New York University  
Leonard N. Stern School of Business  

B70.2121.U1 Financial Services Marketing  
(Course Website: classes.nyu.edu)  

Summer Intensive 2010  
4/15/2010

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Office Hours: By appointment and before class sessions

Course Description

Financial services marketers will play an increasing important role both internally with employees and externally with customers/clients in the evolving financial service industry. Financial Services professionals will need to effectively reach and communicate to customers/clients. While the short term and the longer term structure of the financial industry is uncertain, we do know that the increased role of marketing in financial services during the past 20 years due to industry deregulation, intensified competition, and the emergence of new technologies and products will not diminish but probably become more important. These anticipated changes to financial services will make it more critical for financial services professionals both as users and providers of marketing to expand their skill sets and to explore new approaches for successful marketing of their institutions as well as their products and services.

Traditional structural analysis of the financial services industry suggests that it should degenerate into a commodity-like battle with low levels of profit for all participants. This is because of the large numbers of competitors in most sectors and the ease of comparing product and service performance among suppliers. The continuing consolidation among retail banks is one example supportive of that view. Yet empirical reality in many sectors of the industry suggests otherwise. Our hypothesis is that there is some combination of buyer behavior and marketing strategies that slows the commoditization process. But key to success in financial services is differentiation of your brand through effective marketing.

Course Objective:

The objective of this course is to assist you in learning how to use marketing strategies and tools in different financial services businesses. This course will also expand your knowledge and understanding of the marketing tactics and tools that can be utilized both internally and externally to create differentiation in the marketplace and thus slow the commoditization process.

This course should be taken only by students that have completed the Core Marketing Course BO1-2310.

For non-marketing majors this course will provide targeted marketing coursework and concepts designed to enhance understanding of significant marketplace and marketing issues occurring in the financial services industry.

For marketing majors to provide a broader base of industry specific marketing knowledge so that one has the ability to more quickly contribute to financial business strategy and implementation.
Course Format

We will use a combination of lectures, case write-ups and discussions, readings, and a final paper to achieve the course objectives. Analysis of cases, guest speakers and articles will form the basis for applying the concepts to real-world situations. Students are expected to come well prepared for each of the class sessions and discussions. Through in-class exercises, the course will provide the students several opportunities for hands-on experience with financial services marketing problems. The final paper will also allow students to synthesize their learning’s from the course of current and emerging trends in financial services businesses.

Course Overview:

The course is divided into several sections:
1. An exploration of the strategic situation that characterizes financial services and an overview of the financial services businesses.
2. The role of branding in the execution of a financial services marketing strategy
3. Alternative strategies that are available to financial service institutions/firms.
4. Overview of marketing tools and measures that can be used by financial institutions.
5. Growth strategies that are utilized by financial services businesses and the role of marketing in these strategies.
6. The degree to which marketing is applied in different financial services businesses and a summary of the course.

Course Materials:

Readings/Cases

The readings and cases course packet are available at the New York University Professional Bookstore at 530 LaGuardia Place. The readings and case preparation set the foundation for that day’s class which will consist of a combination of lecture, case discussions and guest speakers.

In some classes we may discuss examples from articles that have appeared in the popular and business press, such as the Wall Street Journal, New York Times, The Economist and the Financial Times. These help create an interesting class discussion and show how marketing concepts affect current events. Whenever possible, we will look at an image of these articles in Power-point in class, and I will post a live link to that article on Blackboard.
Cases describe interesting marketing problems encountered by real firms. We use them as good examples that illustrate and apply marketing concepts and skills in the course. Cases also give you an opportunity to make and justify marketing decisions. In these cases, we will focus on identifying the marketing problems, introducing marketing concepts and skills that can help solve these problems, and applying these concepts and skills to recommend a course of action for the firm. There is no "right" answer to a case, but usually some answers are better than others. **The strength of your reasoning and analysis is as important as your recommendations.** We are not most concerned with what a firm did, since the firm may not have made a good decision, but rather how to analyze and solve the firm’s problem. Be sure and support your point of view with data from the case.

We will use cases to learn about elements of the strategic marketing mix, and about particular skills and techniques that create successful marketing strategy and tactics. This syllabus contains a set of study questions for each case. Please read them carefully before starting a case, as they will help you focus your effort on important case topics. In class, we will discuss your answers to these study questions to help us better understand and organize the important issues in the case. Sometimes in the case discussion, I will also introduce new frameworks and techniques that help address the marketing problems in the case. The study questions do not always cover every important case issue, however.

**The amount you learn from a case depends on how carefully you read and analyze it.** You are expected to read each case thoroughly and come to class ready to contribute to case discussions. In many cases some of the material is, by design, not particularly relevant to the problem at hand, while the case omits other data you would like to have, and would try to obtain using market research or some other source, if you were the
decision-maker. This can be a pain, but it does reflect the real world of business. Some of our discussion may revolve around what "missing information" we would like to have.

Some of these cases describe fairly recent events, while others are older. We discuss these older cases because they are "classics" that do a great job illustrating marketing concepts and problems that are as important to firms today as when the cases were written. This is why I have kept some of these older cases even after reviewing dozens of newer cases--sometimes the older case is just better.

Analyzing a case:

While the case study questions are designed to help you focus on important case topics, you also should begin to establish your own, independent ability to analyze marketing situations. Analyzing cases is a good way to start developing this ability. A good case analysis should look at the following:

1) What are the important problems confronting this firm? This includes anticipating problems before they occur so the firm can take steps to prevent them, as well as identifying existing problems.
2) What information do you have that is useful for addressing these problems? What information would you like that you don’t have
3) What are the different solutions to these problems? What are the strengths and weaknesses of each solution?
4) Which solution would you choose, and why is it better than the others?
5) How would you implement this solution?
6) If a firm faces several problems, what are the relationships between them and between the solutions you have chosen? This is especially important in marketing, where each part of marketing strategy, and each part of the marketing mix, affects the others.

Case Assignments

The case, “Charles Schwab Corp: Introducing a New Brand” will be discussed in the first class and I would like a one page notes page to demonstrate that you have read the case. This will not be graded other than completed or not completed. However, if you are on the line in terms of a final grade this could have an impact.

The write-ups for

“UBS: Towards the Integrated Firm” and
“Customer Profitability and Customer Relationship Management at RBC Financial Group (Abridged)”

will be a complete analysis for each and should be at least 5-7 pages with footnotes. Each case analysis will be 20% of your grade. Please see below for detail.

Grading:

Class participation: 25%
Two case briefs: 40% (20% each)
Final paper 35%
Assignments:

<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>8/16</td>
<td>Notes on the questions for the case will be collected but not graded, to demonstrate that you have read: “Charles Schwab Corp: Introducing a New Brand”</td>
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<td>8/18</td>
<td><strong>Case Write-up #1:</strong> “UBS: Towards the Integrated Firm”</td>
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<tr>
<td>8/21</td>
<td><strong>Case Write-up #2:</strong> “Customer Profitability and Customer Relationship Management at RBC Financial Group”</td>
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<tr>
<td>8/25</td>
<td><strong>Final Paper Due:</strong> Individual Integrative Paper on marketing that draws upon all the course materials.</td>
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**Final Integrative Paper to Summarize Key Course Learning’s = 35% of grade (Due 9/1/10)**

Reflection is an important aspect of learning. At the end of each lecture, case discussion period, and guest lecture, 5 or so minutes will scheduled to elicit the class’ lessons learned. The final paper is designed to complete your learning experience by having you integrate the learning’s you gained across all off the cases and based upon personal experience. I would suggest that you cover between 3-5 Key Course Learning’s in each of your papers.

The paper should be organized using key lessons (or themes if you prefer) as main headings with subheads as appropriate. These lessons or themes will require you to reflect on the learning experience and to find higher level concepts for you to integrate the course’s content. It is expected that in illustrating those themes, you will refer to and use as examples all of the cases and presentations including discussion points made during class sessions. Since much of the learning involves not just the case (or presentation) situation and facts but the insights gained in the discussion of them, you will find it useful to take notes appropriately. You may also want to include examples from your current position if you are in a financial service business. You may find it useful to think about creating a standard format for yourself to record ideas in some logical manner to make the task easier and less haphazard.

**Writing/reporting styles:**

The report is to be of the same professional quality as one that you would submit to a prospective employer if asked for a sample of your work.

The report should be in prose form (although not wordy) and tables and figures should follow the page on which they are first discussed (or integrated into the text if your word processing skills allow). It is expected that you will use heads and subheads to help the reader understand your logic and organization.

All tables and figures are to have useful, descriptive titles and should be appropriately numbered. The source of all data used should be noted on each table or figure and a complete list of references used is to be included (there is nothing worse than inheriting a key report from your predecessor which does not reference data sources!) Backup data and similar material should be contained in appendices.

While there is no page limit to the report I expect at least 5 pages and I will read all that you submit with footnotes and examples. You are expected to cover the topic at a professional level. For ease of reading, the report should be submitted either in a three-ring binder or simply stapled. Please number your pages.
**Class Participation:**

You will learn the most from this class if you and your classmates participate fully. You all have
different experiences and insights, and a great deal of what you learn in class is from each other. You
make no contribution with silence.

Your class participation earns 25% of your grade. Class participation means contributing to each class
discussion in a way that benefits your classmates and helps them learn. You don't have to speak very
frequently to earn the highest possible class participation grade. I am aware that some of you may be
shy about speaking out and respect this while at the same time encouraging you to participate. But all
of you are expected to add to the class discussion during this intensive course.

Class discussion should encourage the free and open exchange of ideas. If you want to challenge what
I, or another student, have said, do so. *Constructive dialog is always welcome and is an important part
of the Stern MBA experience.* Do not be upset if I challenge something you say - we learn most when
we have to defend our positions. If you ever feel that my comments or the comments of any student are
not constructive, please let me know.

Sometimes we will have to stop discussion and move on to the next topic before hearing from
everyone - there is limited time in each session and we want to use it wisely. Please don't take it
personally if there isn't time to call on you. Often we will try to hear first from class members who
have not participated much before hearing from others who have spoken more often.

*It is important for your classmates, and me, to know who you are.* Please help out by using your desk
name card during every class session. This helps your classmates, and me, learn and remember your
name.

**Classroom Etiquette:**

Out of respect for the other students in your class, it is important for you to focus your full attention on
the class, for the entire class period. Most students observe proper decorum, but it takes only one
person’s behavior to distract the entire class. Stern students have complained to the school about
students who use class time for other purposes or act in a distracting manner. *Class will be conducted
using the same rules of decorum that would apply in a business meeting.* These rules include the
following:

- Arrive to class on time.
- Once you have arrived, you should leave the classroom only if absolutely necessary. Leaving
to make or take phone calls, to meet with classmates, or to go to an interview, is not
considered appropriate behavior.
- If for some reason you must be late for class or leave early, please let me know.
- If you know in advance that you will miss a class, please let me know.
- Many people find that it is convenient to take notes on laptops or to annotate PowerPoint
slides using a laptop. Frankly, many of us can now type much faster than we write. However,
laptops can also act as a powerful distraction. Use of laptops for non-class purposes during
class time has been a particular source of student complaints at Stern. Laptops are to be used
only for class purposes during class. The use of laptops for any other purpose during class
time, such as to check email or surf the internet, indicates a lack of appropriate respect for
your classmates and is not allowed. I would prefer if you did not use laptops during class if
this is a problem for you let’s discuss.
- Turn off your cell phone, “Blackberry,” and any other communications device.
- The only material you should be reading is that concerned with the class. Reading of any
other material, such as newspapers or magazines, or doing work from another class, is not
acceptable.
## APPENDIX A
### COURSE OUTLINE

<table>
<thead>
<tr>
<th>WEEK</th>
<th>DATE</th>
<th>TOPIC</th>
<th>READINGS/DEADLINES</th>
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</thead>
</table>
| 1    | 8/16  | Overview: Financial Services Marketing  
- Course and Content  
- Degree of Marketing Applied  
- Clients  
Case Discussion: Charles Schwab | **Readings:**  
- HBS Case: “Charles Schwab Corp.: Introducing a New Brand”  
**NOTES ON ANSWERING THE QUESTIONS FOR THIS CASE WILL BE COLLECTED AND NOT GRADED TO DEMONSTRATE THAT YOU HAVE READ THE CASE** |
| 1    | 8/18  | Guest: Johanna Breman Tzur, Senior vice President, North America, HSBC  
Case Discussion: Harvey Golub, American Express | **Readings:**  
- HBS Case: “Harvey Golub, American Express” |
| 1    | 8/21  | Branding:  
Lecture: Branding and Financial Services Strategies  
Case Discussion: UBS | **CASE WRITE-UP #1 DUE on the UBS Case**  
**Readings:**  
- “Building the Corporate Brand, Beyond Individual Loyalties”, ESOMAR Conference on Financial Services  
- “A Survey of Key Success Factors in Financial Services Marketing and Brand Management:”  
- HBS Case: “UBS: Towards the Integrated Firm”  
- HBS Case: “Marketing at the Vanguard Group” |
| 2    | 8/23  | Lecture: Measures of Success and Marketing Tools  
Case Discussion: ING Direct | **Readings:**  
- “Customer Driven Marketing is No Longer a Vision, but also a Headache. Why?”  
- HBS Case: “ING DIRECT” |
2  |  8/25  | Lecture: Rationale for Growth Strategies  
- Synergies  
- Organic Growth  
- New Products  
- Cross Selling  

*Case Discussion:* Customer Profitability and Customer Relationship Management at RBC Financial Group  
Summary Lecture  

**CASE WRITE-UP #2 DUE**  

**FINAL PAPER DUE 1 WEEK AFTER LAST CLASS 5-10 PAGES ON BRINGING THE CLASS LEARNING TOGETHER**  

Readings:  
- “Customer Lifetime Value Approaches and Best Practice Applications”  
- HBS Case: “Customer Profitability and Customer Relationship Management at RBC Financial Group”  
- HBS Case and Commentary: “Cross Selling or Cross Purposes”
Appendix B
Biographies of Guests

Johanna Breman Tzur
Senior Vice President
Brand and Advertising, North America, HSBC

Johanna Breman Tzur is Senior Vice President, Brand and Advertising, North America, HSBC. HSBC is the world's local bank. Headquartered in London, HSBC is one of the largest banking and financial services organizations in the world. HSBC's international network comprises around 8,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

Prior to her current position Johanna was SVP & Head of Global Marketing, HSBC Direct. In this position she was responsible for global HSBC Direct marketing strategy, including brand architecture and creative strategy, annual planning, new product launches, CRM and user experience development. Her previous position as VP & Director of Customer Propositions included responsibility for building and delivering profitable customer propositions for HSBC Direct’s target segment, building a CRM process and leading the annual marketing planning process.

Before joining HSBC in 2006, Johanna was Manager, Lancôme Skincare Marketing. In this position she managed the $100MM US skincare business and was responsible for five skincare launches. Prior to that she was with Proctor & Gamble for two years where her last position was as the Brand Manager for Global Whitespace Cosmetics.

Johanna received her M.B.A. in Multinational Marketing and Strategic Management and an M.A. in International Studies from The Wharton School and The Lauder Institute and her B.A. in English literature and French from Washington University.

Donna MacFarland
President and CEO
Symphonic Marketing

Donna MacFarland is President and CEO of Symphonic Marketing, a marketing strategy consultancy, based in the Greater Philadelphia area.

Donna MacFarland was Principal within the Marketing Department of The Vanguard Group, Inc. She held the position of Retail Client Group Marketing Executive. She oversaw the development and execution of marketing strategy targeted to individual clients and prospects. Prior to her current position, Donna led Vanguard’s Brand Management group where she and her team oversaw Vanguard’s brand identity system monitoring all external communications expressions to ensure brand consistency, maintaining and developing guidelines for the corporate communications framework, and facilitating the positioning of new product/service offerings. In previous roles at Vanguard, Donna has led the Business-to-Business Marketing Management Group and was the Research Director of the Institutional Marketing Research Department.

Before joining Vanguard, Donna was Principal of MacFarland Research Associates, Inc., which specialized in business-to-business research and marketing strategy. Over the course of her career, she has held senior marketing research positions with financial services leading brands including Merrill Lynch, Citibank, and Smith Barney. She started her career with the Direct Marketing Association.
Donna is co-author of “Money Attitudes” and Retirement Plan Design: One Size Does Not Fit All, published by Oxford University Press and has been a frequent speaker at marketing conferences.

She received both her B.S. and M.B.A. degrees with concentrations in marketing from the University of Connecticut. Additionally, Donna is a certified Six Sigma Green Belt Specialist.

### Appendix C

**Case Questions**

#### 8/17

**Study and notes Questions**

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<thead>
<tr>
<th></th>
<th>Charles Schwab Corp.: Introducing a New Brand</th>
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<tbody>
<tr>
<td></td>
<td>1. What were the changes that were taking place in the brokerage industry from late 1998 to 2001, in terms of the Securities Brokerage Industry?</td>
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<td>2. What was the key challenge facing Schwab from a marketing perspective as identified by Jack Calhoun in May 2001?</td>
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<td>3. What was the plan that Jack Calhoun had developed to address Schwab’s key challenge? Do you agree or disagree with Calhoun’s plan?</td>
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<td>4. With Schwab broader offerings of products and services through multiple distribution channels, Calhoun and Pottruck were concerned that IFAs might feel threatened, did the IFAs feel threatened? Why or Why not?</td>
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<td>What do you think of the Brand Campaign that Calhoun had developed – objectives and execution? What decisions do you think were made in the meeting?</td>
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#### 8/19

**Study Questions**

<table>
<thead>
<tr>
<th></th>
<th>Harvey Golub, Recharging American Express</th>
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<tbody>
<tr>
<td></td>
<td>1. What challenges did Harvey Golub face in late 1992? What alternative courses of action could he have pursued? What is your evaluation of his chosen approach?</td>
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<td>2. What is Golub hoping to achieve by turning American Express into a principles-driven organization? What are the benefits and risks of this approach?</td>
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<td>3. What are the critical elements of American Express measurement and reward systems? What roles have they played in the change process?</td>
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<td>4. What were the major phases in the change process at American Express? How do the first and second waves of reengineering compare?</td>
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<td>5. What is your assessment of Golub’s approach to management? His goal of making American Express one operating company?</td>
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#### 8/22

**Study and Write-up Questions**

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<tr>
<th></th>
<th>UBS: Towards the Integrated Firm</th>
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<tr>
<td></td>
<td>The objective of this write-up is for you to learn how a financial services firm went about transforming themselves into an ‘Integrated Firm’. I want you to evaluate what UBS did in this respect, how they went about it and with what results at the end of the case write-up.</td>
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<tr>
<td></td>
<td>Your write-up should include, but is not limited to, the questions listed below.</td>
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<tr>
<td></td>
<td>• Your write-up is due on 3/2 so you may want to begin your preparation now.</td>
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<tr>
<td></td>
<td>• Your write-up should be at least 5 pages plus appendices.</td>
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<td></td>
<td>• It should be well organized, double-spaced with topic and sub-topic headings and in</td>
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</table>
1. What do you think about what Peter Wuffli is trying to accomplish? Why is it important?

2. What do you think of the process that Wuffli followed to develop the UBS Vision and Values? Which of the step(s) do you think were most important and why? Did he encounter any obstacles, if yes, how did he handle them?

3. How would you describe UBS’s marketing strategy? Do you think that UBS has differentiated themselves from other institutions – Why/why not? Please provide examples.

4. What are the components that UBS addressed in transforming itself into an Integrated Firm in the case? Do you think that these components are unique to UBS?

5. Now that Wuffli is gone what do you think will happen/is happening?

8/22

Study Questions

Marketing at the Vanguard Group

1. What does the Vanguard brand stand for?

2. Who has been Vanguard’s target customer? - Whom have they not targeted?

3. How can Vanguard continue to grow?

4. How important is additional advertising and direct marketing to drive growth?

5. How sophisticated a marketer is Vanguard?

6. Do you think that there are any issues that Vanguard should be addressing that they have not?

8/24

Study Questions

ING Direct

1. How would you account for the success of ING DIRECT in the United States to date?

2. What would you recommend to Arkadi Kuhlmann and Thomas McInerney about efforts to coordinate ING brand development in North America?

3. Should ING DIRECT’s management be encouraged more strongly to shift its brand development account to DDBO (the agency currently used by ING’s USFS organization)? Why?

4. What are the prospects for success in Cross-selling retail and wholesale products among ING’s U.S. businesses? Why?
<table>
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<th>Study and Write-up Questions</th>
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<td><strong>8/26</strong></td>
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**Customer Profitability and Customer Relationship Management at RBC Financial Group**

1. Evaluate RBC’s strategy and organizational structure. Is RBC well equipped to compete with niche operators such as Internet-only banks with focused product offerings?

2. Do you think that RBC, is unique in how it computes the lifetime value of its customers?
   a. What additional insights are likely to come from lifetime value computations for customers as opposed to annual customer profitability numbers?
   b. Should RBC compute lifetime values at the segment level or the individual customer level for strategy formulation? How about strategy execution?

3. Do you agree with RBC’s decision to withhold profitability, potential, and segment information from its front-line employees?

4. Should Reich make the car loan to “Niece” and if so at what interest rate?

5. What should RBC do about customers who are unprofitable because they use the retail branches and ABM machines for bill payments?