



Banco Invest

Understanding how to grow in the Portuguese individual clients segment

Field Lab: Business Project

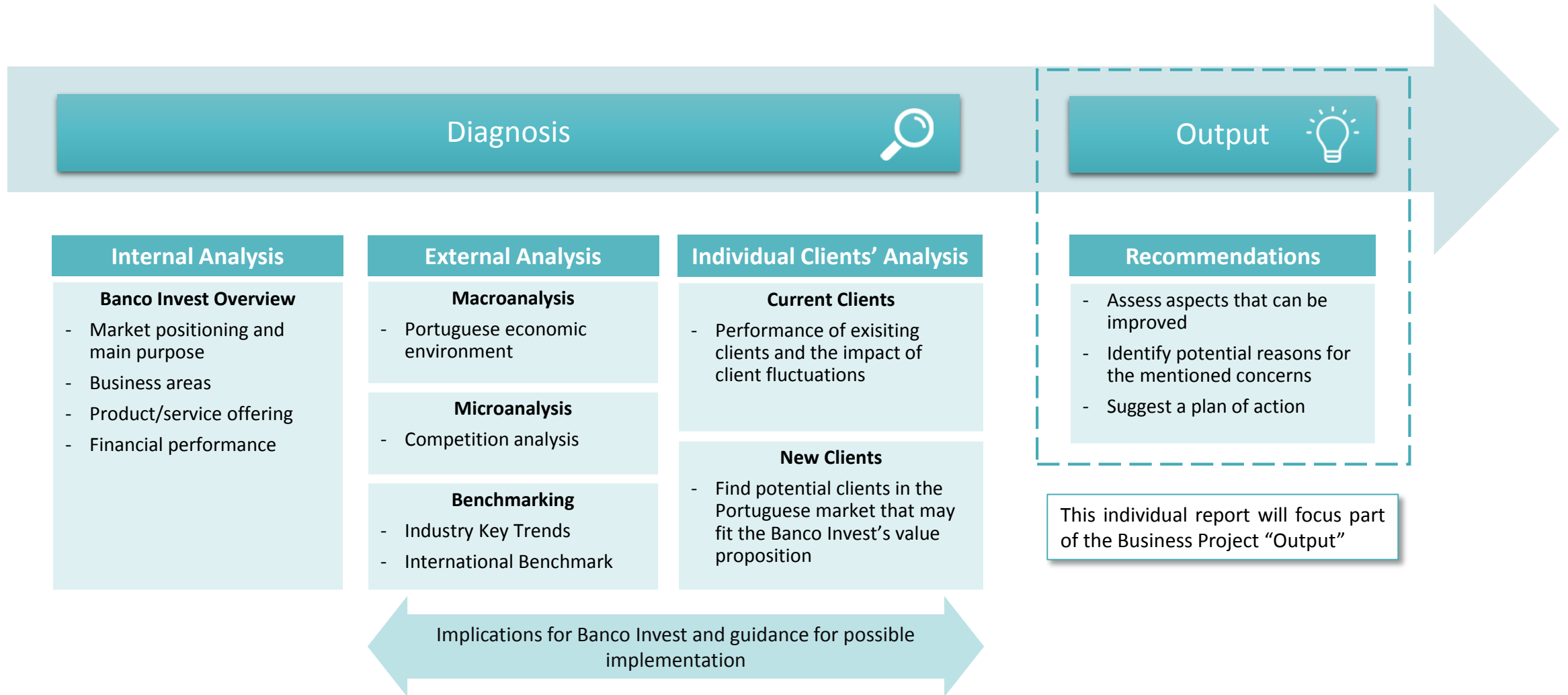
Individual Report carried out on the Masters in Management, under the supervision of Professor Gonçalo Rocha

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Methodology

In order to provide valuable recommendations, it is important to develop a complete diagnostic of what is happening both inside and outside the bank



Diagnostic of the challenge, research, analysis and development of recommendations

The last chapter of the business project begins with the assessment of aspects that could be improved. Then, the potential reason for the concerns is identified

I. Assess aspects that can be improved

i. How did we get there?

- Throughout the business project development, and given the further research on marketing theory, industry key trends, international benchmarking and competition analysis, the group found some elements that could be improved by Banco Invest. Indeed, this is a sum-up of all the content analyzed during the project development;
- Also, the group understood that the main concerns of the bank were: (1) how to communicate their strengths and make them credible/appealing; (2) know exactly what clients think about the service and what they would like to have; (3) have a clear picture of client segments.

ii. Main finding:

- Banco Invest has room for improvement in four main areas that, in fact, are linked: *Segmentation & Targeting, Providing Value, Communication and Positioning*.

iii. Aspects that can be improved:

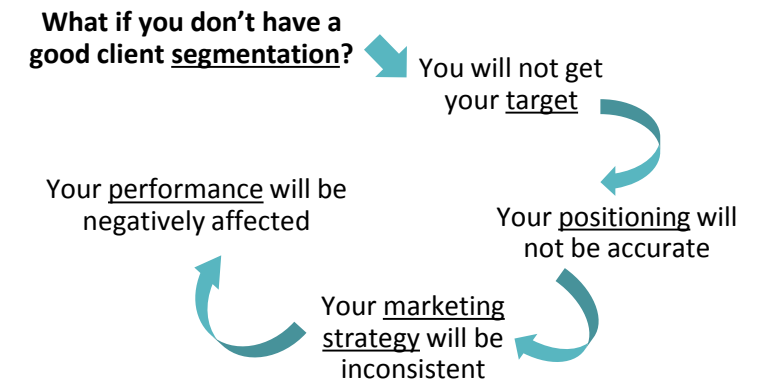
- Banco Invest has not a consistent *Segmentation* method to divide clients into clusters with common characteristics and needs. Consequently, it is challenging to have a clear definition of the *Target market* and perform effective actions to reach them;
- The process of *Providing Value*, as well as the *Communication* strategy, could be improved if the bank had a better understanding of its clients. Indeed, the offering could be more targeted to specific segments, and the communication could be more effective.

II. Identify potential reasons for the mentioned concerns

i. How did we get there?

- The diagram at right was retrieved from the final report and illustrates why the concepts of Segmentation, Target and Positioning are essential for a consistent Marketing Strategy and, in the end, for a superior performance;
- This is in accordance with the argument of Kotler and Keller (2012) that guides the marketing essence: "All marketing strategy is built on segmentation, targeting and positioning".

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i. How did we get there? (cont.)

- In order to reach the potential reason for the mentioned concerns the reasoning was a sum of two evidences:

The identified concerns were preventing the bank to have a consistent marketing strategy



Develop a solid positioning will require a good *Segmentation* to get the *Target* market, a *Frame of Reference*, the definition of *Points of Difference* and *Points of Parity* that should be communicated and supported by a *Reason to Believe*.



Defining the **positioning statement** will potentially help the bank to solve its major concerns

ii. Improving the analysis

- Additionally, the group examined the assumed positioning statement of Banco Invest:

To individuals that look for an investment in diversified portfolios and a specialized service that common banks are not able to provide (TARGET), Banco Invest offers personal investment solutions (FRAME OF REFERENCE) along with a competitive product offering and superior client service (POINTS OF DIFFERENCE). It has internally developed specialized models to identify and provide the most valuable products supported by qualified professionals and an effective response to its clients' requests (REASON TO BELIEVE).

- Thus, analyzing it with the concepts that Kotler and Keller (2012) defined as essential for a solid positioning statement:
 - (1) it lacks a more concrete description of the target market;
 - (2) probably not all potential clients are aware for the marketplace in which the bank competes (however, this could be tested with a proper survey);
 - (3) the points of difference are not truly differentiating, almost all players are claiming they have a competitive offering and a superior client service;
 - (4) the reason to believe needs a stronger evidence to be credible.

iii. Main finding:

All of these facts justify that the potential reason for what is happening is the lack of a solid positioning.

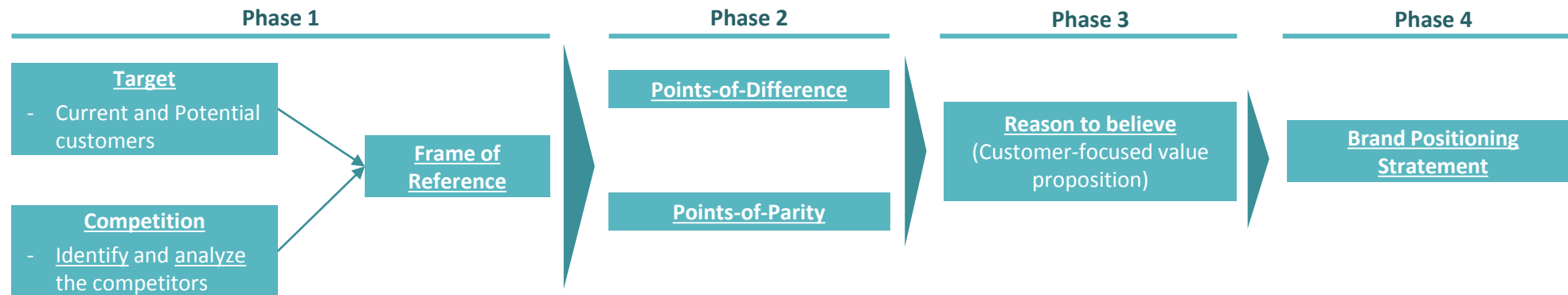
Diagnostic of the challenge, research, analysis and development of recommendations

Given the main reason for the identified concerns, the plan of action was mainly focused on the development of a solid positioning statement

III. Suggest a plan of action

i. The plan

- Given the identified reason for the concerns, the group developed a tutorial for designing a positioning statement that will potentially guide the marketing strategy.
- The diagram below was retrieved from the work project. It was primarily based on the process that Kotler and Keller (2012) defined as appropriate to create a consistent positioning statement:



- By following each phase, the different analysis done throughout the project will be constantly applied in practice (as it will be explained later). This clearly demonstrates the value of the topics analyzed to solve one of the major problems of Banco Invest - it will contribute to a better positioning definition.

ii. In practice

- For a better understanding, the group defines each concept, what should be defined in each phase, and how the bank can use the previous analysis to improve and support the decisions.
- We added some “useful tips” to reinforce the process of creating a solid positioning statement and make it imperative throughout the organization.

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ii. In practice (cont.)

- In order to illustrate the reasoning done on each component of the positioning statement, attempt in the following example:

Frame of Reference:

1. Clients (and prospectives ones) need to know the bank's marketplace and the scope of its activity. This way, they will be able to consider the bank when searching for personal investment solutions.
2. For this purpose, it is important to understand:
 - the target, so the bank's brand and offering will evolve in accordance with target's needs and expectations;
 - the competitive framework to know with whom the bank is competing and what it should have to be an eligible player.
3. Thus, to define the Frame of Reference, the chapters about Competition and the Clients Analysis would be highly useful.

IV. Final considerations

- More than creating a solid positioning statement, it is important to transmit it through the organization and use it to support the marketing strategy and decision-making. Having an effective positioning can be the guiding principle for every strategic (and operational) decision.
- Given the responsibility that is inherent to the definition of each concept involved in the positioning, the group found it a strategic decision that should be taken by the bank and its board/management team. Nonetheless, in the end, we give some insights about what could be the positioning "essence" of Banco Invest.

I. Main challenges

i. The group:

- The team members work especially well autonomously, so it was difficult to discuss ideas between six persons and know, at any time, what each of us was doing;
- Sometimes there was lack of communication that hampered the project development;
- It was challenging to manage what each of us should be doing. We had different backgrounds and not all of us were comfortable with certain topics. Occasionally, some of us had a higher work volume than others.

ii. The bank:

- They were very unsecure about giving us the data we asked for, and this contributed to several delays during the project;
- The bank has not a clear positioning in the market it competes in, so it was difficult to understand what the bank stands for;
- We felt that when they defined the main goal of the project they didn't realize what we could need from them;
- The bank's hierarchy is somewhat formal and it was challenging to contact some persons internally.

iii. The project goal:

- The goal defined for this project was truly vague and, in the beginning, we didn't have any insight about how to structure the project. It was demanding to find the right path and start working on it.

iv. Personal challenges:

- I didn't know that much about the financial area neither about the banking industry, so it was challenging to understand some specific concepts;
- I didn't know Banco Invest, so it required a harder work on discovering the bank from top to bottom;
- Sometimes I had to, voluntarily, take the position of a group leader on delegating tasks, making decisions, defining deadlines and ensuring that everyone was informed about what was being done.

II. What I've learned

- Several concepts in the financial field, and more particularly in the area of investment banking products/services;
- I became to know different financial institutions in Portugal and outside;
- The main trends in banking industry at an international level, and what is there to come in the next years;
- The importance of having a good positioning strategically defined, since it will influence all the rest;
- What is, in practice, a consulting project;
- It is challenging to find valuable solutions for a specific problem a client has and deal with his expectations about the output.

III. What could be done differently

- The group could have spent more time on understanding the challenge and creating a clear structure from the beginning;
- We should have demonstrated more clearly what we could do with the data right from the beginning;
- The project goal should have been more specific and we should have had more support on defining the project structure.

IV. Main strengths of the project

- It covers several aspects that bank members assumed they were not aware of;
- It has several analyses, from the bank's clients to the competition;
- The analysis done were not only informative, but useful for the success of the final recommendations;
- In each analysis, the group refer the implications for Banco Invest and give guidelines for possible implementation;
- The project found a crucial topic for the bank's success which could be unnoticed if this analysis was not conducted;
- It gives, not only an academic but a "fresh" view about the bank's assumptions and methodologies.