



Checking-CBC Campaign Analysis (ROI & Acquisition Cost) Jun 08 – Aug 08

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Period: 6/08/08 – 7/19/08

Newspaper Advertising Dates:

1. Sunday, June 8th
 2. Thursday, June 12th (6 * 10.5, Sec A)
 3. Sunday, June 15th
 4. Sunday, June 22nd
 5. Thursday, June 26th (6 * 10.5, Sec A)
 6. Sunday, June 29th
 7. Thursday, July 3rd
 8. Sunday, July 6th
 9. Thursday, July 10th
 10. Thursday, July 10th
- # of exposures: 10
 - Cost per exposure:
 - ❖ Sun (Section: Neighbors): \$408
 - ❖ Thu (Section: Tropical): \$893
 - ❖ Thu (Section: A; Size: 6 * 10.5): \$2,350
 - Total newspaper advertising costs: \$9,419

TV Advertising:

- Week of May 5th
- Total TV advertising costs: \$33,714

- **Total advertising costs (Newspaper & TV):
\$43,133**

Period: 7/20/08 – 8/30/08

Newspaper Advertising Dates:

1. Thursday, July 31st (Section: Tropical; strip ad)
 2. Thursday, July 7th (Section: Tropical; strip ad)
 3. Thursday, July 14th (Section: Tropical; strip ad)
- # of exposures: 3
 - Cost per exposure:
 - ❖ Thu (Strip ad): \$3,195
 - Total newspaper advertising costs: \$9,585

ACTON – Direct Mail Campaign:

- Quantity mailed: 43,000
- Drop date: 7/14/08
- Big day: 7/25/08
- Direct Mail costs: **\$22,790**

- **Total advertising costs (Newspaper & ACTON):
\$32,375**

Acquisition Cost

Table # 1 shows some key data for the two advertising periods being analyzed. Although during the period of 6/08 – 7/19 the number of accounts opened was slightly higher, the total opening balance was 14% higher during the ACTON six week cycle. The acquisition cost per account was 22% lower during the ACTON cycle than the previous six week period; that is mainly due to the TV advertising, which costs tends to be higher. In addition, for every \$1 we spent in adverting we acquired an additional 52% in balances during the ACTON six week cycle than the previous six week period.

Newspaper advertising was conducted in both periods; however, during the ACTON cycle we only had 3 newspaper exposures versus ten in the previous six weeks. From a cost standpoint, the combination of direct mail and newspaper was more effective than TV and newspaper. However, keep in mind this is an educated guess. Until we are able to capture and track how members heard about us, we can only continue to analyze the different periods with the best data available.

Table # 1

	6/08 - 7/19	7/20 - 8/30	Difference	% Difference
# of Weeks	6	6		
Total # of Ckg Acts	342	329	-13	-3.80%
Total 1st Month EOM Bal	\$832,644.00	\$951,558.00	\$118,914.00	14.28%
Avg. Balance per Acct	\$2,434.63	\$2,892.27	\$457.64	18.80%
Total Adv Costs	\$43,133.50	\$32,375.00	-\$10,758.50	-24.94%
Avg. Acquisition Cost per Acct	\$126.12	\$98.40	-\$27.72	-21.98%
\$1 Spent per \$1 Acquired	\$19.30	\$29.39	\$10.09	52.26%
Advertising Mediums	TV & Newspaper	ACTON & Newspaper		

ROI

Table # 2 shows a one year ROI for both periods. The ROI for the ACTON period is 126% higher. This is mainly due to the lower marketing investment and higher avg. balance per account, which generates a higher marginal revenue.

Table # 2

<u>New Checking Accounts</u>	6/09 - 7/19	7/21 - 8/30	Difference	% Difference
	Yr 1	Yr 1		
Total # of Ckg Accts Opened	342	329	-13	-3.80%
Annual Avg. # of Checking Accts	320	308	-12	-3.80%
Average Balances	\$ 2,435	\$ 2,892	\$ 458	18.80%
Net Interest Margin ²	3.57%	3.57%	0	0.00%
Total Marketing Investment				
Total Marketing Investment	<u>\$ 43,134</u>	<u>\$ 32,375</u>	<u>\$ (10,759)</u>	<u>-24.94%</u>
Estimated Balances	\$ 779,355	\$ 890,658	\$ 111,304	14.28%
Marginal Revenue	\$ 27,823	\$ 31,797	\$ 3,974	14.28%
Non-interest Revenue	\$ 34,572	\$ 33,258	\$ (1,314)	-3.80%
Net Return	\$ 19,262	\$ 32,679	\$ 13,418	69.66%
Estimated Return on Investment	44.66%	100.94%	56.28%	126.04%

Total Marketing Investment	\$43,134	\$32,375
Non-interest Revenue per Ckg Acct¹	\$108	\$108
Net Interest Margin²	3.57%	3.57%
Annualized Attrition Rate³	12.80%	12.80%

¹ Figure based on NSF and other checking fees from 2007 net income statement divided by avg. # of checking accounts (26,925) in 2007

² Source: Accounting, as of 3/31/08

³ Based on the accounts opened in Jan & Feb 08 and closed as of Apr 08 (figure was annualized)

Table # 3 shows the weekly data for the two six week periods; advertising done in that week, the weekly number of checking accounts opened, # of CBC opened, number of new and existing HHs and new HHs as a percentage of total. The top week in terms of account opening was the week of 7/27, 66 accounts were opened; we ran a strip ad on Thursday and it was during the second week of the ACTON cycle.

Since we have been doing several forms of CBC advertising almost all year long, the next step would be to analyze the various combinations, i.e. newspaper and TV, newspaper and direct mail, bi-weekly newspaper only, etc.. It would be interesting to see if there is any combination or single method that produces a significantly higher results.

Table # 3

Period	Nwsprr Wkly	Nwsprr Bi-wkly	TV	ACTON 6 wk cycle	Wkly # of Ckg Accs	Wkly # of CBC	CBC as a % of Total	New HHs	Ex HHs	New HHs as % of Total
6/08 - 6/14		X			58	24	41.38%	20	38	34.48%
6/15 - 6/21	S		X		63	25	39.68%	26	37	41.27%
6/22 - 6/28		X(SA)			64	30	46.88%	19	45	29.69%
6/29 - 7/05 (H)		X			36	18	50.00%	13	23	36.11%
7/06 - 7/12		X			60	33	55.00%	30	30	50.00%
7/13 - 7/19	TH				61	28	45.90%	26	35	42.62%
7/20 - 7/26				X	56	21	37.50%	20	36	35.71%
7/27 - 8/02	TH			X	66	33	50.00%	28	38	42.42%
8/03 - 8/09	TH			X	53	28	52.83%	25	28	47.17%
8/10 - 8/16	TH			X	48	26	54.17%	19	29	39.58%
8/17 - 8/23				X	51	20	39.22%	15	36	29.41%
8/24 - 8/30				X	55	21	38.18%	14	41	25.45%
Avg	58.20	60.67	63.00	54.83	55.92	25.58		21.25	34.67	38.00%

The shaded cells represent the 4th of July week. I did not include that week's account figure in the average calculation for Bi-weekly newspaper advertising (last row), because it would have skewed the result.

Period: 7/23/07 – 9/01/07

TV Advertising:

- Period: 7/30/07 – 8/26/07
- # of Spots: 836
- Total TV advertising costs: \$176,929

- **Total advertising costs (TV): \$176,929**

Period: 7/21/08 – 8/30/08

Newspaper Advertising Dates:

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ACTON – Direct Mail Campaign:

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Acquisition Cost

Here we are comparing the period of 7/28/08 – 8/30/08 (5 weeks) to the same time period last year (7/30/07 – 9/01/07). The CBC was introduced on June 30th, 2007 and the TV campaign began that week. From a cost standpoint, direct mail and newspaper is much more effective. Furthermore, the avg. balance per account was slightly higher with ACTON and newspaper. However, TV advertising reaches a wider audience, and although we are promoting a specific product, our branding is reinforced in the marketplace.

Displayed below is the percentage of accounts opened by new HHs for both time periods, which are pretty much equal.

	<u>% of New HHs</u>
7/30/07 – 9/01/07	35.5%
7/28/08 – 8/30/08	36.8%

Table # 4

	Yr: 07	Yr: 08		
	7/30 - 9/01	7/28 - 8/30	Difference	% Difference
# of Weeks	5	5		
Total # of Ckg Acts	299	273	-26	-8.70%
Total 1st Month EOM Bal	\$966,217.00	\$902,197.00	-\$64,020.00	-6.63%
Avg. Balance per Acct	\$3,231.49	\$3,304.75	\$73.26	2.27%
Total Adv Costs	\$176,929.00	\$32,375.00	-\$144,554.00	-81.70%
Avg. Acquisition Cost per Acct	\$591.74	\$118.59	-\$473.15	-79.96%
\$1 Spent per \$1 Acquired	\$5.46	\$27.87	\$22.41	410.29%
Advertising Mediums	TV	ACTON & Newspaper		

ROI

As to be expected, the period with the TV advertising is negative in the first year. If the marketing investment is spread over three years (see next slide), the ROI in the first year is positive, but turns negative for years two and three.

New Checking Accounts

	Yr: 07	Yr: 08		
	7/30 - 9/01	7/28 - 8/30	Difference	% Difference
	Yr 1	Yr 1		
Total # of Ckg Accts Opened	299	273	(26.00)	-8.70%
Annual Avg. # of Checking Accts	280	256	(24.34)	-8.70%
Average Balances	\$ 3,231	\$ 3,305	73.26	2.27%
Net Interest Margin ²	3.57%	3.57%		

Total Marketing Investment	\$ 176,929	\$ 32,375	\$ (144,554)	<u>-81.70%</u>
Estimated Balances	\$ 904,379	\$ 844,456	\$ (59,923)	-6.63%
Marginal Revenue	\$ 32,286	\$ 30,147	\$ (2,139)	-6.63%
Non-interest Revenue	\$ 30,225	\$ 27,597	\$ (2,628)	-8.70%
Net Return	\$ (114,417)	\$ 25,369	\$ 139,786	-122.17%
Estimated Return on Investment	-64.67%	78.36%	143.03%	-221.17%

Total Marketing Investment	\$176,929	\$32,375
Non-interest Revenue per Ckg Acct¹	\$108	\$108
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New Checking Accounts (7/23/07 - 9/01/07)

	Yr 1	Yr 2	Yr 3	Total/Avg
Total # of Ckg Accts Opened	299			
Annual Avg. # of Checking Accts	280	244	213	246
Average Balances	\$ 3,231	\$ 3,231	\$ 3,231	\$ 3,231
Net Interest Margin ²	3.57%	3.57%	3.57%	3.57%

<u>Total Marketing Investment Divided by Three Yrs</u>	<u>\$ 58,976</u>	<u>\$ 58,976</u>	<u>\$ 58,976</u>	<u>\$ 176,929</u>
Estimated Balances	\$ 904,379	\$ 788,619	\$ 687,675	\$ 793,558
Marginal Revenue	\$ 32,286	\$ 28,154	\$ 24,550	\$ 84,990
Non-interest Revenue	\$ 30,225	\$ 26,356	\$ 22,983	\$ 79,565
Net Return	\$ 3,535	\$ (4,466)	\$ (11,443)	\$ (12,374)
Estimated Return on Investment	5.99%	-7.57%	-19.40%	-2.33%

Total Marketing Investment	\$176,929
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