

brand new DAY



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1. Word from the author

When I started at Brand New Day I had little knowledge about the Dutch insurance and investment market. During my internship I learned what went wrong and what should be improved to prevent the same situation. The market is still evolving to become a more stable market and the players in the market more independent from each other. This will mean that the companies with good intentions will stay and become stronger and the others will fall and disappear from the market. I believe that this “evolution” in the market is necessary and will restore the faith of the consumer in the market. With my research I want to contribute to the objective of Brand New Day to reach the break-even point mid 2013. My research will focus on two points. The first is which services Brand New Day has to offer to the intermediaries so that they actively will introduce Brand New Day to their clients. The second point is that after 2013 it is forbidden by law that any kind of money stream flows from a financial institution who offers complex financial products to a financial intermediary. How should Brand New Day tackle this problem and how did other companies abroad tackle this problem.

During my internship period I worked on the intermediary service department. This department consists of two units inbound and the outbound unit. The inbound unit focuses on all the incoming calls. When an office calls with questions they will be helped by one of the workers from the inbound unit. They also make sure that any kind of email that has been sent to us is processed within 24 hours. These 24 hours are part of the high service that Brand New Day offers. The outbound unit consists of two sub-units namely the internal account managers and the sub-unit “Kennismaking” translated as acquaintance. The internal account managers take care of the agendas of the account managers and they also guide new intermediaries and keep in touch with them. The sub-unit Kennismaking is the unit where I have been placed. This sub-unit is for most intermediaries that work with Brand New Day the first way of contact with the company. The sub-unit has two assignments the first is to get as many new intermediaries as possible to the workshops that Brand New Day organizes. The goals of these workshops are to inform the intermediaries and to get them to work with Brand New Day. Once an intermediary wants to work with Brand New Day we have to make sure that they hand in all the right documents and that they sign the contract. Once this is done and they possess all the right permits we make sure that they get an account and that the internal account managers follow up on them. During these presentations we have to be present to make personal contact with the new intermediaries and find out what their interests are. The day after the presentations an evaluation call will be made to see what the intermediaries found interesting and if the presentation was of added value to them. With this information the workshops will be tweaked to increase the added value.

I would like to start with thanking Marijn Everse my company supervisor for giving me the opportunity to carry out my graduation internship at Brand New Day. Secondly my student supervisor Hans van Briemen for taking the time to guide me to a good end of my graduation. With his clear description, expectations and his swot confrontation matrix I made an lasting impression. My closest colleague Job van Leeuwen who acted as my daily mentor and who has taught me everything I needed to know about my function and Brand New Day. Dajo Rodrigo who supported me with my survey. I would also like to thank all the other colleagues for supporting me and the good time we had together.

2. Executive summary

This report contains an internal and external analysis of Brand New Day. The goal of the report is to see which improvements Brand New Day has to conduct to reach their marketing objective of 2013. By analysing the internal and external factors recommendations will be made to reach the marketing objective for 2013. The report will focus on increasing the service level and upcoming rules and regulations.

The reason why Brand New Day was founded was because of the 'Woekerpolis affaire'. The 'Woekerpolis affaire' was caused because financial products were sold to consumers with costs that were too high. These high costs were not noticed in the beginning because of the high returns. When the financial crisis started in 2006 returns dropped and but the costs stayed the same. These high costs together with negative returns consumed the profit and capital. The Dutch government had to step in and came with new rules and regulations for the financial market. New regulations for investment-based products were formed by Jan Wolter Wabeke who was the financial service provider ombudsman. His norm, the Wabeke norm stated that yearly costs cannot exceed 3.5 percent over the money invested per year.

To answer the main research question, *which extra services must Brand New Day offer to reach the marketing objective for 2013*, a service level research under the intermediary was conducted (appendix2). The intermediary is the most important distribution channel of Brand New Day. Approximately 70-80% of the revenues are brought in via the intermediary. The respondents graded Brand New Day with an average of 7.98 for their service. The Net Promoter Score of Brand New Day is 22% in comparison the average company's score lies between 5-10%. By analysing the data of the survey and in-depth interviews with financial advisors the following recommendations have been made:

- **Knowledge:** The knowledge level of the employees at the intermediary desk has to improve.
- **Dedicated contact:** Brand New Day should assign employees to certain regions. This way the intermediary has a few employees to contact and the contact will be more personal.
- **Monthly news letter:** The supply of information about current developments in the company, current developments in the market and opportunities in the market have to improve.
- **Guaranteed capital:** The intermediary wants to see a product which has a guaranteed end capital. Brand New Day is not yet able to offer such a product because they are not an insurance company.

Another important factor to reach the marketing objective is the provision prohibition. From 2013 onwards every money stream between financial provider and financial advisor is prohibited. By looking at the English market and their solutions Brand New Day can have a first step advantage over their competitors by implementing the solutions before 2013. Implementing the Customer Agreed Remuneration or the Payment Protection Insurance method will allow the intermediary to get used to new ways of rewarding. Brand Ney Day should assist the intermediary with showing their added value and the price that is connected to that added value.

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3. Plan objectives

At the end of my internship I want to have contributed to the company objective of reaching the break-even point mid 2013. In this report I will answer the main research question:

Which extra services must Brand New Day offer to reach the marketing objective for 2013?

To come to an answer and implementation for this problem I have to gather relevant market data and company related information. To help me keep on the right track I need to answer relevant sub questions.

Internal questions:

- Who is Brand New Day's target audience?
- What is the current strategy that Brand New Day is using?
- How does Brand New Day use customer relationship management?
- What does Brand New Day not have to change about their current image, marketing strategy and product positioning?

External questions:

- How does the intermediary see Brand New Day?
- Which services should Brand New Day definitely not offer?
- How will the non-commission law affect Brand New Day?
- Where are, in the near future the opportunities for the intermediaries to generate turnover and how can Brand New Day help with this?
- What can Brand New Day learn and implement from foreign companies?

International aspect in the report.

From January 2013 onwards the government will not allow any commission payment from financial institutions to intermediaries anymore. Brand New Day already works with a non-commission payment. In my report I have to find out how this problem is resolved abroad. Our neighbouring country United Kingdom already has a law that forbids full-commission payment. This is a good start to starting point for my research. Another international aspect, is to see how other insurance companies operate abroad. What can Brand New Day learn and adopt from them to offer the highest service at the lowest price possible.

Methodology

- In-depth interviews (qualitative research)
- Surveys (quantitative research)
- Desk research (qualitative research)

4. Internal analyses

The following chapter should give the reader an overview about the company Brand New Day and how their business looks like. Therefore you will find basic information about the company and their current market position. Moreover it is a general analysis about how they act on the market, in which current position they are and background about partners and competitors. A intermediary satisfaction research has been conducted and the internal outcomes will also be discussed in this chapter. At the end of this chapter the strengths and weaknesses of Brand New Day are pointed out. All the internal information should be used as a basic for the following external analysis.

4.1. Brand New Day

Brand New Day was founded by the same people who founded BinckBank in the Netherlands. Thierry Schaap and Kalo Bagijn founded the BinckBank in 1999 they were one of the first online brokers where customers could manage their online investments. There was no more need for a intermediary the customer could invest completely on their own. In 2010 they had 65% market share with over 350.000 customers. At the end of 2011 they had over 430.000 customers. With BinckBank they changed the financial market in the Netherlands. They did this with 3 simple tactics. 1. They made sure that the customers were the most important part of their company. 2. They started with the lowest costs. 3. They made sure that they had the best product in the market. With these 3 “simple” tactics they grew to be the market leader in the Netherlands. Currently BinckBank is also active in Belgium, France and soon will be active in Italy.¹ On the 10th of May in 2006 the founders Kalo Bagijn and Thierry Schaap sold their shares of BinckBank ²

After the success of BinckBank and a short break both Kalo Bagijn and Thierry Schaap were amazed how the big insurance companies had misled millions of people with the so called “woekerpolissen” (usury). After they had successfully changed the way banks treated customers they now wanted to change the way insurance companies treated their customers. In 2009 they started Brand New Day a new investment company with the same philosophy as they had started BinckBank with. The same three simple rules:

1. The customer should always be number one.
2. Low costs
3. Top product.

Brand New Day is not a bank and also not an insurance company. To start a bank or an insurance company you have to have an excessive amount of capital. Brand New Day is an investment institution. The biggest difference between an insurance company and an investment institution is that an insurance company can offer a guaranteed end capital and an investment institution cannot.

The usury of consumers by the insurance companies like Aegon, ASR, Nationale Nederlanden made Kalo Bagijn and Thierry Schaap decide that there has to change something in the insurance market. With Brand New Day they wanted to not only help the customers but also to change the whole market like they did with BinckBank. The usury of customers should come to an end and the market

¹ Binck, (2012) *Over Binck*. Retrieved 7-3-2012 From http://www.binck.nl/over_binck

² Staveren, J van (2006) Mededeling Binck N.V. Retrieved 8-3-2012 From http://www.afm.nl/registers/kgi_documents/200511080000000004_Transactie.pdf Page1

should be more transparent with lower cost and less complex products. The “Woekerpolis” affair was the right moment for Brand New Day to start.

4.2. What is a Woekerpolis

A woekerpolis is an account at an insurance company to save up for a certain purpose like a pension or to pay off your house. The money is invested in the market and through these investments you should increase your capital. When everything in the world is going well and the return on investments (ROI) are high, like they were before the financial crisis you will not notice the high costs that are waved in these products. When in 2008 the financial market became unstable and the ROI were behind the high costs showed up in these products. Before the financial crisis, gross returns of eight percent or higher were very common these high returns covered up the high costs. The costs in these products can be as high as four percent. So when you have a gross return of eight percent and costs of four percent you would still have a net return of four percent. But when the financial crisis started and the returns dropped to under 4 percent people were making losses. They had to pay higher prices to reach their end goal. The capital that they had made before the crisis started was slowly shrinking because even if the returns dropped the costs in these products stayed the same.

The problem of these “insurances” is that you made a contract for 10 years and sometimes for 30 years. People who had saved up to pay off their house or to have extra income when they were retired are left with nothing. The founders of Brand New Day found this unacceptable and came up with their own initiative. They made sure in their communication that everybody would know what the established order of insurance companies did. The established insurance companies brought products on the market that had no transparency, were very complex and the so-called independent intermediary earned thousands of Euros with provision. The government had to take precautions against these high costs and they introduced the Wabeke standard. This standard demands for new clients that the costs cannot exceed 2.5 percent and for existing client 3.5 percent. If we compare this to the highest costs that Brand New Day charges 0.59 we can conclude that this standard is still too high. Brand New Day wants to offer an alternative by low costs and qualitative high products. Only with this strategy it is possible to open up the market like they did with BinckBank. Brand New Day wants a 100% customer satisfaction degree. In their first year they reached a 97 % customer satisfaction degree. Brand New Day does not accept every woekerpolis for the simple reason that it can be that Brand New Day is not the best alternative. Sometimes it happens that there is no advantage for the customer to transfer to Brand New Day. Brand New Day needs to see that there is an advantage for the customer otherwise the customer will be worse off if they transfer to Brand New Day. This disadvantage can occur because of a short time period that the account has left.

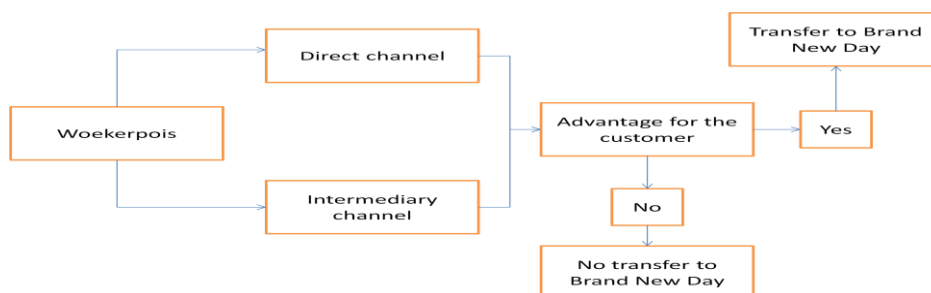


Figure1: Woekerpolis

check

4.3. Organisation

In two year's time Brand New Day grew rapidly. Last year they moved from a mansion in Utrecht to a business park in Amsterdam. At this moment Brand New Day has 54 full-time employees and 51 part-time employees. In the organizational chart which is based on the employee database of 10 May 2012 we can see that the intermediary department is the biggest one. Next to the 105 employees of Brand New Day, three directors work on bases of a management agreement.

Brand New Day is a line organisation as is shown in the organisational chart. The authority flows from the top to the bottom. However in practice we do not notice the authority flow. Not only the products of Brand New day are transparent but so is the whole work environment. In the office of Brand New Day everything is visible there are no closed doors and even if they were closed the doors and walls are made of glass. Only the top layer of the organisation sits in a separate office everybody else sits around big tables with their own department. This increases productivity because every action is visible to everyone. Not only does this increase productivity but also the work atmosphere everybody is working with one goal in mind and that is to make Brand New Day even more successful than it already is.

*Note: The PPI (collective pension) Department of Brand New Day is in fact a new organization within Brand New Day.

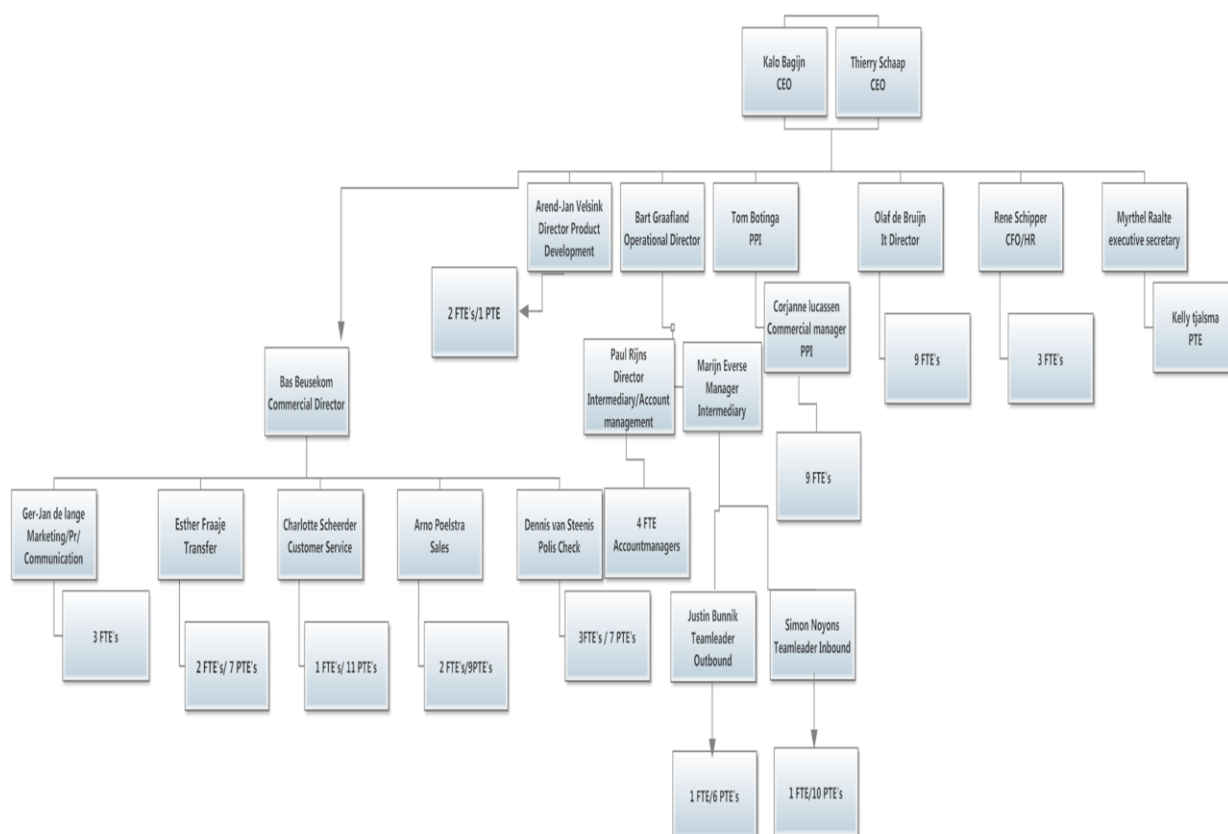


Figure2: Organisational Chart

4.4. Target Audience

The target audience of Brand New Day can be divided into two segments. One segment is the direct consumer and the other segment is the consumer that is brought to Brand New Day via the intermediary channel. We can say that approximately 25 percent of the customers are brought in via the direct channel of Brand New Day and the remaining 75 percent are being brought in by the intermediary. These intermediaries have an agreement with Brand New Day. When Brand New Day started they were focussing on consumers who would transfer their product from their existing insurance company to a product of Brand New Day. The so-called Woekerpolis were the main target of Brand New Day. The biggest part of the customers that have an account at Brand New Day, approximately 90 percent are people who transferred their existing product to Brand New Day. 10 percent of the customers are new customers who open an account at Brand New Day. In the future we shall see a shift from the customers with a Woekerpolis to the “regular customer” who wants to increase their own capital or who wants to save up for a special purpose.

4.5. Brand New Day value proposition

Brand New Day’s value proposition consists out of supplying the price conscious consumer with a good alternative for their existing Woekerpolis. Next to that they want to offer products that help build up capital for a special purpose or just as an extra. Brand New Day wants to achieve the best advantage for the end consumer as well as for the intermediary. They want to achieve this all with low cost and the highest service in the market.

4.6. Strategy

Understanding that this industry is characterized by a highly competitive and easily to copy market. Brand New Day will always focus on the first move advantage. With the facility of the fee for the intermediary they were innovative and they distinguished themselves from the established order. The strategy of Brand New Day is to be innovative and they want to be a reliable, transparent company that not only focuses on commercial success but also on the relationship with their customers and the intermediary. Marijn Everse manager intermediary services says that Brand New Day want their customers to be the ambassadors of the company. The customers of Brand New Day have to be satisfied in their needs and more to be the ambassador of the company.

Brand New Day has set up some strategic points that they want to pursue to grow and to make them distinguish from the competition.

4.6.1. Accessible

Brand New Day makes sure that all her products are transparent, clear, simple and have low cost for the consumer. This all has to go together with the highest service. The idea behind this is that the consumer can focus on the goal of the product instead of the product itself. Everything can be arranged by the intermediary via the Intermediarytool or when the customer is a direct customer on the website. The consumer is free to change his or her own profile at anytime. This in contrast to the established order does not take time or any paperwork. The customer is and will be the boss of his or her own money at any time. All concepts and products are explained in an easy to understand language so that the customers are encouraged to take faith in its own hands.

4.6.2. Low costs

Next to accessibility Brand New Day offers low costs and maybe more important all the costs are transparent. Brand New Day has no hidden cost like a lot of the competitors do. The intermediary and the direct customer are able to see all the costs that Brand New Day charges. The website has a clear description of the cost and how this affects the products that Brand New Day offers. Brand New Day is able to offer these low costs because of the simple facts that they do not own a expensive building, no luxury items, and they do not pay extremely high salaries or bonuses. It is not only because of these facts but also because Brand New Day does not work with provision payment. Low costs is one of the strongest points that Brand New Day has to distinguish itself from the competition. Brand New Day aims for a big market share with the low cost.

Onze kosten

Wat betaalt u per jaar?

Een voorbeeld

Hieronder ziet u, voor verschillende situaties, wat u **per jaar** aan kosten betaalt.

De totale kosten per jaar *(Bij 50% aandelen, 50% obligaties)*

U stort elke maand	Het vermogen op de rekening	Totale aankoopkosten	Totale beheerkosten	Totale kosten
€ 0	€ 2.500	€ 0	€ 13,63	€ 13,63
€ 0	€ 10.000	€ 0	€ 54,50	€ 54,50
€ 100	€ 5.000	€ 6	€ 27,25	€ 33,25
€ 100	€ 20.000	€ 6	€ 109	€ 115
€ 400	€ 10.000	€ 24	€ 54,50	€ 78,50
€ 400	€ 40.000	€ 24	€ 218	€ 242

Figure 3: Total costs.

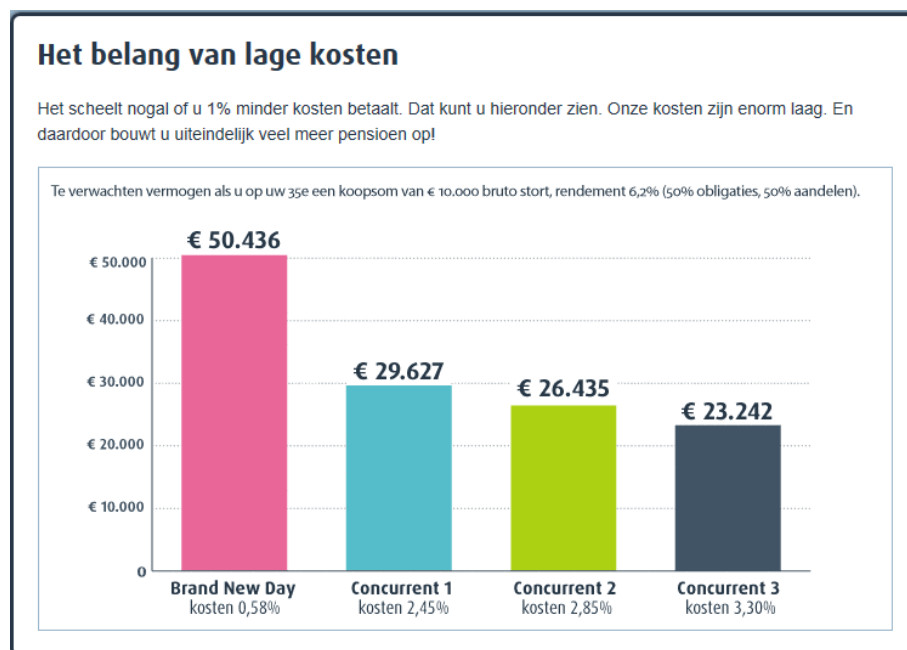


Figure 4: Costs competition.

4.6.3. Aggressive Marketing

When Brand New Day started they wanted to create a buzz. They wanted to show that they are different from the established order of insurance companies. They mentioned all the big players in their advertisements, which in their perspective deceived the consumer. Brand New Day wants to make the consumer aware of all the misleading and terrible behaviour that the established order did to the consumer. Brand New Day wants to be the light in a dark market. They want to show everybody that the market has to change and that they can do it better. This aggressive marketing strategy has its plus points like creating buzz in the market but the downside of this aggressive marketing is that not only the insurance companies but also the intermediary felt like they were being attacked by Brand New Day. This was not their intention and till this day Brand New Day has to explain to some of the intermediaries that they are an important ally to Brand New Day.

4.6.4. Intermediary

Brand New Day thinks that the intermediary is their most important ally. Brand New Day offers complex financial products. Around 70 to 80% of the customers of Brand New Day are being brought in by the intermediary. A famous slogan of Brand New Day communicated towards the intermediary is “wij het product, uw het advies” which means we deliver the product you deliver the advice. The consumer wants to be informed about their financial situation and what the possibilities are for them. If Brand New Day would do this they would not be able to give independent advice. In the past insurance companies tried to influence the advice of the intermediary with provision payment. Brand New Day does not pay provision. But Brand New Day thinks that the intermediary should be paid for their advice. If the customer does not have enough funds and when money comes over from another party to Brand New Day they facilitate a maximum of 750 euro to be transferred to the intermediary, if of course the customer agrees. Brand New Day offers the intermediary an advisors portal where they can find relevant information, necessary documents for their clients, equations and a tool which they can use to compare products. Not only is the advisor portal an unique selling point for Brand New Day. Another unique selling point is the fact that they organise different kind of workshops to inform the intermediary about the current chances in the market and how the future market will look like. The intermediary service desk is 13 hours a day available for the intermediary. The desk does not only answers questions but also helps in making equations or support in any other way that the intermediary needs.

4.7. Marketing mix

The marketing mix is a set of controllable tactical marketing tools, product, price, place and promotion that the firm blends to produce the response it wants in the target market.³ In this next part you will read about the marketing tools that Brand New Day is using. The Marketing tools that will be described are the Products, which products do they offer and what are the characteristics of these products. The Price of these products and what the influences are of the price. Place will be about where Brand New Day is located and if this has any advantages. Distribution channels will also be discussed under the marketing tool place. The part Promotion will show how Brand New Day promotes itself in the market. The last part, people is the most important element for the service experience of the clients of Brand New Day. The marketing tools product, price, place, promotion and people that Brand new Day is using has both positive points or strengths and negative points or

³ Kotler, P. (2008) *Principles of Marketing*. Essex. Pearson Education Limited.

weaknesses. These strengths and weaknesses will be shown of each marketing tool that Brand New Day is using.

4.7.1. Product

The products that Brand New Day offers are bank saving accounts. With the money on these accounts Brand New Day will enter the stock market or buy state debentures. The state debentures are from the Netherlands and Germany. These two countries still have a Triple A rating. Brand New Day chooses a passive way of investing. They follow the index funds that they offer. The Active way of investing is time-consuming and you need to outperform the market. Outperforming the market means that your share has to do it better than the overall market. With the tactic of Brand New Day who follow an index fund they spread the money over hundreds of shares from the most stable companies in the world. The products that Brand New Day offers are all investment based:

- Severance pay account
- Mortgage account
- Life insurance account
- Saving account
- Collective Pension
- Family income insurance

Severance pay account.⁴

When you are made redundant by your employer and you get a redundant package with severance payment you might want to put it on a severance pay account because of the tax advantages. The money that is transferred from the employer to the employee will be a silent transfer with no tax cuts. The money will be used to invest and in this way the severance payment will increase in value.

Mortgage account.⁵

The mortgage account of Brand New Day offers customers to save up for the loan on their house. The account is locked and the money on it can only be used to pay off the debt that the customers have on their house. The money that is saved up on the account is exempted from any tax payments.

Life Insurance account.⁶

This account that Brand New Day offers is meant as an extra pension income. The account has a life insurance clause. The money on this account can only be used when the customer has reached 65 years. The customer is not allowed to put as much money on the account as he/she can. The amount of money should be calculated for each year. When the customer has reached 65 years the money is released and the owner has to buy a payment for his/her money. After the age of 65 people in the

⁴ **Brand New Day**, (2012) *Ik wil mijn gouden handdruk stallen*. Retrieved 20-5-20102 From http://www.brandnewday.nl/ik_wil_mijn_gouden_handdruk_stallen/index.html

⁵ **Brand New Day**, (2012) *Ik wil mijn hypotheek aflossen*. Retrieved 20-5-2012 From http://www.brandnewday.nl/ik_wil_mijn_hypotheek_aflossen/index.html

⁶ **Brand New Day**, (2012) *Ik wil later meer pensioen*. Retrieved 20-5-20102 From http://www.brandnewday.nl/ik_wil_later_meer_pensioen/index.html

Netherlands do not have to pay AOW (state pension) because they will receive it. This means that depending on their income they will pay between 15.2 till 52 percent tax on their income.⁷

Saving account.⁸

This account is meant to for people who want to save money for a specific goal. Which goal this is does not matter. It could be to pay for school for their children, a new car, or a world trip. The money on this account is not locked and can be used whenever the client wants to.

Collective pension.⁹

Collective pension is as mentioned before in the organizational structure as a different company within Brand New Day. Companies can save up for the pensions of their employees at Brand New Day. When the employee retires he/she can use this money to buy a payment at an insurance company for a monthly pay-out.

Family income insurance.¹⁰

If the account holder suddenly dies this insurance makes sure that the value is completely or partly covered. The family of the descendent will have no financial worries. This family income insurance is usually connected with a mortgage account.

4.7.2. Price

The price is an important unique selling point for Brand New Day. While they are fighting against the established order with low costs and high services the price of the competition is mostly unknown. Brand New Day does not look at the prices of the competition but merely focuses on how they can keep their prices as low as possible. They try to do this with no unnecessary expenses like an expensive building, bonuses and the salaries are 'normal' market salaries. All costs that Brand New Day charges are explained clearly and transparent. There are no hidden costs in the products of Brand New Day.

Brand New Day has three kinds of costs:

- Purchasing costs
- Managing costs
- Costs to open an account

The purchasing costs are costs that the customers pay over every deposit that they make. The managing costs are yearly costs that the fund that Brand New Day is investing in requires. At Brand new Day you can choose to invest in state debentures and in index funds (stocks). The costs for investing in the index funds are 0.59% and the costs for the state debentures are 0.50%. The 0.09% difference lies within the costs that Vanguard, the administrator of the fund is charging Brand New

⁷ **Rijksoverheid**, (2012) *Hoeveel belasting betaal ik over mijn inkomen en werk en woning*. Retrieved 21-6-2012 From <http://www.rijksoverheid.nl/onderwerpen/inkomstenbelasting/vraag-en-antwoord/hoeveel-belasting-betaal-ik-over-mijn-inkomen-uit-werk-en-woning.html>

⁸ **Brand New Day**, (2012) *Ik wil vrij vermogen opbouwen*. Retrieved 20-5-20102 From http://www.brandnewday.nl/ik_wil_vrij_vermogen_opbouwen/index.html

⁹ **Brand New Day**, (2012) *Ik ben werkgever*. Retrieved 20-5-20102 From http://www.brandnewday.nl/ik_ben_werkgever/index.html

¹⁰ http://www.brandnewday.nl/ik_wil_een_overlijdensrisicoverzekering_afsluiten/index.html

Day. The costs to open an account are €99 if you transfer your money from another insurer or investment agency.

4.7.3. Place

Brand New Day is located in Amsterdam Zuid-Oost in the Atlas Arena. This area is nearby the train station Amsterdam-Bijlmer. From the train station it is a five minutes' walk to the office. The highway A2 is located next to the Atlas Arena which means that is easy reachable for its customers and relations.

The distribution channels that Brand New Day uses are the direct channel and the intermediary channel. Customers who do not want any financial advice can go to the website of Brand New Day and open an account by themselves. If they request an equation the employees of Brand New Day will calculate if there is any advantage for the customer to open an account at Brand New Day. The customer who wants advice about their financial situation can go to a financial advisor. The financial advisor will make an equation and manage the account of the customer. If the customer chooses to open an account via the intermediary channel all the contact will go via the financial advisor. Changes and endings of an account have to go through the financial advisors. Brand New Day will not seek any contact with the customer and all communication will go through the financial advisor.

4.7.4. Promotion

The communication that Brand New Day is using to distinguish itself from the competition is aggressive and loud. Brand New Day wants to show that there is a new player in the market and that the hegemony of the established order will be broken. In the commercials that are shown on television Brand New Day accuses the competition, by name that they have deceived the customer by selling them seven million 'Woekerpolis's'.

Next to the 'Woekerpolis' affaire transparency, low costs and high service is promoted by Brand New Day. Some of the intermediary think that Brand New Day is not only targeting the suppliers of the products but also the intermediary for their role in the 'Woekerpolis' affaire. This is not the intention of Brand New day. Till this day Brand New Day has to explain to new intermediaries who want a co-operation with the company that they value the intermediary. The positive side of the aggressive and loud commercials is that Brand New Day has made a statement and has put itself in the market with a blast. The down side is that the targeted companies do not want to work with Brand New Day and some of the intermediaries also feel attacked by the commercials.



Figure 5: Aggressive promotion

4.7.5. People

Brand New Day wants to establish a strong customer-relationship by offering high service. People are the most important part of any service by the company or experience with the company. For Brand New Day who wants to offer an on-Dutch service their employees have to be first-class services providers. With 51 part-time employees this can be hard to realize because of different level of commitment of the employees. Most of the employees of Brand New Day are students who just graduated or are about to graduate. They have no experience and need to be trained in both the products and the service. Brand New Day provides these trainings at the start of the working period. The reason why Brand New Day hires young graduates and student is because they are affordable and they have an open mind set about providing service and how to run a business. The downturn of hiring young people is that they have an lack in experience.

4.8. Survey internal improvements

The Brand New Day survey 2012 is the first-ever total customer satisfaction survey held among financial intermediaries all over the Netherlands by Brand New Day. The results of this survey provide information about the satisfaction with the service and the products that Brand New Day offers. The survey was conducted in May 2012, and the total numbers of respondents are 175, a response rate of 22%. The full results of the survey can be found in appendix 2.

We have divided the survey results into internal improvements and external improvements. These internal improvements will be discussed in this chapter and the external improvements will be discussed in the external analysis. At the end of this chapter we will have the strengths and weaknesses of Brand New Day.

4.8.1. Service score

The Average score for service by Brand New Day on a scale of 1 to 10:

- Score of **7.98**.

79% of the intermediary gives Brand New Day a score of 8 or higher. In last year measurement of the score Brand New Day scored 8,14 points this was given by 130 respondents . This year the score declined with 0,16 points but there was an increase of 37 respondents. This minimalistic decline of the score is not relevant. Brand New Day should focus more on the Net Promoter Score instead of the average score that the company gets. The Net Promoter score will be shown in appendix 2

4.8.2. Intermediarytool

The respondents that made a comment about the Intermediarytool are highly positive about the tool. Some remarks about the tool are to have more information about the indexes that Brand New Day is investing in. Some intermediaries are hoping that Brand New Day can keep up with the current services level of the tool, this includes a call from the internal account management desk with information about the tool and how the tool works. The internal account management desk is there to support the account managers on the road and to support the intermediaries with all their questions. Another task of the internal account management is to keep the intermediaries up to date about current developments within Brand New Day and the market.

Remarks from the respondents are:

- Documents for marketing purposes.
- Not only show the client numbers but also the name of the client.
- Not up to date about the Tool.
- Not only show the percentage but also the actual costs.

4.8.3. Product improvements

Before this survey the intermediaries requested saving accounts with a fixed annual interest rate. In this economic crisis consumers are afraid to lose their jobs their house and their pensions. Customers do not like to take any risks with their money or have bad experiences with investment-based products. Brand New Day is an investment agency and not a insurance company which means that at the end of an insurance the capital that is saved has to be transferred to a an insurance company which has the right to release the capital on a monthly base. The intermediary that advices the customers would also like to have multiple choices when it comes to the index funds that Brand New Day is investing in. The same product with a different index fund can mean a difference in potential interest. Brand New Day is starting with new funds via the direct channel in June 2012. After a trial period the new funds will be available for the intermediaries. This has two reasons. One Brand New Day wants to see how the customer receives the funds. Two the intermediary has to sign a new contract with Brand New Day that shows that the intermediary is capable of advising in these new funds.

Remarks from the respondents are:

- Products with a guaranteed end capital.
- More index funds to choose from.
- Releasing capital at the end time of the product.

4.8.4. Internal improvements

Brand New Day is growing everyday with an average of 60 customers. This growth means that business processes, marketing and the service has to mature with the company. Brand New Day has to be transformed from the price fighter that it is now to a stable and mature company. With this transformation the same unique selling points that they posses at this moment have to be kept in mind. In this part of the analysis we will leave out the product improvements and focus on the service and communication.

The intermediary wants to be informed about all changes within the company. The Intermediary sees space of improvement in the speed of handling the administration within Brand New Day. Since Brand New Day Is a paper-free company and processes are all digitally done the bottlenecks of the administration lay external with the former customers company. This should be communicated towards the respondents.

The intermediary wants to be informed about current commercial opportunities. Brand New Day acknowledges this desire of the intermediary and organises workshops through the whole country. During these workshops the participants will be informed about new opportunities in the market but also about changing rules and regulations. Brand New Day will keep organising workshops with topics that are relevant at that moment.

Remarks from the respondents:

- Communication about the handling of a new account.
- Feedback about current developments in the market.
- Change in the marketing communication

4.9. Strengths & Weaknesses

These strengths and weaknesses are the most important results of the internal analysis. The strengths and weaknesses will help in answering the main research question. The grading of the strengths and weaknesses can be found in the weighted confrontation matrix. (Appendix 1)

Strengths	Weaknesses
Low costs	Investment based products
Organisation	Advertising campaign
Woekerpolis	Affordable personnel
High service	Objectives are behind
Products	Low costs
Intermediarytool	Inactive intermediary
Price	

5. External analyses

After the detailed internal analysis to understand and reflect Brand New Day the following main chapter is going to be about the external factors that have an influence on Brand New Day and the market where Brand New Day is operating in. The three main parts that will be discussed in this chapter are the intermediary, what the purpose of an intermediary is and what their role is within Brand New Day. Political factors, how do rules and regulations influence Brand New Day and the market? Economical factors, what is the current state of the market and how will the future look like. At the end of this chapter the opportunities and threats of Brand New Day are pointed out.

5.1. Intermediary

In the Netherlands there are approximately 7000 financial advisors active in the life insurance market¹¹. These financial advisors help their customers to get a good insight in their financial situation and with the purchasing of financial products. Brand New Day has approximately 1500 adjoined intermediaries. All these intermediaries have the required permits to advise in the life insurance market.

The task of a financial intermediary is to make sure that the clients' financial situation is clear to the client and how the financial position can be improved by purchasing the right financial products. The advisor should be the one who has all the contact with the provider and should arrange all the paperwork that is needed for the product. Also any change in the financial administration of the client should be watched and adapted. The intermediary should have enough knowledge about the products available in the market.

¹¹ Risseeuw, P (2001) *De markt voor financiële intermediairs in Nederland*. Retrieved 15-4-2012 From <http://www.feweb.vu.nl/esi/bin/pdf/601.pdf> Page 8 Figure 2

Knowledge about the product means product features and which costs they possess. Different costs are the purchasing costs, the managing costs and costs of eventual not being able to pay the costs anymore. The financial advisor should know if the products are adaptable to any change in the financial situation of his client. In the life insurance market the advisor has to take care of the death of his client. He should know what the consequences of death are before the end date of a product.

According to the Dutch society the ideal financial advisors is someone who votes on the VVD, drives a Volkswagen car, drinks coffee and is between the age of 40 and 50¹². The Gender of the financial advisor is not of importance to the society. People like to be informed by someone of their own age with a minimum age of 30.

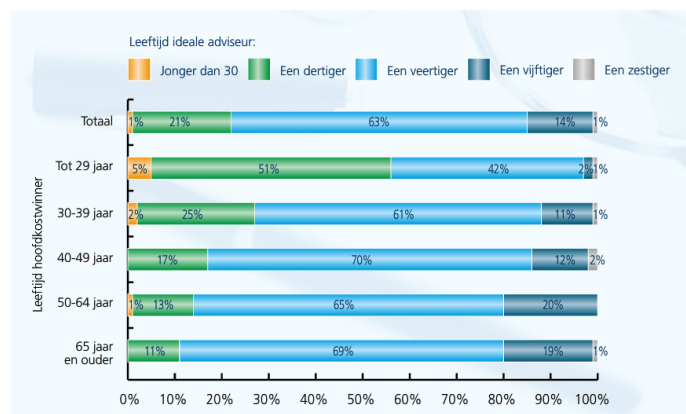


Figure 6: Ideal age financial advisor¹³

From the first of January 2013 the money flows from a financial institution towards a financial intermediary is prohibited. Normally the clients did not pay the advisor for the advice that was given. At least they did not pay the advisor directly but the advisor would get a provision from the provider. This provision was waved in the costs that the client had to pay for the product. In 2013 the income of an advisor will change. The reward for their advice will also change. This subject will be discussed at the end of this report. By looking at the English market, where there already is a semi provision prohibition we will see what the influences are of the prohibition and what Brand New Day should provide to help the intermediary.

5.2. Political factors

When the financial crisis in 2008 hit the world economy and returns on stocks were dropping a new affair showed its face in the Netherlands. The 'Woekerpolis' affair. In the 90's the stock market was exploding and returns of 20% per year were normal to present to your customers. At that time everybody wanted to invest and get a piece of the stock market that was so booming. The products that were sold had high costs in them and most of the time they were combined with another insurance. When the returns are high the high costs will not be noticed. If you had returns of 20% and your total costs were 5% you would not mind the cost because you still made a net profit of 15%. In most of the products the cost were not mentioned or the total costs were not shown.

¹² GfK, (2012) *Jaargids2012: inzichten en marktontwikkelingen in the Benelux*. Retrieved 21-6-2012 From http://www.gfk.nl/jaargids/2012/#/136/zoomed_pages_136-138 pages 136-138

¹³ GfK, (2012) *Jaargids2012: inzichten en marktontwikkelingen in the Benelux*. Retrieved 21-6-2012 From http://www.gfk.nl/jaargids/2012/#/136/zoomed_pages_136-138 page 137

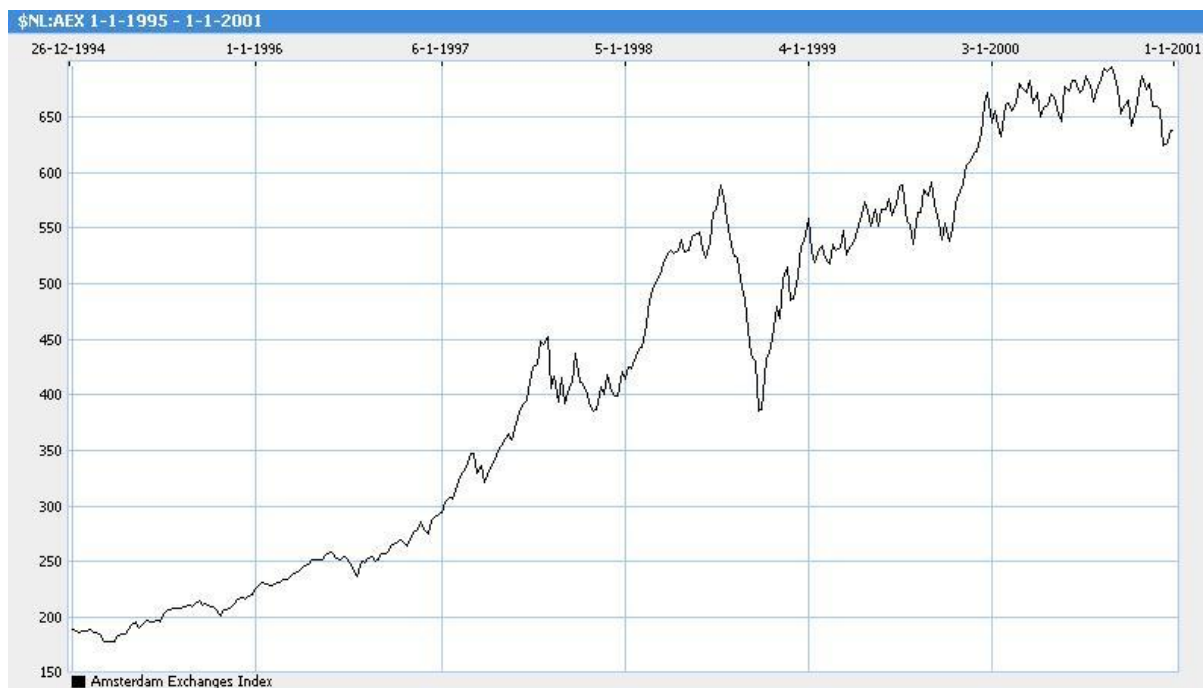


Figure7: AEX historical chart¹⁴

When the market collapsed in 2008 and the returns drastically dropped everybody started to notice the high costs that were hidden in the products. With negative returns the capital of the customers shrunk and on top of that the same amount of costs were deducted every month from the account. The costs were too high and something had to be done to protect the consumers of those products.

5.2.1. Wabeke norm

The Wabeke norm was introduced by the Dutch government. Jan Wolter Wabeke who was the financial service provider ombudsman at the time of the 'Woekerpolis' affaire introduced the Wabeke norm. This norm was supposed to set rules about the maximum costs that providers of financial products could charge. The norm states that yearly costs cannot exceed 3.5 percent over the money that is invested per year¹⁵. If we look at the maximum costs of Brand New Day 0.59 % we can conclude that this norm is still too high. Wabeke also introduced the compensation rule that states that the providers of the 'Woekerpolis' have to compensate their customers that paid more than 3.5% cost. This compensation should be finished in 2009 and would cost the participating companies around two billion euro¹⁶.

5.2.2. WFT¹⁷

WFT stands for "wet op het financiële toezicht" which means act on financial supervision. The act states that every company active in the financial sector has to have a permit to operate in the

¹⁴ MSN Money (2012) \$NL: AEX 1-1-1995-1-1-2001. Retrieved 18-6-2012 From <http://www.nl.money.msn.com/investors/charts/chartdl.aspx>

¹⁵ Wabeke, JW (2008) Aanbeveling ombudsman .Retrieved 25-5-2012 from http://www.kifid.nl/fileupload/vGUkd_vJ.pdf

¹⁶ Boon, V (2008) Verzekeraars euro 2 mrd kwijt aan compensatie woekerpolis klanten, Retrieved 19-6-2012 From http://fd.nl/csFdArtikelen/WEB-HFD/y2008/m03/d04/verzekeraars-woekerpolissen?t=Verzekeraars_euro_2_mrd_kwijt_aan_compensatie_woekerpolisklanten

¹⁷ AFM (2012) Wet op het financieel toezicht. Retrieved 26-5-2012 From http://www.st-ab.nl/wetten/1064_Wet_op_het_financieel_toezicht_Wft.htm

market. The act demands that the financial provider is skilled to operate within the financial sector. The second demand is the so called 'Zorgplicht' which means that the financial service provider provides the client with information about his or her financial situation when it is about to change.

5.2.3. Provision in the Netherlands

From 1 January 2013 onwards every money stream between a financial provider and a financial intermediary is prohibited. The customer has to pay the financial advisor directly for the financial advice. In short the provision prohibition means that there will be a shift from indirect payment from the customer to direct payment. In the Netherlands the law 'Wet assurantiebemideling' (act insurance mediation) is applicable since 1952¹⁸. This law states that for the reward of the financial intermediaries there are three ways to be rewarded.

- Closure provision
- Prolongation provision
- Collection provision

In 1991 the law changed to 'Wet assurantiebemiddelingsbedrijf' (act insurancemediationprofession)¹⁹.

This act stated the same rules as in 1952 however there was a new article added to the act. From 1991 the financial intermediaries were no longer allowed to return a part of the provision that they received to their customers.

This has all changed since the financial crisis has created the 'Woekerpolis affaire'. Financial advisor did not advice the best product that the customer needed but consciously and unconsciously the product were they would receive the most provision for it. This had to change. The customer should pay for good financial advice instead of a product that is best suited for provider and financial advisor. Financial advice should be independent and should not have any ties with the provider of the financial products.

Since the customer did not pay the advisor directly he still paid for the provision that the intermediary received. Now that the provision method will be prohibited not only the way the intermediary is paid will be different. The intermediary also has to specify his costs and has to show the added value that he brings on the table. All cost should be transparent and should have a clear description of what the intermediary is going to do for the money paid. For the intermediary this will cause extra work. Not only has he have to find a new way of getting paid for his work but he also has to administrate payments and make a clear description of his added value. This is where Brand New Day can be of added value for the intermediary by not only offering different ways of payment but also help in the administration of those payments.

¹⁸ **Verbond voor verzekeraars**, (2010) *Provisiegebod wordt Provisieverbod*. Retrieved 11-6-2012 From <http://www.verbondvanverzekeraars.nl/UserFiles/File/download/verzekerd2010-2/Provisieverbod.pdf>

¹⁹ **Verbond voor verzekeraars**, (2010) *Provisiegebod wordt Provisieverbod*. Retrieved 11-6-2012 From <http://www.verbondvanverzekeraars.nl/UserFiles/File/download/verzekerd2010-2/Provisieverbod.pdf>

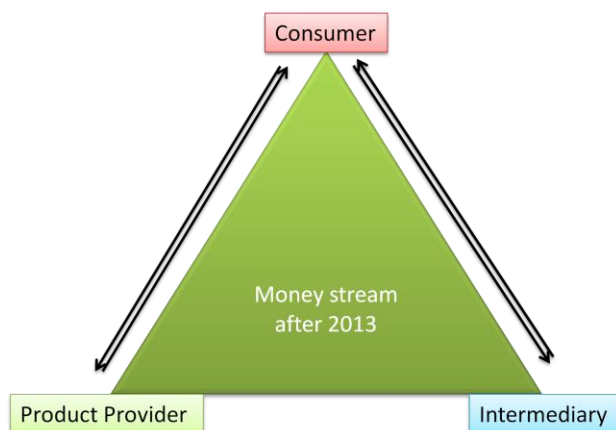


Figure 18: Money streams after 2013

The provision prohibition will not be applicable for the whole industry. The products that will fall under the provision prohibition are:²⁰

- Complex financial products (Mortgages, Life insurances and pensions)
- Mortgage loans
- Funeral insurances
- Income insurance including payment caps and disability insurance for entrepreneurs.
- All investment based products

Since Brand New Day is offering product that are investment-based the law will be applicable for every product that Brand New Day offers.

The interpretation of the provision prohibition can be divided in to three main themes:

- **Reward transparency:** The customer has the right before the negotiation is starting to know how the intermediary is rewarded and how high the reward is. Another aspect is what the intermediary will do for the reward.
- **Customer interest:** The customer should be well informed and the interest of the customer should always be on the first place. The intermediary should evolve form product provider to service provider. The service should be to inform the customer about its current financial position and how to improve the position.
- **Product providers:** The product provider will need to make a culture change. The competition will change from the amount of provision to the actual product that they offer. This will lead to better products for the consumer.

All the three themes combined should prevent miss-selling²¹. Misselling goes on whether recommended and sold financial products fit in the income, capital and risk attitude of the customer and whether the products are reasonably priced. Because of misselling the government has decide on the act of provision prohibition.

²⁰ Rijksoverheid (2012) *Hervorming financieel stelsel*. Retrieved 12-6-2012 From <http://www.rijksoverheid.nl/onderwerpen/hervorming-financieel-stelsel/vraag-en-antwoord/wat-is-de-overheid-van-plan-met-de-provisie-voor-financiele-producten.html>

²¹ Risseuw, P (2010) *Evaluatie provisieregels complexe producten*. Retrieved 12-6-2012 From http://www.seo.nl/uploads/media/2010-44_Evaluatie_provisieregels_complexe_producten.pdf Box 2.2

5.2.4. Provision in the United Kingdom

Not only the Dutch government but also the English government wants to change the law according to provision payment. In the United Kingdom they are a little further than we are here in the Netherlands since 2007 they have introduced the Customer Agreed Remuneration (CAR-principle). The Financial Service Authority has released the Retail Distribution Review in June 2006²². The Retail Distribution Review (RDR) the review was written to assess the quality of advice that is given to the consumer by financial advisors. The Financial Service Authority wants a financial service market where information for consumers is transparent and understandable. The companies operating in the financial service market should treat their customers fairly and the companies should be adequate to perform their tasks towards the consumer.

Also in the United Kingdom the investment-based products and their lack in transparency of cost structure and returns led to the reforming of the whole financial service market. The Dutch government has taken a good look on how the English government reforms the market. Like in the Netherlands the English market will also have a complete prohibition of provision payment at the end of 2012. Not only the regulations about the provision payment have interference but like in the Netherlands with the 'Woekerpolis affaire' the English market had its own affaire namely the Misselling affair. Like in the 'Woekerpolis affaire' the same things occurred in the Misselling affair. Cost structures were not transparent and costs were too high. Promised returns were too high and never met. Insurances were sold within the products that would consume the capital with low or negative returns. We can see that the Dutch and English market have a lot in common. We will use the solutions that the English Financial Service Authority has opted and make a recommendation for the Dutch market and Brand New Day specific.

5.2.4.1. Customer Agreed Remuneration²³

The customer agreed remuneration is about the payment of the financial advisors for their services. Characteristics of the CAR-principle are:

- The products are priced by the providers. The reward for the service of the financial advisor is excluded from the product.
- The advisor and the customer agree on the remuneration for the services provided. Also the amount of compensation for future services will be agreed upon.
- Additional charges are then added to the product.

The outcome of this process is similar to the transactions of provision payment. The only difference in this way is that the customer and his financial advisor have agreed on a remuneration that is transparent. The transparent remuneration includes information about service provided and service that will be provided in the future. The customer can choose to pay the advisor directly for example with a cheque but can also choose to pay the compensation of his invested capital or that the compensation will be waved into the product. The Customer Agreed Remuneration is not a completely different remuneration model but merely a different way of determining the remuneration.

²² CISI (2012) *RDR Background and the professionalism working Group*. Retrieved 12-6-2012 From <http://www.cisi.org/bookmark/genericform.aspx?form=29848780&url=rdrbackground>

²³ Bowe,A (2007) *A review of retail distribution*. Retrieved 13-6-2012 From http://www.fsa.gov.uk/pubs/discussion/dp07_01.pdf Page 52

In 2010 the Dutch union of insurers (Verbond van Verzekeraars) had decided to take on the English Customer Agreed Remuneration model. The union represents 95 % of the Dutch insurance market²⁴. They had agreed that the independent intermediary would profit from the CAR model. The CAR model would make the financial sector ready for coming rules about provision prohibition and would prepare the insurer, customer and intermediary for a new way of compensation. Especially for the consumer this would be a whole new experience like in the Netherlands the English consumer has the idea that financial advice is free and he only has to pay for the product. With the CAR model the advisor has the difficult task to explain his added value and the consumer has the difficult task to accept that he has to pay for those services.

5.2.4.2. Payment Protection Insurance²⁵²⁶

Since the English government is preventing any money streams from financial provider to financial advisor the Customer Agreed Remuneration cannot be fully applied any more. There has to come a new method to make financial advice payable. One way is of course to handle everything directly with the client in the CAR method without the possibility to wave the agreed remuneration into the product. This option is not applicable for every customer. Not everybody has the possibility to pay the financial advisor at once and needs to spread the payment out in different terms. At Brand New Day the average fee that is deducted from the capital is 750 euro not everybody wants to pay this amount in one time. Therefore there is the Payment Protection Insurance. Payment protection insurance covers loans or debt repayment if you are unable to meet them in certain situations²⁷. This method has already been applied in the United Kingdom. A factoring company will take over the debt of the customer towards the financial advisor. The financial advisor will get his money in one term while the customer can spread the payment in multiple terms. The extra costs of the deviation of the money will be paid by the customer. Actually the Payment Protection Insurance is nothing more than a loan for financial products. The added value of PPI is that the intermediary is able to regulate the payments by himself. The financial advisor and the client will agree on the amount of the compensation and the term in which this amount will be paid. This way a third party steps in the compensation process. The customer, the advisor and the factoring company. The advisors will know for sure he gets his money, the customer is able to spread the payment and the factoring company will take a percentage of the payment and will make sure that both parties hold up their end of the agreement.

²⁴ **Verbond van Verzekeraars** (2012) *Over het Verbond*. Retrieved 13-6-2012 From <http://www.verzekeraars.nl/Over%20het%20Verbond.aspx>

²⁵ **FSA** (2012) *What is payment protection Insurance*. Retrieved 14-6-2012 From http://www.fsa.gov.uk/consumerinformation/product_news/insurance/payment_protection_insurance/what-is-ppi

²⁶ **Davis, P** (2009) *Market investigation into payment protection Insurance*. Retrieved 14-6-2012 From http://www.competition-commission.org.uk/assets/competitioncommission/docs/pdf/non-inquiry/rep_pub/reports/2009/fulltext/542.pdf

²⁷ **FSA** (2012) *What is payment protection Insurance*. Retrieved 14-6-2012 From http://www.fsa.gov.uk/consumerinformation/product_news/insurance/payment_protection_insurance/what-is-ppi

5.2.4.3. Money Advice Service²⁸

The Money Advice Service is an organisation that offers free, unbiased, tailored and easy to access money tools, information and advice enabling the customer to take action, develop good money habits and make more of your money²⁹. The Money Advice Service (MAS) is funded by financial services firms who are regulated by the Financial Service Authority. In 2011-12 they received 43.7 million pound. The MAS provides free advice for everybody who needs it. They do this online over the phone or through face to face conversations. They are not completely the same as a financial advisor were the goal of the advisor is to get to a product for his customer the goal of the MAS is solely to inform the customer about how to handle his financial situation. From the advice of the MAS a customer can go to a financial advisor and explain his situation and purchase a product that suits him best. The role of the financial advisor will be smaller with normal products like car insurance but with a complex financial product the role of the financial advisor will stay the same.

With the previous examples we know that the Dutch market is closely watching the English market and the developments in that market. The Dutch National Initiative Money Advice Service (Nationaal Initiatief Geld Advies Service) wants to create a service which is the same as the Money Advice Service in the United Kingdom. The founder of NIMAS Bas Schuurmans had opted his idea to the public on the 3th of December in 2011 in the newspaper 'Het Financieel Dagblad'. In the article they say that free financial advice is a necessity in this time of financial instability. Households have high debts and do not have money to pay for financial advice which will lead to more debts. The Dutch counterpart of the MAS has taken over the three pillars that they had set namely advice should be independent, objective and free³⁰.

The NIMAS has calculated that they need between 20 and 40 million euro they looked at the budget that MAS has and made an estimation according to the total amount of people living in the Netherlands.

²⁸ **The money advice centre**, (2012) *2012/13 Business Plan: Delivering a Transformed Money Advice Service*. Retrieved 14-6-2012 From

http://www.moneyadviceservice.org.uk/_assets/downloads/pdfs/mas_business_plan_2012.pdf

²⁹ **The money advice centre**, (2012) *2012/13 Business Plan: Delivering a Transformed Money Advice Service*. Page8 Retrieved 14-6-2012 From

http://www.moneyadviceservice.org.uk/_assets/downloads/pdfs/mas_business_plan_2012.pdf

³⁰ **Schuurmans, B** (2012) *Het Nationaal Initiatief Geld Advies Dienst*. Retrieved 14-6-2012 From <https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbXxuaWdhZDlxfGd4OjZjMDgxZTU2MzVjYmY1MzA>

5.3. Economical factors

In this sub-chapter we will discuss the economic factors that influence the financial market that Brand New Day is operating in. The focus will lay on the period before the financial crisis and the financial crisis itself, consumer confidence and growth perspectives.

5.3.1. Financial crisis³¹

At the end of 2006 the credit crunch started in America³². This happened because people with low income had a mortgage that was too expensive. The first couple of years of the mortgage the interest level was low and the consumer could pay of their debt. Couple of years later the interest level rose which caused people to get in trouble with their payment. Customers could not pay their debt of. Banks were missing money because of that and people were forced to sell their house. The house market collapsed which was the beginning of the word wide credit crunch.

Because banks and other financial institution bought the faulty mortgages that were sold to the customer in bundles the problem spread over the whole world. All the mortgages lost their value, interest on borrowing money went up and banks started to collapse. Governments all around the world had to invest money in their banks to keep them from collapsing.

5.3.2. Consumer confidence³³

The stock market collapsed and as a consequence consumer and producer confidence are decreasing rapidly. The AEX index fund dropped to the psychological border of 300 points. Promised returns are not met and the consumer stops spending money. People are afraid to lose their jobs and their savings. The governments do their best to keep consumer confidence high but with no effect.

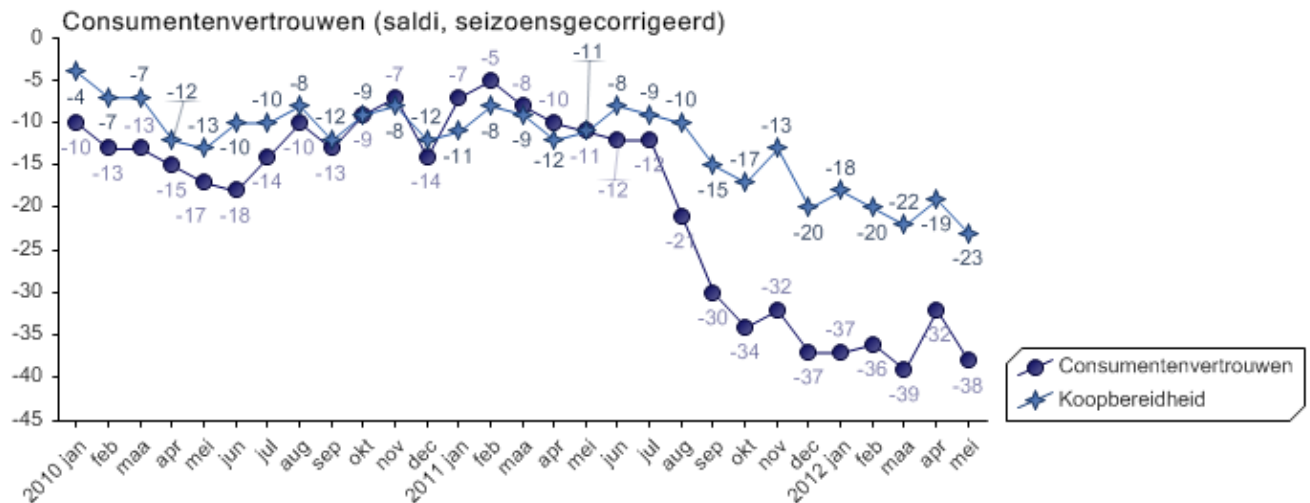
The consumer confidence in the Netherlands is lower than the average confidence in Europe. In march of 2012 the confidence decreased to -23,6 a year early the confidence was +8,1³⁴. For the market to restore, the confidence of both the consumer and the producer has to grow. When the confidence is high people will spend more money which will strengthen the economy. For Brand New Day it is very important that the confidence grows because of their investment-based products. The market has changed from investment-based products to products with guarantee build in them.

³¹ **Biesinger**, R (2009) *Rebuilding the banks*. Retrieved 9-6-2012 From <http://www.economist.com/node/13604663>

³² **Kalse**, E (2008) *Krediet crisis in vijf stappen*. Retrieved 9-6-2012 From <http://vorige.nrc.nl/nieuwsthema/kredietcrisis/article1987320.ece>

³³ **Biesinger**, R (2009) *Rebuilding the banks*. Retrieved 9-6-2012 From <http://www.economist.com/node/13604663>

³⁴ **ANP**. (2012) *Consumenten vertrouwen Nederland sterk gedaald*. Retrieved 9-6-2012 From http://www.z24.nl/economie/artikel_303211.z24/Consumentenvertrouwen_Nederland_sterk_gedaald.html



Bron: CBS StatLine, mei 2012

Figure 8: Consumer confidence

5.3.3. Growth perspective

With consumer confidence on the lowest point in 25 years and with no clear answer on how to restore the economy should Brand New Day be worried about the future of the company? There is a clear answer to that question and the answer is no. Brand New Day is founded in 2009 and started in 2010. In the middle of the credit crunch they saw the opportunities that the market had to offer. Just before the crises started in 2007 the Dutch AEX index had 540 points on 7-6-2012 it had 293³⁵.

When the crisis hit the market the hardest the stock market reached the 200 point border this border was last reached in 1996³⁶. If we look at the historical performance of index funds we always see an image that resembles a mountain view, high tops and deep dales. As an investor the best point to buy stock is the deepest dale. This dale is right now and for the long term perspective investor should buy stocks and wait for the high tops that will show up in the future. The financial service provider should inform the consumers about the opportunities in the market this is part of their 'Zorgplicht'. Most of the products that are advised and sold right now are products with guarantee in them. These products have high costs and no inflation or interest risk hedged in them. When the stock market recovers and inflation and returns are rising the consumers of guarantee products will lose money and a second 'Woekerpolis' affaire could be the result.

³⁵ Beurs.nl (2012) Retrieved 21-6-2012 From <http://www.beurs.nl/indices/aex>

³⁶ Schondorff, R. (2010) *AEX huppelt omhoog*. Retrieved 10-6-2012 From http://vorige.nrc.nl/economie/economie_voor_jou/article1734991.ece



Figure 9: AEX stock market³⁷

5.4. Opportunities and threats

These opportunities and threats are the most important results of the external analysis. The opportunities and threats will help in answering the main research question. The grading of the opportunities and threats can be found in the weighted confrontation matrix. (Appendix 1)

Opportunities	Threats
Usury "Woekerpolis"	Investment returns
Becoming an insurer	Provision prohibition
Provision prohibition	unconvinced Intermediary
Investment returns	Competition
Inactive offices	Consumer confidence

³⁷ Beurs.nl (2012) Retrieved 21-6-2012 From <http://www.beurs.nl/indices/aex>

6. Strategic focus

Brand New Day has a clear mission, namely to change the insurance market. The founders of Brand New Day changed the broker market with BinckBank and broke the hegemony down of the established order. The three rules that Brand New Day has taken over from BinckBank are

1. The customer should always be number one.
2. Low costs
3. Top product.

With this philosophy Brand New Day wants to take on the competition and be a better alternative for the consumers of investment-based products. By looking at the internal and external factors we can see that Brand New Day is focusing on the strengths that they possess and that they communicate those strengths to their target audience. The communication is aggressive towards the established order and not every intermediary is happy with that. Some of the intermediaries feel that they are also being attacked. Brand New Day should make it clear that the commercials are only directed towards the established order of insurers and that it has nothing to do with the intermediary. The intermediary is with a percentage between 70-80% the most important revenue source for Brand New Day.

Explanation ratios³⁸:

Offensive ratio: This percentage indicates how far the strategy should be positioned offensively.

Defensive ratio: This percentage indicates how far the strategy should be positioned defensively.

Destruction ratio: This percentage indicates how far the strategy should be positioned on internal improvements.

Vulnerability ratio: This percentage indicates how far the strategy should be positioned on evasive behaviour.

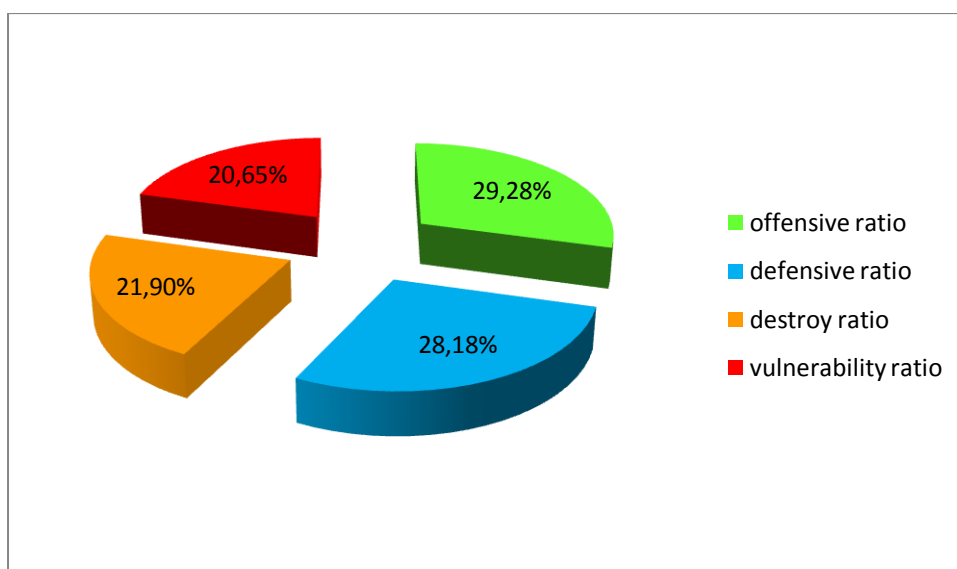


Figure 11: Ratios

³⁸ Briemen, JW (2010) *De gewogen SWOT confrontatie matrix*. Retrieved 2-6-2012 From https://mysite.sharepoint.hu.nl/personal/hans_vanbriemen/Shared%20Documents/De%20gewogen%20SWOT%20confrontatiematrix.pdf

The SWOT confrontation matrix has shown us that Brand New Day should focus on the opportunities that lay in the market. The offensive ratio is the ratio with the highest percentage which means that Brand New Day should focus most of its attention on their strong points. The defensive ratio which is the ratio with the second highest score indicates that Brand New Day should not lose sight of their weaknesses and that they should turn their weaknesses into strengths. Brand New Day is already trying to reform their weaknesses into strength by becoming an insurer. Becoming an insurer means that they can offer not only investment based products but also products with a guarantee in them. The destruction ratio shows us that Brand New Day can improve their internal processes and that a part of the strategy should be focussed on the internal processes. Good and efficient internal processes will help and support the process of turning weaknesses into strengths. The vulnerability ratio is the ratio with the smallest percentage score which is a good sign. The vulnerability ratio shows us how far the strategy should be focussed on evasive behaviour. Evasive behaviour does not lie in the nature of Brand New Day. Brand New Day wants to take the fight on with the established order and wants to become a trustworthy and efficient company.

Brand New Day depends on two factors the first is the intermediary, which is responsible for the biggest revenue stream within Brand New Day. Second is the global economy. The products that Brand New Day offers at this moment are as good as the stock market functions. In financial hard times we notice that consumer confidence is low and returns on investment are low. In some cases the return is a negative one. With the recovery of the global economy and simultaneously the stock market consumer confidence will grow and thus the popularity of the products that Brand New Day offers.

8. Recommendations

All the recommendations are based on the internal and external analysis of Brand New Day. This includes the service level survey and conducted in-depth interviews. The results of the survey together with the in-depth interviews can be found in the appendices of this report. The costs and benefits are calculated using the 2011 annual report³⁹. Specific costs for the intermediary department are calculated and discussed with numbers from Marijn Everse manager intermediary.

Knowledge

The knowledge level of the employees at the intermediary desk has to increase. We can clearly see that the critical group shows a huge difference with the satisfaction of the knowledge that they have encountered while being helped by the intermediary desk. Brand New Day should organize more workshops for their employees where they test the knowledge level. Continuous training throughout the working period should be supplied by Brand New Day.

One workshop a month should be sufficient to keep their employees up to date. The workshops have to be organized for the 16 part-time employees. Per employee the costs are €50. This includes salary and dinner. The workshop will be given by Marijn Everse manager intermediary or Paul Rijns director intermediary. The workshops will be organized after working hours. Since the trainers work on a monthly payment and not a hourly payment no extra costs are charged. Total costs per month are

³⁹ Bagijn, k.j, (2012) *Jaarverslag 2011 Brand New Day Vermogensopbouw N.V.*. Retrieved 29-6-2012 From <http://www.brandnewday.nl/Data/PDF/Documentencentrum/Jaarverslagen/Jaarverslag-2011-BND-Vermogensopbouw.pdf>

€800. The workshop should lead to higher satisfaction and more new active offices. In 2011 250 intermediaries were active with Brand New Day. These 250 offices brought 12000 new customers to Brand New Day. On average a customer brings in €6000.

Average customers per office:	$12000/250 = 48$ customers
Average capital per office:	$48 \times €6000 = €288000$
Average revenue per office:	$€288000/100 = €2880$
Yearly costs workshop:	$12 \times €800 = €9600$
Number of office needed to cover costs:	$€9600/€2880 = 3.3$ offices

An increase of 3.3 offices per year will cover the yearly costs of the workshops. By increasing satisfaction of existing offices there is a good chance that they will produce more customers which will lead to a higher revenue.

Dedicated contact

Brand New Day should, like it is already done with the internal account management assign employees to certain regions. Since most of the employees work on a part time base it is impossible to assign employees to intermediaries. Brand New Day should be able to schedule employees in who are assigned to a region. This will increase the satisfaction of the 'critical' group and the collaboration with the internal and external account management. Making the contact between Brand New Day and the intermediary more personal will increase their position against the competition. This personal contact should not lead to higher costs only to reassigning employees to a region.

Monthly news letter

Brand New Day should improve their supply of information towards the intermediary. Both the information stream about the current and future developments within Brand New Day. Another improvement point is the information about developments and opportunities in the market. Brand New Day has a news section within their advisor portal but the intermediaries who login the tool directly go to calculating or the documents that they need. To improve the information flow Brand New Day should come with a monthly news letter with all the relevant news. This newsletter should be e-mailed to all the intermediaries. The implementation cost will be around €150. The costs are build up in the following way.

$$10 \times €15 = 150$$

The average salary is €15 per hour and an estimate of 10 hours per month is needed to gather information and write the news letter.

Guaranteed capital

84% of the intermediaries who filled in a comment in the survey were mentioning a product with a guaranteed end capital or a fixed interest rate. This desire is already known within Brand New Day and the steps have been taken to become an insurer which is necessary to be able to guarantee an end capital. Guarantee is expensive and will force Brand New Day to calculate higher costs towards their customers. Brand New Day should keep their low cost structure to have an advantage over the competition. Brand New Day should develop a new product which has a higher price and a guaranteed end capital of 75 %. This will decrease the risk of their customers and will increase the

revenues from the higher prices. Brand New Day already started the process of becoming an insurer. The costs of becoming an insurer cannot be calculated yet. Brand New Day has to form a new department that will do research on what is needed to become an insurer. They also need a legal department to handle all the permits. In 2013 all the insurance companies have to suffice to the Solvency 2 rules. These rules and regulations are focussed on risk management. The solvency 2 has new capital demands were both the politic and representatives of the insurance market are negotiating about. It is too early to say how much it will cost to become an insurer.

Provision

Brand New Day should look at the Payment Protection Insurance method. This method requires a factoring company who manages the payments and supplies credit for the customers. Two of the biggest factoring companies in the Netherlands are Factua and Fa-med. They have both announced that they will come with a special service for the financial intermediaries in the Netherlands⁴⁰. By learning how these companies handle payments and their infrastructure Brand New Day can decide in the future to establish a new company who handles the factoring which will be a new revenue stream for the company. A good integration with the Intermediarytool is of great importance this will make it easy for the intermediary to manage the payment in one place and if Brand New Day decides to do the factoring itself they can use their own Intermediarytool so the intermediary will not have to get used to a new environment. Follow-up questions by the customer and changes that need to be made due to change in the financial situation of the customer can be managed by a subscription at the intermediary. The subscriptions and the content of the subscription should be shown in the Intermediarytool and by clicking on the subscription the customer should see what the subscription cost and what kind of services are provided within the subscription. This way the pre and post sales activities are both covered and the part of the intermediary and customer are transparent and clear. Implementing and testing the new software which is already developed by the factoring company will take 10 working hours. The hourly rate of an IT employee is €100.

$$10 \times €100 = €1000$$

€1000 seems a small amount this is because the software is already developed and can be used in an online environment.

⁴⁰ Amweb, (2010) *Fa-med start met factoring-diensten voor intermediair*. Retrieved 15-6-2012 From <http://www.amweb.nl/tijdschriften/2010/nr-19/fa-med-start-met-factoring-diensten-voor.131129.lynkx>

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10. Appendices

1. Weighted Confrontation Matrix Brand New Day
2. Survey
3. Brief uitslagen enquête
4. Interview Brett Davidson FP advance
5. Interview Arjan Govaard
6. Interview Ab Flipse
7. Interview Claudia Kamminga & Stefan van Spijkeren
8. Evaluatie provisie regels complexe producten
9. De markt voor financiële intermediairs in Nederland
10. Aanbeveling Ombudsman Financiële Dienstverlening
11. Persbericht
12. Brand New Day Infokaart - Bescherming tegen een lagere rente
13. Brand New Day Infokaart - Bescherming tegen inflatie
14. Brand New Day Infokaart – Productaanbod
15. Productkaart wit 10 redenen
16. Productkaart wit geen garantie geen sparen
17. Productkaart wit kosten
18. Actie Map Team Intermediair
19. Zeepkist Intermediair
20. Kennismaking Presentatie voorjaar