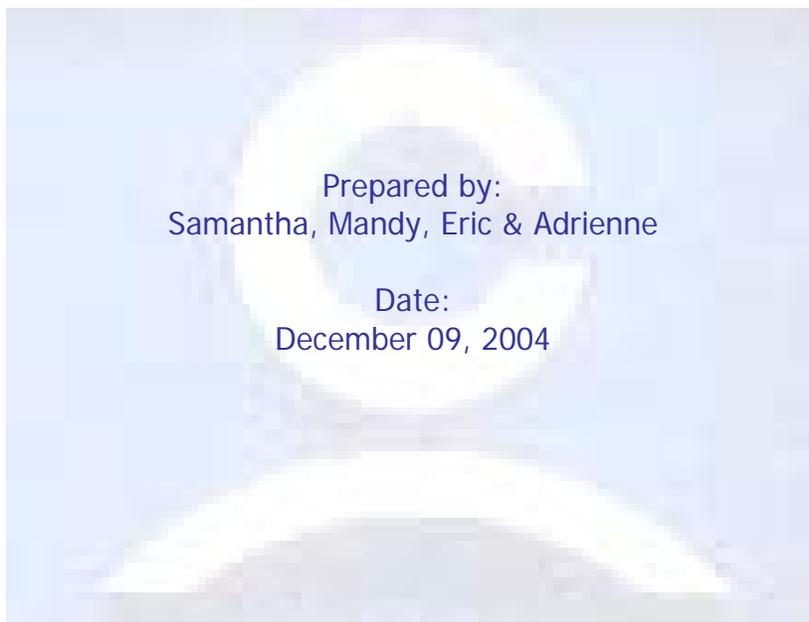




Coast Capital Savings

Corporate Communications Plan





Company Description

Coast Capital Savings (CCS) is Canada's second largest credit union, with \$6.4B in assets and 300,000 members. Incorporated in 2000, CCS is the result of the Richmond Savings & Pacific Coast Savings merger. In 2002, CCS merged with Surrey Metro Savings to further expand its geographic stretch. CCS has a total of 42 branches that span throughout the Lower Mainland, Fraser Valley and Southern Vancouver Island Regions. CCS prides itself on offering flexible financial solutions that work, including its four subsidiaries that provide value-added solutions to better serve its clients. Coast Capital Insurance Services, U-Select Financial & Insurance, Coast Capital Real Estate and Coast Capital Investments together enhance CCS's capabilities.

CCS continues to offer an attractive work environment where employee satisfaction is paramount, yet again being recognized as one of the 50 Best Managed Companies in Canada. Externally, CCS is highly committed to social responsibility, donating more than \$2.1M back to the community in support, sponsorships and scholarships in 2003 alone.

The credit union industry has experienced substantial member growth over the last few decades, as many unsatisfied 'big bank' clients have chosen alternative finance options. Many people have resorted to member-owned credit unions where members are more than the size of their wallets and each member has a say that counts. In the credit union industry, CCS is an industry leader.

Industry Attractiveness

Overall, the credit union industry is an attractive one and here's why... Examining the credit union industry more closely, there is a low threat of new entrants. Recent trends indicate large-scale consolidation, reducing the number of BC credit unions from 125 to a mere 61. In addition, there are steep capital requirements to be able to compete with those credit unions that are already established. There is also a high cost of switching, as each client has already developed a relationship and credit history with their existing financial provider and it is not entirely transferable – only the figures on paper.

There is a low threat of substitutes as credit unions tend to offer some of the lowest banking costs in the financial industry. As most financial institutions perform similar functions, performance levels remain essentially the same across the board. As previously mentioned, there is a high cost associated with switching financial institutions. Assuming that the most common substitutes would be a new bank or a new online financial corporation, the threats are minimal. The negative attitude currently associated with big banks, significantly reduces their threat, and the limited scope of services offered with the online corporations also reduces the threat respectively.



Examining buyers and suppliers, it is evident that they have strong bargaining power. Suppliers are the clients who deposit money into their accounts. They are crucial to the company's longevity and they are the purpose for CCS's existence. While many people are switching to credit unions each year, there is also a limited pool from which to compete for clients as only 33% of British Columbians belong to credit unions. Buyers are also considered suppliers in this case, as they are the people who utilize CCS's financial services. In addition to being the *raison d'être*, today buyers/customers are more sophisticated and are aware of numerous alternatives. Moreover there are many similar competitors and brand loyalty is often secondary to service and the provision of financial solutions that work.

Competitive rivalry remains at moderate levels despite the fact that there are many similar competitors. Although there are 61 credit unions in BC, the credit union customer market share continues to grow each year. In 2003, 40 000 British Columbians switched over to credit unions! There are a few dominant players, including CCS in second place and VanCity in first place. The top four competitors¹ hold the majority of the credit union market share.

Overall, the credit union industry is highly attractive. People will always need financial services, the population continues to grow and people continue to turn to credit unions as their first choice for their financial needs. The most important factor is the strong bargaining power of the suppliers/buyers. The industry has changed and there are many similar competitors offering essentially the same services. Previously loyal customers are increasingly tempted by flexibility and rates offered by other financial institutions. In order to maintain position as a market leader, customer loyalty and outstanding customer service are essential.

Company Position

Strengths

Coast Capital Savings (CCS) is the second largest credit union in BC. The 42 branches target 90% of the Lower Mainland, Fraser Valley & Southern Island Regions making it easily accessible. CCS offers low banking fees and makes it easier to borrow by always trying to find a solution that works for every client. CCS also publicizes personalized, hassle-free service making it increasingly attractive. Externally, CCS makes a positive difference in the community with its well-known commitment to social responsibility. CCS recently launched a strong external branding campaign helping to push the CCS mind to the top of potential customers' minds.

¹ Top four key players in order of rank include VanCity, Coast Capital Savings, Envision Financial & Prospera Credit Union.



Weaknesses

Due to its short life span of only four years, CCS lacks a powerful reputation in the public's mind. Along with this reputation comes a lack of credibility and a lack of trust being the 'new kid' on the block. In addition, CCS lacks a clearly defined corporate identity for its internal staff. Being the result of a merger between three different companies, the corporate culture is not yet unified, which means that different branches are projecting different images, furthering the lack of a powerful, united external brand.

Opportunities

The credit union industry continues to grow largely due to the negative attitude associated with the big banks for their higher rates and impersonal service. There is also popularity in wanting a say whenever possible, making credit unions even more appealing. Social responsibility has become increasingly important in the public eye and CCS is openly committed to making a positive difference in the local communities. The growing real estate industry translates to an increase in loans and mortgages and there are no signs of slowing down. The 2010 Olympics are causing the real estate industry to boom and will also trigger many new start-up businesses. There is also a possibility of the Olympics attracting more people to live in the Vancouver Area. The Winter Games may also present many opportunities for partnerships and exposure.

Threats

There are many competitors within the credit union umbrella (61) and there is a constant threat of consolidation, similar to the formation of Coast Capital Savings. Customers today are changing and loyalty has become secondary to flexible service and offering the lowest rates. Despite the high switching costs, formerly loyal customers are easily tempted. VanCity's strength as number one is also a threat, as they have been established for a much longer period of time and have built a solid reputation.

Company Strategy

The Coast Capital Savings mission statement is **Simple financial help**. CCS aims to provide its clients with understandable, meaningful solutions that deliver results. The CCS vision is **Yes from Coast to coast**. CCS decrees to do its best to say "yes" to each member across the country, thus becoming the first choice for financial services and products, financial planning advice, and solutions to financial challenges.

CCS commits to its members, employees and communities to always operate by **caring, communications, pride, excitement & fun, change, advice and education**.



CCS's number one objective is to grow to one million members and acquire \$60B in assets under administration. CCS is aiming to achieve an operating efficiency ratio of 60%. It also strives to open branches in all of the major urban centers of at least 5 provinces and to become one of the top five Canadian corporate leaders. All of these goals are set over the next ten years.

CCS expects to achieve its objectives by providing simple financial help. This means simple answers to every question, offering help, not just advice. It means dissolving the financial jargon and speaking with customers the way we speak with our friends. Matching the right product to the right customer and going beyond expectations to help customers achieve their dreams. The target market includes everyone and anyone with an income and financial needs. There is no customer too small and no problem too big. The message remains the same. CCS will promise to do its best to find a solution to every financial need, working closely with the customer to find the best possible match. CCS plans to broadcast its commitment to offering help and finding a way to make it work across the country, starting of course with the home base British Columbia.

Marketing Strategy

Coast Capital Savings has selected two core marketing strategies to achieve its objectives: customer intimacy and operational excellence. CCS revels in its ability to offer expert financial advice and flexible financial solutions that are tailored specifically to meet each customer's needs. CCS aims to raise the bar for customer intimacy, trying to find a viable solution every time. CCS also offers several value-added services, such as Coast Capital Real Estate, making CCS a one-stop shop. Existing customer relationships are strengthened by the high value placed on customer opinions. Being member-owned, CCS encourages its members to participate via the Board of Directors.

Second to customer intimacy, CCS prides itself on operational excellence. CCS offers viable financial services at lower costs than the big banks. CCS also prides itself on offering hassle-free, affordable solutions to all of its customers.

There are numerous target markets within the umbrella of those with an income and financial needs. The primary target market is the 18-30 year old age group. They are the most important group because of their long term potential. They are up-and-comers who are either beginning their financial careers or are just starting to become established. This is when many people will attend a post-secondary education, purchase their first automobile, their first home, get married, start a career and sometimes even have children. The majority of these individuals will accumulate more assets as their careers progress and they will run into many first-time financial needs. In addition, there is also the potential for growth through spouse accounts and much later, youth accounts for their children. Assuming that one positive financial solution leads to another, provided that CCS continues to exceed customer expectations, these customers will be customers for life. Furthermore, this customer base is the most



impressionable as their financial experience is limited and they generally have a positive attitude, are more receptive to messages and have a stronger awareness.

A secondary target market is the 55+ age group. The baby-boomer population is continuing to age and the majority of this group is already accomplished with sizeable assets and financial needs for retirement purposes. Many complain of the lack of personal service they receive at the larger institutions and look back on the past to fonder times when they had a name and an opinion that mattered. This is what makes CCS appealing – every member has a voice that counts! This target market will show slow growth due to natural aging. Based on the idea that you should have six sources of income when you retire in order to live comfortably, their assets will remain stable and may possibly increase.

CCS's realistic objective is to become the leader in providing simple, financial solutions to customers across Canada, starting with BC. In order to become the largest credit union in BC, CCS must target existing customers at the big banks and the 40 000 new customers that switch to credit unions each year. CCS aims to capture 25%-33% of the incoming customers.

However, this objective will not be substantial enough to take over the number one position. CCS also strives to increase its market share by becoming the first choice for simple financial solutions and by upholding a reputation of outstanding service, thereby stealing market share from its competitors. Customers will switch to CCS because of their reputation of finding a way to make it happen if at all possible. Once CCS narrows the gap between their second place ranking and first place, expansion plans will commence. All provinces outside of BC are considered untapped markets with the potential for explosive growth.

Specific marketing strategies include increasing the market share by stealing from competitors (both big banks and other credit unions), as the majority of the population has already selected a financial services provider, with some exception in the youth markets. By creating an image centered around 'finding a way to make it work', customers will think of CCS as their institution of choice offering the most flexible, customized financial solutions with the least hassle. Initially, marketing strategies will be concentrated to the BC marketplace with a unified message. In the following year, a national strategy will be developed with the same message, as new branches expand into the East.

CCS is going to target both men and women in the 18-30 year old category through a focus on providing easy to understand solutions and expert financial advice to get set up. The rationale is that these are the years when people require student lines of credit, car loans, first home mortgages, begin RRSP contributions and start investing. The majority of this target segment will continue to increase their assets and also need additional financial services. There is a long term potential with this target (customers



for life) and also a growth potential with the possibility of converting spouses and later children.

CCS is going to develop a promotional strategy to align with major post-secondary institutions to encourage students to turn to CCS for their financial educational needs. CCS will also create a student financial plan, offering reduced account rates and other value-added services, such as a lower-interest student credit card.

CCS is going to develop image advertising using a consistent message across all regions – that CCS is here to help. The purpose of this advertising is firstly to build brand loyalty among existing customers. Secondly, to build overall awareness among BC and to educate the general public on how CCS can help them. This advertising campaign must include year round advertising to maintain high awareness levels among all potential customers. As there is no real seasonality aspect of needing a financial service provider, year round advertising is important. It is also crucial to assist with stealing market share from competitors, by always staying at the top of potential customers' minds. However, advertising activities will be increased at specific peak times, such as around the school semesters. In this instance, CCS will promote its student services more strongly in September and January.

Audience Analysis

Externally, the CCS audience includes everyone with an income and financial needs. More specifically, the external audience can be segmented into two main groups: 18-30 year olds and 55+. The 55+ audience is important because they comprise a large section of all financial business. The aging baby-boomers tend to have sizeable assets already accumulated and are in need of financial services relating to retirement.

The 18-30 year old audience is the most important because they offer the largest potential for growth. During these years, they may require financial services relating to post-secondary education, automobile purchases, new home purchases, etc. There is also the potential for growth through spouses and later children. Furthermore, many competitors do not specifically target this group because of their lack of assets. However, this is when they are just beginning their financial careers and their future potential will most likely only increase. CCS aim is to make customers for life and in this case, 'for life' implies a very long period of time!

Internally, the CCS audience includes every employee who works for CCS in any capacity. This includes executive level staff, as they are responsible for designing the strategies and implementation plans to take CCS to the next level. It also includes the management level staff, as they are responsible for understanding exactly what CCS's objectives are and then teaching the front line staff. Management level staff is responsible to ensure that every branch member understands the new objectives and implements them in their daily lives.



The front line staff is the most important because they are the ones interacting with existing and potential customers on a daily basis. In order to build customer loyalty and to encourage new potential customers to choose CCS, they need every customer experience to be more than just satisfactory... to be amazing. The front line staff is the employee group most directly tied to demonstrating the CCS brand. The majority of the front line staff is under 30 years old and often at the start of their careers. They are looking for a fun, exciting, rewarding workplace where there are many opportunities for growth.

Employee Communications Plan

Objectives

To educate all existing and new staff members about the new Coast Capital Savings identity and to create an army of enthusiastic cheerleaders who demonstrate the brand in their daily work lives – over the upcoming year.

All 42 branches need to be educated on the new CCS brand, including mission, vision, values and strategies. A variety of mediums will be used to ensure total coverage and increase the overall level of understanding. The company-wide education is expected to result in an overall understanding of the new corporate identity, followed by an overall demonstration of the identity easily visible in daily work life. The initial education will occur during the first three months by increased message frequency. After the initial education phase, the maintenance phase will commence repeating and reinforcing the original messages.

Strategy

The mission, vision statement and values are key messages to deliver. Employees need to understand who CCS is and what it stands for. Another key message is that every team member at CCS is a *possibilitarian*. "If there is a way, we will find it. Yes, yes, yes." Even more importantly, the messages must be related back to the employees answering the key question '*what's in it for me?*'

The main message is that working at CCS pays... in many ways. The new CCS is a fun and exciting place to work where individual employees can actually make a difference. The employee benefits for understanding and living out the CCS identity must be heavily advertised to boost participation and engagement exponentially. It is assumed that current employees are rather satisfied with their present method of engaging in business. This is why the appeal to adopt the new CCS identity must be carefully planned and explained in a fun and exciting way.



Rewards and recognition will be used to boost levels of fun and enthusiasm among front line employees. Multiple contests will be used to increase participation levels, employee engagement, excitement and team unity. Extremely regular communication is also crucial to building and sustaining a high level of interest.

Sample messages include:

“Working at Coast Capital Savings pays off... and just plain old pays!” [Issue financial rewards for employee contests, match RRSP contributions at 50%, team bonuses for the highest number of people helped in one branch, tuition reimbursements at 20%, etc.]

“CCS just put \$500 in my pocket... just for doing my job!”

“The more customers I help... the more CCS helps me!” [Rewards issued to each branch such as free lunch for reaching a monthly quota of the number of people helped.]

“Working at CCS is fun and exciting! The fun never stops! We operate as one world class team.” [Advertise new employee activities, such as company outings, BBQs, etc.]

Recommended Communication Vehicles

Some recommended tactics include the creation of an employee newsletter to keep the company more connected. The front page of the monthly newsletter will feature an employee contest. Employees will be asked each month to submit their experience of how they truly helped someone that term and made a difference or how they are living out the CCS values. Rewards will be issued for the top three submissions, \$500, \$300 and \$150 respectively.

The newsletter will also contain the hard facts on how many people CCS has helped this month in total and divided by region. The branches that helped the most people each month will be recognized and rewarded (i.e. free movie passes). This will improve line of sight for front line employees. The newsletter will also keep all employees informed of any relevant company news and will also contain customer testimonials. The testimonials will serve as recognition to the whole CCS team for a job well done.

Monthly team meetings with the manager will be an important method to ensure the team stays on track. These meetings will serve as two-way communication sessions where team members can openly discuss their challenges and successes relating to the implementation of the new corporate identity. They will also serve to ‘rally the troops’. CCS will do its best to fill each meeting with fun and excitement. Meetings will contain fun activities to be performed by the group, prizes will be given away and a meal will be provided.



In order to build even more initial enthusiasm, these image messages will be reinforced by a charismatic, excited public speaker (a salesperson according to the Tipping Point) who will be hired as a corporate trainer. The corporate trainer will deliver an engaging presentation and conduct an exciting workshop to encourage active participation. Branches will be divided into sectors and depending on the size of the branches clustered in one area, two or three presentations will be offered. Attendance will be mandatory and employees will be paid double time for their attendance. The purpose of the corporate trainer is two fold: it will ensure message consistency throughout each branch and it will build excitement and 'rally the troops'.

Weekly task/mission emails are also recommended, to give the employees a mission to accomplish for the week. These emails will encourage employees to live out the company values. An example of a mission is to list all the ways in which you had fun at work that week. A team leader will be assigned from each group by the branch manager to encourage all employees to be actively involved and also to lend a sense of ownership to each employee in the overall success of the company. Missions will be treated like contests with prizes for the top teams, such as pizza Friday. Missions will be assigned by region, but not by branch to encourage all team members to get to know each other and therefore build a stronger team feeling.

Another recommendation is the launch of an internal intranet to link the employees throughout the different regions and to build a strong team environment. All information relating the new corporate identity will be posted, along with frequently asked questions, contest winners, monthly/weekly missions, relevant company information, resources, employee classifieds, etc. It will serve as another way to recognize all team winners throughout the company.

Results Measures

Management will be responsible to conduct weekly surveys starting at the end of week one to test the level of understanding and to reinforce the previous messages. Application questions will be included to gain a better feel for the actual level of understanding. Surveys/quizzes will be issued for the first two months on a weekly basis by their managers and subsequently on a monthly basis.

Mystery shoppers will be used throughout each branch to evaluate their experience with the front line staff and thus the degree of application of the new corporate identity. The mystery shoppers will begin after the first month of the education phase. The quality audits should be conducted once per quarter on each employee. All employees will be measured against a set of pre-determined characteristics and rated on a scale of 1-10.



Voluntary contests will be used to measure brand internalization. The number of participants will also be used to measure enthusiasm levels and thus the number of 'cheerleaders'. The quality of submissions will also be reviewed to determine passion and excitement, other predictors of cheerleaders. The branch manager of the monthly winner will also receive a reward for motivating his/her team to participate and to actively demonstrate the company identity.

Communications Plan

Objectives

CCS aims to grow its market share over the upcoming year by 5%, with 40% of all new clients falling in the target audience of 18-30 year olds.

Strategies

The key message is that there is no customer too small and no problem too big. CCS is here to make sense of the financial world and to help you achieve your dreams and your short-term goals. Specific short-term goals include education, car purchases and first home purchases. All messages should use humour to appeal to the masses and to increase message stickiness.

Some sample television and radio messages and their images follow:

"At Coast Capital Savings our customers are not measured by the car they drive, the house they own... or the job they hold. [Imaging- leaving shift at McDonald's and getting into a beat-up '84] Everyone had to start somewhere... What are you waiting for? Come into Coast Capital Savings to learn how your savings can work for you!"

"Tired of working for everyone else? Come to Coast Capital Savings and have us work for you!" [Image - McDonald's-type job]

"At Coast Capital Savings, we believe it's never too early to get started on the right track. Bring in your piggybank and learn how together, we can make it grow." [Image - someone emptying their piggybank with a large pile of coins on the teller's counter]

"Does paying your school tuition have you broke?" [Image – student scrounging for change to pay the pizza delivery guy/buy macaroni & cheese] "Come to Coast Capital Savings to learn how we can help you make it through those rough spots."

"Parents cramping your style?" [Image – 30 year old male dressed professionally trying to bring his date home and parents give her the third degree] "Maybe it's time you



bought your own house... We're here to help. Come to CCS today. We specialize in helping first home buyers become home owners hassle-free!"

"So you've graduated from school... landed your first job. Congratulations! Now what?" [Image – dream bubbles with a yacht, astronaut in space, etc] "Where ever life takes you, where ever you want to go... we can help! Come into Coast Capital Savings today... We're always on your side."

"Need a carpool buddy to get to work faster?" [Image – stuck in traffic while the HOV lane zips by and the clock shows 7:55am] "Need a car first?" [Image walking to work... in the rain] "Come to Coast Capital Savings. We're here to help!"

Sample washroom 'back of stall door' messages include:

"In a rut?... Coast Capital Savings can help." [Image – reaching for the hand offering toilet paper under the adjacent stall door] "Simple help." – (with financial added in below in hand writing)]

Recommendations for Communications Vehicles

Communications vehicles should include a strong TV campaign on the 'popular channels' – such as Spike TV and Fox. Television is definitely the most effective way to reach this target audience. Carefully selecting commercials slots during popular 'youth' shows, such as the Apprentice and the OC, will maximize their exposure. Television advertisements have double power compared to radio, as each message is accompanied by powerful imaging.

However, today many young people are increasingly busy, sometimes too busy to catch much television. Radio commercials are also strongly recommended as the majority of our target audience listens to the radio when they're on the go, including stations such as 94.5 and 95.9. The above message content will be modified to convey a similar message with extra humour to increase message stickiness.

A partnership with the major post-secondary institutions is also recommended, such as BCIT, UBC and SFU. Advertising the appealing student loan packages and student services offered, as well as a low interest student credit card will entice students to come to CCS for their financial needs. September and January are the best months to create an even stronger presence, as that is when many students pay their tuition.

Secondary recommendations include a partnership with popular nightclubs in the form of washroom advertising on the back of the stall doors. The main staple of customers at nightclubs falls within the target audience. The advantage of 'the back of the stall door' advertising is that there is no competition and almost everyone will see it as there



is no alternative scenery. [Image - reaching under the stall to give the next person toilet paper – Simple help. With the financial underneath]

Another recommendation is to launch a transit campaign including the interiors of the SkyTrain and buses. Many of the target audience, especially students, use public transportation to get around. While there are competitive ads, none of them are in direct competition with CCS and their message stickiness is often low. Additionally, CCS can also advertise on the exterior of buses – covering the entire vehicle. This will serve as a moving billboard to target public transportation riders and automobile drivers.

Results Measures

Before the TV commercials and radio advertisements are launched, they will be tested in a focus group for message clarity, stickiness and overall appeal. The effectiveness of the recommended communication strategy can be measured by the sign up rate of new customers in the 18-30 year old range. Measures will be taken at month's end and compared against the same month in last year's sign up figures for the same target group. No results are expected to be visible until February at the earliest.

The post-secondary partnership will be measured by the increase in student account packages and the number of student loans issued – again compared against the same statistics for the same month last year. When each new customer in the target audience first comes to CCS, they will be asked how they heard about CCS. This information will be entered into the database system and tracked monthly to show the effectiveness of all communications vehicles and messages.