THE IMPORTANCE OF MARKETING FOR FINANCIAL LITERACY

Speaker: Punam Keller, Tuck School, Dartmouth College
Moderator: Dubis Correal, U.S. Department of the Treasury
Why do we need to market financial literacy?

What is social marketing? How is it different from (financial) education? When is it used?

Will it change how we design, communicate and disseminate interventions?

My social marketing projects.
What does financial literacy have in common with these things?
> What does financial literacy have in common with these things?
» What does financial literacy have in common with these things?
Very Little!

Financial literacy is not inherently desirable.
Social Marketing

Social marketing is the application of commercial marketing technologies to the analysis, planning, execution and evaluation of programs designed to influence the voluntary behavior of target audience in order to improve their personal welfare and that of their society.

Source: Social Marketing in the 21st Century, Andreasen
Social Marketing is effective under these conditions...

1. Negative demand
2. Highly sensitive issues
3. Invisible benefits
4. Benefits to third parties
5. Intangibles that are difficult to portray
6. Changes that take a long time
7. (Sub) Culture conflict
8. Public scrutiny
9. Multiple publics
10. Limited resources and difficult to change product

Source: Social Marketing in the 21st Century, Andreasen
Mindsets

**Education**

1. I know this is a good idea,
2. Let me tell you why this is a good idea,
3. Once you appreciate its good features,
4. Then let me urge you to act.

**Marketing**

1. This may not be a good idea,
2. What do you think of this idea?
3. Give me insights on how to overcome your barriers,
4. Let the offering (P’s) urge you and others like you to act.

**Source:** Social Marketing in the 21st Century, Andreasen
Consumer ignorance and lack of motivation are viewed as barriers to success...
A social marketing mindset application

Obstacles to Opening a Supplemental Retirement Account (SRA)

Don’t know how to use FlexOnline
Don’t know where to put $5
I don’t have a computer
I can’t afford $5
I do not know how much I will need
Too many unexpected expenses
Few people like me do it
No time now

Easy Solutions to Opening a Supplemental Retirement Account (SRA)

You can start with only $16 per month
Log ID & PIN are in your packet
More than 60% of employees contribute
Make an investment selection now. You can change it at any time
Start early & your money will grow fast
Use an online investment calculator
Bring lunch 2/month
Carpool
Skip the latte
Computers are available at HR and the library
With the tax benefit you will save even more

Don’t just dream about it………you can make it happen

FLC Financial Literacy Center
A joint center of the RAND Corporation, Dartmouth College, and the Wharton School
» Given different barriers, one good strategy and plan is NOT all you need...
The SSA Strategic Plan recognizes the need to design custom marketing plans for different groups...

- Develop and produce *interventions* to inform the public about saving and the Social Security program.
- Tailor materials for Americans at various stages of their working lives -- young workers, mid-career workers and those approaching retirement -- as well as current retirees.
- Tailor financial literacy products for underserved populations, such as low income, young, and disabled workers, who are particularly vulnerable during periods of financial turbulence.
- Utilize various distribution channels to reach diverse populations with a life-course perspective.
Top Ten Social Marketing Tips for Designing, Communicating, and Disseminating Financial Literacy Interventions
1. Bundle negative events.
2. Where is me? Customization.
3. Make loss transparent.
4. I don’t know my future self. Use technology and imagery.

Increasing saving behavior through age-progressed renderings of the future self - http://www.kellogg.northwestern.edu/faculty/ersner-hershfield/
5. Simplify and refresh.

7 simple steps to help you complete the application.

1. Select a 30 minute time slot right now to complete the online contribution to your Supplemental Retirement Account (SRA) during the next week.

2. 3 minutes. Check to see if you have the following materials: a) worksheet in your benefits packet √, and b) the name and social security number of a beneficiary √.

3. Select the amount you want to invest for 2007 (minimum: $16/month, maximum: $1,292/ month), even if you don’t know your take-home pay in your first month. If you want, you can change this amount at a later date. This voluntary contribution is tax-deferred, you will not pay taxes on it until you withdraw the funds.

4. 5 minutes. Select a carrier. If you do not select a carrier, Dartmouth will invest the non-voluntary portion of your college funds in a Fidelity Freedom Fund, a fund that automatically changes asset allocation as people age.

5. 5 minutes. Now you are ready to complete your worksheet. Complete the worksheet even though you may be unsure of some options. You can change the options in the future.

6. Take your completed worksheet to a computer that is available for 20 minutes. If you like, you can use the one in the Human Resources office at 7 Lebanon Street, Suite 203.

7. 15-20 minutes. Log on to Flex Online and complete your online SRA registration within the 20 assigned minutes. Be sure to click on the investment company (TIAA-CREF, Fidelity, or Calvert) to complete the application. You need to set up your account – otherwise your savings will not reach the carrier.
1. Bundle negative events.

2. Customize to help people connect

3. Make loss transparent

4. Use technology to connect to the future self.

5. Simplify and refresh
6. Make financial literacy available at point of decision-making and consumption.

1. Find your brand, your make, and your closest dealer all with a few touches!
2. Generate one of our Carperks certificates directly through your iPhone or iPod Touch!
3. Bring your iPhone or iPod device to any of our 5,200 dealerships nationwide and show your on-screen certificate to get exclusive Carperks savings!

You'll save time and money by downloading the Carperks app today.
Click Here to get it now! (FREE)

The Kelley Blue Book app offers the Kelley Blue Book Twitter feed, giving insight into the latest in automotive news. As a fun added bonus, there is a hidden "Easter egg" within the app, featuring a copy of the first Kelley Kar Blue Book which was published in 1926, if you can find it.
To launch this all-new app, Kelley Blue Book has teamed up with Chevrolet, the exclusive sponsor for the kbb.com app for iPhone throughout 2010.
7. Use environment prompts for sustainability.
8. Connect good saving behaviors to specific goals – Earmark!

9. Use motivating response formats.


Select One Option:

- I will participate in the 401(k) program because I want to save for my retirement savings and I want the additional $$ (match) from the company.

- I will not participate in the 401(k) program because I don’t want to save for my retirement and I don’t want the additional match from the company.
10. Finally, reduce anxiety - Have some FUN!
6. Financial literacy at point of consumption.

7. Use environmental prompts.

8. Connect savings to goals

9. Use motivating response formats.

10. Reduce anxiety – Add humor
My social marketing projects...

» Social Security Administration.
» U.S. Department of Treasury.
» President’s Advisory Council on Financial Literacy (2008-2010).
» National Endowment for Financial Education (NEFE).
» Social Marketing Symposia (FINRA, NASAA).
**Recommendation - Future Strategy**

1. Understand different audience issues.
2. Expert providers target different audiences (ensure target audience representation).
3. Allocate resources according to criteria such as population size, vulnerability, severity, access to mass marketing.
4. Design customized services, communication and identify distribution/strategic partners for each audience group with the purpose of overcoming target audience resistance to using financial knowledge.
5. Measure short-run and long-term program effectiveness.
6. Modify programs when necessary.
Thank You!
Certified Social Marketing Experts!

- Federal Reserve Board
- Consumer Credit Counseling Service
- Association for Financial Counseling & Planning Education
- KZO Networks
- First Nations Development Institute
- InCharge Education Foundation
- Investment Company Institute Education Foundation
- Operation HOPE, Inc.
- American Institute of Certified Public Accountants
- Women's Institute for a Secure Retirement
- U.S. Office of Personnel Management
More Social Marketing Experts!

- Jump$tart Coalition for Personal Financial Literacy
- Better Business Bureau
- Institute for Financial Literacy
- Adult Literacy Media Alliance
- Partnership for After School Education
- National Urban League
- American Library Association
- U.S. Securities and Exchange Commission
- Better Investing
- National Council on Economic Education
- Foundation for Investor Education
- Asset Builders of America Inc.
- Consumer Federation of America
» Marketers know consumers always believe they are rational...

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<tr>
<th>Saving Costs (Barriers)</th>
<th>Gains from NOT Saving</th>
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<tr>
<td>No Money</td>
<td>Fun</td>
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<td>No Time</td>
<td>Rebellion</td>
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<td>Not now</td>
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<td>Future Problem</td>
<td>Popular</td>
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<td>Insufficient Gains</td>
<td>Feels Good Now</td>
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<td>Don’t know how (much and</td>
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<td>to invest)</td>
<td>Physical Appearance</td>
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<td>Give to Kids</td>
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<td>Give Back to the Community</td>
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Costs

Saving Gains
Behavioral Economists are identifying and designing ways to overcome consumer biases.