



**SILESIA
UNIVERSITY**

SCHOOL OF BUSINESS
ADMINISTRATION IN KARVINA

DISTRIBUTION OF FINANCIAL SERVICES AND THEIR PHYSICAL EVIDENCE


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OUTLINE OF THE LECTURE

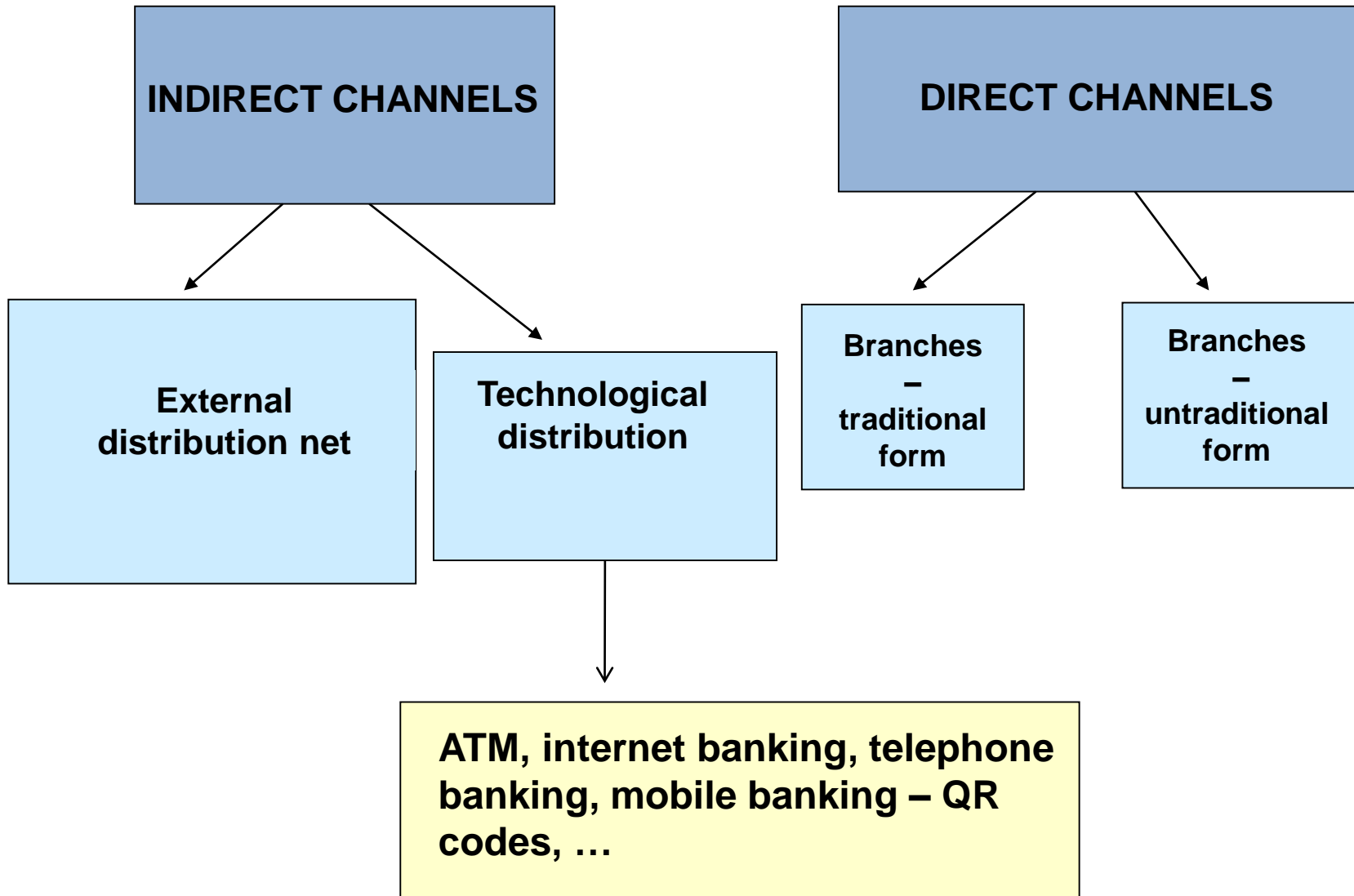
1. Distribution policy defining
2. Technological distribution
3. Bank branches of financial institution
4. Distribution strategy
5. Physical evidence



1. DISTRIBUTION POLICY DEFINING

- **Distribution:** local and time factor of marketing mix financial services.
- **Distribution:** inflexible, costly and time-consuming tool of marketing mix.
- **Distribution: a tool of competitive differentiation.**
- **A. Direct distribution channels** = direct contact between service provider and consumer.
-  **B. Indirect distribution channels** = there are intermediaries are between the service provider and the consumer.

DISTRIBUTION CHANNELS OF FINANCIAL INSTITUTION



MULTI-CHANNEL DISTRIBUTION OF FINANCIAL SERVICES



2. TECHNOLOGICAL DISTRIBUTION

ON-LINE DISTRIBUTION CHANNELS, „INTERNET“ FINANCIAL HOUSES

- ATM/VTM
- Internet banking
- Phone banking
- Smartphone banking
- Virtual branch



3. BANK BRANCHES OF FINANCIAL INSTITUTIONS

- **Branch is the commercial space designed to satisfy all the financial and other related needs of the client in order to generate profits.**
- Basic sales path of most financial institutions. You can build more personal and emotional relationship with customer.
- *How to optimally balance the number of branches, their size and location?*
- *What is the optimal form of branches - interesting, attractive, promoting positive brand perception?*
- *What is the optimal form of branches – supporting the sale of products and at the same time meeting safety principles?*



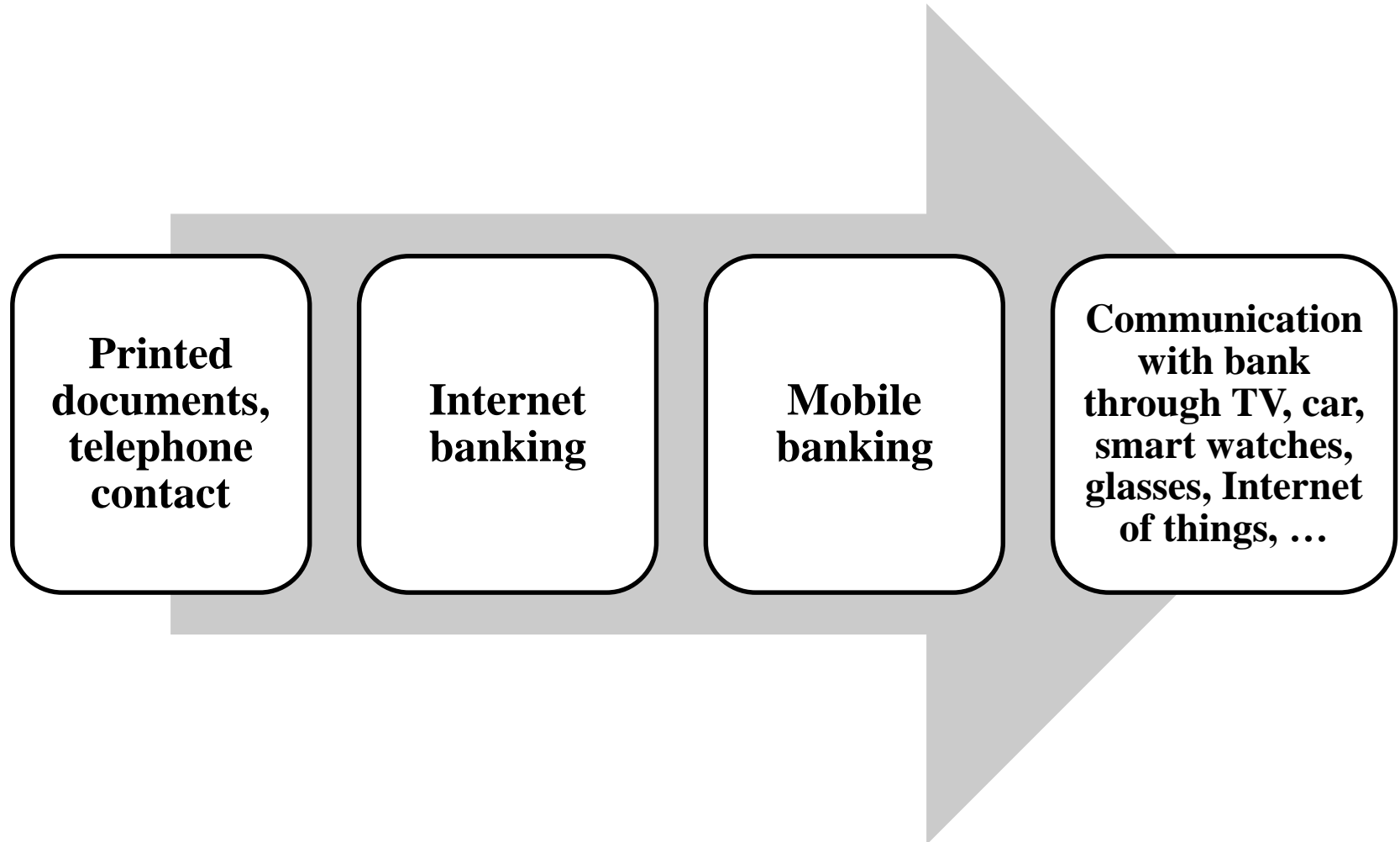
BRANCHES OF FINANCIAL INSTITUTIONS - IMPORTANCE OF PERSONAL CONTACT

- The client needs to sign something - deliver - pick ⇒ replacement with technology distribution.
- The client needs advice – not to solve it over the phone (online), prefers personal contact and explanations outlined on the paper.
- The client needs tailor-made products and it is not possible to buy them on-line.

**THE BRANCH OF FUTURE WILL MINIMIZE THE TIME THAT
CLIENT WILL SPEND AND MAXIMIZE CLIENT'S
SATISFACTION AT THE SAME TIME !**



FINANCIAL SERVICES DISTRIBUTION CHANNELS DEVELOPMENT



BRANCHES OF FINANCIAL INSTITUTIONS – ACTUAL SITUATION I.

- Low-cost bank without physical branches.
- The increasing importance of branches.
- Untraditional forms of branches (mini-branches, bank kiosks, mobile branch, VTM, ...).
- Virtual branch.
- Comprehensive services for clients.

BRANCHES OF FINANCIAL INSTITUTIONS – ACTUAL SITUATION II.

- Location - shopping centers.
- Automation, new technology (video-conferencing, video-calls, biometrics).
- Contact staff, external distribution network (the use of franchising).
- Cashier department and sales space.
- Concept of space (bank-café, gallery openings, exhibitions, ...).
- Offer of products from non-banking are (mobile phones, premium stationery, luxury candles, skin care products, ...).

DISTRIBUTION OF FINANCIAL SERVICES AND THEIR PHYSICAL EVIDENCE

BRANCHES – ZONE CONCEPT



BRANCHES – VIRTUAL REALITY



90% cost savings, 600 m2 (the largest in Europe), daily rental from 2 000 €

DISTRIBUTION OF FINANCIAL SERVICES AND THEIR PHYSICAL EVIDENCE

VIRTUAL BRANCHES

Hypoteční banka
Virtuální pobočka
Hypotéka z pohodlí domova

1. Z pohodlí domova
Kudkoliv a kdykoliv se vám pohodlí dělá. Vše vyřídíte, aniž byste opustili vyřádku svého řádku prameny.

REZERVUJTE SI HOVOR

NAS SERVIS | NAS TYM | VASE BEZPECI

Sdílejte schůzky ve Virtuální pobočce

Dobrý den Tomáši,
vítám Vás v UniCredit Bank E-pobočce.
Vyberte si prosím napravo oblast, která Vás zajímá.

- Účty a konta
- Hypotéky
- Úvěry
- Karty
- Investice

ASB
Virtual Branch

Opening Hours
10am - 6pm Monday to Friday

Welcome

click to watch intro

See who's available

Jane Thorton
Personal Consultant

Can I help You?

FRANCHISING

- UniCredit Bank has decided to respond to the demand of citizens for services of banks, especially in smaller towns, which have about 20,000 residents.
- Good knowledge of the region.
- Careful selection of business partners (six-month process).



BANK KIOSKS

- Places in large shopping centers that have flexible opening hours. There are the internet terminals, direct connection to the customer service line and financial advisors.



MOBILE BRANCHES

- Clients can use the mobile branch to solve basic cashless and limited cash financial services. There is the daily limit 100 000 CZK. Clients can order cash personally at the mobile branch or two days in advance by phone or e-mail.
- Services are provided by two advisers.
- Fees are the same at mobile branch as in all other classical branches.
- Design of branches is formed with a map of the region, which the mobile branch goes through.

DISTRIBUTION OF FINANCIAL SERVICES AND THEIR PHYSICAL EVIDENCE

MOBILE BRANCHES



VTM – VIRTUAL TELLER MACHINE

- VTM represents a single access point, where the customer can withdraw money and even sign a new contract.
- **The solution includes the following technologies:**
 - Video Technologies.
 - Biometrics.
 - Electronic signature technology.
- Low-cost, nonstop service, placed in small towns or villages.
- Now testing in the Czech republic, high usage in China and East Asian countries.



4. DISTRIBUTION STRATEGIES

- **Distribution strategy:** a complex of activities aimed at the selection of sales channels and all processes associated with the movement of the product from the supplier to the final consumer.
- Financial institutions create segmented, low-cost, innovative and customer-oriented distribution strategy that is not only used for the acquisition of new customers but also with aim to increase customer retention.



DISTRIBUTION STRATEGIES

- **Intensive**
 - simple standard products
 - frequent basic needs satisfying
 - many selling points, the goal is market penetration
- **Selective**
 - a limited number of selling points, long-term products
 - customers' greater involvement in the purchase
- **Exclusive**
 - a very small number of selling points
 - emphasis on the image of the products – professional staff, additional services etc.



5. PHYSICAL EVIDENCE OF FINANCIAL INSTITUTION

- Environment in which the delivery of financial service takes place and in which there is an interaction between the institution and the customer.
- The overall level of sales and representational space of company.
- All aspects of customer contact with the company.
- Internal x external.



PHYSICAL EVIDENCE OF BRANCH

INTERIOR	EXTERIOR
Equipment, organization - seating, organization of incoming clients	The shapem type and size of the buildings, including the used material
Information boards, aisle width	The facade and signs of buildings, outdoor banners
Office equipment, leaflets	Entrance
Lighting, fragrances, air conditioning, colour combinations	Outdoor lighting (signmaking)
Brand and logo	Location of building
Staff clothes – dress code	Parking
Type of clients	Vehicle fleet, ...
Place for children, drinking water, ...	
New technologies implementation	

MERCHANDISING

- **Merchandising or „5R“:**
 - Right product
 - In right place
 - In right time
 - For right price
 - Supported with right presentation
- **Merchandising** = appearance and arrangement of branch ⇒ to change the passive supply in active one!
- **Merchandising** = atmosphere as a tool for competitive differentiation.
- **Merchandising** = to attract customers, to improve the clients spent time in the area of the branch.
- **POP displays**
- **Sensory marketing** (smell, taste, touch, sense of sight, sense of hearing)
- **Scent marketing boom!**

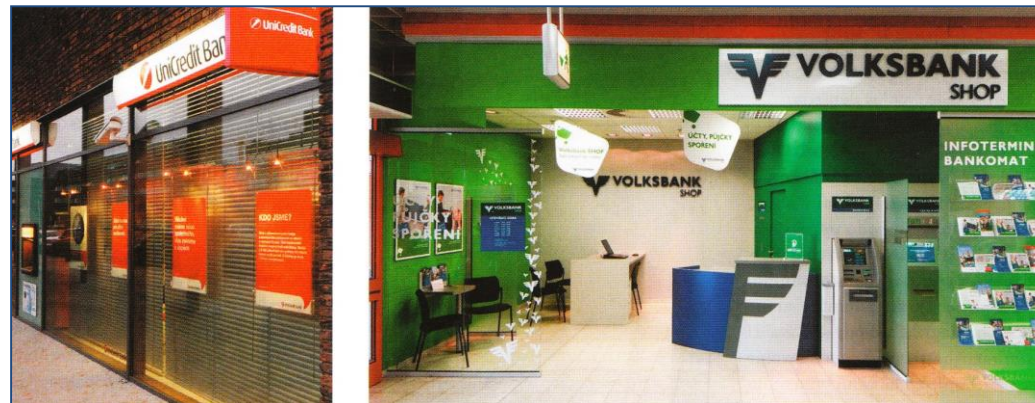


POP DISPLAYS

- **POP (Point of Purchase) is the set of promotional materials in the place of purchase in order to increase the sale.**
- **80 - 90 % of all purchasing decisions take place directly in place of purchase!!!**
- Create intense signal for impulse sales.
- To provide detailed information about offered products – their specific values and advantages.
- Remind all communication messages on the place of purchase, which were presented by other information sources (usually mass media).

TYPES OF POP DISPLAYS

- Exterior marking, entrance area, waiting area, banking hall, staff workplace, cash desk, space for VIP clients or extra services
- Stands, printed materials on the shelves, internal radio, demonstration screens, interactive kiosks, neon signs, stand for leaflets, welcoming stand, ...
- Outdoor x indoor, short-term x long-term, flooring, wall, on the shelves, others.



SENSORY MARKETING

- Sensory marketing explains how sensory aspects of products (i.e., the touch, taste, smell, sound and visual aspects) affect consumer emotions, memories, perceptions, preferences, choices and consumption of these products.
- In the short term **we remember just 1% of what we touch, 2% of what we hear, 5% of what we see, 15% of what we taste and 35% of what we smell.**
- The right ambient scenting solution can subtly prompt consumers to spend more time in retail environments or can be an effective means of drawing people into your store.



WHY SCENT MARKETING?

- The olfactory system is directly connected to the limbic system, the seat of human emotions, and the hippocampus, the memory center of the brain. Emotion and memory are key drivers of purchase behavior.
- Scent marketing in scientific studies have proven that adding scent to the store environment affects consumer behavior in a variety of ways that are good for business:
- **Increase sales improve customer perceptions of store & product quality.**
- **Encourage customers to spend more time in store.**
- **Associate positive emotions with store and products.**
- **Increase customers' intention to return to store.**

