

TITLE OF CASE STUDY: The Independent Spirit

Business Situation and Campaign Objectives

1. Business Situation

Background

TD Ameritrade is a brand created in April 2006 from a merger of two companies: Ameritrade and TD Waterhouse. Both brands—particularly Ameritrade— had solid reputations for attracting confident Active Traders: individuals who are actively involved in buying and selling stocks (making five or more trades a month). Concentrating on this target made sense when the company's revenue model was based on trading volume. However, after the two companies merged, it became clear that continuing to rely primarily on trading volume from this small, select target would leave the new TD Ameritrade at the mercy of market movement—a risky recipe for business growth.

Long-Term Investors, who have saved from \$50K to \$500K toward retirement, are a far larger group than active traders, and it was clear that the new brand would need to attract their assets in order to grow with greater stability.

Business Situation

Trust and stability are the foundation of a relationship with Long-Term Investors. However, TD Ameritrade faced sizeable hurdles in winning their confidence.

- **TD Ameritrade did not have a foothold in the 401K business.** While key competitor Fidelity Investments could count on substantial numbers of Long-Term Investors getting to know them initially through an employer, TD Ameritrade was completely dependent on marketing communications and customer recommendation to build referral and reputation. However, only 23% of TD Ameritrade customers agreed that their financial provider does what's best for them (Forrester's 2006 annual survey of Customer Advocacy). That number had to improve if the company was to get critical word-of-mouth recommendations.
- **TD Ameritrade did not assign individual brokers to investors.** It also didn't offer personal advice or recommendations on specific stocks or mutual funds. Clients do research themselves and make their own decisions. So clients have to feel confident making decisions on their own without the opinion of a broker in order to be interested in TD Ameritrade.
- **TD Ameritrade was perceived as a brokerage designed for "day traders."** *Ameritrade* was dominant in the new brand name and was associated with sophisticated "day traders" who buy and sell stocks frequently during the day and are attracted to high risk for short-term profit. The Ameritrade brand was perceived as risky and technologically intimidating by the Long-Term Investor target, most of whom have a relatively conservative orientation toward risk. These average Americans are simply trying to be sensible about saving for retirement and are afraid of doing the wrong thing and losing their money. In April 2006, only 6% of Long-Term Investors had a favorable impression of the brand and only 4% would consider the company as a long-term investment provider (Phoenix Investment Services Tracking). They would have to dramatically alter their perception of the new TD Ameritrade brand to get them to consider opening an account.

2. Campaign objectives

The team established the following objectives for the campaign:

- Broaden the perception of TD Ameritrade from a brokerage for “day traders” to a brokerage for the average Long Term Investor.
- Deepen perception that TD Ameritrade was a company that acted in the customer’s best interest.
- Increase the rate of new account acquisition by at least 50% without increasing the Cost-per-Acquisition (CPA) of those accounts.

3. Budget

The total media budget for TD Ameritrade was \$176 million from the launch in April 2006 through December 2007.

The Research Story Strategy Research

TD Ameritrade knew it had to learn quickly about Long-Term Investors. They felt that getting an intimate understanding of what was going on in their minds meant living with them as they made decisions, not just doing a single piece of research. To that end, they established an Investor’s Forum through Communispace with 300 target investors to get a more intimate idea of the barriers that keep investors from becoming confident investment decision-makers. Every week there were 3-4 research activities designed to probe and quantify every aspect of the issues standing in their way:

- Quantitative Surveys: Weekly surveys on how members feel as investors (e.g., their needs, wants, concerns, emotional state); their investment provider relationship history; their attitudes toward TD Ameritrade and key competitors; their confidence in their ability as investors; their reactions to products, concepts and creative work
- Community dialogues: Weekly discussions on topics pertinent to understanding members’ needs, wants, concerns and emotions based on their experience as investors
- Shopping expeditions: Members called or visited the offices of TD Ameritrade and its key competitors and reported back on the experiences (e.g., how they were treated, how helpful the companies were, information received, etc)
- Videos: Members recorded their experience using TD Ameritrade’s newest retirement planning tool, discussing how it was unique and how it helped them shape their plans.
- Brainstorms: Opportunity for members to share their ideas about potential solutions for investing challenges brought on by their provider, the economy, etc.
- Diaries: Members were asked to keep a diary of the direct mail pieces they received from any investment services provider.
- Collages: Members submitted images of ads from the category that they felt particularly resonated with them and why.
- Member-Generated soapboxes: Members took the initiative to start dialogues of their own on aspects of investing that concerned, confused or infuriated them and invited other members to debate, share or vent.

After looking at the forum research in its entirety, the team learned that regardless of age, assets or gender, the self-confidence of these Long-Term Investors had been undermined by their contact with brokerages and investing companies. The message the “financial establishment” had communicated over the years was clear: “You **CAN’T** manage your own investments—**you’re not smart enough**”. Many investors seemed to have developed almost a “battered investor” mentality, often frozen in relationships where they were financially neglected or taken advantage of because they were convinced they could never make it on their own.

They were struck by the contrast between those investors and the confidence they found in investors who had taken charge. Blue collar, white collar—it didn’t matter. When investors did their own research and took control of their investing, it enriched their sense of self-worth in ways that went beyond their monthly account statement.

These research insights revealed TD Ameritrade's path into the hearts and minds of Long-Term Investors. They needed to convince investors that, in contrast to the "financial establishment," TD Ameritrade believed they **did** have the smarts to invest on their own as long as they had support from a company that knew what kind of tools, pricing and resources they would need to do it. TD Ameritrade had a wealth of ways to filter expert information and make it accessible and comprehensible to the average investor.

In addition, they recognized the trend of Americans' increasing desire to be independent and take things into their own hands. The success of brands like Home Depot, Quicken and Dell in getting people to master relatively complex tasks themselves--from home improvement to tax preparation--confirmed that TD Ameritrade could capitalize on this momentum.

This led to the creative idea for TD Ameritrade, as executed in "The Independent Spirit" - TD Ameritrade champions the spirit of independence—the "can do" attitude and smarts—of the average American Long-Term investor.

Concept Testing

In order to determine the optimal way to frame this new creative idea, a quantitative monadic concept test was conducted online among investors by OnSurvey. A total of 600 target respondents were randomly exposed to one of the two concepts:

- "Concept A" illustrated the wants, needs and mindset of independent minded investors and positioned TD Ameritrade as a source of encouragement and empowerment for them.
- "Concept B" focused on the problems that leave investors frustrated with the traditional brokerage firms and positioned TD Ameritrade as an alternative for independent minded investors.

The research revealed that "Concept A" had the greatest relative strength due to its significantly higher scores on believability (33% vs. 19%) and relevance (41% vs. 31%).

Spokesperson Testing

For investors to trust an online brand with their "serious" money, TD Ameritrade would need to put a human face on the company. They felt strongly that a spokesperson shouldn't come across as an owner or "insider" because financial establishment figures were so distrusted. They looked instead for someone who would represent a principled outsider—highly respected, with integrity and credibility that was unquestioned. The team had a hunch that Sam Waterston's role as Jack McCoy in "Law and Order," pleading the "people's case" week after week, had given him a unique status and recognition as a principled outsider. To confirm this, two pieces of research were utilized:

- Industry "Q scores" (measuring popularity of personalities) confirmed that Sam was popular, with a positive Q score (35) that was 94% higher than the average performer.
- A quantitative survey was conducted among forum members to evaluate 14 potential spokespersons. The study validated that Sam Waterston was the best spokesperson to use, and that he had the ethical authority to convincingly speak to investor concerns.
 - Sam Waterston was the most appealing out of the 14 spokespeople
 - 81% agreed that Sam was an effective spokesperson
 - Over 3-in-5 found Sam to be honest, intelligent, serious and trustworthy

Campaign Description

In order for the campaign to work, Investors had to be inspired to believe they could do it on their own. In a pessimistic economic and political climate, campaign elements were designed to build and reinforce the individual's motivation:

- **Illustrations of America's "Can Do" Individualism:** From founding fathers to the Wright brothers, the advertising used gentle reminders of Americans who used their own judgment and refused to be intimidated by what anyone else thought of their ideas or abilities.
- **Portraits of average Americans who were doing it:** If the average investor was to believe they could do it, they needed to see average Americans doing it. Not just the usual white collar investor featured in brokerage ads but the self-made "millionaire next door." TV commercials

featured a construction supervisor, teachers and a restaurant entrepreneur. Print and online featured average investors “thinking out loud” about an investing situation they were facing as they rode in a taxi or relaxed on a beach. The implicit message was that if he/she used their smarts and common sense to figure it out, you can do it too.

- **A tagline that was more of a rallying cry than a signature:** The line “Independence is the spirit that drives America’s most successful investors” would give investors a reason to take charge and feel good about it. The line would reinforce the idea that those who take charge are more admirable than the people who simply delegate their high asset accounts to brokers.

Investors also had to believe they could trust TD Ameritrade. In addition to having a credible, trustworthy spokesperson, it was critical to utilize accessible, straightforward language about TD Ameritrade’s principles and offerings. The emphasis would be on TD Ameritrade’s fair, flat pricing (that didn’t favor the rich or try to “hide” fees) and tools that made it easier to get objective analysis of potential investments and portfolio plans.

Since Long-Term Investors are a more dispersed and expensive target to reach, the media and messages had to be orchestrated for maximum impact:

- **TV to inspire and motivate.** Investing services is a low-interest category: to change perceptions they’d have to use TV as their “big stage.” Network and cable had the reach to give the brand a mainstream presence in the day-to-day lives of investors and a sense of stability.
- **Print to deepen the message.** They knew that when investors get “serious” about moving their money and opening an account, they turn to print media with specific content. The print schedule was expanded to include publications that average investors turn to during IRA/tax season (Fortune, USA Today).
- **Online to intercept and engage.** As investors get ready to make a move, they spend a great deal of time online so TD Ameritrade had to have a high-impact presence.
 - They leveraged partnerships with key portals that were expanding their investor content—for example, they worked with Yahoo! on becoming a major presence in their Suze Orman content as she educated women on the realities of saving and investing.
 - They broadened the Paid Search to include investor-oriented terms (e.g., mutual funds, portfolio management) so investors would see the ads as they considered providers.
 - To ensure a dominant presence, they used high impact rich media units, site/section buyouts and video.

Business Results

1. They succeeded in making Long-Term Investors perceive TD Ameritrade as a company that would help them invest on their own, countering the “day trader” image

- In the 8 months between 9/06 and 4/07, there was a **69% increase** (from 11% to 19%) in investor perception that TD Ameritrade “makes it easier to do more investing on your own” (9/06 vs. 4/07; Phoenix Investment Services Tracking)
- Favorable impression of the brand among Long-Term Investors **almost tripled** in a year, **from 6% to 17%** (4/06 vs. 4/07; Phoenix Investment Services Tracking).
- The number of investors willing to seriously consider the brand **more than doubled** in a year from 4.0% to 9.4% (4/06 vs. 4/07; Phoenix Investment Services Tracking).

2. TD Ameritrade dramatically outpaced competitors as a customer advocate.

- Promoting the brand’s support of the individual Long-Term investor clearly registered with customers as well as prospects. In 2007, TD Ameritrade registered the **highest year-to-year increase** in Forrester’s annual survey of customer advocacy. Customer agreement was **up 74%**

(from 23% to 40%) over 2006 with the statement “my financial provider does what’s best for me” (Forrester 2006 and 2007 Customer Advocacy Survey).

- TD Ameritrade was now close to more established competitors Charles Schwab and Fidelity—and far ahead of E*Trade—in building customer recommendation and referral.

3. Although they were outspent by competitors, TD Ameritrade dramatically increased the rate of new account acquisition without increasing the Cost-per-Acquisition (CPA) of those accounts.

- The average number of daily accounts acquired in IRA season between 10/06 and 3/07 **jumped 65%**, from 732 a day for Ameritrade, in 2005-6 to 1,210 in 2006-7 for TD Ameritrade
- In April/May/June 2007, the number of average accounts per day rose to a **new high** of 1,374. (TD Ameritrade daily account tracking).
- At the same time, client assets reached a record \$297 Billion, a **16% increase** over assets under management the prior year. (TD Ameritrade internal reporting).
- Business results were achieved efficiently. Reaching Long-Term investors required using network TV, an expensive move for the new brand. In spite of this, the campaign was able to grow TD Ameritrade’s business among investors while keeping the same average cost-per-account as it had for cheaper-to-acquire traders (Agency Media Tracking Reports, 2005 - 2007).

4. In-market tracking ad performance showed that the campaign was a success.

Phoenix Investment Services Tracking monitors the effectiveness of TV spots in-market on a monthly basis from all major investment services companies. They consistently cited TD Ameritrade commercials as top performers and wrote “Relative to the competition, TD Ameritrade is successfully driving both Recall and Persuasion with its stronger performing TV executions.” During the category’s heavy advertising period from 9/06 - 2/07, TD Ameritrade had 2-4 of the 6 top-performing commercials each month (9/06 - 2/07 monthly reports, Phoenix Investment Services Tracking