

Growing Membership as a Strategic Priority

**Peter Evers, Managing Director, People's Choice
COBA Convention | Monday 28 October 2013**

Introducing People's Choice.



- One of Australia's most successful member-owned financial institutions
- 350,000 members trust us with their finances
 - \$8 billion of funds under management and advice
- 61 branches in SA, NT, Vic, ACT, NSW and WA
- Full range of personal financial products and services
- Small business banking
- Significant employer, supporting 1100 staff
- Generous supporter of community programs

Member growth a strategic focus.

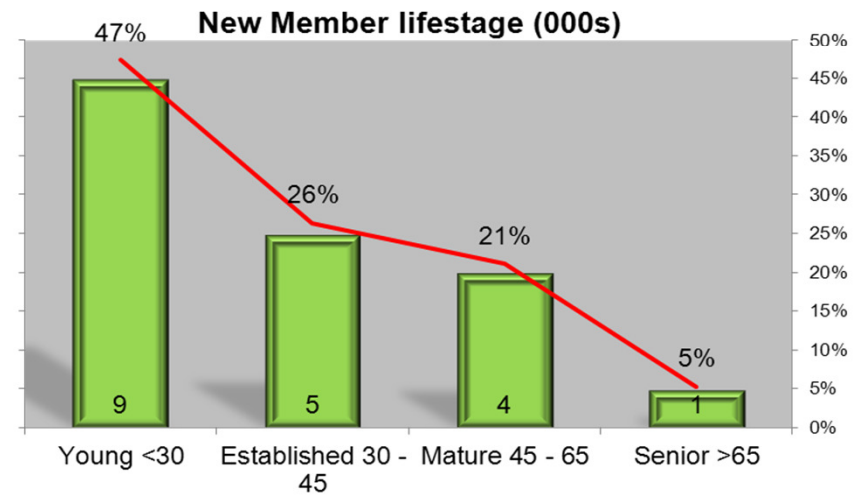
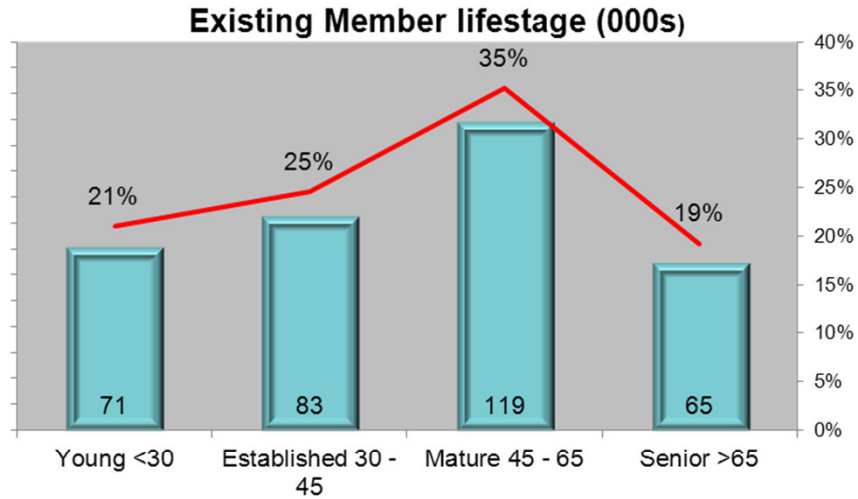


Why membership growth?



- Supports our objective to become the preferred banking alternative
 - We need scale and financial strength to be a genuine alternative
 - We must invest in products, access, service (and compliance) to compete with majors
- Unless we maintain growth at a certain scale, we'll compromise what we can offer members and become irrelevant
- Mutual sector is shrinking – Big Bank dominance is growing
- Average member is ageing
 - If we don't refresh membership base with new members, we miss opportunities
 - We can't remain relevant without bringing on the next generation

Existing v New Members



Keys to membership growth.



1. Develop a strong **brand** that appeals to non-members
2. Understand which **products** will attract new members
3. Recognise the **markets** where new members will most easily be acquired
4. Understand existing **member composition**
5. **Measure** membership movements

1. Develop a strong brand.



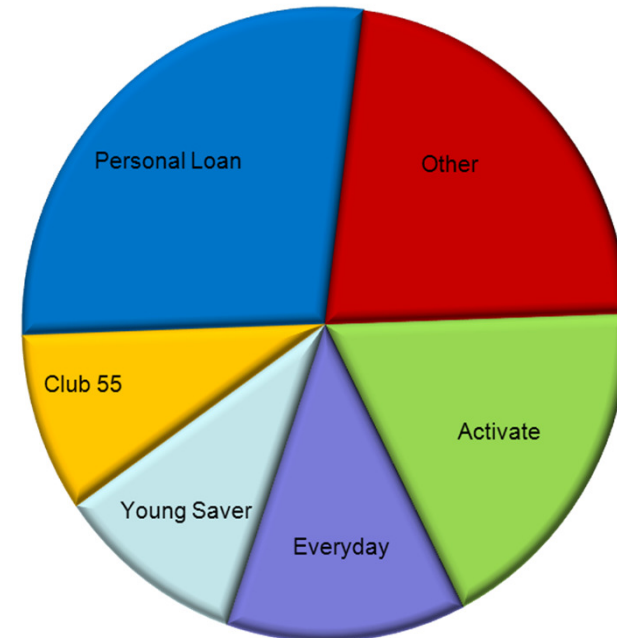
Keys to success:

- Compelling, distinctive brand positioning – competing directly with key competitors and achieving high levels of awareness and salience in primary markets
- Open brand positioning to allow for wide spectrum usage and growth (i.e. not constrained by geography or industry heritage)
- Brand must cut through and appeal to non-members

2. Understand your products.

Keys to success:

- Decide which products you want to attract new members into
- Don't try to be all things to all people
- Product strategy will determine mix



People's Choice first product by new members

3. Identify market opportunities.



Keys to success:

- Look for the markets where new members can be acquired
 - Some regions/towns are saturated; others have low penetration
 - Some segments are particularly strong
- Remember: growing new members is not easy
 - Most people have existing FI relationships
 - People don't shop around that much
- Therefore: need to make brand compelling, and proposition strong, due to limited opportunity to convert

4. Understand member composition.



Keys to success:

- Key characteristics reporting
 - Life stage
 - Product holding
 - Location
 - Channel usage
- Changes to these characteristics will indicate the success or otherwise of our strategies
- Nurture new member relationships to encourage referrals and additional product take-up

5. Measure member movement.

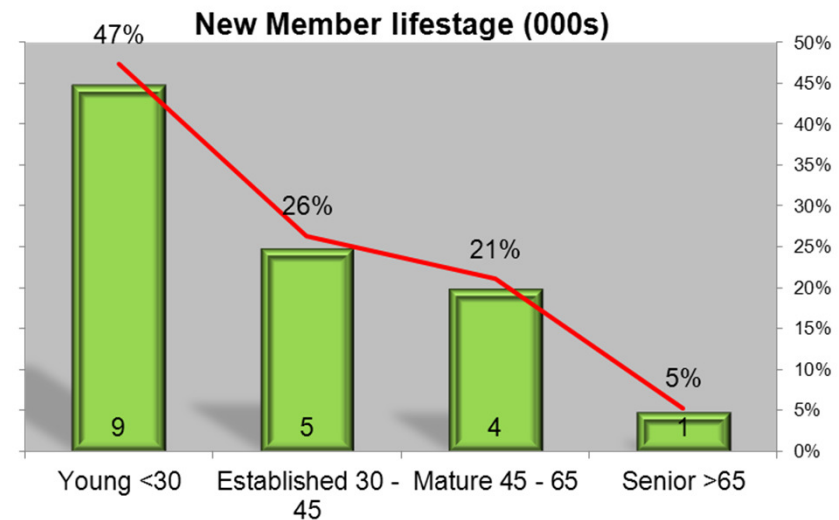


Keys to success:

- Set and measure KPIs for:
 - New members
 - Resigned members
 - Net member growth
- Don't just measure net member growth, as it can hide what is really happening

Strategy is delivering.

- Fastest growing membership in Australia
 - 20,881 new members in 2012/13
- Leading brand salience in core SA & NT markets
- Online personal loans now 25% of all personal loans (up from 10% two years ago)



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