



J U N E

Danske Bank

Make the smaller moments count

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VELOCITY
CONSULTING

Entering the Swedish market will enable you to build a significant customer base and grow your assets under management by 2018

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Situation

The banking industry is undergoing a **paradigm shift**, caused by an increase in the number of **new products** and competitors. Hence traditional banks must take major steps to invest and incorporate **innovation** into its value chain.

Complication

Even though June is a competitive private investment product, it **faces challenging market conditions in the Nordics**. The Nordic consumers has a negative attitude towards investing, making it challenging to inspire them to **adopt financial products**.

Question

What Nordic Country should June enter next? and how can it acquire a significant amount of early adopters within the first 1.5 year?

Answer

Where to play?



Urban Cities in Sweden

Who to target?



Millennial and female segment

How to win?



Help invest in the small life moments

June can acquire **22K** early adopters and gain **133mm** DKK assets under management in the Swedish market by **2018**

Your future expansion sequence in the Nordics should be based on market attractiveness, competitive landscape, and consumer preferences

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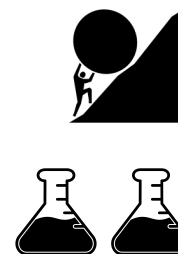
Market Attractiveness

- 1 Market Size
- 2 Market Growth
- 3 Urban Population



Competitive Landscape

- 1 Intensity of rivalry
- 2 Product Similarity



Consumer Preferences

- 1 Preferred channel
- 2 Active Investments
- 3 Investment relevance



Executive

Insights

Recommendation

Impact

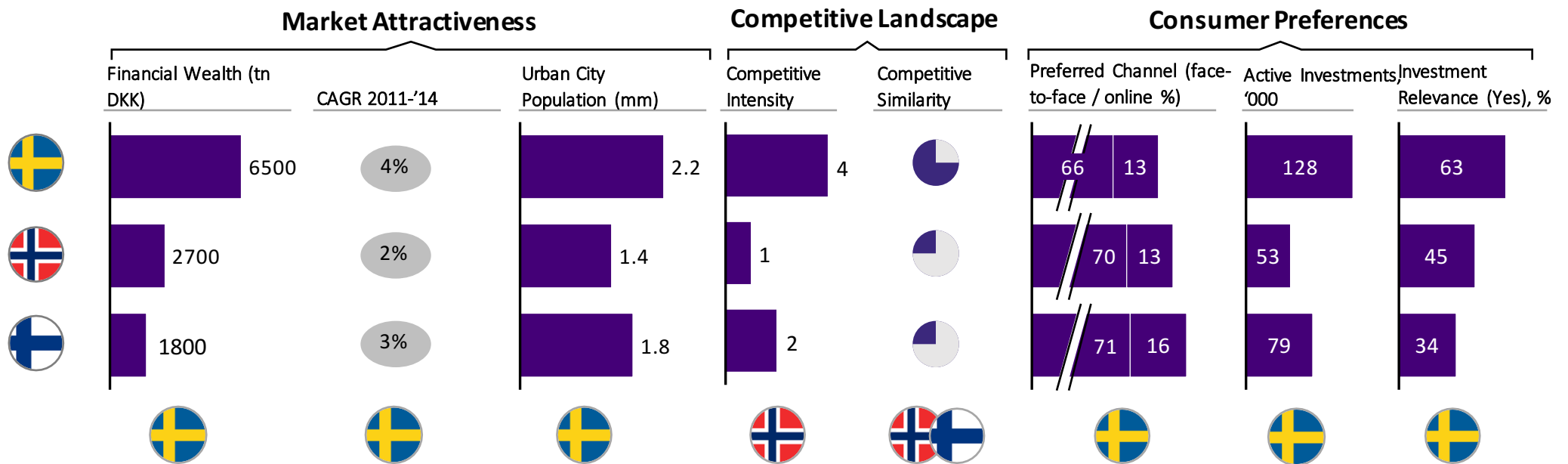
Summary

Velocity | 3

Our analysis shows that Sweden exhibits the most favorable conditions for launch in terms of market attractiveness and consumer preferences

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Performance by country on selected indicators



Sweden exhibits most attractiveness for you to launch in

- IBCC Case Competition; National Statistics Agencies

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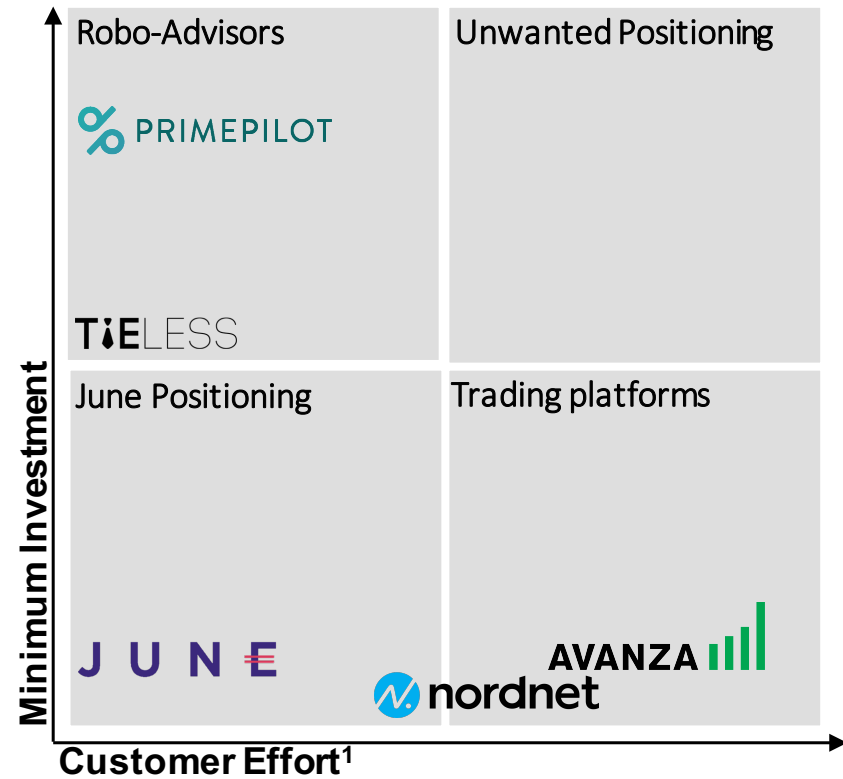
Impact

Summary

Velocity | 4

Within Sweden, the mass market is currently underserved and exhibits great volume driven sales potential...

You are offering the most user-friendly investment service...



...enabling you to target an underserved mass-market

Investment Segments	Volume Households	Value, bn DKK
UHNW	1092	267
HNW	5109	92
Affluent	48,273	186
Mass Affluent	901,010	738
Mass Market	3,318,948	789

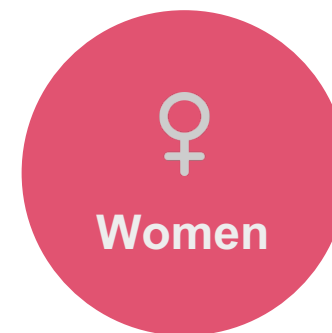
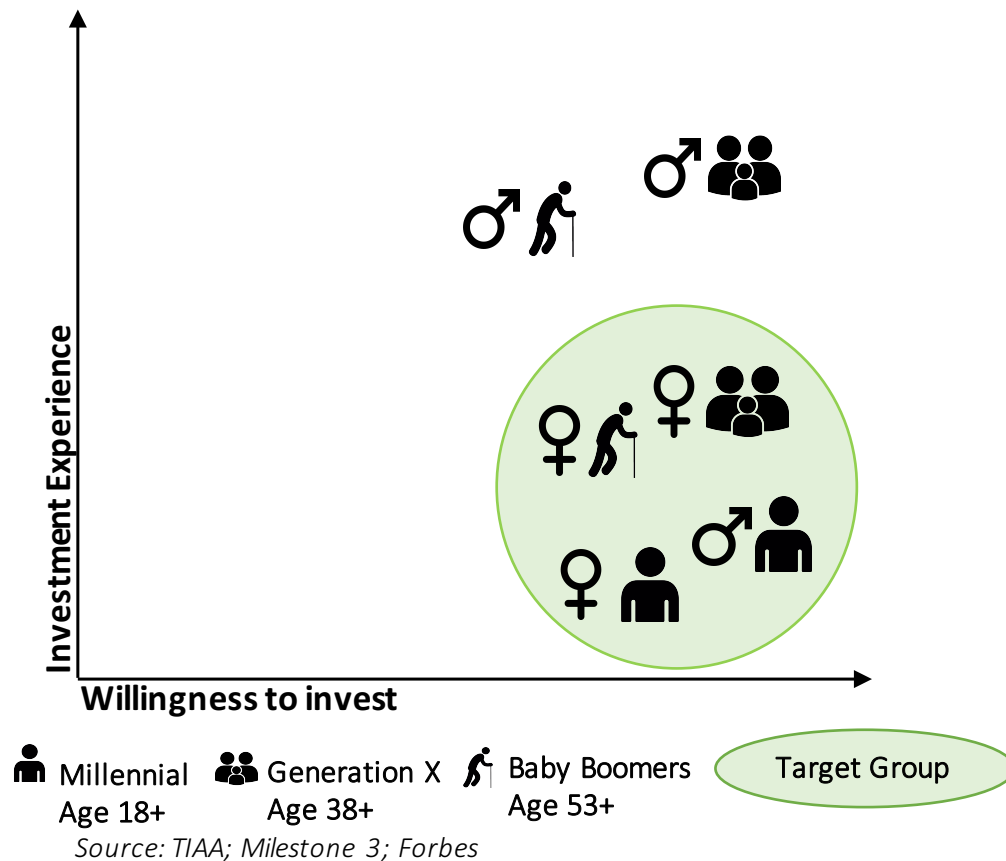
• BCG; Internal Analysis

...however, this is too broad a market to target initially, necessitating a detailed profiling of mass-market customers

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People with low investment experience, but willingness to invest...

...compose your ideal target customers



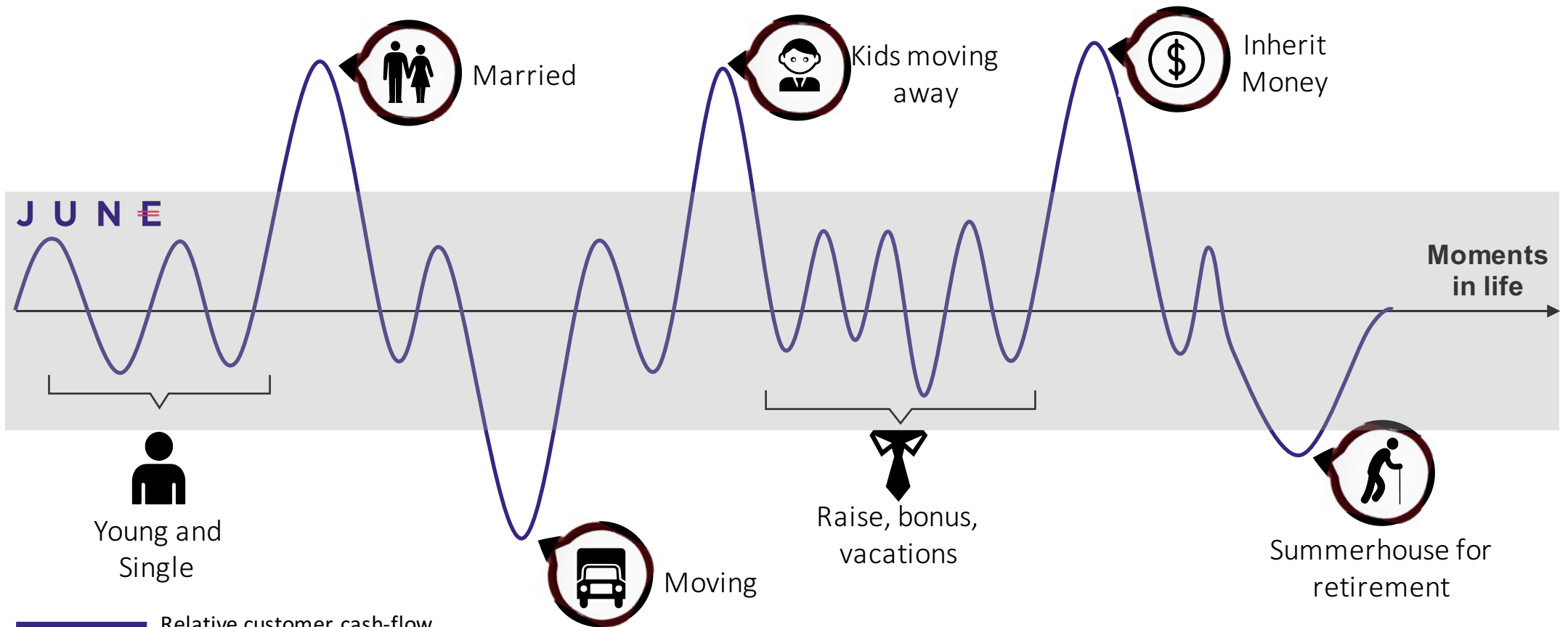
- 1 Women increasingly interested in managing own finances
- 2 Shared economy in marriage de-popularized
- 3 44% depend on referrals from trusted people, when choosing wealth manager



- 1 Early adopters of product innovations
- 2 Have been slow to adopt investment management services
- 3 Highly interested in receiving advice through digital channels

Your go-to-market strategy should be centered around making the small moments count – for you, and your customer

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CONCEPTUAL

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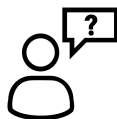
Engage university students by creating small moments worth remembering



On-Campus June Barista



Serving barista made coffee in June labeled cups at University campuses



June representative at each coffee stall to explain what June is about



On-Campus Photo booths



Photo booths with fun props taking **pictures printed with June logo** for students to bring home



A small **informational flyer** at each booth informing about what June is about



June launch concert




The first 1000 students who sign-up and invest a minimum of 100 DKK will get a **free ticket to Lady Gaga 23 October 2017**




A **pre-party** for all June customers will be held before the concert


Using brand ambassadors to educate customers about the benefits of June


1 Show that investing is for everyone

 **58%** do not find investment relevant due to
Perceived lack of investment knowledge

 Ambassadors must be **associated** with something unrelated to banking, conveying that investing is for everyone

2 Working towards reaching long term goals

 There should be a clear link between the ambassadors' daily life, success and performance; and the June's philosophy of *"making the small moments count"*

 The group of ambassadors must exhibit diversity in order to cater to many different segments and personalities



Athletes



Sarah Sjöström: Female Gold Medalist Olympics 2016 (100m butterfly) (age 23)



Henrik Sedin: Ice-hockey national team captain and NHL draft 1999, Vancouver Canucks (age 36)



Musician



Tallest Man on Earth:
Male folk artist (Age 33)



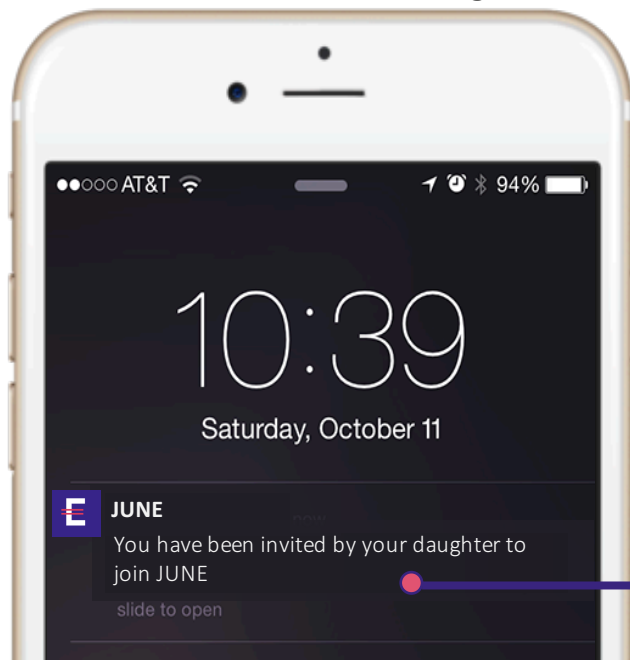
Zara Larsson:
Female Pop artist (Age 33)

Capture the older and less tech-savvy generation by inviting mums to join June

...30% of females list friends and family as
primary source of investment advice

... 44% depend on referrals from trusted people,
when choosing a wealth manager

1. Invite



2. Join



Help your mum
Set-up her June account

3. Invest



Assist your mum in
Investing minimum 100 DKK

4. Share a moment



Redeem two
movie tickets

To increase the life time value of acquired customers, every investment should be rewarded with points that can be spent on memorable moments

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Experience rewards create sticky memories unlike utilitarian rewards such as cash bonuses

Reward program partnership



**Sticky
rewards**



**Non-Sticky
rewards**



Invite your friend to June and get bonus points

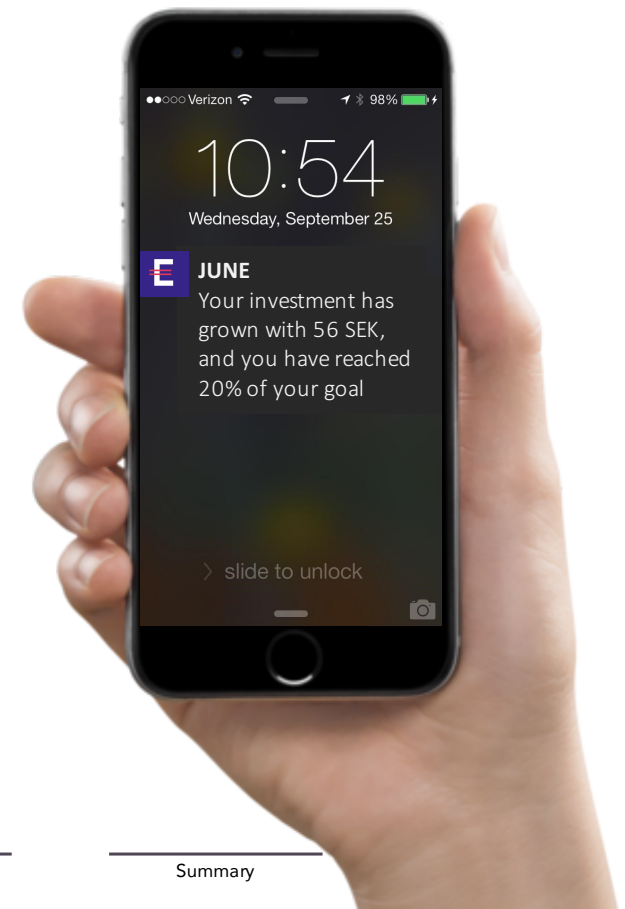
Source: Harvard Business Review

Re-engage with customers through multiple digital touch points to maintain a trusting relationship

Hire digital marketing agency to communicate the story...



...enabling June to re-engage with consumers on several digital platforms



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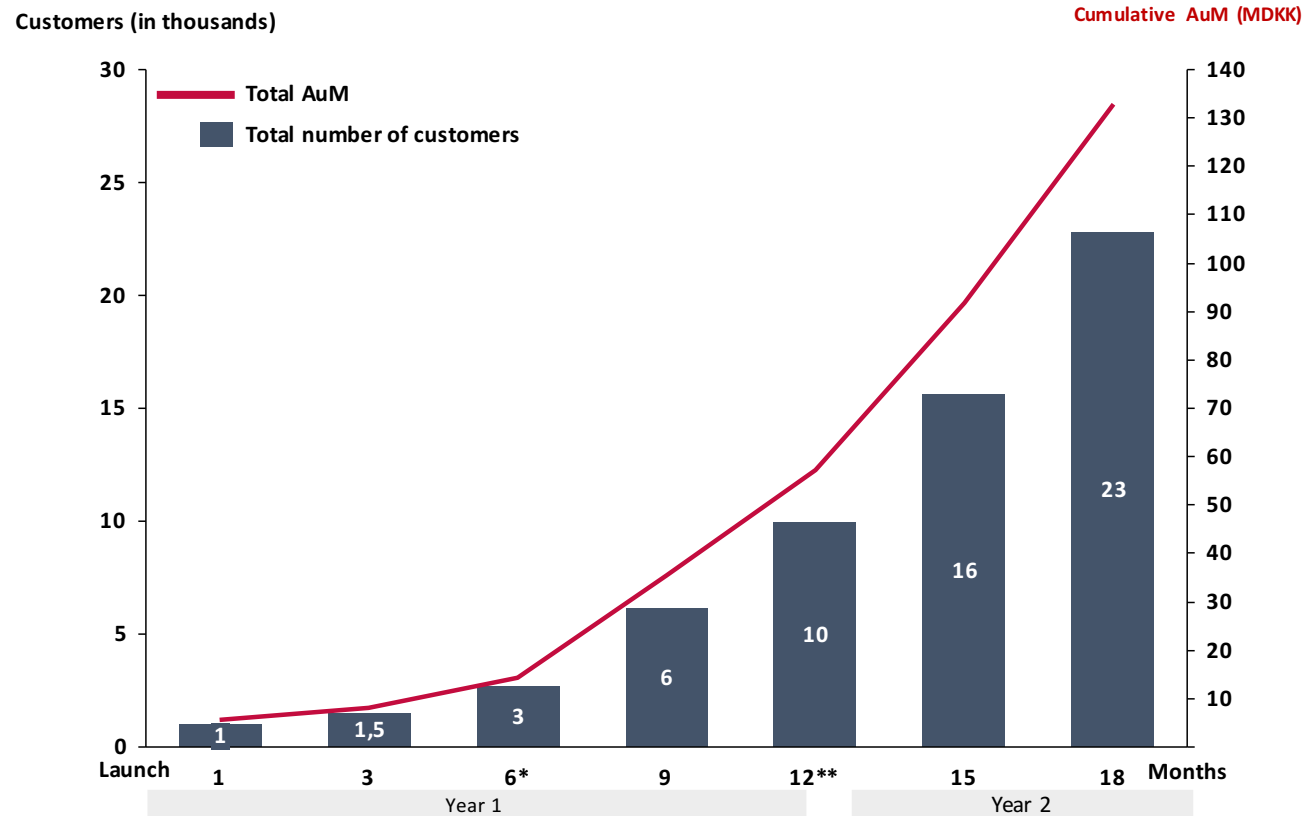
Summary

You are expected to experience growth accumulating to approx. 133mm DKK in AuM and establish a customer base of 22K during the 18 months following launch

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Guiding Principles

- Initial launch in Stockholm and subsequent roll-out in Gothenburg* and Malmö** (based on the students enrolled) and an initial acquisition of 2% of reached student base
- A growth rate driven by approx. 20% conversion rate via recommendations initially for millennials p.m.
- The female segment experiences 10% acquisition rate at the campaign and subsequent growth of 10%



Note: Additionally, the spillover effect of sign-ups of non-targeted customer segments is not incorporated

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Summary

The sensitivity analysis based on 1) millennial growth rate and 2) the investment level indicates sensitivity to consider with respect to the predicted outcomes

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Average growth rate for millennials

		-10%	Base case	+10%
The investment levels	+10%	117mm (18K)	146 mm (23K)	183mm (28K)
	Base case	106mm (18K)	133mm (23K)	166mm (28K)
	-10%	95mm (18K)	120mm (23K)	150mm (28K)

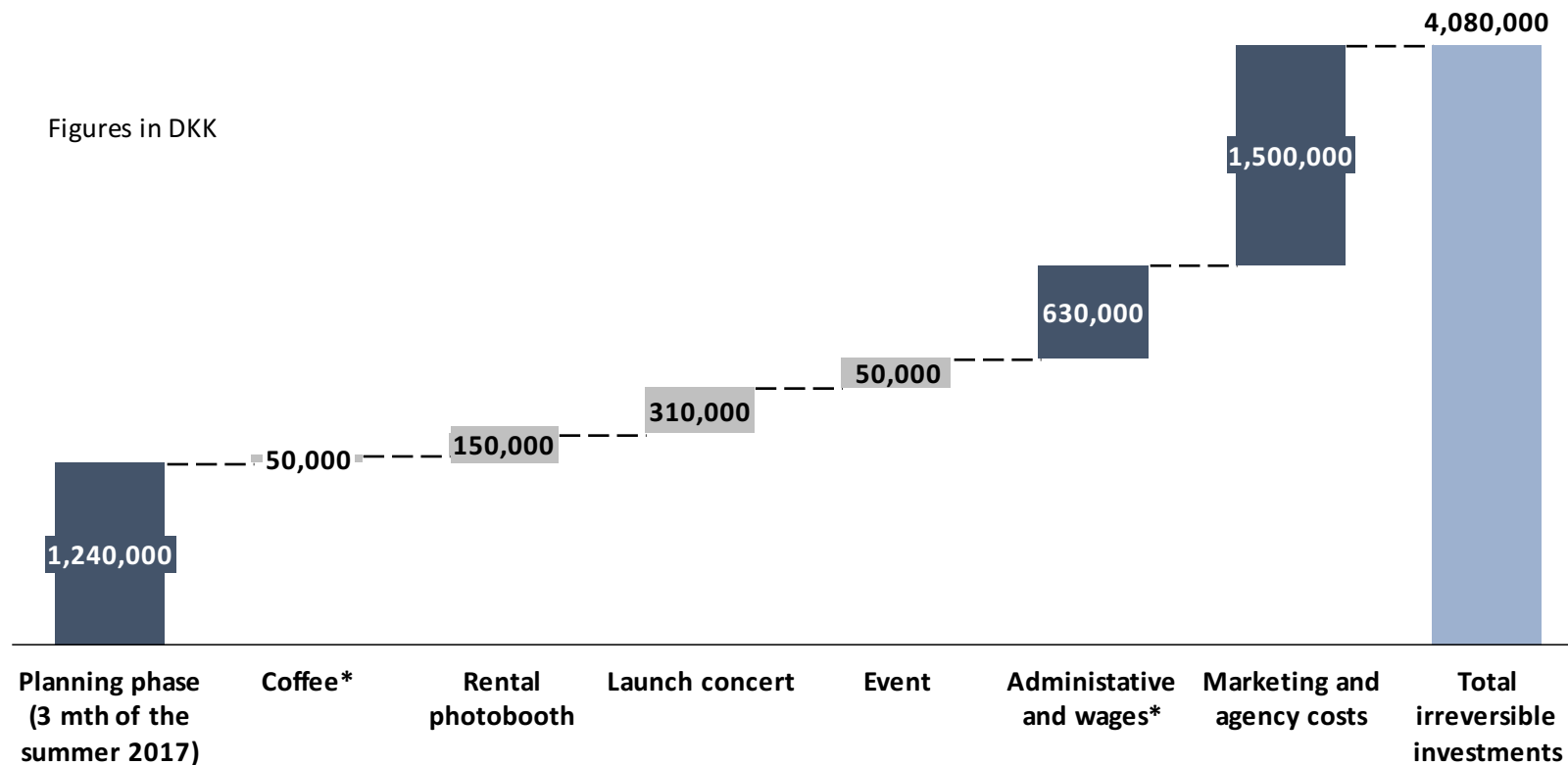
*Denominated as AuM (in mmDKK)

** In parenthesis the number of clients (in thousands)

The suggested strategy implies an irreversible investment of approx. 4mm DKK by the first initial launch in Stockholm

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Figures in DKK



If you decide to implement all initiatives of the strategy, total costs is expected to be approximately 25 mm DKK

*Administrative expenses include 10 full time employees at 35,000 DKK/per month

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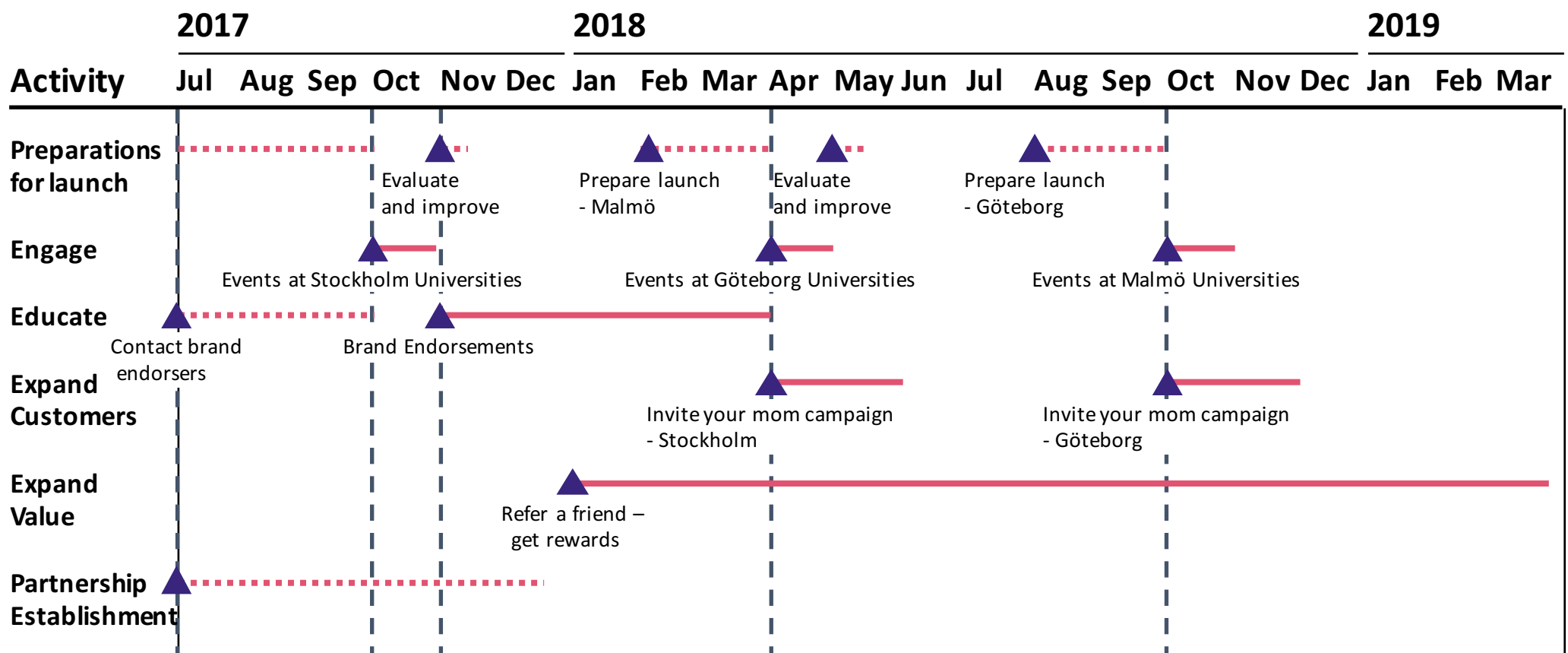
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Summary

You should roll-out in Sweden in three urban cities initially, launching its strategy in Stockholm

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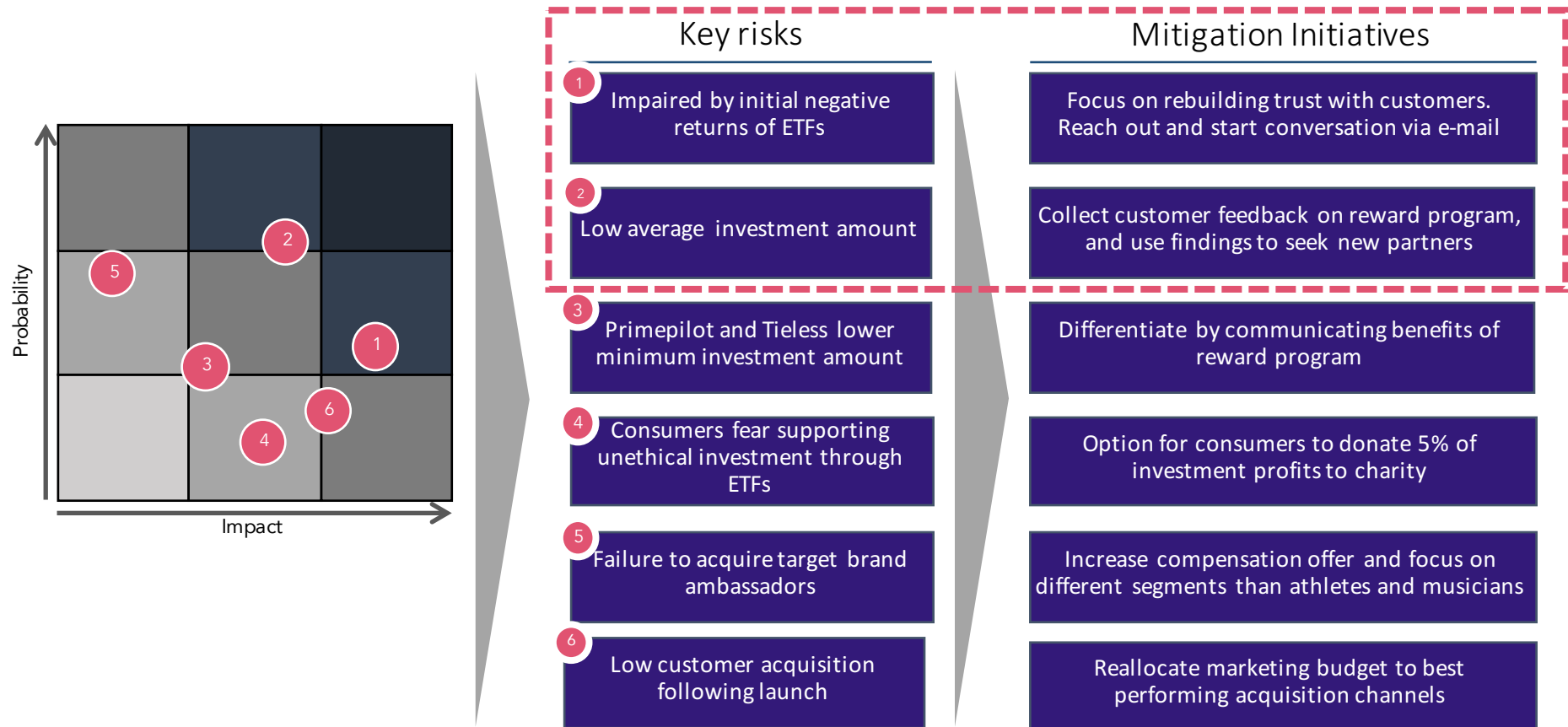
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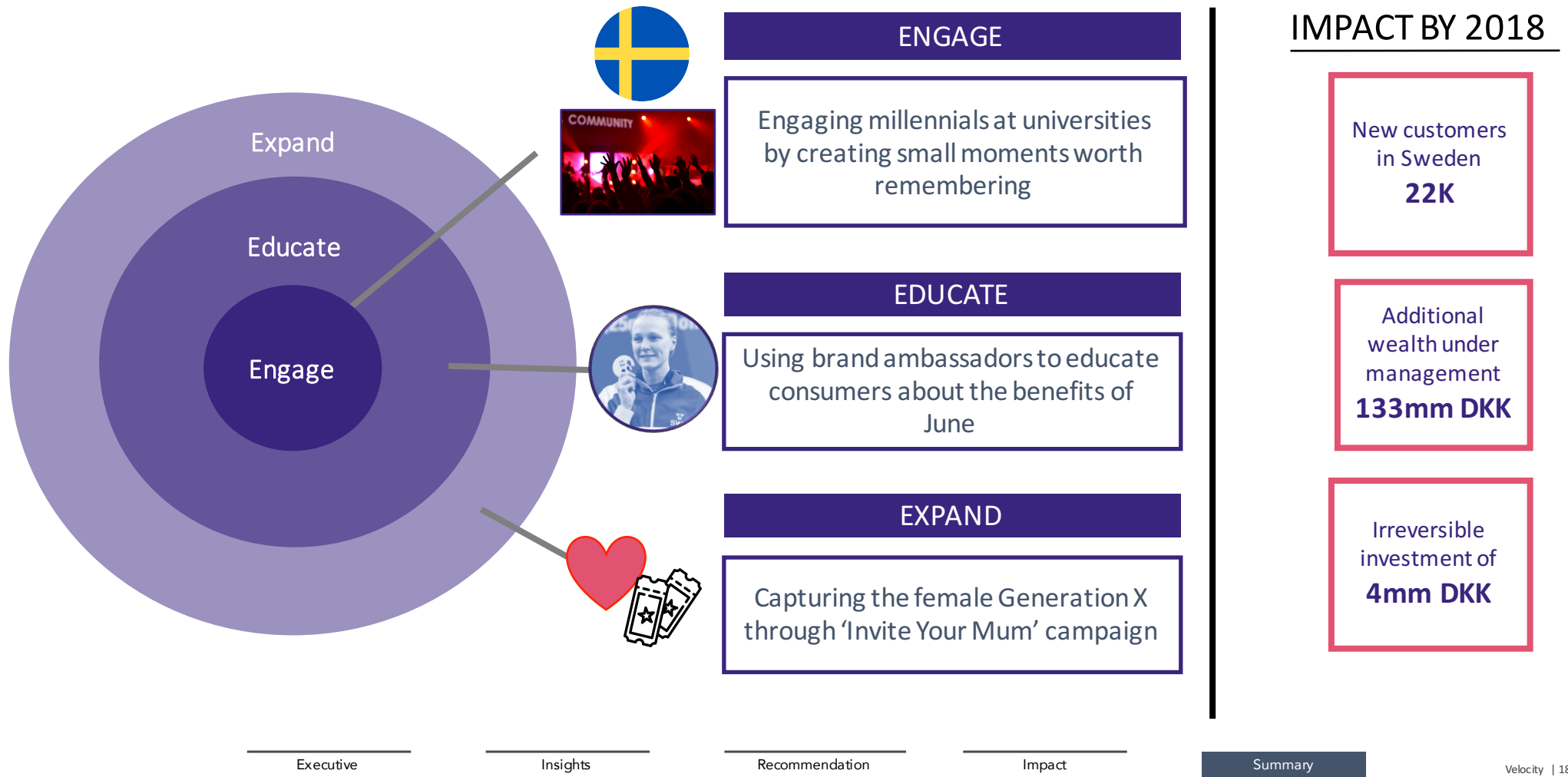
Summary

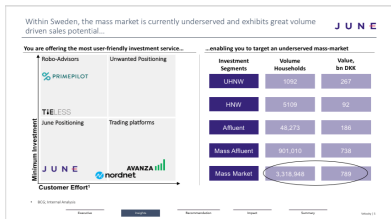
The greatest risks are impairment of trust and low average investment amount



By pursuing the Engage, Educate, Expand strategy, June can successfully enter the Swedish market

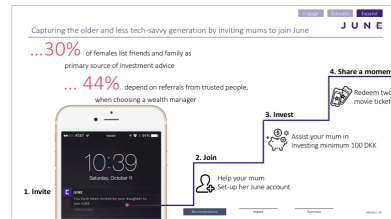
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Insights

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- [4: Scoring of countries](#)
- [5: Competitor map and mass market](#)
- [6: Millennial and female targeting](#)
- [7: Life changing moments and events](#)



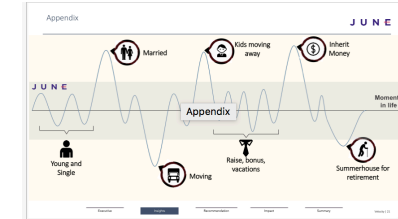
Recommendation

- [8: Coffee, photo booth, and concert \(Engage\)](#)
- [9: Brand ambassadors chosen \(Educate\)](#)
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All assumptions for the financial calculations

1. Initial launch in Stockholm and subsequent roll-out in Göteborg and Malmö (based on the student base) and an initial acquisition of 2% of reached student base (50% of entire base)

2. A growth rate driven through a recommendation rate of 25% for the first 6 mth. 20% for the next and 15% for the last for millennials p.m.

3. The female segment experiences 10% acquisition rate at the campaign and subsequent growth of 10%

4. A churn rate of 4% for millennials and 2% for females

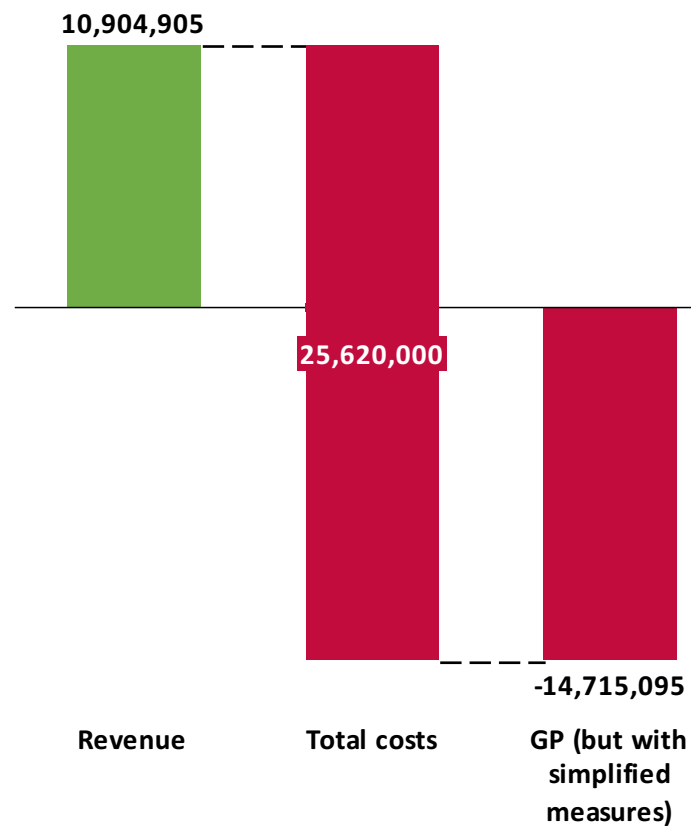
5. A reward effect increasing the average AuM per customer with 2%

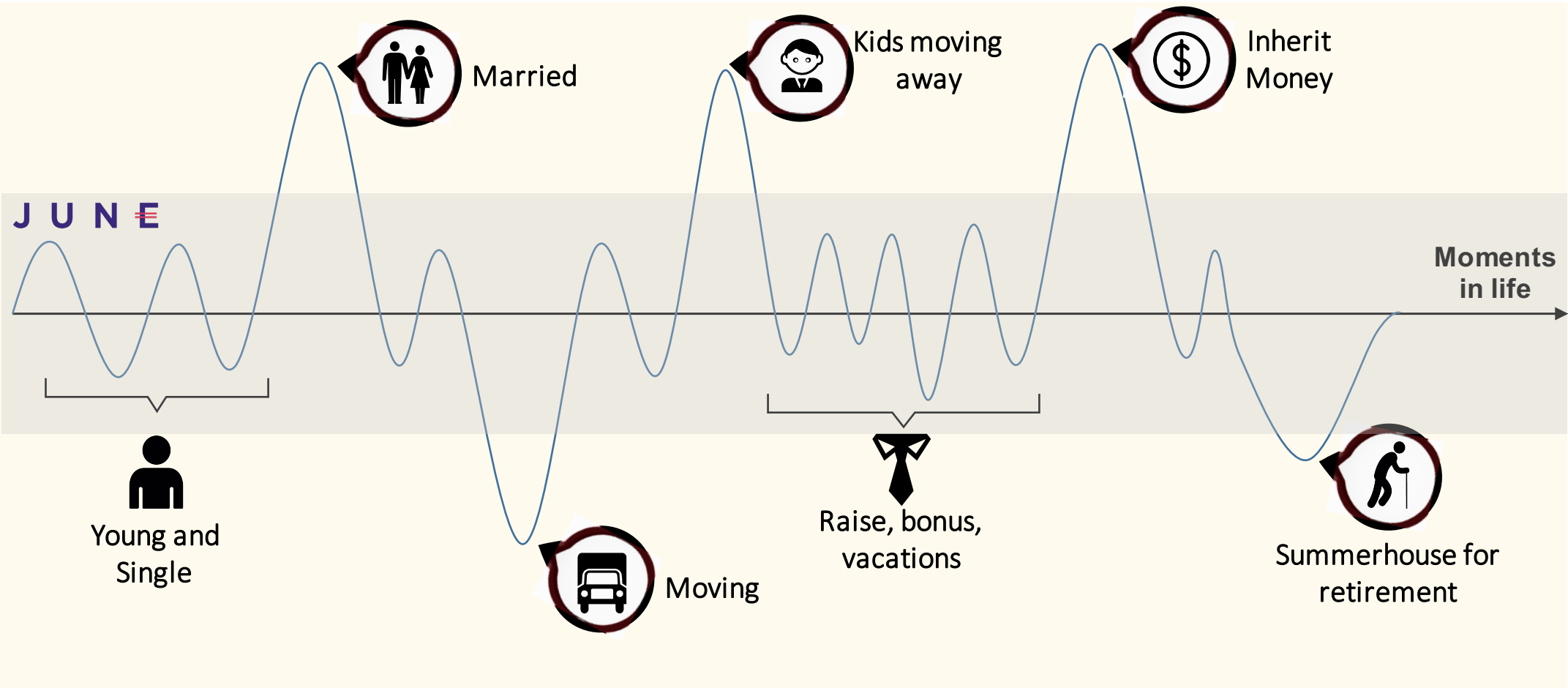
6. Investment levels representing 33% investing 1000, 5000 and 10,000 respectively for millennials

7. Investment levels representing 33% investing 5000, 10,000 and 15,000 for females

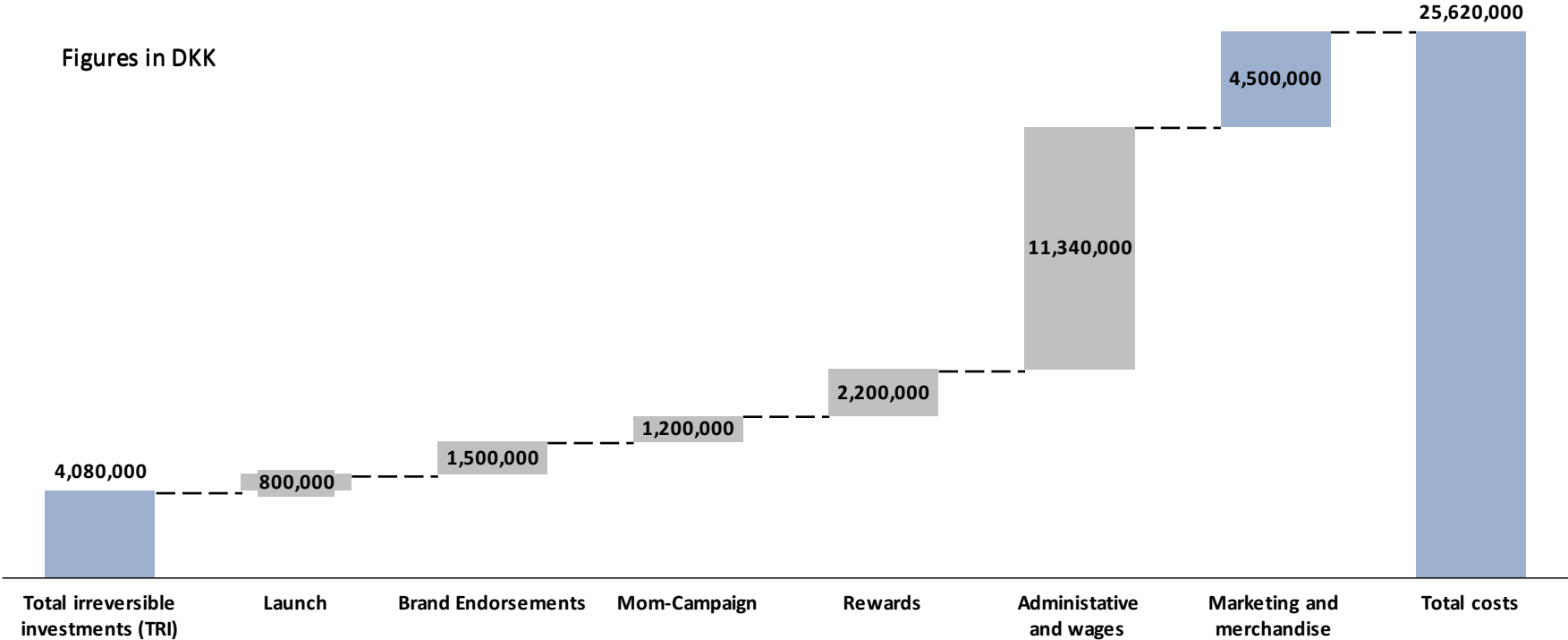
Potential revenue and gross profit after 18 months by assuming a commission fee of 0.82% annually and a customer acquisition cost of DKK 200 per customer

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Additional costs beyond the intitial launch



Premier Rewards

As a Premier customer, you can benefit from offers from a range of partners, at no extra cost.



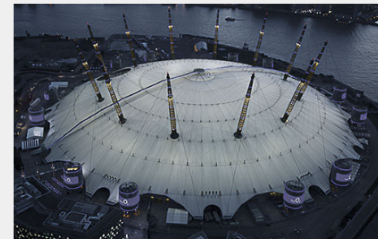
Discounts on dining out

A year's free membership of the Gourmet Society, with discounts at more than 6,500 UK restaurants.



Visit English Heritage sites

Get free entry for you and your family to over 280 English Heritage sites, from Stonehenge to Carlisle Castle.



Visit Barclays Premier Lounge

Visit the Barclays Premier Lounge at The O2 in London with 3 guests.



Picturehouse Cinemas

Enjoy a year's free membership of Picturehouse Cinemas, with free and discounted tickets.

- Barclays

A loyalty program links member engagement with member rewards, but delays the distribution of rewards in order to lock-in customers through higher switching cost

- 1 Increase customer retention
- 2 Increase spend per customer
(incentive spend, increase share of wallet)
- 3 Reduce customer acquisition cost
1) via differentiation 2) via loyalty program ambassadors

Investment amount

- Lump-sum or recurring
- E.g. 500 DKK



1 point for every 100 DKK

- Simplicity and transparency
- $500 \text{ DKK} * 1/100$



5 points allocated

- Points can be spent in full or partially for discounts at partner firms.

Betterment's initial acquisition rate was used as a comparable peer indicator

Profile:

Betterment Investment company provides for automated investing at every risk level. It is highly comparable to JUNE on some characteristic but is operating within the U.S.

This was done in a highly unfamiliar market, where the population did not hold the same knowledge

Generating 12 k customers within the first one and a half year

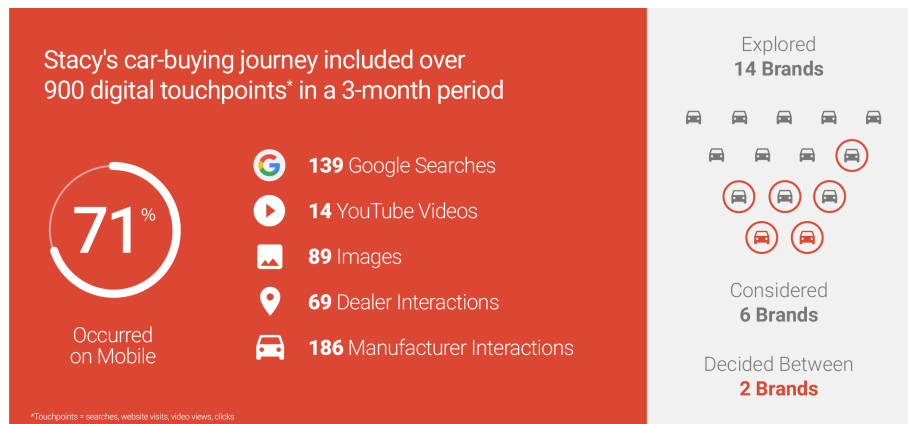
The rationale for the selected country selection metrics

<u>Metric description</u>		<u>Metric relevance</u>
1	Market size is defined as total financial wealth in the country	This metric is highly relevant as it captures the overall potential of the market size
2	Market growth is defined as growth in total financial wealth	Market growth is important as it represents the possibility for prospering and growing in the future within the market
3	Urban population is measured as % of the total population	Urban population is important for our strategy as we target the urban areas as an initial go-to-market
4	Intensity of rivalry is defined by the number of competitors within wealth management delivering comparable services	The intensity is important to assess the competitiveness in the market which might result in decreased margins
5	Product similarity is measured by the degree of similarity scaling from full to none	Product similarity is important in order to assess whether a first mover advantage is present
6	Investment relevance is a % of the population who find investing relevant	Investment relevance is important in order to assess the customer perception to investing, which is important in order to secure a strong customer base
7	Active investment is the proportion of the financial wealth in the country invested in "active investments"	Active investments indicate how willing the population is to invest in securities in general and also classify some level of risk aversion, which is important in terms of our product offering
8	Preferred channel of advice measured as online-self service (in%) and face-to-face meeting (in%)	Preferred channel is highly important as you are an automated adviser. Hence, you are more likely to successfully erode markets of which this is the preferred channel

Creating multiple, digital touch points with the target audience

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The amount of touch points with consumers have proliferated...



...which implies June must meet consumers on several digital platforms to thrive



Sponsored ads primarily targeting millennials in key cities



Visually expressive brand ads tailored to the medium



Geofilters to support university events



Search ads triggered by keywords related to personal investment