

# MicroSave Briefing Note # 55

## Branch Based Marketing

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Branches are the initial contact point between most financial institutions and their customers. In the right circumstances branches can take the lead in identifying prospective customers, determining their needs and matching products/services to these needs. This is the essence of branch based marketing.

However, in many financial institutions there is a split between the Operations and Marketing departments, which impedes branch based marketing. Operations tends to focus on the how of business; “how” we do banking safely, while Marketing advocates the “why” - delivering valued services to customers. This split is stereotyped in a high level centralised marketing function coordinated from Head Office perpetually struggling to gain recognition.

Most centralised marketing functions have few staff so there is a very practical limit on how much person-to-person marketing they can do. The tendency, therefore, is to prioritise advertising media as a way to market both the institution and products. This tendency is compounded by many marketing staff in developing countries having a background in Fast Moving Consumer Goods marketing, which has a very different focus than that of marketing financial services.

Advertising alone is often not adequate to influence a customers’ buying decision, and is often regarded by sceptical customers as self-promotion. Advertising should be complemented with other forms of the Marketing Communication Mix<sup>1</sup> for instance Personal Selling, Direct Marketing, Sales Promotion and Public Relations. Research by *MicroSave* in Uganda showed that the biggest single factor influencing decisions on financial services were the opinions of friends and relations; so called “word of mouth marketing<sup>2</sup>.” Branches present opportunities to complement the efforts of centralised marketing functions by conducting marketing activities that build positive word of mouth in local often semi-literate communities.

Effective branch based marketing calls on coordination between the Operations department which controls the activities of the majority of staff and the marketing function. Cooperation can be encouraged through the creation of Service Level Agreements (SLAs) between the operations and marketing functions which clearly define expectations of the two departments and requirements for support. A clear case of this cooperation is the Branch Manager who plays a pivotal role in the success of branch based marketing by ensuring staff and

resources are mobilised for branch centred marketing activities.

For expanding retail operations and deposit taking microfinance programmes it is critical to build the image of the institution as a safe and secure place to save. As figures of authority Branch Managers are best positioned to market the institution via marketing to high value customers, to institutions and in one-to-many marketing. Furthermore, Branch Managers also control resources within the branch.

Key to leveraging the power of Branch Managers is ensuring that they are able to spend time marketing the institution and its services. Equity Bank in Kenya used delegation to allow Branch Managers greater flexibility. This can be reinforced by changing staff structures and even employing additional staff in larger branches to allow Branch Managers time to build relationships and market the institution.

### Benefits of Branch Based Marketing

Institutions that have embraced and implemented branch based marketing as part of their strategic marketing have realised the following benefits:

- Increased profits: Before opening the Nyeri branch, Equity Bank Branch Managers visited Nyeri for a week to meet local businesses/opinion leaders, and visited schools and other congregations. The branch broke even in record time.
- Enhanced efficiency: Using slack periods during the middle of the month for branch based marketing.
- Increased responsiveness: Much closer contact with customers and thereby detailed feedback on the institution and its products.
- More customised services: Improved opportunities for targeting product sales to customer needs and to cross sell multiple services to existing customers.
- Refined monitoring: New opportunities and measures for analysing branch performance.

### Successful Branch Based Marketing

Institutions successful in adopting branch based marketing have focused on the consistency and accuracy of marketing messages. Particular problems have been experienced within *MicroSave*’s Action Research Partners with teller knowledge of loan products and loan officers’ knowledge of savings services. Customers do not make a distinction between the functions of staff and expect all bank staff to be able to respond to common queries.

<sup>1</sup> See *MicroSave*’s [Product Marketing Strategy Toolkit](#).

<sup>2</sup> Wright and Rippey, “[The Competitive Environment in Uganda Synthesis](#)”

Institutions using loan officers to sell savings services face additional challenges. Loan officers are often paid incentives based on the size and quality of their individual loan portfolios. To maximise income they market loans through savings accounts with the message “save with us, get a loan”: a powerful marketing message but one that does not target the “net depositors” required to grow deposits. All staff must have common knowledge on products and services.

A key success factor in branch based marketing is to provide branches with budgets to conduct marketing activities. This can be very difficult for parastatal institutions such as Postal Savings Banks which have annual budget cycles, yet the returns can be significant.

Branch based marketing responds to opportunities. An institution cannot anticipate and plan for all marketing opportunities. The timing and location of many marketing opportunities is beyond the control of the branch; for example, agricultural shows, or when high net worth customers come into the branch. The person responsible for marketing at branch level must be aware of what’s happening in the locality and well networked with feelers for gathering information in the local environment. The branch should also have adequate and appropriate promotional materials, not only brochures. At U-Trust in Uganda every branch has pull-up banners promoting the institution in the banking hall that can be easily moved to other local events as required.



### **Steps to Establish Branch Based Marketing**

*MicroSave’s* reviews suggest that many financial institutions that do not have formalised branch based marketing approaches, still practise rudimentary and adhoc forms of marketing. So what systematic steps can be taken to implement branch based marketing?

**Training:** An institution must build the capacity and skills of branch staff who are to undertake marketing activities. *MicroSave* Action Research Partners have performed training at institutional level for branch managers and branch marketing officers who in-turn have trained other branch staff during branch meetings. Branch staff needs

to develop selling skills reinforced by superior product knowledge for all the banks’ products.

**Action planning:** After training staff from a particular branch, develop a branch based marketing plan that clearly details the specific marketing activities to be carried out, who is going to perform them, time lines and clear budgets for resources required. The finalised branch marketing plans should then be submitted to the Head Office marketing department for approval and revision so as to ensure they are in line with the overall strategic marketing plan. It is important for the institution to develop a standard template that can be used by all the branches for consistency and ease of consolidation.<sup>3</sup>

**Implementation:** Branch Managers should take the lead and ensure that the branch undertakes relevant branch marketing activities. The manager should also monitor customer levels in the banking hall and in case there is excess capacity in manpower for the normal branch operations these staff can be redeployed and used for branch marketing activities.

**Monitoring and Review:** It’s vital to measure and monitor the branch performance in response to the various branch based marketing activities so that the plans can be revised accordingly and scarce resources can be deployed most effectively. The Head Office marketing function can develop a standard monitoring format in order to assess cost – effectiveness of activities.

Some organisations have integrated branch performance into staff incentive and reward scheme. For example, Uganda Microfinance Limited has a branch based incentive scheme that is credited with significantly increasing deposit volumes.

**Flexibility:** The marketing plan for the branch must be flexible and enable it to exploit opportunities at very short notice.

### **Funding Branch Based Marketing**

Branch based marketing can be affordable but effective. Some branch based marketing activities are conducted with a very small and minimal budgetary allocation for instance cross-selling in the banking hall or product of the week or month campaigns.

### **Conclusion**

Branch based marketing can be very effective for mass market retail banking to low income groups. However, marketing does not work in a vacuum. Products and services need to be customer centric: actually meet identified customer needs. They need to be designed and delivered in an efficient and customer friendly manner to fully leverage the potential of branch based marketing.

<sup>3</sup> See *MicroSave’s* [Product Marketing Strategy Toolkit](#).