

January 2009

Siegel+Gale Simplicity Survey:

A Clarion Call for Transparency



simple is smart

Executive Summary

A Clarion Call for Transparency

Cynical consumers feel complexity and confusion have played a major role in the current economic crisis. But clarity and transparency among companies and government can rebuild trust and lead the way out of the quagmire.

Findings from global strategic branding firm Siegel+Gale's recent Simplicity Survey, conducted between December 29 and January 5, 2009 among 1,214 homeowners and investors, indicate that consumers have become highly critical and untrusting of banks, mortgage companies and Wall Street, and feel that complexity and confusion have been a major cause of the financial meltdown. More than one-third of all surveyed are less likely to trust financial institutions, compared to a year ago. Three-quarters of all consumers think complexity and confusion have played a major role in the financial crisis. And almost two-thirds believe that financial institutions intentionally make things complicated to hide risks and keep people in the dark.

"Transparency and authenticity are the new marketing imperatives," says Lee Rafkin, Global Director of Siegel+Gale's Simplification practice. "People are fed up with complexity, and desperate for institutions and brands that offer simple, honest communications they can understand. That's the clear message from our most recent Simplicity Survey."

The survey also found broad agreement that consumers themselves should shoulder a large part of the blame for the crisis. Consumers admit to being complacent and complicit in tolerating complexity, and in blindly trusting corporations by not bothering to read the fine print. Over half of all surveyed admitted to not reading or attempting to understand mortgages, prospectuses, insurance policies, or other financial disclosures before signing or buying.

If there is a "silver lining", it is that consumers are finally waking up, taking more responsibility, and demanding more accountability and transparency. More than half of all consumers said they would now step up and start reading and attempting to understand the fine print, while more than three-quarters of all people surveyed agree that it is the final responsibility of the consumer to make sure they understand all the risks.

Most important, clarity and transparency have become leading indicators of trust. An overwhelming 84% of all consumers said they would be more likely to trust and do business with a company that is clear, transparent, and jargon-free. This groundswell of support for increased transparency is directed at government as well. Nearly 80% of all respondents surveyed think it's critical that President Obama mandate that clarity, transparency and plain-English be a requirement of every new law, regulation and policy.

Highlights

Consumers are Confused by the Fine Print

The financial crisis has highlighted the complexity and confusion that consumers have tolerated and accepted with contracts and investments. Consumers admit to rarely reading and often not understanding what they are committing to.

- + Most investors (65%) find investment prospectuses to be extremely difficult to understand
- + Approximately 50% of consumers find their insurance, credit card and wireless phone contracts extremely or somewhat difficult to understand
- + 52% of investors report they “sometimes” or “never” read investment materials.
- + 52% “sometimes” or “never” read insurance policies.
- + 32% “sometimes” or “never” read credit card applications or wireless phone contracts.

The difficulty in comprehension has led to widespread complacency among consumers. When asked *why* they don't read the fine print provided, consumers generally site difficulty, density, confusion, boredom, or the use of jargon as reasons:

- + “The language requires you to be a lawyer to understand it.”
- + “I don't have the patience.”
- + “Too complicated.”
- + “It's long, laborious, and in legalese.”
- + “I trust my broker/agent.”
- + “I'm foolish not to.”

Highlights—continued

The Use of Jargon and Legalese Leads Consumers to Distrust Companies

The use of complex language is creating significant barriers for consumers interested in doing business with companies. Many consumers are cynical and believe corporations use jargon to hide risks and intentionally deceive.

- + Three-fourths (75%) of consumers feel that complexity and lack of understanding has played a significant role in the current financial crisis.
- + 63% believe banks, mortgage lenders and Wall Street intentionally make things complicated to hide risks or to keep people in the dark.
- + More than one-third (36%) feel that banks, mortgage lenders, and brokers are less trustworthy today than they were a year ago.
- + 76% of consumers agree that financial products are inherently complicated and that it is the responsibility of the consumer to make sure they understand all the risks.

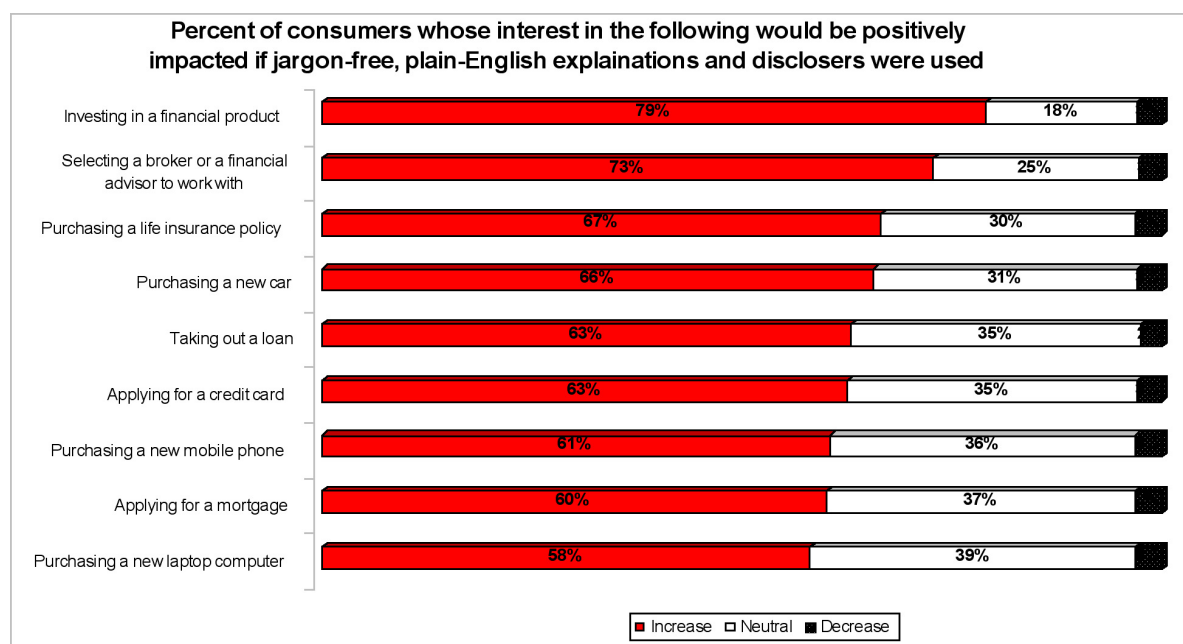
Communicating In Plain-English Promotes Trust and Increases Purchase Intent

Companies communicating in plain-English are viewed as more trustworthy. More than ever, respondents view clarity and transparency in communications as a leading indicator of trustworthiness.

- + 84% of consumers are more likely to trust a company that uses jargon-free language in their communications.

Highlights—continued

Simplifying marketing communications and contract language not only improves trust, but also significantly impacts consumers' purchase intent. Investment-related products and services, considered the most difficult to comprehend, are the services most likely to see an improvement in consumer interest benefiting from simple and clear communications.



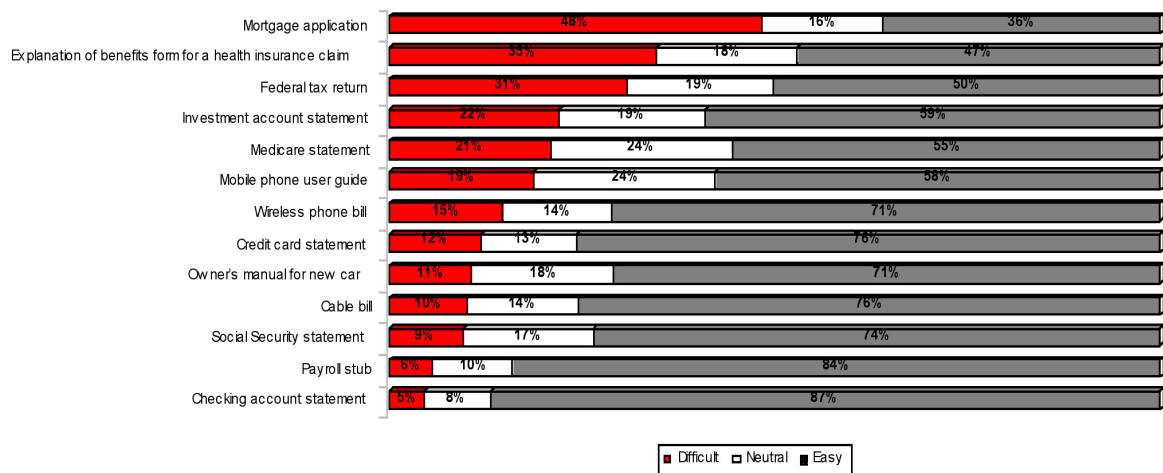
Consumer Attitudes are Shifting

The current financial crisis has produced a significant shift in consumer attitudes away from blind acceptance of complexity and toward a major groundswell of support for more transparency. Fifty percent of all consumers are now more likely to read prospectuses, disclosures and contracts compared to one year ago. Making these documents simpler and easier to read would encourage consumers to take more responsibility to understand risks and rewards, and to be more accountable for their decisions.

The demand for clarity and transparency is so great that the vast majority of respondents are looking to Washington for leadership on the topic. 79% of all consumers want President Obama to mandate that clarity and transparency be part of every new law, regulation and policy.

Key Findings

1. Nearly half (48%) of respondents say their mortgage application is most 'difficult to understand', followed by health insurance EOB forms, tax returns and investment account statements.



2. Respondents attribute lack of comprehension, complicated jargon, and length as the primary reasons for not reading the materials:

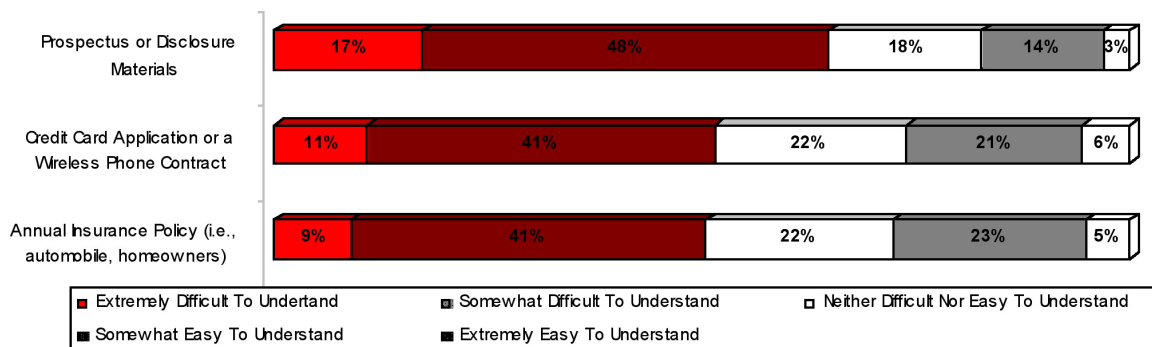
- + “Legalese makes it hard to understand. They are often much longer than necessary.”
- + “It’s too long and I can’t understand half of what it says. I usually just skim through it and check out what I need to know.”
- + “I usually glance through it to see if anything unusual catches my eye, but I don’t have the patience to read all the legal language and all the minute details.”
- + “I don’t understand the jargon used in it—it’s too boring and hard to understand.”

3. Respondents would be more likely to read such materials if they were shorter, clearer, and more concise:

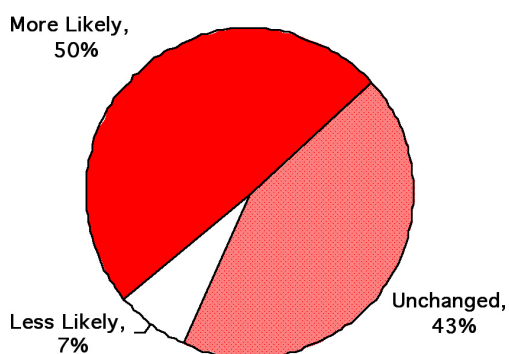
- + “Larger print and easier to read.”
- + “Provide a Cliffs Notes version.”
- + “Write it for an eighth grader without jargon, definitions provided.”
- + “Cut the bull! End the legal speak!”
- + “Write it in plain language for plain folks.”

Key Findings—continued

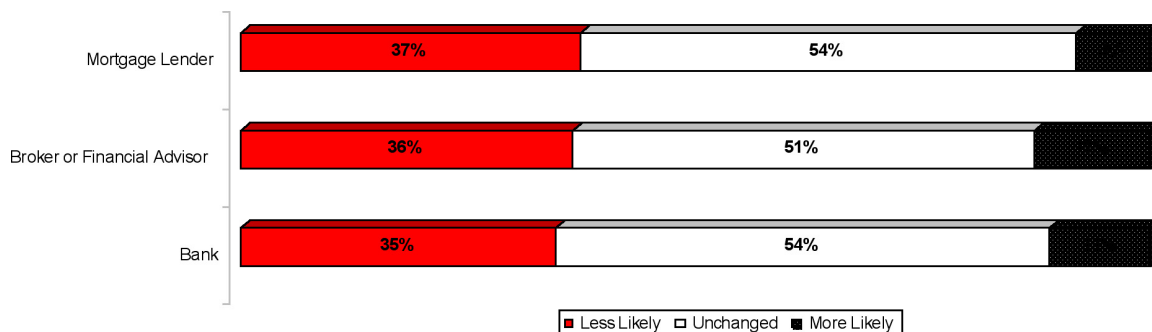
4. **65% of respondents feel that prospectuses and investment disclosure materials are by far the most difficult materials to understand**



5. **50% of respondents are more likely to read their prospectus, disclosures, and contracts compared to one year ago.**



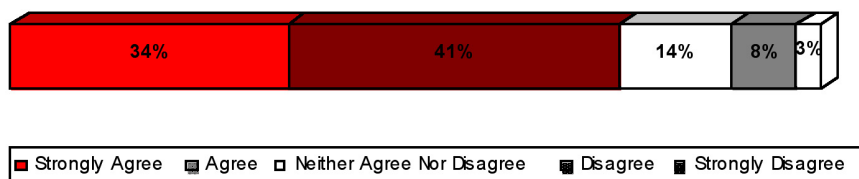
6. **Over one-third of respondents report being less likely to trust their mortgage lender, broker/financial advisor, or bank compared to one year ago.**



Key Findings—continued

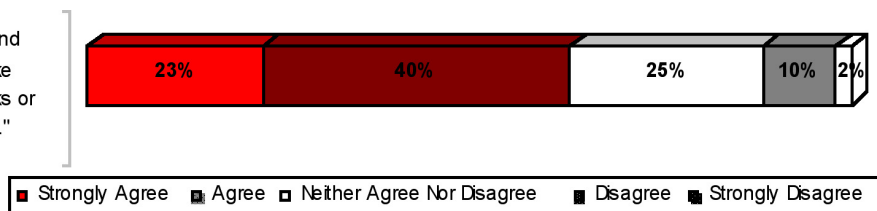
7. **75% of respondents believe that “Complexity and lack of understanding has played a significant role in the current financial crisis”**

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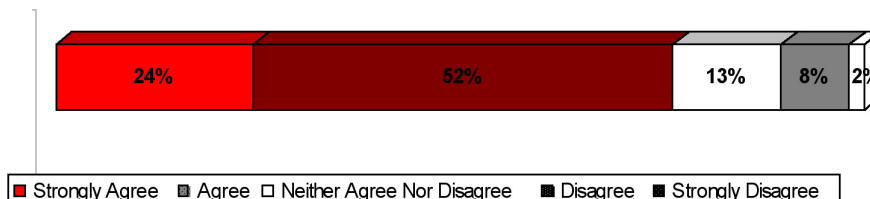
8. **63% of respondents believe that “Banks, mortgage lenders and Wall Street intentionally make things complicated to hide risks or to keep people in the dark.”**

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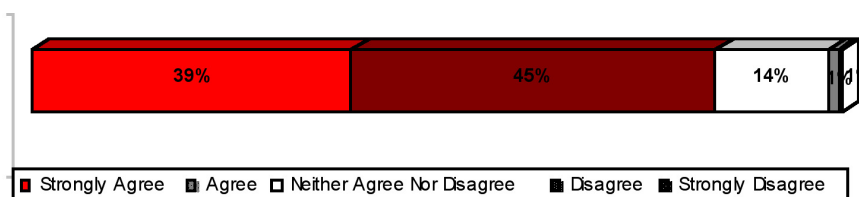
9. **76% of respondents believe that “Financial products are inherently complicated. It’s the final responsibility of the customer to make sure they understand all the risks.”**

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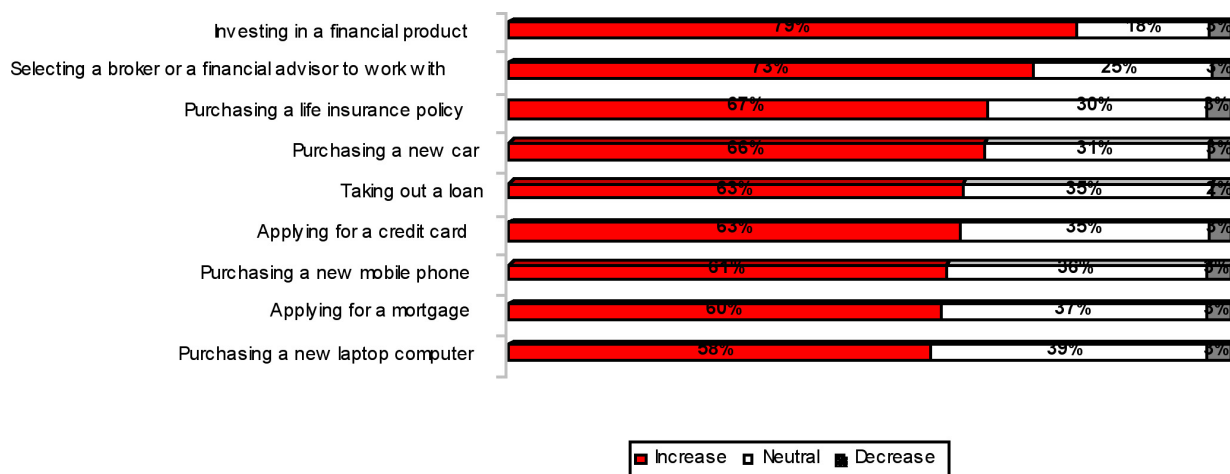
10. **84% of respondents are “...more likely to trust a company that uses jargon-free, plain English in its communications.”**

“I am more likely to trust a company that uses jargon-free, plain English in its communications.”

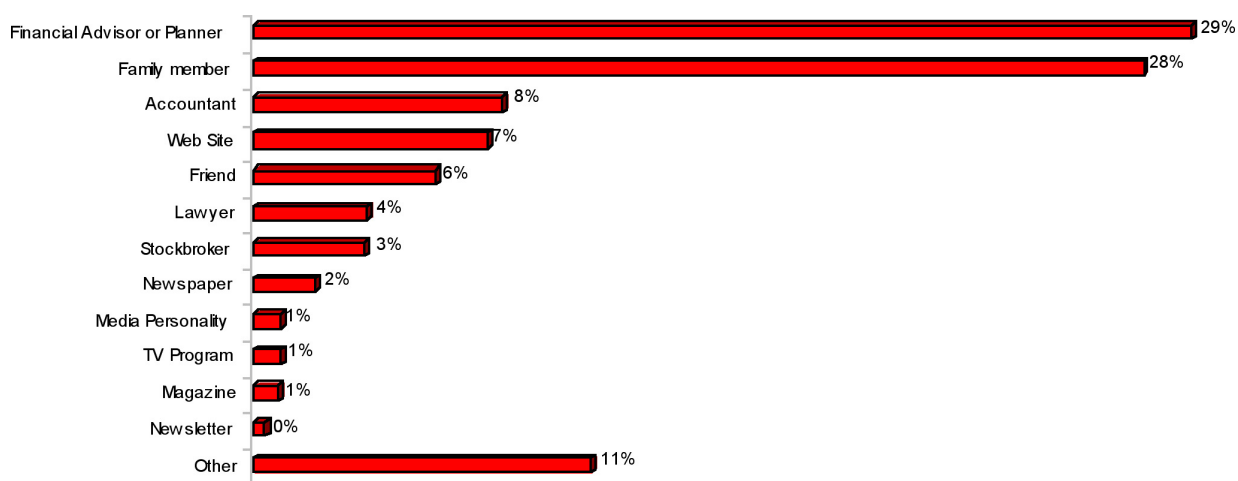


Key Findings—continued

- 11. Respondents are most interested in doing business with companies that use “jargon-free, plain-English explanations and disclosures.” Consumer interest in companies that clearly communicate is highest in financial services, insurance, auto sales, bank loans and credit cards.**

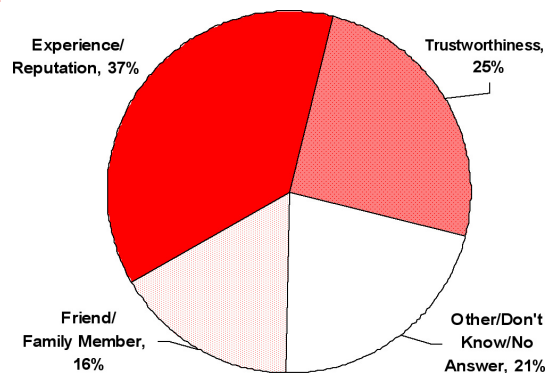


- 12. Respondents report that their Financial Advisor or a Family Member is the most trusted source for advice and information for financial matters.**

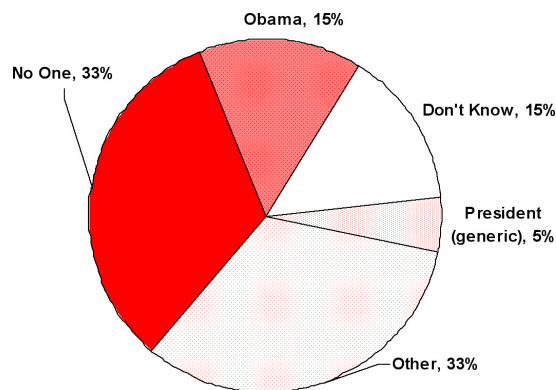


Key Findings—continued

13. When respondents are asked why they trust their ‘most trusted source’, over one-third (37%) cite “Experience and Reputation”, followed closely by 25% who cite “Trustworthiness”.



14. When respondents are asked “Which national figure they trust most to explain, interpret and show leadership through the current financial crisis”, most report that they trust no one; however, of the specific people listed, President Barack Obama was cited most often.

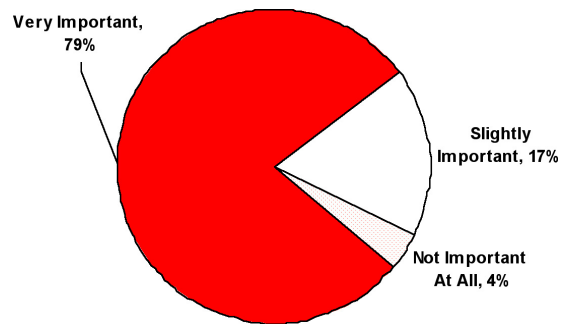


The “Other” category, representing 33% of respondents, consisted of such (alphabetical) mentions as:

- | | |
|------------------|-------------------|
| + Ben Bernanke | + Warren Buffet |
| + Bill Clinton | + Hillary Clinton |
| + Jim Cramer | + Newt Gingrich |
| + Alan Greenspan | + Rush Limbaugh |
| + John McCain | + Suze Orman |
| + Dave Ramsey | |

Key Findings—continued

15. 79% of respondents feel it is very important that “President Obama mandate that clarity, transparency and plain-English be a requirement of every new law, regulation and policy.”



Methodology

Siegel+Gale conducted an online survey between December 29, 2008 and January 5, 2009. 1,214 U.S. homeowners and investors aged 25 and above, participated in the survey. The results are statistically significant at the 95% confidence interval, +/-3%.