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Phoenix Quarterly Newsletter Syndicated Financial Services Economic Sentiment Highlights

2Q09

Corporate Headquarters

6423 Montgomery Street, Suite 12

Rhinebeck, New York 12572

Phone: 845.876.8228

Phoenix syndicated category audits track brand health, advertising trends, and ad effectiveness across financial services offerings for a broad list of clients.

For the Chief Marketing Officer and Marketing Department, these studies provide ongoing insight into how well advertising efforts support brand strategy. For the Chief Financial Officer, Phoenix offers a cost-effective option to save research budget.

Phoenix audits effectively link indicators of brand health with advertising effectiveness by gauging the degree to which brands are under consideration for new relationships, while assessing in-market ad effectiveness. Ad effectiveness is determined based on the degree to which the target recalls having seen your ad in the past, the extent to which the ad lifts brand impression and purchase consideration of your brand, and the degree to which it drives a response such as opening accounts, visits to the web, phone calls, or increased trading.

Phoenix Economic Sentiment Synopsis

This quarter in response to the economic crisis, Phoenix audits have also tracked economic sentiment across multiple targets including Affluent Investors, Mass Affluent, Millionaires, Active Traders, Financial Advisors, Retirement Services Customers, Retail Banking Customers, Small Business Owners, Credit Card Consumers, and Property and Casualty Insurance Consumers.

As with the adage “The country’s education system is a disaster, but I am very happy with my own child’s school,” most populations show greater optimism about their personal situations in the current economy than they do about prospects for the country at large.

Despite the heavy toll the economic downturn has taken, it has fostered some positive trends in financial and investment behaviors. Most populations have taken a step back and held off on making any rash financial decisions during this period, creating an opportunity for reassessment of investment strategy vs. long-term goals. We have seen a clear increase in contact with financial services professionals as investors and consumers seek assistance and guidance in sorting out the situation, and Advisors reach out to clients and prospects to help them get back on course in meeting their financial goals. This has resulted in a strengthened bond between Financial Advisors and their clients, and a migration away from risky, speculative investments to safer options and FDIC insured accounts. Brands that have avoided scandal, have maintained transparency, and engendered trust have benefitted from the downturn as investors turn away from tarnished industries and companies toward those with a track-record of stability and forthrightness.

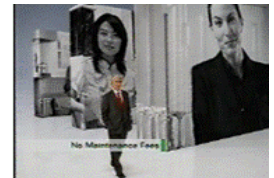
Unsurprisingly, advertising that highlights a brand’s reputation, and trustworthiness in a credible way (where claims are in sync with reality), while informing investors of products and services that may help them reach their goals have had the greatest success in this difficult financial climate.

Affluent Investors Shift to More Conservative Investments and Trusted Brands

The most common activities engaged in as a result of the economic crisis were to meet with Financial Advisors (43%) and to reallocate assets from individual securities to mutual funds (32%). Established, trusted brands have benefited from the financial downturn as 29% indicate that they have placed the majority of their trades with well-known brokerage houses rather than small boutique firms. Affluent Investors have also migrated to more conservative investment vehicles, as 27% increased their position in CDs.

Purchase consideration in July is highest for Fidelity and Charles Schwab. TD Ameritrade had the most effective TV ads in-market among Affluent Investors, and Fidelity’s ads were strongest in the Print medium.

**Top July Investment Services
TV Ad
TD Ameritrade’s
“Straightforward Pricing V2”**



Source: Investment Services Audit – July 2009

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***Optimism Builds Among Mass Affluent and Millionaire Investors***

After a severe loss of confidence from December '08 through February '09, both Mass Affluent Investors and Millionaires have become far more optimistic about the U.S. economy. However, this optimism has not yet translated into action. Both populations show greater risk-aversion and lower levels of confidence than reported prior to the economic crisis, particularly as it relates to re-entering the stock market. Both populations continue to wait for greater direction from the markets before committing to new investments. Each note increased contact from Financial Advisors during the period.

Source: Affluent Marketing Services Audit (AMS) – July 2009

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Venturesome Active Traders Gradually Increase Trading and Account Activities

Active Traders may be a bellwether for investors at large, as this group has shown increased willingness to open new accounts, establish new relationships, rollover 401(k)s and to seek out Financial Advisors since a lull in activity in 4Q08, when 68% of traders did not plan to make any account or relationship changes over the next 3 months. Willingness to trade securities on margin increased in 2Q09, as has trading frequency among Active Traders. Yet the caution we see among other investor populations is still in evidence among Active Traders, with a majority indicating they plan to make no relationship changes at this time.

Purchase consideration in 2Q09 is highest for E*Trade, Fidelity, and TD Ameritrade. TD Ameritrade and E*Trade had the top-performing ads among Active Traders in the TV medium. E*Trade and TD Ameritrade were most effective in Print, while E*Trade and Schwab were strongest among the online ads tested.

**Top 2Q Active Trader
Online Ad
E*Trade’s
“Free Blackberry V2”**



Source: Active Trader Audit – 2Q 2009

Financial Advisors Are Wary, but Client Relationships Have Strengthened

Financial Advisors are generally more pessimistic than optimistic about the economic environment. One-third strongly agree that Americans' quality of life will be adversely affected for the long term and just 17% feel that the crisis will be resolved within the year. A majority (57%) indicate that the economic crisis has had a large impact on their business as Financial Planners. However, the turmoil has also provided a real opportunity for Advisors. The majority indicate that they have had more contact than usual with their clients, which has helped with relationship building. Thus, Advisors may be one segment of the workforce that has been strengthened by the economic downturn.

Consideration to recommend is highest for Fidelity, American Funds, Franklin Templeton, Barclays, John Hancock, MetLife, and Vanguard. The most effective Broker-Targeted Print ads with Financial Advisors are from Barclays, T. Rowe Price, and MassMutual.

**Top May/June Financial Advisor
Print Ad
Barclays/iShares
"529 Plan – More Important Things"**



Source: Bi-Annual Financial Advisor Audit – May/June 2009

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***Risk-Averse Retirement Services Customers Seek Help from Advisors and More Conservative Investments***

More than half of Affluent Investors of pre-retirement age note that the economic crisis has had a negative financial impact on their households and while a third expect this situation to improve within the next year, 42% feel that their financial situation will be unchanged over that time-period. A noteworthy 28% think they will actually see an even greater decline. The most common actions taken in response to the crisis are meetings with Financial Advisors, reallocation of assets from individual securities to mutual funds, increase in CD positions, and diversification of assets across multiple brokerages to maximize FDIC insurance coverage.

Purchase Consideration is highest for Fidelity, and Vanguard. The most effective Retirement Print ad assessed by pre-retired consumers is from MassMutual, top TV ads are from Lincoln Financial, The Hartford, MetLife, Pacific Life and MassMutual.

**Top May/June Retirement Services  
TV Ad  
Lincoln Financial  
"True Self"**



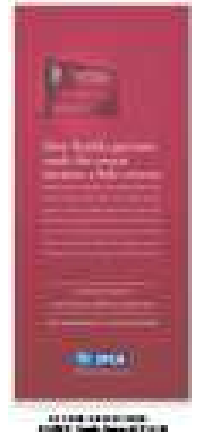
Source: Retirement Services Audit – May/June 2009

## ***Small Business Owners Are Confident In The Resilience of Their Own Businesses, but Trust is Waning Over Time***

Small Business Owners have maintained relatively consistent levels of optimism vs. pessimism since the early stages of the economic downturn (November, 2008). While personally optimistic about the ability of their own Small Businesses to weather the storm (63% optimistic as of July 2009), we have seen an increase over time in the percentage of Small Business Owners who feel that the current situation has lowered their trust, suggesting that the duration of the downturn is taking a toll on Small Business Owners confidence in the country's recovery.

Purchase Consideration among Small Business Owners in July is highest for American Express, followed by Visa, and MasterCard. In terms of in-market advertising effectiveness, Plum Card executions were strongest across TV, Print, and Online mediums among Small Business Owners.

**Top July Small Business Credit Card  
Print Ad  
Amex- Plum Card  
"Flexible Pmt Made Sweetz  
Biz Sweeter (GotChocolates.com)"**



Source: Small Business Credit Card Audit – July 2009

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Consumers Show Increased Optimism and Willingness to Spend Compared With Earlier Stage of the Financial/Economic Crisis

Optimism among consumers at large has increased notably since the early stages of the economic crisis. The positive shift is most notable in the increased percentage of consumers who anticipate that their households' financial situation will improve within the year, a decline in the proportion who are pessimistic about the nation's prospects for recovery in the next twelve months, and a decline in the percentage of consumers who indicate that this is a bad time for people to buy major household items. This finding suggests that increased consumer activity may begin to help stimulate the economy over the near term.

Purchase Consideration among consumers in July is highest for Visa, followed by MasterCard, American Express, and Discover. Strong Consumer Credit Card ads included selected spots in both TV and Print from Visa's "Go," Cap One's "Card Lab," and MasterCard's "Priceless" campaigns.

**Top July Consumer Credit Card
TV Ad
Visa
"Go - Aquarium"**



Source: Monthly Consumer Credit Card Audit – July 2009

Pessimism Persists Among Hard Hit Retail Banking Customers

The highest proportion of retail banking customers (43%) report a decline in their household's financial situation over the past year, while 37% note that their financial situation is unchanged. Although the majority feel that the financial situation for their households will stay the same or improve over the next year, fear for the country at large is evident. An astounding 62% feel that it is likely that the country will continue to experience widespread periods of unemployment or depression.

In 2Q09 purchase consideration is highest for Bank of America, ING Direct, and Wells Fargo. The most effective TV ads among Retail Banking customers were from Wachovia and Chase. The strongest ads in the Print category were from Wells Fargo and E*Trade.

Top 2Q Retail Banking
TV Ad
Wachovia
"Help is Here"



Source: Quarterly Retail Banking Audit – 2Q09

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## ***Car Owners and Insurance Decision-Makers Are Less Inclined to Obtain Auto Quotes and Review Life or Home Insurance Needs in the Near Future***

Within the next three months fewer consumers anticipate obtaining a new auto quote, reviewing life insurance needs, or obtaining homeowners insurance compared with consumers in 1Q09. This most recent quarter 63% have no plans to do any of these activities compared with 59% in the first quarter of 2009. The percentage of consumers who switched from one auto insurance provider to another over the past year also declined over the same period.

Brand consideration among car-owners and insurance decision-makers in 2Q09 is highest for State Farm, followed by Allstate, while brand momentum is highest for Geico and Progressive. Top TV ads in the Property & Casualty arena are from State Farm, Liberty Mutual, and Progressive. In the print medium the most effective Property & Casualty ads were from Allstate, Geico, and Liberty Mutual.

Top 2Q P&C  
Print Ad  
Allstate  
"Teenager"



Source: Property & Casualty Audit – 2Q09

**For more information on Phoenix Syndicated Audits contact: Sarah Thompson, 917-512-2108.  
[sarah.thompson@phoenixmi.com](mailto:sarah.thompson@phoenixmi.com).**