

## I-CORE Deliverable 1

### Wells Fargo

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This is an analysis of Wells Fargo's potential addition of a Financial Education Center in Indianapolis, also referred to as the FEC.

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## **Executive Summary**

Wells Fargo is a lending bank that has a vision for educating its customers in order to help them understand their finances as a whole. The proposed project idea is a Financial Education Center where individuals can come and take educational courses to help them with their personal finances. These courses will generally last 8-10 weeks and ideally be low cost for the customer.

The SWOT Analysis revealed that Wells Fargo has many strengths such as employee training, promotion opportunities, and company reputation, as well as weaknesses which include marketing efforts, employee turnover, and limited office space. There are several opportunities that could affect the project itself such as increase in demand for online higher education, a decrease in disposable incomes, an increase in consumer spending, and others. The project also faces many threats including an increase in food prices, low housing inventory, a decrease in houses purchased, an increase in unemployment rate, and an increase in expected retirement age.

The target market analysis identified the target market size of 888,220 as well as how consumers in the Indianapolis MSA spend money on the other education institutions in the industry. Also identified were the major competitors the product will have to compete against in order to succeed in the market such as Banzai, MoneySmart, and Dave Ramsey.

The persona was developed based on the average person in the target market. Income data for the persona was taken from the buyer section of the target market analysis.

The perceptual map analyzes financial education programs with the parameters of price and the variety of courses provided. Through research it was revealed that many institutions offer these sorts of programs for free. The closest competitor for the Financial Education Program is likely Dave Ramsey's Financial Literacy Program.

The customer requirements analysis clearly defines the customer requirements and expectations and how they will be addressed through service elements based on the target market analysis. The results are mostly regarding location, cost, and quality of courses. As a result, the service design elements and features will provide a central building in downtown Indianapolis, integrated courses to improve financial literacy, and courses that are offered as a bundle.

The preliminary product design outlined what the service experience would look like for customers as well as the explicit and implicit services that would be provided. These include gaining financial skills and independence, friendly and professional staff, and a well-lit and clean leaning environment. Additionally, it outlined the specifics of the building that would be needed and the other materials that would be needed to complete the project. Finally, it provided the information that a customer would need to know about the service such as what courses are offered, how much they cost, how long and frequently they meet, and more.

## **Introduction**

This analysis includes a marketing and operational analysis of the possible addition of the Financial Education Center that will be analyzed for Wells Fargo. The marketing portion of this report includes a SWOT analysis for the company itself as well as the project idea. It also includes a target market analysis, which outlines the target market as well as the competitors in the chosen industry. The marketing portion also includes a persona development and a perceptual map to further analyze the target market and to see where the proposed project compares to relevant competition. The operational portion of this report includes a detailed product description, general overview of the services to be provided by the FEC, a customer requirements analysis, which outlines what the customers will be expecting out of the service, and finally a preliminary product design. This information is being provided to Wells Fargo so that they can see what the Financial Education Center entails, who the target market is, and if this would be something the company is interested in pursuing.

## SWOT Analysis

Through Wells Fargo's presentation and additional research, strengths and weaknesses of the company itself were developed. Additionally, a scan of current trends revealed opportunities and threats that may affect the Financial Education Center.

<b>Strengths:</b> <ul style="list-style-type: none"> <li>Employee Training</li> <li>Employee Culture</li> <li>Promotion Opportunities</li> <li>Company Reputation</li> <li>Efficiency</li> <li>Customer Focus</li> </ul>	<b>Weaknesses:</b> <ul style="list-style-type: none"> <li>Marketing</li> <li>Employee Turnover</li> <li>Specializing in smaller loans</li> <li>Low number of offices compared to states serviced</li> <li>Review Process</li> </ul>
<b>Opportunities:</b> <ul style="list-style-type: none"> <li>The demand for online higher education will increase<sup>1</sup></li> <li>Household real disposable incomes will decrease through late 2023<sup>2</sup></li> <li>Consumer spending will increase through 2024<sup>3</sup></li> <li>Meaningful alliances will be highly valued<sup>4</sup></li> <li>American's confidence in the economy is growing but still weak<sup>5</sup></li> <li>Fed's actions are helping increase the dollar<sup>6</sup></li> </ul>	<b>Threats:</b> <ul style="list-style-type: none"> <li>Food prices increased by a massive 13.1% over the past year<sup>7</sup></li> <li>Low housing inventory will cause high buyer competition<sup>8</sup></li> <li>The number of houses bought will decrease<sup>9</sup></li> <li>Unemployment rate will increase<sup>10</sup></li> <li>Expected retirement age will continue to increase<sup>11</sup></li> </ul>

### *Strengths:*

Through Wells Fargo's presentation and extensive research of the company, several strengths were identified. One of Wells Fargo's biggest strengths is its employee training program as well as the employee culture. Its willingness to pour into its employees allows the company to be more intentional with each of its workers and therefore more successful as a team. Some examples of its employee culture include the atmosphere of the office itself, outings that the company goes on such as sports games, and

the incentivized trip that employees can work towards. Additionally, the company has a strong promotion trajectory program in place. Wells Fargo's program of moving people up through the ranks allows employees to not only work harder for success, but also ensures that top level management are familiar with all aspects of the company and can relate to all levels of employment. The company also has a strong reputation as seen through the numerous awards it has received as well as its community outreach efforts. Finally, Wells Fargo has a strong customer focus, which is definitely one of its competitive advantages. As a company, Wells Fargo really values the customer as an individual and not just a number. The company makes efforts to ensure that the customer is taken care of and understands their financial situation.

### *Weaknesses:*

In addition to several strengths, Wells Fargo also has some weaknesses. One weakness is that Wells Fargo does not focus a lot of attention on advertising. It currently uses a lending company called LendingTree, which fulfills many of its marketing needs. Other than this program, the representatives shared that they do not do any marketing. This is a weakness because not everyone will use LendingTree or other similar companies. In order to reach more individuals, Wells Fargo needs to diversify their marketing efforts.

Another weakness is that Wells Fargo has a significant turnover rate due to employees either not feeling comfortable talking over the phone to potential or current customers or just feeling a lack of purpose in their role. The representatives shared that they hire new employees very often and train them to do sales over the phone. Employees have expressed that this is not a very fulfilling job and therefore do not stay with the company. If the company focused its efforts more on employee retention rather than just hiring a bunch of new employees to train, its workers would feel much more appreciated and fulfilled in their job. A third weakness is that the company specializes in loans of \$125,000 or less to protect them from being held accountable if the loan falls through. While the company does accept some higher loans, it could make more money if it opened its business to larger loans. An additional weakness is that Wells Fargo currently services forty-eight states, however only four of the states have designated office space for customers to come down to for in person inquiries. If the company had more office space throughout the country, more people would know about the company and potentially become clients. Lastly, Wells Fargo could have a more thorough review process for customers. This would allow the company to see exactly what went wrong with current clients or even what potential clients who went a different direction were missing.

### *Opportunities:*

Based on the environmental trends list, the Financial Education Center (FEC) has several opportunities to leverage competitively in the industry in which it operates. One opportunity is that the demand for online higher education is increasing. While the Financial Education Center is planning to start out as an in-person institution, it may expand to online courses in the future. This would provide a great opportunity for FEC. Additionally, if individuals are more interested in more education, it shows that they are eager to learn and would be more likely to enroll in financial courses.<sup>1</sup> Secondly, there is a positive projection that consumer spending will increase through 2024, which may create an opportunity for the Financial Education Center to get more customers as increasing spending reflects more need for financial education. Additionally, if consumers are willing to spend more then it is more likely that they would be willing to spend money on educational opportunities.<sup>3</sup> Another opportunity for the Financial Education Center is that disposable household incomes are expected to decrease through late 2023. This could be an opportunity, as many people may seek financial education centers to improve their financial literacy and increase their budgeting skills.<sup>2</sup> Finally, the Financial Education Center also has an opportunity as Americans' confidence in the economy is growing. Although confidence is still weak, that could benefit the Financial Education Center as some people may want to invest their money and seek financial education for smarter investments.<sup>4</sup>

### *Threats:*

Wells Fargo should be aware of the threats it would face if it decided to invest in this project. In the last year, food prices have increased by 13.1%, which is a remarkable increase that will leave many people with less discretionary income to spend on education services. If food and other necessities continue to increase in price, the ability to invest in education will substantially decrease.<sup>7</sup> Another threat is a potential decrease in the number of houses bought. This could threaten the education program due to the fact that people will be less interested in coming to take classes on loans/mortgages or debt.<sup>9</sup> Additionally, the increase in the unemployment rate could affect the project because less people will be willing/able to afford the educational courses. Additionally, people will be spending their free time searching for jobs rather than enrolling in educational courses.<sup>10</sup> Finally, the increase in expected retirement age could prove to be a threat for this particular program. Some young adults may not see the gravity of their financial situation if they plan to work for a long time. They could potentially wait until they are much older to seek financial assistance and at that point just go straight to a financial advisor or other professional.<sup>11</sup>

## Target Market Analysis

### *Buyer*

The target market for the Financial Education Center is residents in the Indianapolis MSA over 25 years old looking to increase their financial literacy to improve money spending and saving habits. Based on this target market the US Census Bureau shows that the Indianapolis MSA has a total of approximately 888,220 people in our stated target market.<sup>12</sup> The median household income for people in the Indianapolis MSA is \$64,134 according to demographics now, with a total of 822,420 households.<sup>13</sup> Demographics now also shows that the average household expenditure was \$119,786 for the Indianapolis MSA.<sup>14</sup> Bizminer provided industry market share for the other schools and Institutions industry in the Indianapolis MSA. The industry had a total market volume of \$43,565,404 in 2021.<sup>15</sup> Small business made up a majority of the market with \$24,125,464 which was 55.38% of the market in 2021.<sup>16</sup> Startups, defined by the website as firms in operation for less than two years, had a small market share of only \$448,614 or 1.03% of the market.<sup>17</sup> With increasingly difficult economic conditions and rising prices, understanding how to manage finances is becoming increasingly important.

### *Industry*

The Financial Education Center will focus on educating customers about managing their money, which will not only improve their financial literacy but also help them build up savings accounts and improve their credit scores.<sup>18</sup> This can be especially important for Millennials and Gen Z as they increasingly keep track of their credit scores to keep it healthy.<sup>19</sup> Furthermore, millennials are not as financially savvy as previous generations, which makes them more interested in learning about financial literacy than previous generations.<sup>20</sup> Millennials also have a more open attitude toward credit cards, which is important because many people who have never had a credit card before may not be able to get one if they don't know how to use it properly.<sup>21</sup> Therefore, many states in the U.S. have started including financial literacy into their social studies curriculum, which will lead to more awareness about how important financial education is.<sup>22</sup>

### *Competition*



In order to succeed in the competitive market, the Financial Education Center will need to be highly differentiated. The Financial Education Center (FEC), which will be new to the Indianapolis area, will face fierce competition from at least six competitors. The four major competitors are described as follows. First, Banzai program from Community First Bank of Indiana. Banzai is an interactive financial literacy program that brings free financial education to adults, teens, and children.<sup>23</sup> Banzai's biggest strength is that it "uses real-life examples to help teach the concept of budgeting, making money, expenses, and even complex subjects like insurance and credit."<sup>24</sup> On the other hand, Banzai's biggest weaknesses are the tendency of the program to only serve as a starting point in financial literacy and the promotions of the Community First Bank of Indiana financial advisors inside the program.<sup>25</sup> Another competitor is the Financial Literacy program from Indianapolis Public Library (IPL). The IPL focuses on offering a variety of financial literacy programs to improve and maintain a healthy credit score.<sup>26</sup> IPL's strength is the reliability that people expect from the information provided.<sup>27</sup> On the other hand, IPL's weaknesses are the limited seats for each financial literacy course and the limited number of courses throughout the year.<sup>28</sup> The third competitor is the MoneySmarts program from Indiana University. MoneySmarts offers money-related courses by highly qualified lecturers.<sup>29</sup> MoneySmarts's biggest strengths are cost, which is free, and the high trustiness of the program due to IU's reputation.<sup>30</sup> On the other hand, MoneySmarts's biggest weakness is the need to create an IU account, which is a bit of a lengthy process.<sup>31</sup> The fourth and final competitor is Dave Ramsey, who is most famous for his financial literacy radio program, The Ramsey Show.<sup>32</sup> Ramsey offers several well-known financial literacy courses in different price ranges through his website, Ramsey Solutions.<sup>33</sup> Ramsey's biggest strength is his reputation and influence on people, which might drive some of them to buy his financial education courses.<sup>34</sup> On the other hand, Ramsey's biggest weakness is the price of some of his courses, which could be expensive for some people.<sup>35</sup> Overall the local market is highly competitive, and the FEC will compete with several well-known competitors. However, the FEC courses are highly differentiated and will be offered in the Indianapolis area at an affordable fee, which will set them apart.

## Persona Development

Mark the Money Saver

### *Demographics:*

Age: 35

Ethnicity: white

Gender: male

Income: \$64,000

Married: yes

Kids: yes (2)

Spending habits: family outings, sporting events, gym membership, eating out

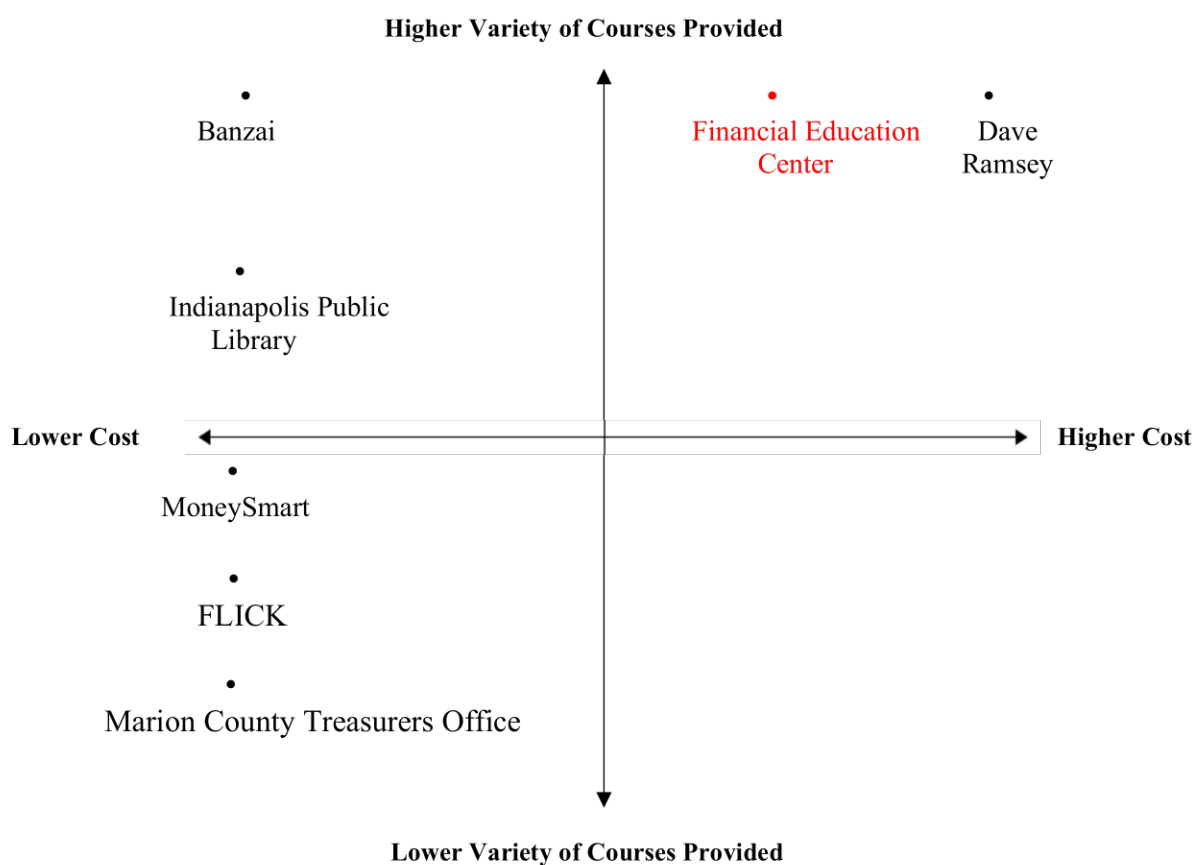
Healthy person

Profession: FedEx Delivery Driver

Single income family

Mark the money saver is a loyal, loving, outgoing person who enjoys spending time drinking a beer at sporting events or sporting bars and occasionally purchasing pool tabs. Mark rents a single-family home in Indianapolis close to his place of work at the FedEx Operation Center as a driver, making \$64,000 annually. In 2015, he got married to his wife Linda and now is the father of two young children. The happy couple is a single income family who likes spending their free time together grocery shopping, working out at a nearby gym, and testing out new bakeries. As the sole provider for two young children, Mark is looking for ways to improve his financial situation and better support his family and lifestyle. He has dreams of one day owning his own house and putting away some money for his kids to go to college. He needs to know how to grow his money and plan his budget better. He needs something that is flexible, trustworthy, and will teach him the practical personal finance skills he desires to gain.

## Perceptual Mapping



Two important attributes for the target market are the affordability of the program as and the variety of courses provided. Since the target market is looking for financial advice, they likely do not want to spend a lot of money on the services. However, they are likely looking for a program that provides a variety of courses so that they can get a lot of information from one place. Many of the competitors do offer free courses, which does pose a substantial threat, but if the variety of courses, quality of content, and reputation of the proposed program is high enough, the target market will be willing to make the investment in their future. This perceptual map reveals that the most similar competitor to the Financial Education Center is Dave Ramsey's financial program.

## **Product Description**

The Financial Education Center's purpose is to provide opportunities for individuals to enhance their financial skills at a low cost. The purpose of the program is to help individuals grow in their financial knowledge without having to commit to a full degree or a financial professional. The FEC wants to teach individuals about their personal finances to help them avoid long-term debt and to help them get the most use out of their money. The program entails easy to understand courses, highly qualified instructors, integrated courses to advance financial literacy, and much more. The education center is held in downtown Indianapolis in a central location for the target market. The first step of the program is registration/enrollment. This will be a simple and straightforward process that consists of filling out a document with personal information such as contact information, desired outcomes of the program, and which courses they would like to enroll in. The FEC will then reach out to the customer with what classes would be recommended and when they are offered. The customer can then choose from that list and will be sent their start date and other necessary information. Some of the classes offered will be budgeting, basic financial advising courses, taxes, and more. Courses will meet once or twice a week for 8-10 weeks. The center will also offer stand-alone courses with very condensed information for those who do not wish to enroll in lengthy courses. Individuals who have finished the program will have adapted higher education in the financial industry that will help them in their personal life and can also help them to decide if they would like to pursue a financial professional such as a financial advisor.

## Customer Requirements Analysis

Customer requirements or expectations	Service design elements/features
<ol style="list-style-type: none"> <li>1. Convenient location</li> <li>2. Course availability</li> <li>3. Courses improve financial literacy</li> <li>4. Easy to understand material</li> <li>5. Reliable information</li> <li>6. Easy registration</li> <li>7. Affordable cost</li> </ol>	<ol style="list-style-type: none"> <li>1. FEC building in downtown Indianapolis</li> <li>2. Multiple courses going at once, variety of class sizes, multiple instructors per course as needed</li> <li>3. Integrated check points to improve financial literacy, customer review process</li> <li>4. Real-life examples for better understanding, basic concepts, multiple teaching methods as needed</li> <li>5. Highly qualified instructors, develop financial curriculum with accurate information</li> <li>6. Simple process, no “hoops” to jump through, only ask for information needed</li> <li>7. Offering courses as a bundle, variety of price points</li> </ol>

## **Preliminary Product Description**

### *Service Experience*

The Financial Education Center aims to provide customers with high quality courses covering personal finance topics like budgeting, saving, investing and more. The goal is to deliver this product with experienced professionals administering the courses in a classroom setting. Another benefit would be to provide customers the ability to make new and lasting connections during their time in the program.

### *Explicit Services*

- Learn new financial skills
- Gain financial independence
- Network with others
- Consistent quality
- Determine if they want to hire a financial professional

### *Implicit Services*

- Professional and engaged atmosphere
- Friendly and professional staff
- Well-lit and clean building
- Convenient location
- Quick communication methods

### *Facilitating Goods*

- Tables and chairs for classrooms
- Projectors
- Monitors and/or screens
- Curriculum for courses
- Conference table & chairs
- Office Desks & chairs
- White boards

### *Supporting Facility*

The Financial Education Center will need a building to host the classes in. The vision for this infrastructure will need to be big enough to have multiple lecture rooms, office space for instructors, a

conference room large enough to host meetings, bathrooms, and any other functions needed to fulfill safety regulations.

### *Information*

- What courses are offered
- The objectives/goals of the courses
- What to expect from this service
- The costs associated with the courses
- The vision behind this program
- How long the courses will last

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