

Eagle Net



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WHAT'S ON THE MENU

Consumer preferences continue to evolve rapidly with technology, lifestyles, social issues and business conditions locally and globally. The financial industry is at the leading edge of developments in some areas while at times appears to struggle in others such as public impressions. The advent of “myfi” by “selfies” with contemporary consumer literacy is a tidal wave game changer for the industry and individual organizations in many obvious and subtle ways. With the personal ability to aggregate product features, services, networks, mediums, transactions, information and global searches, individuals are truly in control of choices relative to all aspects of the financial industry’s core and peripheral capabilities on a virtual basis.

Currently, we see the ebbing tide threat in the lifeblood area of payments as erosion takes place by non-traditional players with extensive networks and brand power as well as technologies in the hands of consumers to transact P2P payments. Concurrently crowd and cloud sourcing are growing techno-catalysts attracting entrepreneurs, innovators and social causes in our emerging 4.0 society. In fact, there are exciting examples within various industry sectors, of new paradigms for innovative business leaders who are embracing the diverse dynamics in their business models including the marketing mix where the four P’s (product, place, promotion and price) had been an academic foundation. Today we evaluate customer-centric marketing on awareness, acceptance, activation and advantages from consumer or user perspectives. Old gimmicks such as repackaging, renaming or repricing from management’s commoditization mentality are obsolete and are simply churning catalysts promoting costly cannibalizations.

Customer cultures have moved into an era of controlled choices and customized value experiences combining multiple suppliers and channels. The insurance sector appears to be moving more quickly into the flexible features menus with self-selection capabilities to optimize deliverables and costs on a personal basis. On the other hand, banking in most circles continues to be canned packages with fixed fees. Consequently, consumers instead of succumbing to traditional promotion and offerings are using Internet search engines to locate, consolidate and operate their personalized engagements.

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We need to think like and act like the “new populations” of networked people by inviting them to look at our total menu, to build their own plan and to tailor the composite experiences they prefer based on value options.

Manageable menus need to be developed incorporating all possible features in core financial activities such as depository security, record keeping, transacting, payments, information, connecting, borrowing, investing, reporting etc. with appropriate descriptions and commitments. At anytime the customer through proprietary apps can amend, add, delete and aggregate as they choose. Naturally, the dynamic menu has to be continuously refreshed and incorporate expanded service features and peripherals such as tax preparation, real estate searches, and any number of compatible ancillary activities. In all cases, the menus have to offer cost-benefit value calculators in order to assist the consumer in adjusting, at any time, their experiences to suit evolving preferences and financial expectations.

Menu marketing and flexible applications can be organized by average technologically and financially literate youth and adults at any age or the financial institution can develop dynamic inventories and tech tools to capture more share of mind, preferences and behaviours. There are new rules and approaches required to compete in the “selfie” selection world. People’s life experiences will drive their evolving retail engagements, which will be personalized and controlled by them. Traditional marketing and management thinking, needs to be reinvented for survival and success. What’s on your menu?

REINVENTING BRANCHES

The subject of reinventing, reengineering or revitalizing the bricks and mortar channel has been and continues to be the subject of strategic plans and industry publications. A few efforts have been implemented in rural (or bush) centres but the vast majority is in suburban and urban areas where fixed asset costs are high and generating sufficient new revenue per square foot is highly competitive and extremely difficult.

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Concepts such as specialized branches, incubators, high tech experiences, transformation of roles e.g. universal employees, customized access, alliance sharing, kiosks etc. can be found across the landscape. Even smaller institutions are innovating in these areas although they may be doing these at the expense of more important online channels. The first step in any transformation strategy is to uncover current and future "branch preferences" of customers and prospects. To make investments based on traditional dynamics can be an expense boondoggle. At the same time you are doing preference research, analyze the financial footings of your bricks and mortar i.e. what revenue/profit is generated/supported; what growth potential can be captured; what is the fit with other channels; what are the lease break costs, etc. The next step is to stimulate innovative modeling within financial, resources and timeline constraints.

Large FI's have the luxury of deeper pockets and they are more likely to test high-tech high-touch branches or test incubators where a variety of customer-attract concepts can be tested and tracked. Where there is a seamless experience for customers, among all the FI's channels, then the branch can have a variety of purposes, which are permanent or temporary.

Branches, whether captive, syndicated or virtual, can have an important position in multi-channel strategies if preferences and market dynamics are managed in a proactive culture. Still it is disappointing to see many instances where major FI's continue to try and compete by erecting multi-million dollar "modernized" units in every new subdivision development. We will all continue to debate "the branches of the future" and enjoy interpreting consumer preferences wherever they might take us successfully.

SMALL FI'S TECH INNOVATIONS

Almost daily, financial industry publications in North America, Europe, Australia-Asia and yes, Africa, have articles on how small financial institutions introduce new tech trials to capture market attention and grow business. In particular, the American Banker and the Credit Union Magazine in the USA keep a steady flow coming on the tech innovativeness of small local area competitors. With suppliers like Fiserv these institutions are able to offer useful digital enhancements quickly and economically.

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A couple recent examples are:

1. Wintrust Financial (Chicago area) first to let customers use a mobile banking app to get ATM cash versus a physical card.
2. Radius Bank (Boston) let people use smartphone's cameras to input data for account opening.

The key in most cases is a great relationship with vendors.

BITCOIN GROWTH

Juniper Research's new report says that the number of active Bitcoin users globally was 1.3 million in 2014 and is projected to grow to 4.7 million by 2019. Usage is dominated by exchange trading whereas retail activity is extremely low. Apparently speculators continue to hoard Bitcoins.

FAST FUTURE (ACCELERATING INNOVATION)

Rohit Talwar's recent communication highlighted the following "12 Beliefs that Hold Back the Future":

1. I'm Unworthy/Unlovable
2. I'm Not Good Enough
3. I Don't Belong
4. I Need to Control Myself
5. I Can't Trust Myself, Others or the World
6. I'm Insignificant/Invisible
7. I Don't Have the Capacity
8. There is a Way Things Are (the World is)
9. I'm Powerless
10. I'm Not Allowed to be Capable
11. I Need to be Perfect
12. There is a Right Way

While people can demonstrate these beliefs, so can organizations!

WOULD YOU PAY \$10 PER MONTH FOR ATM ACCESS?

Cardtronics' ATMpass requires an upfront monthly \$10 fee to have unlimited access to 5,000 of their ATMs. They believe that the market for this includes prepaid card users and those that go to cheque cashing stores. Like Netflix, ATMpass offers a free trial and gift subscriptions plus offers personalized recommendations and maps.

THE LAST WORD – The Golden Years!

Remember when we had that seniors segment entitled the Golden Years? Special packaging and servicing was developed by many retail establishments, including discounts and special shopping days. Well now the number in their Golden Years has ballooned due to the post war baby boom and longer life spans.

As one in this segment, I wonder where the gold is or is it a joke. Sure the medical profession and pharmacies enjoy the gold coming their way as doctors' appointments and medications fill seniors' days. There are aches and pains, replacement parts, debilitating conditions, false teeth or transplants, additional driving tests and fewer friends. Regardless, anything over 60 is a golden gift to be thankful that you can enjoy those things precious to you such as family and faith.

Unfortunately, I am upset by financial institutions that are clawing back the personal benefits previously afforded to seniors. Since the segment is continuously growing, the bank's costing models are showing a decline in account profitability with current concessions. The "nickel and diming" of fixed income seniors by FI's whose profits are in the billions of dollars is ridiculous. We are financially and technologically literate and can find alternatives to institutions that don't count loyalty and family referrals as valuable assets. Times have changed but why replace a rewarding culture for senior citizens with ruinous relationships.