TSB Local banking for Britain: A brand launch like no other.
A once in a lifetime event.

2013 witnessed the most extraordinary event in British banking of our lifetime.

To bring more competition to the UK banking market, the EU demanded nearly 5 million customers be carved out of LloydsTSB, and divested into a new brand.

But before we could grow TSB and challenge the market, we had a massive challenge of our own: keeping millions of customers in a new brand they’d barely heard of and hadn’t chosen to be part of.

The EU may have imagined that this new challenger bank was destined for success. In fact, we had to launch this new bank into a uniquely hostile environment.

A perfect storm.

Inertia dominates the financial services market. People don’t want to move banks.

Despite massive dissatisfaction with the state of banking, only 3.9% were looking to switch.

Many Lloyds customers were shocked to discover they’d been ‘dumped’ by their bank.

Despite having been written to as part of the Verde programme many still had no idea the split was imminent.

“The first they are likely to know anything is changing is when they notice their branch now says ‘TSB’ or they can’t access the website.”

More than a third of people who had their main account with LloydsTSB were unaware of the imminent split. And over two thirds of the rest were unaware.

Despite having been written to as part of the Verde programme many still had no idea the split was imminent.

I never read bank letters unless I know they are important.

If it looks like junk mail I won’t open it. Simple as that.

“...when they notice their branch now says ‘TSB’ or they can’t access the website.”

3 YouGov Trust in Banking study highlights just how deep an issue these were, with trust in banking at an all time low - people felt the banks were not only responsible for the financial crisis, they had also refused to take responsibility and to learn from it.


5 That’s much lower than average switching rates in other areas. For example, annual switching rates are typically 10 to 15% in energy, around 10% in mobile telephony and around 50 to 75% in car insurance.

6 They did not know that the change was happening, despite being written to 5 times before separation (Clarity qual research).
The big banks, who’d spent huge sums establishing their brands, sought to capitalise on the bond of apathy suddenly being broken for millions of customers.8

7 In the five years to 2013, the big six banks alone had invested over a billion pounds in above the line campaigns building their brands. Source Nielsen. Top six spenders were Barclays, Halifax, HSBC, Lloyds, NatWest, Santander.

8 At this time, First Direct and Halifax both offered £100 joining fees, and many other brands offered cash-back or interest incentives. Marketing spend data from Nielsen.

Finally, despite consumers’ well-documented hatred of big banks, many actually found the perceived security and expertise of big established banks appealing. LloydsTSB, the market leader, had some of the happiest customers in banking.10 And many of the most trusted of our competitors remained the big banks.11

Even Barclays, despite the recent Libor scandal, remained above market average for trust.12

How could we persuade customers who chose Britain’s market leader to stay in a small, new bank they didn’t even know?

Somehow we had to reassure these customers that nothing had changed.

And convince them that everything had.

And then the Government spent millions telling people switching to a new bank had never been easier9.

9 Nielsen data shows the Payments Council spent nearly £3m in the last quarter of 2013 on their new 7-day switching campaign, with over £2million spent in September alone.

10 Source: LloydsTSB IPA Effectiveness paper.

11 Halifax, HSBC, Santander, NatWest and Lloyds all rated, alongside Nationwide and Post Office, as most trusted. Source: Ipsos.

12 Source: Ipsos.
The insight.

We needed to return a sense of pride to TSB colleagues, and earn the trust of customers and commentators. But how?

People really don’t trust banks.13

Banks’ reputation is terrible. 73% describe the reputation of banking as bad. This is the highest figure of 26 industries we tested.

Utilities such as gas, electricity and water come second, some distance away on 62%.

Just 4% reckon banks observe high ethical and moral standards – a joint-worst rating shared with casinos, betting shops and online gambling.

But we discovered they do trust the people who work in banks.14

Just 17% of us trust the people running British banks to tell the truth; with investment bankers the figure is even lower, at 13%.

They vie with MPs, estate agents and tabloid journalists in the relegation zone of public contempt.

However, the figure is very different for “staff at my local bank”. 67% of us trust them to tell the truth, much the same as the proportion who trust judges.

That’s why people believe banks were once a force for good, the local bank manager a responsible professional who acted in your interests.

And while the attitudes of the Captain Mainwaring era were outdated, the purpose and values of traditional local banking held a powerful appeal.

13 YouGov’s Public Trust in Banking spring symposium, April 2013 found banks to be the least trusted of all the organisations they examined.

14 YouGov’s Public Trust in Banking spring symposium, April 2013. The study finds the gap between those who run and those who work in banks to be bigger than the gap between bosses and workers in any other sector including politics.
When we discovered that these mirrored the purpose and values upon which Reverend Henry Duncan built the original Trustees Savings Bank movement 200 years ago, the answer was clear.

**Our opportunity:**
reboot local banking for the modern era.

“Local banking” operated as a shorthand for a purpose and set of values that modern banking had lost.
TSB combined new-ness with a sense of heritage. And offered both local-ness and the stature of a national brand.
From call to inaction, to call to action.

As 2014 dawned, our attention turned to growth, challenging the inertia that still dominated the market.15

The data collected during this period suggests that the first year of the Switch Guarantee has seen little perceptible change in current account switching levels, which remain at somewhere between 3% and 4%, although it does show some clear switching patterns.

The values of the brand we were building had strong appeal.16

Based on this new bank model and brand proposition (and assuming that it offered a product that they were interested in), 50% of non LloydsTSB customers would be interested in being a customer of it, and only 13% rejected it.

But that didn’t mean people would flock to TSB. However much they might have hoped for a bank like this, people needed proof to believe any bank could really be different.17

Moreover, people remained susceptible to temptations of others, caught between the desire for a “good bank” and the lure of the not-so-good’s incentives.18

We needed to shake the people of Britain from their inertia, persuade them TSB was the different bank they hoped for, and make them understand there was something in it for them.

Despite a belief that that’s not how ‘good banks’ worked.

“The first they are likely to know anything is changing is when they notice their branch now says ‘TSB’ or they can’t access the website.”


15 TNS Current Account Switching Index - one year on. Q3 2013 TNS UK surveyed 16500 current account customers in the immediate run up to the Sept 30 2013 launch of switch, and 143000 in the subsequent 4 quarters. Of these customers 5,347 had switched their current account in the previous year.

16 Source: YouGov quant, May 2013. 50% of non-LloydsTSB customers hoped for the different kind of banking that TSB was to offer.

17 Qual had consistently told us that people think banks “talk a good game” but that doesn’t change their minds – they still think “banks are all the same”.

18 TSB qual amongst customers and non-customers, Jan 2014.
And with a visibility that was a fraction of the competition’s. It's important to note that Nielsen data shows that over the preceding 5 years the big six alone have a combined media spend of £1+ billion, and nowhere near as much visibility as the competition. We couldn’t outspend our competitors, let alone compensate for the £1+ billion they'd spent building their brands over the previous five years.

TSB is an economic force for good, here to help local people, businesses and communities thrive together. We needed to communicate that. And we needed to prove it. Be it not just say it. Because the brand is the customer experience, informed by our purpose and guided by our values.

Challenging the market.

“Local banking for Britain” became our rallying cry, challenging the established banks. We explained our different model of banking that concentrated on making local people right across Britain better off.

Join the bank that’s not like other banks.

We're the only major bank with branches right across Britain. And nowhere else.

Join the bank that likes to say ‘yes’. And sometimes ‘no’.

TSB isn’t like other major banks. Every penny our customers deposit with us goes to help our other customers right across Britain. We say ‘no’ to using our customers’ money to fund investment banking. And overseas speculation. And big corporate finance. We’d rather spend our time doing things that’ll benefit the local people and local businesses of Britain. But, hey, that’s just us.

Join the bank that’s not like other banks. And nowhere else.
Then we launched an exemplar – a new current account that gave 5% interest without the usual “funny stuff”.

Boom loop, not doom loop.

Building this challenger brand was vital, not just to grow, but to attract ‘boom loop’ customers who would generate value for the business. We wanted TSB’s growth to be advocacy-driven, not discount-driven.

We showed customers how our being successful and profitable worked in their interests, not against them.

Because people think banks put profit above people,20 we had to ensure the upcoming IPO didn’t undo all the work we’d done convincing people TSB really was different.
Marked increases in branded Google-searches demonstrate the TSB brand’s increasing strength.22

Against huge odds, TSB’s launch was a great success.

By April, TSB’s awareness reached 38%, getting us close to some of our big competitors, despite many of them spending twice what we had in 2014 alone, and 3x to 5x what we had since the start of 2013.21
People became much more likely to be aware of a range of TSB products.\textsuperscript{23} They reacted positively to us “...focusing on what banking means for people on the street rather than what banking means to bankers.”\textsuperscript{24}

Our provocative stance resonated with customers and non-customers alike.\textsuperscript{25}

Customer consideration grew quickly to 31%, above Lloyds and close to major brands like Barclays and HSBC.\textsuperscript{26}

And recruiting new customers in 2014 had no negative impact on customer consideration.\textsuperscript{27}
We’ve had a big impact beyond our own customer base too. ‘Trust’, ‘Transparency’ and ‘Does banking differently’ all rose significantly as a result of our launch campaign.\(^\text{28}\)

Key brand image scores rocketed amongst those who’d seen the advertising.\(^\text{29}\)

TSB consideration nearly tripled, from 7% in August 2013 to 19% by April. That made our spontaneous awareness-to-consideration ratio a healthy 50%.\(^\text{30}\)

Rejection of TSB declined too. After our launch campaign, only Nationwide & Halifax scored better than us on this measure.\(^\text{31}\)
And those aware of our advertising were 45% more likely to consider TSB than those who were unaware: 26% vs 18%.

But capitalising on all this positive feeling was no foregone conclusion.

Moving 4.6million people to a bank they hadn’t chosen could easily have achieved what millions of pounds of competitor marketing had failed to do: snap customers out of their inertia and jolt them into switching from TSB.

And to grow, we had to fight banking Goliaths whose customers faced no such disruption.

So we were delighted that not only did we maintain our customer base; but as we moved into recruitment mode, we also achieved almost our entire year’s growth targets before May.

Having followed movements in market flow initially, TSB’s share of current account flow grew massively in April, despite a downward trend in the market.32

Movement in PCA weekly stock33 was positive in all but 2 months since Nov 2013, then shot up to over 16,000 in a single week in April.34

By its first summer, TSB was claiming nearly one in ten of all current accounts opened.

Our ‘Local banking’ platform capitalised on both ends of market, with people switching into the brand from the likes of Co-Op and the ‘big guys’.35

And TSB customers are increasingly becoming advocates.

Millward-Brown Optimor analysis shows values-driven brands to be 4 times more valuable.36

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“The first they are likely to know anything is changing is!
when they notice their branch now says ‘TSB’ or they can’t
access the website.”
Since this launch campaign, TSB customers rate TSB much more highly than non-customers on key brand values. 37

68% of customers switching to TSB after the campaign were likely to recommend it, 38 with our April NPS score seeing the biggest jump since the start of the year.

All of this helped achieve a successful IPO.

Investor fatigue and perceived aggressive pricing meant a number of recent IPOs had been poorly received. TSB faced an enormous challenge, and continued distrust of banks added a further layer of difficulty.

The ‘Local banking’ platform was instrumental in helping communicate TSB’s investment case; and in establishing long-term practices, processes and relationships for TSB to prosper as a PLC.

Shares were priced at 260p. Investors showed their approval, sending the price up almost immediately, peaking at just over 300p before ending the day up 11.5%, at 290p.

The offer was oversubscribed more than ten-fold. Those applying for more than £2,000 of shares saw their allocation scaled back.

Investors were impressed, the IPO was a great success and TSB is in a strong position going forward.

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37 Source: Ipsos. NB customer measure in Aug 13 not available due to low base size.
38 Source: PCA Switching Research, Feb 2014. 68% of competitor switchers are promoters, with only 12% detractors.
That’s only the first year of this new brand’s life.

Since then, we’ve launched our ‘Borrow well’ mortgages campaign.

Despite the competition ramping up spend, we’ve continued to build on our first year’s success.

Our PCA market share grew 10% over the year to Dec 2014\(^{39}\) as we opened nearly half a million new current accounts.

And our customers are advocating TSB. Promoters rose by 46% and our detractors dropped by 24%.\(^{41}\) In December 2013, soon after separation, our NPS score had been -13.5. By December 14 it reached +11.6, with rises correlating with advertising activity.

Our prompted brand awareness has risen to 89%, and spontaneous to 42%.

By December 2014 our non-customer consideration maintained a 3-month rolling level of 15%, with customer consideration reaching 42% by year-end.

TSB customer experience ranking increased 82 places in the Which? rankings.

And in extremely tough market conditions, share price has remained buoyant.

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\(^{39}\) Share rose from 4 to 4.4%. Source TSB CVM.
\(^{40}\) Share rose from 4 to 4.4%. Source TSB CVM.
\(^{41}\) Promoters rose from 28 to 41%. Detractors dropped from 41% to 31% over 2014. Source TSB CVM.
In fact, Brand Finance now values TSB at number 57 in the Brands of British Origin.  

So we succeeded in happily retaining the customers who landed in this new brand; and grew, with ‘boom loop’ customers that generate advocacy.

All of which helped TSB’s successful flotation.

**Challenging the UK market.**

The final proof of our success comes when we look to our competitors: in particular, those who’ve seen their value decline while ours grew by 21%.  

There’s been a marked change in these competitors’ communications. Nationwide have stopped positioning themselves as anti-bank. Others have adopted our values, and in some cases even our precise language.
Whilst imitation is very flattering, TSB will keep on challenging the established banks, proving our difference, bringing local banking to the people of Britain in ways they’ve never experienced before.

TSB’s second year is going to be every bit as challenging as its first.