



Digital media & signage solutions in the Financial Services sector

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INTRODUCTION

Life for Financial Services organizations certainly can't be described as easy. Operating in an ultra-competitive environment, companies must combat the constant threat of rivals seeking to gain a larger share of customer wallet. This is made harder by relatively low barriers that exist to switch between suppliers as consumers are better informed of available financial products and services. Moreover, market maturity dictates an ever-increasing degree of creativity and innovation to identify gaps where fresh opportunities for new products can be exploited. In Datamonitor's view, the success or failure of a product launch can often hinge on the effectiveness of the associated marketing campaign. Organizations are typically coping with the challenges of designing, printing and distributing collateral across a wide network of branches in a consistent fashion, and customer-facing staff on the frontline must continuously understand the finer points of the latest proposition if they are to sell successfully and achieve their targets. Failure at the frontline will have a direct, detrimental impact on the success of any product introduction, and steps must be taken to prevent such disasters from happening.

The situation is compounded when these operational issues are combined with the considerable challenges associated with managing a complex – often aging – technology infrastructure. Throw in logistical headaches caused by Merger & Acquisition (M&A) activity, the diversification or disposal of existing assets, or compliance with new regulations – such as the Sarbanes-Oxley act, Basel 2 or MiFID – and it is obvious that companies are operating in a very tough environment.

With trading conditions brightening over the last two years, previously frozen investment budgets have in effect been thawed out to allow for long-awaited improvements to be made. However, this can be akin to walking a tightrope, and organizations must tread with caution when making decisions over which parts of infrastructure –operational or technological elements –should be invested in. Any potential enhancement must deliver clear business benefits (both tangible and intangible), with accurate costs, and demonstrable, realistic financial returns within an acceptable timeframe. Budgets are unlikely to stretch far enough to cover everything on a company's 'wish-list', and therefore it is critically important to identify the most appropriate investment opportunities to deliver the greatest benefit. In Datamonitor's opinion, there are some obvious and some not so obvious technological solutions that Financial Services organizations should implement in order to boost performance. In the case of the latter, a prime example is the use of digital media – such as the proposition offered by Cisco – which can deliver substantial benefits in a number of scenarios.

The purpose of this whitepaper is to provide insight into digital media solutions. This involves an examination of current market trends and explaining how digital media solutions can alleviate many of the pain points experienced by Financial Services organizations. Building on this theme, the whitepaper also provides an overview of the roadmap for successful implementation, and acknowledges the likely future developments that will help drive digital solutions to the next level. Digital media solutions can be deployed at any location, such as a company's headquarters or regional office, but for the purpose of this whitepaper Datamonitor considers the use of such solutions as being most effective within a branch (sometimes referred to as a 'store') environment. The key take-out points of this whitepaper are:

- There are operational challenges within the branch environment impeding the performance of many Financial Services organizations;
- These challenges can be addressed using digital media & signage solutions;
- The branch will remain an important place for Financial Services organizations to interact with their customers.

CURRENT TRENDS & PAIN POINTS

The continuing importance of the branch

Over recent years, Financial Services organizations – particularly those in the Retail Banking segment – have thankfully come to the realization that the branch is a priceless asset in the customer management process. Whilst there has been a clear drive towards online servicing via the Internet, a channel delivering personal, face-to-face contact is equally important in the continuous quest to maintain and improve the relationship between Bank and customer. Organizations need to in effect operate in two different worlds: one virtual (the Internet), the other physical (the branch). In light of challenging market conditions, it could be argued that the development of the 'virtual' has taken place at the expense of the 'physical', with investment budgets diverted to fund the creation of a web presence in the effort to reduce the overall cost to serve.

As part of their 'rediscovery' exercise, many organizations have sanctioned substantial regeneration programs focused on developing branch networks, with the objective of transforming them from a traditional location for performing account transactions into a modern environment better geared towards sales and servicing.

Achieving this objective has resulted in a number of activities typically occurring within the branch. By way of illustration, Datamonitor has observed institutions performing the following:

- Updating the layout and visual appearance of the branch to create an aesthetically pleasing setting that is more conducive to dealing with customers;
- Upgrading existing IT infrastructure, typically as part of a core banking system modernization program or a group-wide initiative to create a converged IP voice and data network;
- Refreshing desktop applications used by staff to improve their ability to meet customers needs, with particular focus on CRM tools, such as sales, service and marketing automation;
- Streamlining existing processes to create a more efficient customer experience, such as account opening.

However, these activities should not be taken as an isolated one-time measure. Datamonitor strongly believes that organizations in the Financial Services sector should continuously evaluate – and then implement – a range of appropriate new technologies, techniques and management practices as part of the ongoing development of the branch.

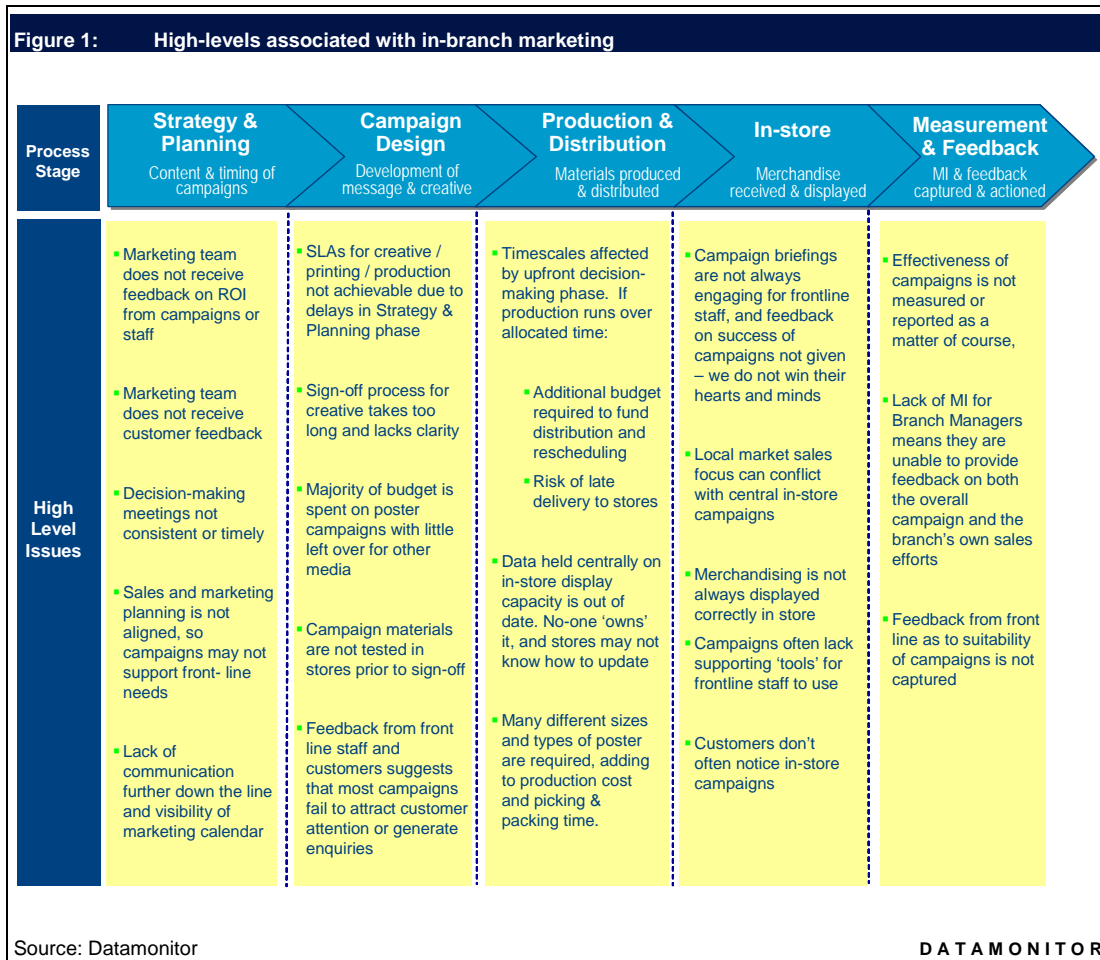
The challenge of in-branch marketing

Datamonitor considers that there are a number of inherent challenges associated with branch marketing. Designing, printing and distributing paper-based collateral is time consuming, costly and logistically complex. Achieving a common look and feel to the branch network requires careful coordination, and any delays or delivery issues will have a massively detrimental impact on the success of any new marketing campaign or product rollout.

Approaches to in-branch marketing have not altered significantly for years, if not decades. These typically consist of printed collateral, such as information brochures and flyers, product application forms and posters advertising new products and services.

All this material is produced centrally and then distributed across an organization's branch estate. Whilst this is a tried and tested method, this doesn't mean that it is free of challenges and problems. To put this into context, Figure 1 below

highlights the findings from a leading retail bank’s recent investigation to understand the issues that were affecting in-branch performance across the network:



Datamonitor considers that the aforementioned issues are widespread throughout the retail banking sector, and as a result organizations are actively beginning to address the ones that cause the most pain. Specifically:

Ensuring the freshness and relevance of the marketing messages and materials

The time, effort and logistical challenge connected with updating and distributing printed marketing collateral across the branch network also create difficulties with regards to the ‘freshness’ and timeliness of the marketing message. This problem is exacerbated in a competitive environment where time-to-market – of both new products and the associated marketing message – is of mission-critical importance. Regulatory pressures with regards to the provision of detailed product information are intrinsically linked to this, as Terms and Conditions increasingly need to be made more explicit in order for customers to understand the ‘small print’. This is raising the frequency at which banks have to update collateral.

But the challenges don't end there, as the launch of a new campaign or product will require staff to be trained to an acceptable standard in order to deal with enquiries from both existing and prospective customers. Therefore, careful internal coordination is required to ensure branch staff appear knowledgeable and confident in front of customers. Although this is an obvious objective the practical reality can sometimes be very different. Datamonitor considers this is attributable in part to the rise of the Internet, as consumers are in effect able to perform research on a broad range of financial products and services with relative ease.

Moreover, the current processes of producing and distributing collateral across the branch network makes it hard for marketing departments to take into account differences and intricacies of varying customer demographics in branches. Current in-branch marketing is largely applied using a non-scientific 'scattergun' approach, with little opportunity to target specific customer segments with specific campaigns.

Ensuring the consistent display and use of marketing materials across the branch network

Coordinating the correct use, application and placement of marketing material across a large network of branches is no easy task. Branch staff are often ill-informed about ongoing marketing campaigns, which generates an instant disconnect between centrally coordinated marketing strategy and local execution in branches. A leading UK retail bank recently conducted a program of internal research to understand the magnitude of such a disconnection. When questioned about the effectiveness of in-store displays, a member of branch staff replied "*I can't remember what the campaign before this one was and only know what this one is because you have asked me.*"

Due to this problem, central marketing functions often have little control over how marketing and product messages are communicated once new collateral is distributed to branches.

Making best use of customers' time-in-line

Datamonitor believes that the current, largely print-based, approach to in-branch marketing also fails to maximize on one significant opportunity to communicate product messages to customers in the branch: time spent queuing. Globally, on average branch customers spend at least 3 minutes waiting to be serviced. This time should be considered a unique opportunity to utilize customers' undivided attention, but is currently largely untapped by banks, and more often than not customers are left idly waiting for a teller or specialist advisor to become available.

Forward-thinking banks have already commenced with trials to play messages to customers during the time spent in line, delivering content ranging from general information to product-specific advertisements. For example, Bank A – a leading global retail bank – recently ran a forty-branch pilot exercise within one of its major country markets in order to evaluate the potential impact of digital media solutions on its customers. The results are certainly encouraging; playing streaming media content (consisting of a combination of music and 'general' advertising) yielded a 5% uptake in unsolicited enquiries, and 'targeted' product-specific advertising yielded a 33% uptake in unsolicited enquiries for specific insurance products (auto and home).

Addressing the cost of production

The use of printed marketing material in branches brings with it a considerable cost burden. The 'glossy' nature of most marketing collateral requires relatively high-cost printing methods and expensive paper. The cost is multiplied by the

continuous need to update and re-distribute collateral across the branch network. In addition, the sheer amount of collateral that gets distributed to branches often is in no relation to actual demand, and merely serves the purpose filling shelves to maximize the visual impact.

According to branch staff, *"between the campaign stuff and all the other brochures for customers it's really hard to keep the banking hall tidy...it looks like a jumble sale."* The frontline dissatisfaction doesn't end there, with staff feeling frustrated that *"it takes so long to change the campaigns, then the posters don't stay up, the sun fades them and I have to wear rubber gloves and an overall (protective clothing) to change them."* But perhaps most damningly— not to mention dangerously – is the problem that *"the posters hanging from wires are flimsy and fall onto customers quite often."* These examples are embarrassing, but true, and the cost of production can include the intangible expense associated with the erosion of brand equity and the possibility of a lawsuit for personal injury.

Identifying, developing & successfully launching new products

Financial services organizations – in common with their counterparts in other vertical market sectors – are constantly looking for gaps in their product portfolios that can be filled with innovative new services attractive to both existing customers and future prospects. Yet this seemingly simple concept is, in reality, a complex, costly, time and resource consuming multi-layered process fraught with inherent risks and no guarantee of success. Identifying an opportunity is one thing. Developing and successfully launching a new product is something else entirely.

Datamonitor has identified several distinct phases in the new product development lifecycle. Specifically:

Idea > Initiation > Study > Design > Build & test > Implementation > Benefits delivery

The steps between phases five and six are critical, as this is where the greatest risk to launch success occurs. In Financial Services, this is typically the point when a new product is released from the close confines of headquarters into the wider branch network. As a result, the span of control becomes far greater, placing an additional strain on the operation. If not managed carefully, the consequences of getting this wrong can be far-reaching. For example, failure to adequately brief staff on a forthcoming product will – in virtually all cases – deliver lacklustre post-launch results. In the words of a Senior Branch Manager in a retail bank, *"if we understood a quarter in advance what campaigns were coming we could prepare well in advance...due to how late we leave some briefings the end-solution can be compromised."*

However, the briefing and training process itself is far from being straightforward, as there is a clear need for a uniformity of approach and consistency of message. If an organization is operating with a network consisting of a thousand branches or more, delivering briefings in a co-ordinated manner can be both logistically problematic and resource intensive. Furthermore, obtaining management information that can be confidently relied upon to track the successful delivery of briefings is often a far from simple exercise. In Datamonitor's view, the impact of these challenges cannot and should not be underestimated, as organizations have effectively 'one shot' to successfully introduce a new product or service.

Branch staff training & development

As a direct result of the reemergence of the branch as a channel for customer management, there has been an overall trend towards hiring new employees as tellers, customer service agents and specialist advisors. At present, formal training programs for new hires are typically conducted as 'batch processes in a regional training center environment. In Datamonitor's opinion, this is unsatisfactory on the following grounds:

- Employees enter into a never-ending catch-up cycle as products, regulations and operational procedures change at a faster rate than the training schedule can feasibly cope with;
- Running face-to-face courses can be prohibitively expensive, especially when travel and productivity costs are included;
- Removing employees from the branch in order to attend residential courses will result in a loss of revenue during the periods when training occurs;
- The classroom-based training curriculum is likely to be relatively static, and could struggle to keep pace with changes to products, regulations and operational procedures.

Alongside this sits informal training, such as disseminating best practice techniques amongst colleagues. Evidence – be it actual or anecdotal – suggests that where best practice sharing occurs—even when formalized—it is on a relatively infrequent (e.g. quarterly) basis. However, the effects of sharing best practice are significant, and a notable increase in branch sales is typically observed when this occurs.

When these issues are combined with the ongoing need for branch staff to be intimately familiar with new campaigns and products, the result is a need for comprehensive yet nimble training mechanisms that deliver the correct knowledge to employees in a timely fashion.

Delivering internal corporate communications to the frontline

Operating in a distributed, multi-site environment can cause headaches when it comes to delivering internal corporate communications to staff in the frontline. Traditionally, there has been a steady stream of memoranda and bulletins – plus occasional videos and, latterly DVDs – emanating from central headquarters. Whilst these missives might arrive safely at their destination, there is, unfortunately, no guarantee that the audience they were intended for will either see or pay sufficient attention to them.

To be sure, advances in electronic communication – most notably the proliferation of email – has boosted rapid dissemination of information within organizations. At the stroke of a key, a message can be delivered to thousands of mailboxes, but in Datamonitor's view it is far from certain that all branch employees will be on the recipients list. Datamonitor has observed that access to email– such as Microsoft Outlook or Lotus Notes – will typically be limited to the Branch Manager and Customer Service representative. Therefore, if an important announcement is issued by email, by default the onus is placed squarely on these individuals to cascade information 'manually' to branch employees in an accurate, timely manner. Datamonitor considers this creates a dangerous weakness in the communications chain, and in extreme circumstances can result in critical information not reaching the people that need it most: namely those on the very frontline.

THE BENEFITS OF A DIGITAL MEDIA SOLUTION

Defining a digital media solution

Before describing the benefits, first it is necessary to define a digital media solution. Datamonitor considers it to be a centrally managed system capable of controlling audio, visual or graphical content via a display screen installed in a dedicated location (i.e. a branch environment).

A digital media solution consists of four distinct modules:

Module	Purpose	Example
1. Media creation	The creation of digital audio, visual or graphical content	Cisco Digital Media Encoder 1000 Cisco Digital Media Encoder 2000
2. Media management	The complete management of digital audio, video or graphical content	Cisco Digital Media Manager - Video Portal Module - Digital Signage Module
3. Media access	Enables digital audio, visual or graphical content to be displayed	Cisco Video Portal Cisco Digital Media Player
4. Media display	Displays digital audio, visual or graphical content	Plasma or LCD screen for HD playback PC for desktop video

Moreover, a digital media solution must:

- Possess sufficient flexibility to enable the delivery of different levels of information (see below):
- Have scalability;
- Be expandable to cope with further technological evolutions.

A digital media solution has the potential to remedy the pain points discussed in the foregoing section. Specifically, such a solution can:

Deliver different levels of information

In Datamonitor's opinion, organizations need to deliver distinct levels of information to their customers. This can be neatly segmented into 'Global', 'Regional' and 'Local', and the chart below highlights the typical communication content associated with each level:

Level	Communication content
Global	Global advertising & marketing campaigns Brand identity Corporate image
Regional	Regional or country-specific advertising & marketing campaigns Region-specific products Region-specific services
Local	Local advertising & marketing campaigns Targeted product promotions based on local market conditions Individual branch signage indicating customer servicing locations

Improve the in-branch environment

Across the world, an ever-rising number of Financial Services organizations have made – and are continuing to make – investment capital available to improve the visual appeal of their in-branch environments. The deployment of a digital media solution fits perfectly in this scenario, as the technology can be harnessed to deliver a better customer experience in several different ways.

Improving customer navigation and flow inside the branch

Digital signage can be used to clearly indicate where a customer needs to go for a specific service, such as an enquiry into a product or to perform an account transaction.

The provision of entertainment, advertisements and information for customers in line

Previously 'dead' queuing time suddenly gets an adrenalin shot, and mundane transactions blossom into interactions.

The ability to target entertainment, advertisements and information at specific customer segments

A networked digital signage solution can enable banks to better localize advertisements and promotional information for specific customer segments. For example, by taking the demographics of the branch location into account, content can be personalized on the basis of elements such as income level, language or popularity of a product or service. The benefits of digital signage, therefore, are far more than a straight like-for-like replacement for printed collateral, and banks can push relevant localized content in real-time to enhance the relationship with the customer.

Consistency and alignment with current initiatives

Maximum benefits can be realized when the digital media solution is aligned with dedicated branch business initiatives, such as product introductions and demographic segmentation.

Substantially enhance in-branch marketing

Reduce cost of printed marketing collateral

Digital signage should not be considered as a complete replacement of printed collateral, mainly because such material typically contains an application form for customers to fill out, sign and submit. However, it can significantly reduce printing costs, as it potentially removes the need for 'glossy' brochures, while application forms could be printed out in the branch on a case-by-case, on-demand basis. Furthermore, the cost of updating product information is significantly reduced by eliminating the need to re-design, re-print and redistribute vast amounts of printed collateral to reflect changes in rates, offers or Terms & Conditions, or due to mergers, etc.

Deliver better control over product message delivery

Using a digital media system that allows for centralized control over the delivery of marketing across the branch network gives an organization total control over how and when product specific messages are delivered, directly alleviating the issue of inconsistency between branches. Moreover, this also significantly reduces the work burden on branch-based staff, as in a traditional environment (i.e. one without a digital media solution) they are typically expected to arrange and maintain the various information stands and posters.

This benefit is further augmented by the relative simplicity of the digital media solution itself, and real-time changes and content updates are both straightforward and quick to perform.

Increase the speed & likely success of new product introductions

Digital media solutions – and signage in particular – deliver content uniformly with consistent messaging to employees and customers alike. As a direct result, branches have the ability to perform with a far higher degree of operational efficiency, with aligned training and product introductions resulting in improved revenue opportunities.

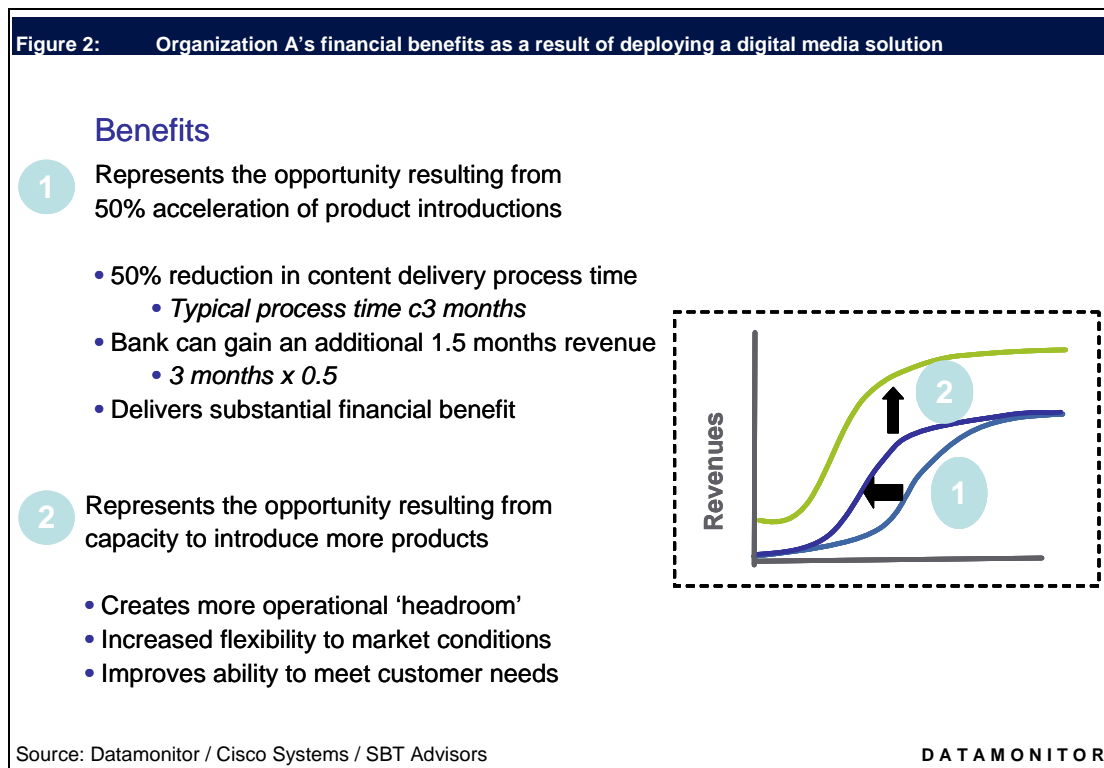
The risks previously identified in the new product development lifecycle –the release into the live environment – are mitigated as a direct result of digital signage being deployed. In effect, the traditional rollout process undergoes a radical transformation, and the relevant information can be conveyed to each branch (and thus each member of staff) in a far shorter timescale. Making adequate preparations for the launch of a new product greatly increases the likelihood of

increased revenue, and providing the estimated benefits are realistic the use of a digital media solution can drive new incremental revenue year on year.

Hypothetical example of increased incremental revenue opportunities

- Organization A is a bank with 900 branches;
- 60% of revenues are derived from its retail operation;
- It takes an average of 3 months post-product launch to reach a steady state of revenue;
- The organization launches 4 major products per year.

Figure 2 below serves to illustrate the financial benefits that Organization A could potentially enjoy as a direct result of deploying a digital media solution.



Deliver better training to drive sales productivity & proficiency

In the traditional environment, the training of branch staff – both at the point of employment and on an ongoing basis – represents an operational challenge to Financial Services organizations. However, the training process can be significantly improved through the implementation of a digital media solution—both desktop video and digital signage--which can deliver the following benefits:

- Faster ramp-up on the learning curve from the start of employment;
- Better product knowledge and sales skills dissemination;

- Reduction in travel and accommodation costs to attend off-site training courses;
- More efficient use of the employees time;
- Automated knowledge testing process;
- Accurate course attendance tracking for MI purposes.

Instead of best practice techniques being discussed on a basis that is both informal and infrequent, a digital media solution – and in particular its video capabilities – can enable the rapid capture and dissemination of information to a wide number of peers.

Hypothetical example of increased sales performance

- Organization A is a bank with 900 branches;
- It has on average 3 bankers per branch, equating to 2,700 in total;
- There is a 20% staff turnover rate;
- The average monthly sales revenue per banker is \$17K;
- There is a 3-month ramp-up time for new bankers.

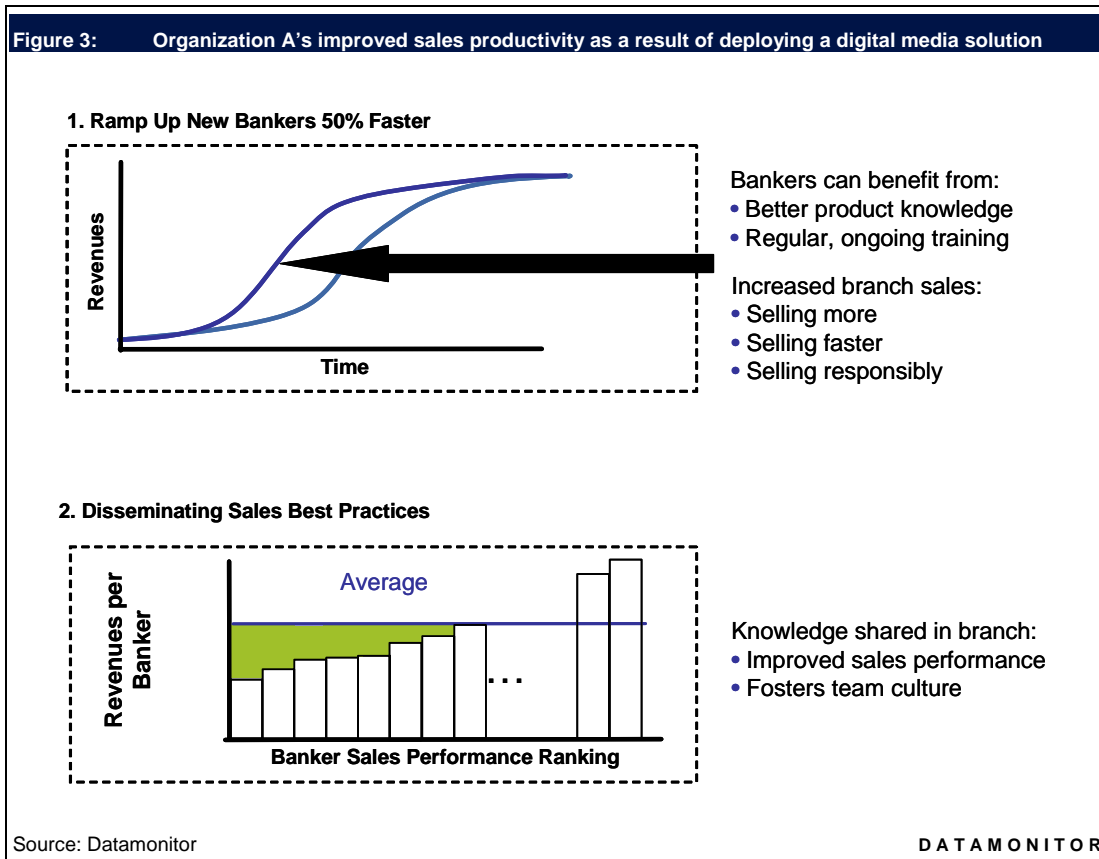


Figure 3 above demonstrates that a faster ramp-up and improved dissemination of sales best practice techniques could yield a substantial cumulative incremental revenue benefit of an annual basis. Significantly, both elements can be achieved through the deployment of a digital media solution.

Create a consistent corporate culture

Digital media solutions can also play a major role in delivering better Executive and Corporate announcements within a Financial Services organization. Instead of communiqués and bulletins washing into each branch on a rather haphazard basis, the situation can be much improved by using digital media technology as a mechanism for communicating important information. A single message – such as the Chief Executive announcing key highlights from the Annual Results – can be distributed to 1000s of branches simultaneously.

The benefits of digital media also extend to improve regulatory adherence and compliance through the solutions ability to deliver faster, more accurate communications. Taking the UK market as an example, the change in ruling regarding bank charges and penalty fees would need to be cascaded quickly to branch staff in anticipation of the inevitable onrush of customer enquiries.

Lastly, in a climate where M&A activity is rife, a digital media solution can potentially aide the faster integration of business units, and help drive uniformity into previously disparate operational processes and procedures.

Keeping pace with the competition

Digital media and signage solutions have already begun to appear within the branch networks of leading financial services organizations. This trend shows little sign of abating. As a consequence, there is a very real danger that a bank could be visibly 'left behind' when compared to the competition when it comes to making innovative improvements to the banking hall environment.

The key question, therefore, for senior executives to ponder is 'can you afford to **not** implement a digital media solution in your branches'. Datamonitor believes that the answer is an unequivocal 'no'. Such a solution should be considered as a core technology to deliver an enhanced customer experience in a modern banking environment, and the time to implement is now.

THE REQUIREMENTS FOR SUCCESS

For organizations that are considering the deployment of a digital media solution Datamonitor recommends that an internal assessment be carried out to perform the following tasks:

- Understand how digital media fits into the overall structure of the organization
 - What's the most desirable goal: Marketing, Information or Communications?
- Determine audiences
 - Who is the organization trying to influence
 - When will the organization target them
 - What will the content and messaging look like
- Prepare and organize content
 - Plan a uniform file format for all content;
 - Create new content tailored to fit the audience and the messaging objectives;
 - Develop a robust content development and management strategy to aide successful implementation.

APPENDIX

Definitions

CRM	Customer Relationship Management
MiFID	Markets in Financial Instruments Directive
RFID	Radio Frequency Identification

Ask the analyst

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