“DIFFERENTIATE OR DIE”
FINANCIAL INSTITUTION PRODUCT & SERVICES

Brandwagon Roundtable
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A PARADIGM SHIFT

Buy any car you want, as long as its ‘black’

Buy a car, choose your color

Acquisition, Retention, Frequency
WHAT IS DIFFERENTIATION??

“...the ability of a product or service to stand apart from its competitors in a unique manner by offering a set of differentiating relevant promises to customers and delivering on those promises to leverage value...”
WHAT IS DEATH??

“...the inability of a product or service to find relevancy or patronage (at economically viable levels) amongst its target market thereby resulting in its demise or inability to contribute significantly to the bottom-line of its owner...”
THE DIFFERENTIATION CHALLENGE!

• How
• What
• To whom
• Do it Profitably
NIGERIA: A HISTORICAL PERSPECTIVE

• Banks
  • Product Development
  • Technology
  • IPO Mania

• Insurance
• Stockbrokers
• Fund Managers

A culture of “personality” & “me-too” syndrome
DIFFERENTIATION???

Not only ‘visual’ (logo, etc) & marketing communications & tangible elements but also...

The “intangible” elements...

- Culture
- Service
- Attitude & Approach
- Relationship building
DIFFERENTIATION STRATEGY

“...based on appropriate customer segmentation to offer relevant retail products and services supported by a rigorous CRM (Customer Relationship Management) strategy to enhance the ability to **relevantly** interact with, serve, support and nurture their various defined target markets....”
Figure 1: A significant proportion of banks increase business performance via CRM

“Has your CRM investment had an impact on any of the following four performance metrics for the following products?”

- Overall profitability
- Marketing response
- Churn rate
- Customer profitability

Base: All banks

Source: Datamonitor: IT Efficiency in Financial Services 2002
IMPLEMENTING A DIFFERENTIATION STRATEGY

Traditional vs. 1to1® marketing

**Traditional marketing**
- Market share
- Differentiating products
- Managing products
- Customers are adversaries
- Finding customers for products

**1to1 marketing**
- Share of customer
- Differentiating customers
- Managing customers
- Customers are collaborators
- Finding products for customers
1. **Identify** customers, individually and addressably

2. **Differentiate** them, by value and needs

3. **Interact** with them more cost-efficiently and effectively

4. **Customize** some aspect of the enterprise’s behavior
A Learning Relationship

Customer tells you what he wants

You tailor your product, service, or elements associated with it

Feedback

The more effort the customer invests, the greater their stake in making the relationship work.

Now the customer finds it more convenient to remain loyal, rather than re-teach a competitor.
Differntiation = Needs Fulfillment

“...54% of financial services institutions felt that a ‘lack of understanding of customer needs’ kept them from finding a profitable product strategy...” CINCOM

• Customer Segmentation to identify similarities & enhance learning
• Customization to provide relevance & meet expectations

Operational & Strategic use of Customer data will be a key differentiator among FI’s
A different dimension of competition

- Acquisition
- Retention
- Frequency
Customer loyalty and a differentiated positioning are thought to be the most important factors in determining brand strength, and these ideas were prevalent throughout the survey.

- The need to differentiate is a key trend affecting branding today.
- Increasingly, firms are striving to gain customer loyalty.
### Benefits of CRM in financial services

<table>
<thead>
<tr>
<th>Good customer service and:</th>
<th>% Likely to add one or more products in next 12 months</th>
<th>% Likely to switch away one or more products in next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOW CRM</td>
<td>15%</td>
<td>26%</td>
</tr>
<tr>
<td>MEDIUM CRM</td>
<td>21%</td>
<td>10%</td>
</tr>
<tr>
<td>HIGH CRM</td>
<td>31%</td>
<td>1%</td>
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</tbody>
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Source: PRG - Roper Starch Worldwide survey, Sep 2000
The Differentiation Road-Map

1. Develop a strong brand identity
2. Interact with customer base
3. Gain customer knowledge & insight
4. Customize products & services
THE STRATEGIC NEEDS:

- **Product Development, Customer Service, CRM** become core strategic functions

- **Management Commitment**

- **Defined Objectives**

- **Measurable Criteria**

- **Long term outlook**
TECHNOLOGY ENABLES.....
IMAGINATION WINS

THANK YOU