued customers. They are likely to

understand the economics of how the brokerage business works and use that as rationale for why they are treated as “small fish” (e.g., “I know I’m not his biggest clients”, “she handles people who have *millions* of dollars.”) They get the economics, but nevertheless recognize they are not a top priority at brokerage firms.

*Regret at not having started earlier.* The feeling that at this point in their lives “we can’t afford to blow it” was uncovered to be an investing truism for our target audiences. They feel they have no time to recover now from a big loss and are more cautious now than they have ever been.

*“Retirement” is neither a fixed point nor an aspiration.* Many want to continue working as long as they can. Others want to just “cut back” or split time differently between work and family/leisure/personal interests. The most common financial goal is to continue with the comfortable lifestyle they were living in.

Our two audiences were proven to be very similar in many aspects about how they view themselves, their investing objectives, and the category. The biggest difference between our two segments was in the emotional reaction when faced with “something so important.” Self-directed investors feared ceding control and believe that they have access to the same information brokers have. “Unsure” investors, on the other hand, get comfort in receiving help, and see brokers as experts who “do this for a living.”

## **2. Quantitative Research**

This study was conducted as a follow-up to the ethnographic analysis in order to statistically identify and measure:

- Strength of agreement with investing value statements
- Drivers of consideration for Charles Schwab for each of the target segments
- Relative importance of specific features and benefits as well as overall thematic areas (e.g., advisory, research tools, reporting) that predict the likelihood of opening a new account at Charles Schwab

This research was conducted via an “informed ballot” online survey among a total sample of 1,000 investors who are members of our target segments. It was a pure prospect study: current or past Charles Schwab customers, as well as Charles Schwab “rejectors” were terminated. The research was structured as follows:

- An overall assessment was made of satisfaction with respondents’ current brokerage providers, followed by evaluations of Charles Schwab and several key competitors on familiarity and general favorability, as well as the likelihood to consider Charles Schwab for a brokerage account.
- Respondents were then exposed to a list of statements that might reflect their feelings about themselves and their views about the investments and the category, and were then asked to rank how much they agreed with them.
- They were then exposed to an extensive list of potential features/benefits of a Charles Schwab account and asked again how appealing each one was to them.
- Following exposure to all potential Charles Schwab features, consumers were again asked to reevaluate their favorability and consideration scores.

We captured stated levels of importance (i.e., impact on consideration) for each of the features tested. We also used logistic regression modeling to derive importance of each feature. We conducted the following analyses separately for each of the two investor segments:

- *Drivers of favorability.* Logistic regression will be used to tease apart individual items that drive favorable perceptions of Charles Schwab.
- *Drivers of consideration.* This same modeling technique will narrow down the list of feature and benefits that are most likely to drive prospective investors to consider Charles Schwab for a retail brokerage account.
- *Factor analysis.* Since individual attributes may be highly correlated to one another, factor analysis will allow us to uncover critical themes to focus on for further analysis.

Results from the study were encouraging. On a five-point scale, most of the insight statements derived as a result of the ethnographies received top-2 box scores of over 80% for the “unsure” investors. The scores were a bit lower for the self-assured target, but importantly there was a strong correlation between the highest scoring insights for both audiences. Results were similar for the list of potential Charles Schwab features tested; the team was able to identify a list of potential products and services that served as the “Charles Schwab solution” to a pressing painpoint, with the assurance that our insight was real and that our solution was both appealing to our target and would increase favorability and consideration for Charles Schwab. Importantly, this research proved that while our target audiences went about investing in a different manner—specifically “do-it-yourself” versus “getting someone to help”—their view of the category, life stage needs, world views, and investing objectives were remarkably similar. The Charles Schwab team could move forward with one campaign, assured that it could develop a messaging strategy that would truly resonate with both targets.

### **3. Message Testing**

The final component of the research was a message test. Euro RSCG team members conducted two days of one-on-one interviews with investors from both target audiences, exposing them to the top-scoring Charles Schwab feature statements from the quantitative research as a way to probe on why they resonated so well.

Respondents were asked to “force rank” message statements based on their appeal to them, and then spent several minutes talking about each one, trying to uncover why the statements were or were not appealing, and what specific part of the phrases were the most meaningful for them. The interviewer also probed on their understanding of the main message of the statement and looked for areas of confusion.

This test proved valuable in pinpointing specific areas that truly appealed to the targets—and why. It confirmed that most of what we learned in the quantitative study really was motivating to the targets and helped us avoid messaging in areas that initially looked promising in the quantitative results but in reality were misunderstood.

#### **Resulting creative:**

The research findings guided the new messaging strategy. We also tried to dimensionalize and really capture the mindsets of the target audiences in a way that truly inspired the creative team to come up with groundbreaking work in this category.

We took the research results and aligned them with Schwab’s four strategic pillars: Value, Relationship, Performance and Service.

	Investor Pain Point	Schwab Solution
<b>Pricing/Value</b>	"I hate being nickel-and-dimed with (hidden) fees."	Has eliminated account service fees, and lays out any costs for you upfront in a clear, straightforward way
<b>Personalized Relationships</b>	"My broker is not responsive; doesn't listen, explain things, and treat me with respect."	Has people who take time explaining investment concepts and suggestions so that you understand and are completely comfortable with them
	"At this stage in my life, I can't afford 'to blow' it when it comes to my investments."	Talk to a Schwab Financial Consultant
<b>Help and Guidance for Performance</b>	"I want investment advice based on fact—not emotions."	Offers investment advice based on proven, disciplined research tools
	"My brokerage statement is helpful at letting me see what happened in the past, but is not very helpful at helping me decide what to do moving forward."	Has a quarterly statement that actually identifies opportunities to improve your portfolio
<b>Client Service</b>	"When it comes to my investment firm, I'm just a small fish."	Lets <i>all</i> clients have easy access to the best of their insights into financial markets & investments

### **Campaign Results (see attached)**

As of September, 2006 Schwab was #1 in consideration, for the first time since 1998, at 17% outperforming the nearest competitor by 7%. Creative recall and persuasion for print and TV\* were the highest in the industry, our key brand attributes were increasing significantly and the firm's net new assets were up 36% over the prior year.

See performance charts attached.

*\* Recall scores correlate strongly to length of time in market. Scottrade ranked higher than Schwab for TV creative score because only one spot was included (as opposed to several spots for Schwab and other competitors") in the survey and it had been on air for two years.*