



PRIVATE & CONFIDENTIAL

MEMORANDUM

TO: Nick LaPan
Brian Smith
c.c. The Minister
David Dodge

DATE: May 30th 1994

FROM: Tarric O'Leary

RE: 1994 RETAIL DEBT STRATEGY

Just wanted to outline some suggestions from myself and the Minister regarding the proposal for our 1994 Retail Debt Strategy.

1. We would suggest that the RFP for Market Research be sent out this Friday June 3rd with responses due on Monday the 13th of June. Firm to be selected June 15th. I believe this time line is fair to the firms involved and allows them to put together a more professional proposal. As long as we are comfortable with an extended time frame I think we should proceed as above.

2. I would also like to insure that on the AMG panel there is a representative from Finance.

3. With regard to the recommended List of Bidders for the CSB Market Research Program I would drop at least 2 or more of the firms (which are all small and relatively modest firms in their ability) and add the firms listed below to the list:

Ekos Research Associates
Insight Canada Research
Goldfarb Research
Environics/DRZ Research Group Ltd.

The firms above all have experience with private sector marketing of new product initiatives for clients (including financial institutions) and would contribute to the success of the process.

4. In terms of the research design I believe we are missing an element. The current RFP presumes that the only thing needed to do is test creative and then to test how well the campaign worked.

If one of the government's objectives is to be a stronger presence in the retail debt instrument marketplace, and indeed to test new instruments, the RFP should ask for proposals which will help design a new, improved marketing strategy, dealing with a changing environment for retail investment. This would mean starting with a solid quantitative base addressing at a minimum the following questions:

Who has how much money to invest?

What do they want from an investment?

How are CSB's positioned against competitive instruments?

How could they be better positioned and what modifications would create new customer interest without shedding past customers?

What strategic approaches to product design, and marketing will provide the government with the best yield?

From this a strategy with key objectives should be set, including recommendations about new products, or new product features, as well as targeted markets and key messages. With this knowledge the agencies can develop a strategy, keyed to certain goals and target audiences.

5. While the two phase focus groups are a good idea they should be organized around target audiences and the purpose should be to develop and test creative ideas against an agreed upon marketing strategy. The participants should be representative of the people who we want to see buy the CSB, reflecting past and potential new customers.

Therefore, ideally the telephone survey should be done before the focus groups rather than after the campaign itself. I don't believe the effectiveness of the campaign requires a 30 minute telephone survey (a ten minute survey would be more in line) but designing the right marketing strategy does need a solid quantitative base.

If the 1993 Tracking Study can do this, so much the better, but we should be sure it does go in the right direction. For example, does the 1993 study take into account the changing objectives of the government and/or the changing

marketplace for retail investments? Does it led to an enhanced marketing strategy? Was the Bank of Canada satisfied with the study's conclusions? Who did the study and what was the objective?

In any event, all bidders should have access to the 1993 questionnaire and also the data so they know what the products (CSB) strengths and weaknesses are and can build a research design that will deal with the same.

6. Accordingly, the RFP should be modified slightly to incorporate the points highlighted above. In particular, the RFP should be changed with the assignments of points to different criteria.

1. Personnel should include corporate experience and be 50 instead of 100.
2. Overall understanding should be 50 not 25;
3. Research Design and Methodology should be 75 instead of 50.

In addition, bidders should be asked to propose timeliness which fit the creative development agenda but are based on a quantitative phase first, rather than after.

7. We agree that it makes the most sense for the strategy to be developed by Gingko/Groupe Everest in collaboration with the market researchers, rather than another ad agency. In addition, Gingko/Groupe Everest should also serve as project manager/co-ordinator for the public relations firms which are appointed.

8. With regards to Public Relations Firms, if Forum has done a good job and went through a competitive bid process only last year we see no difficulty in continuing with their services. For future reference the two other firms in Quebec which are quite good are listed below, BCP in particular is excellent.

BCP
413 rue St-Jacques
9e étage
Montréal (Québec) H2Y 1N9
Tel. 514-285-1414

Pierre Tremblay et Associés Inc.
485, boulevard Langelier
Quebec (Quebec) G1K 5P3
Tel. 418-529-3324

However, with regards to Ontario I do believe we should go to open bids. Some of the firms I would like to add to the bidding list include:

ONTARIO FIRMS

McLaren Communications
20 Dundas Street West
Toronto, Ontario
M5G 2H1
Tel. 416-977-2244
Contact: Kim Tilley

Media Profile
130 Slater Street
11th Floor
Ottawa, Ontario
K1P 6E2
Tel. 613-567-3574
Contact: Scott Reid

United
512 King Street East
Suite 301
Toronto, Ontario
M5A 1M1
Tel. 416-862-2064
Contact: Gerry Kane

The McLaughlin Group
160 Bedford Road
Suite 304
Toronto, Ontario
M5R 2K9
Tel. 416-923-2401
Contact: Carnie McLaughlin

Vickers & Bennett
1133 Young Street
Toronto, Ontario
M4T 2Z3
Tel. 416-925-9393
Contact: John Hayter

9. While the provincial public relations contracts are small there is a number of provincial firms we would like to add to the list so they have the opportunity to bid on the work and they might offer a fresh dynamic to the campaign. In any event I would like to open the process up completely. The firms are:

Hawke Communications
P.O. Box 1320
Sackville, New Brunswick
E0A 3C0
Tel. 506-364-1400
Contact: Dave Hawkins

Rudnicki Murphy
1498 Lower Water Street
Halifax, Nova Scotia
B3J 1R9
Tel. 902-421-1500
Contact: Bill Murphy

McKim Communications
100 Osborna Street South
3rd Floor
Winnipeg, Manitoba
R3L 1Y5
Tel. 204-284-2221
Contact: Drew Cringan

McKay Gostlar & Associates
280 - 2600 8th Street East
Saskatoon, Saskatchewan
S7H 0V7
Tel. 306-955-4811
Contact: Jamie Milley

As well, we would like to see the list of the other firms we have been using in the other provinces to see if we should add anyone to the list. It should be noted that for both Ontario and the rest of the country AMG should feel free to add other firms to the list as well. This in no means is meant to be a comprehensive list of bidders just some additions.

Hops these suggestions have been of assistance.