

# The Value of Newsletters

## TO FINANCIAL SERVICES COMPANIES

A Survey-Based Study Conducted by Northeastern University  
for Standard & Poor's Financial Communications

### Summary

Newsletters have long been a mainstay of marketing programs for financial services companies in need of effective communications channels with investors, customers, and plan participants. Virtually every major financial institution in the United States uses newsletters to inform and educate their clients and promote their products. Yet measuring the value and effectiveness of newsletters is not simple. Unlike print advertising or media campaigns, which can have direct, quantifiable results, the value of a newsletter is more subtle. Intangibles such as customer loyalty and knowledge are the principal benefits of newsletter communications — factors that play an extremely important role in a company's success, but are not easily gauged.

To assess the value of newsletters to financial services companies, Standard & Poor's worked with Northeastern University to conduct a survey of 4,000 clients of mutual fund companies, brokerages, banks, insurance companies, and retirement plan providers. The survey posed a variety of questions about newsletter readership, satisfaction, usefulness, content, format, and overall effectiveness.

### Findings:

Overall, the survey results confirmed and underscored the effectiveness of newsletters as a communications channel and marketing and education tool. Respondents indicated that they rely on newsletters as an information source, value the content, and are often stimulated to action as a result of what they read.

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*An overwhelming majority of respondents read the newsletters they receive from financial services companies:* 92% read at least some issues, 83% read most or some articles, and 84% find the information useful.

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*A majority of respondents have taken positive action after reading a newsletter:* approximately 75% have saved articles for future use and visited a company's Web site after receiving a newsletter; 25% said that they have gone on to contact the issuing company for more information.

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*Print remains the preferred newsletter format:* 33% of respondents favor print, 21% prefer e-mail, and 41% wish to receive both.

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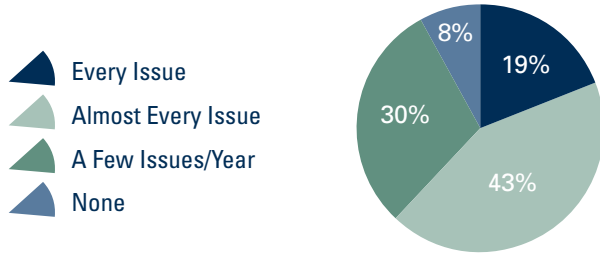
*Respondents would have a negative impression about the issuing company if it discontinued its newsletter:* 25% would feel that the value of the sponsor's service had diminished, and 28% would think that the company might be struggling financially.

# Survey Results

## Are newsletters read?

Survey results suggest that most newsletter recipients not only read their newsletters, but they read most issues and many articles in detail. Most respondents (92%) read at least some issues and a quarter of respondents read most articles in detail.

*When you receive a newsletter or magazine from a financial services company, what do you typically read?*



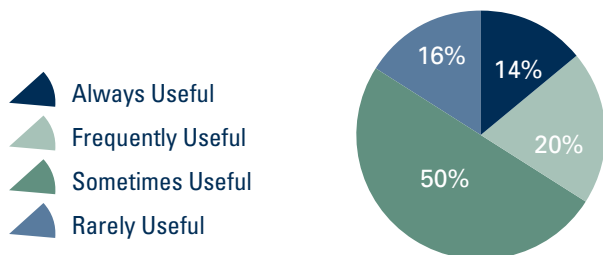
*How thoroughly do you typically read these newsletters or magazines?*



## How useful are newsletters to readers?

A concern of some companies is the usefulness of newsletter content — is the information provided of benefit to readers? Survey results suggest that newsletters are perceived as useful tools by readers, with 84% of respondents indicating that they find newsletters always, frequently, or sometimes useful.

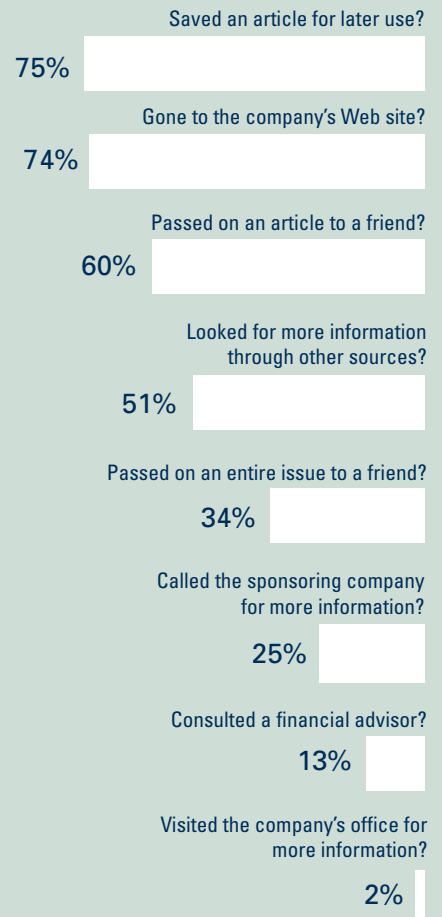
*Which best describes the usefulness of newsletters or magazines to you?*



## How effective are newsletters at stimulating readers to action?

One way of gauging the effectiveness of newsletters is to look at the actions readers have taken as a result of reading them. Responses here suggest that newsletters can be a powerful marketing tool; about three quarters of respondents indicated they have saved articles for future use and visited a company's Web site after receiving a newsletter.

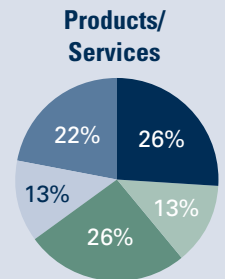
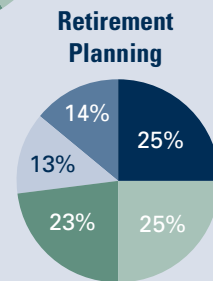
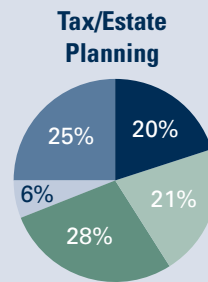
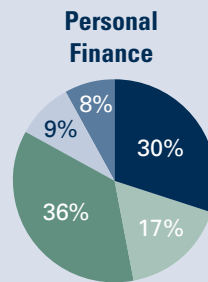
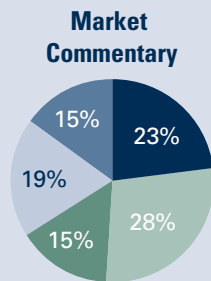
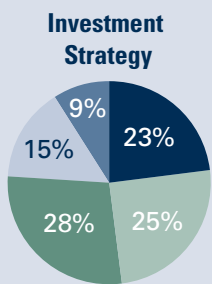
*After receiving a newsletter or magazine, have you ever . . .*



## What type of information do newsletter readers find most useful?

Financial newsletters typically contain a wide range of information, some educational and some promotional. Striking a balance between these two can serve the dual interests of high readership rates and effective marketing. Respondents indicated that they consider most of the information in financial newsletters useful, particularly investment strategy and personal finance information.

Rate the usefulness of different types of information found in financial newsletters.



*“I enjoy reading the latest news and market trends.”*

*“Far too many newsletters are simply advertising.”*

*“Newsletters should not be too slick or glitzy and they should not promise the sky.”*

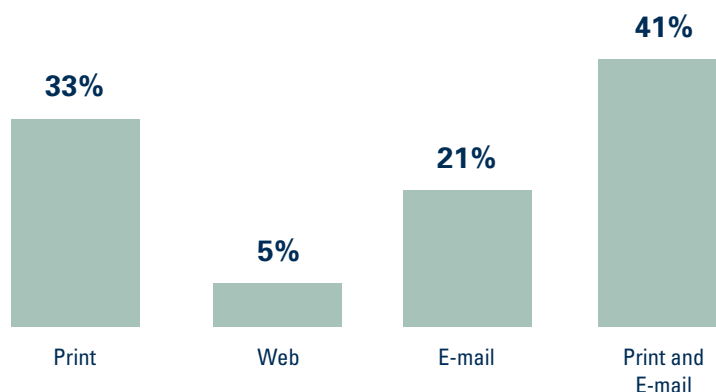
*“Be honest about your product and comments regarding your company.”*



## *In what format do readers prefer to receive newsletters?*

Newsletters today are no longer limited to print publications distributed through the mail. Instead, companies now have the option of e-mailing PDF or HTML versions to clients or posting a newsletter on their Web site. Yet despite the growing use of the Web as a customer communications channel, many people continue to prefer printed newsletters. One third of respondents preferred print copies, and 41% indicated that they prefer both print and e-mail delivery. Only 5% preferred a newsletter available only on a Web site.

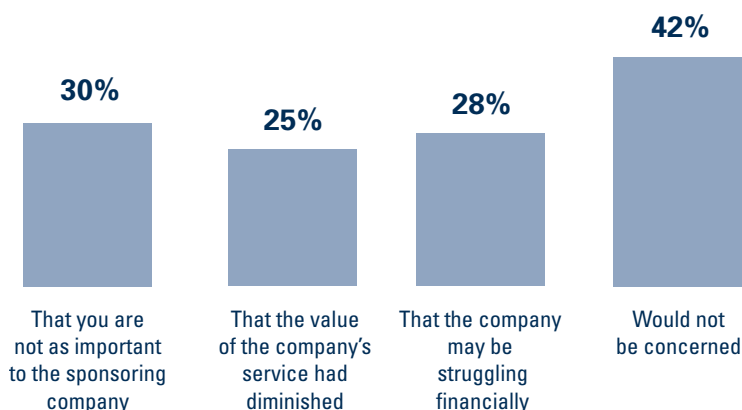
*Which newsletter format do you prefer to receive?*



## *What would customers think if an established newsletter stopped coming?*

In today's cost-conscious environment, some companies may look to their newsletter program as an easy target for cutting expenses. But such a move may have costs of its own: alienating clients and sending the wrong message to investors. Over half of respondents had a negative reaction to the suggestion of canceling a newsletter program, and over a quarter said that they thought a cancellation would imply that the company was struggling financially. (Respondents were permitted to choose more than one answer.)

*What would you think if your newsletter stopped coming?*



## *Methodology*

The survey was conducted by Northeastern University's Consulting Program and was administered by Survey Sampling, Inc. The e-mail survey was sent to 4,000 clients of mutual fund companies, brokerages, banks, insurance companies, and retirement plan providers.

In addition to the questions noted above, respondents were asked to supply certain demographic information. Of those responding, approximately 25% were under age 30, 50% were aged 31 to 50, and 25% were over age 50; 68% were male. Approximately 56% indicated that they were in the \$30k to \$100k income bracket.