POST-LAUNCHING MONITORING ACTIVITIES FOR NEW TRANSACTIONAL BANKING PRODUCTS ADDRESSED TO SMES (CONSIDERATIONS)

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Abstract: *The current paper has the aim to provide guidelines for post-launching monitoring activities and steps related to new transactional banking products addressed to SMEs. While the pre-launching activities have the purpose of accurately defining the objectives, assumptions and estimations, the purpose of the post-launching plan is to identify: if the final objectives of a product launching have been met, on one hand, to analyze results in the sense of identifying an efficient action plan in order to overcome the lack of results (if case), but most important, to identify opportunities for optimizing the products and for communicating properly the value proposition. This paper also presents schemes for monitoring the results from a business case and for motivating the sales force, as an essential step in increasing the sales. Therefore, alternatives of incentive campaigns are presented, as sustainable campaigns with to purpose to achieve an expected success rate. As an additional support guideline for the sales force, some scenarios and post-sales actions are presented, together with an example of portfolio analysis considering potential per client. Considering the methods and details presented in the current paper, one can identify the importance and find out how to monitor the results after launching a new transactional product addressed to SMEs, can understand and design an incentive scheme and also define actions to be taken in order to increase revenues from a newly launched transactional product.*

Keywords: banking marketing; pricing strategy; product strategy; SME.

JEL classification: M31; G21; D24.

1. Introduction

As Ennew and Waite agree (in Routledge, 2013: 266), 'the key to successful product management is the development and maintenance of an appropriate product range. This requires that a financial service is developed with a set of features which correspond to consumer requirements and that this range is constantly monitored so that existing services can be modified and new services can be developed".
Decisions to be taken/ important questions to be answered before the product catalogue launching:

- Is there a specific target for each product, with limitations for others; is there any impact in profitability if other product is offered to a segment not from the target?

- Is there a limited list with clients to be considered for selling a specific package? and so on.
- Organizing a brainstorming session for product names, in order for each package to receive a relevant name for its value proposition to the customer.

In order to identify product optimization opportunities (in case of newly launched products, or even if only for fine-tunings), the continuous tracking and monitoring of the campaigns execution and of the results are essential; a constant check of adherence to the marketing strategy and guidelines is needed.

Weekly (or even daily) analysis of the overall results achieved on the campaign, through developing specific reports and presentations is useful for the management on one hand, but also for the sales force, on the other hand.

While monitoring campaigns results and presenting intermediate results to the management, besides the sales evolution, an efficient presentation contains also a SWOT analysis, based on identifying, analyzing and comparing the best practices and the worst practices.

2. Measuring the results of a newly launched transactional product

Measuring the results is, in Ehrlich and Fanelli opinion (Bloomberg, 2012:164), 'no different than evaluating a portfolio strategy. If your plan didn't help you reach your goals, change it'.

Ellis (in Oxford, 2011: 159) states that a 'formal planning process is the best way to reach strategic decisions. This approach puts forward a series of logical steps through which organizations may be able to arrive at their optimum strategies. A structured planning framework include as a last step the Control, as a way to measure, evaluate and gain feedback, which evaluate the degree of accomplishing the objectives (Ellis, 2011: 159).

After: analyzing the existing relevant data for current portfolio, comparing existing products on the market with the newly proposed ones and after designing different scenarios in order to calculate revenue impact of the launching, the most realistic scenario has to be chosen (as presented in a previous paper). The work on the business case continues by accurately calculating the estimated impact, by considering all the elements that may affect (positively or negatively) the profitability of the new products. This is why, in Figure 1, the author proposal is to calculate total estimated impact, while emphasizing the impact from new clients acquisition separately than the impact coming from the migration of existing clients to the new products (assumptions on new clients acquisition vs. assumptions on actual portfolio migration scenario – most realistic one). For each type (prospect/ clients), number of companies acquiring each type of package is highlighted, in order for further analysis and monitoring to be more easily done.

The revenue net impact is calculated as a difference between the categories of revenues (as a sum) and the costs. Categories of revenues are, in current example:

- Package fee and additional transactions
- Net interest – from sight deposits
- Costs – if banking benefits or non-banking benefits included in the package involve some costs.

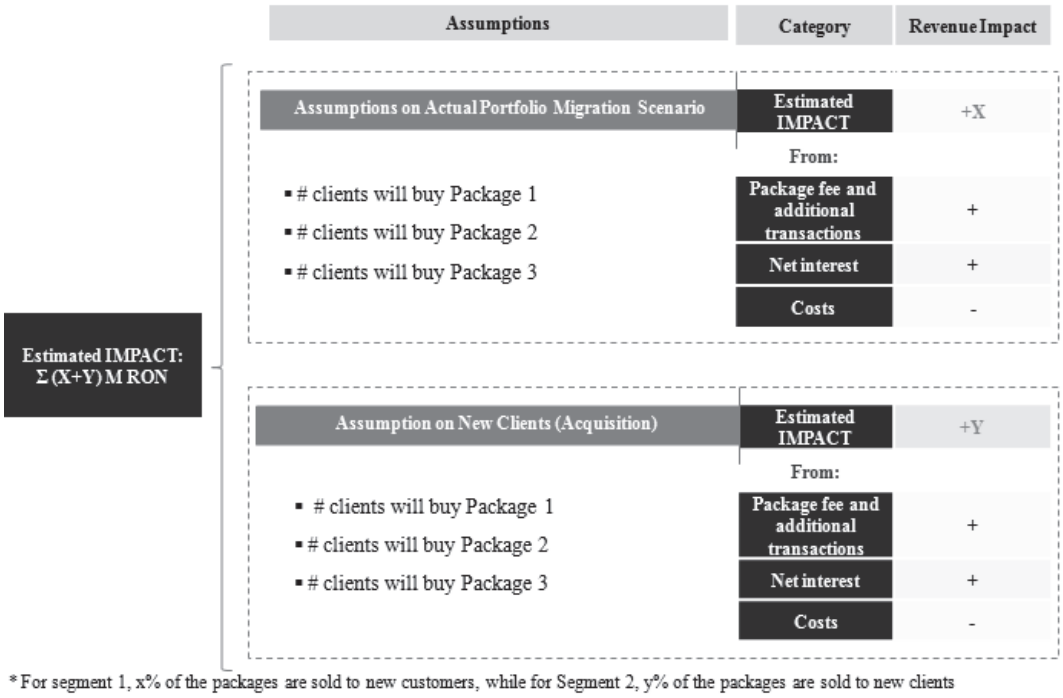

Figure 1: Business case for launching a new product catalogue of 3 packages
Source: Personal contribution of the autho

2.1. Calculating the deviation from initial objectives

After approximately one month from launching the new products, it is important to start monitoring the results. Figure 3 is an example of monthly monitoring the results for the new product catalogue of packages. Main idea is to compare the results with the initially estimated business case, in order to identify areas where it should be improved, or where assumptions are not met, and also to adjust the numbers (a new forecast).

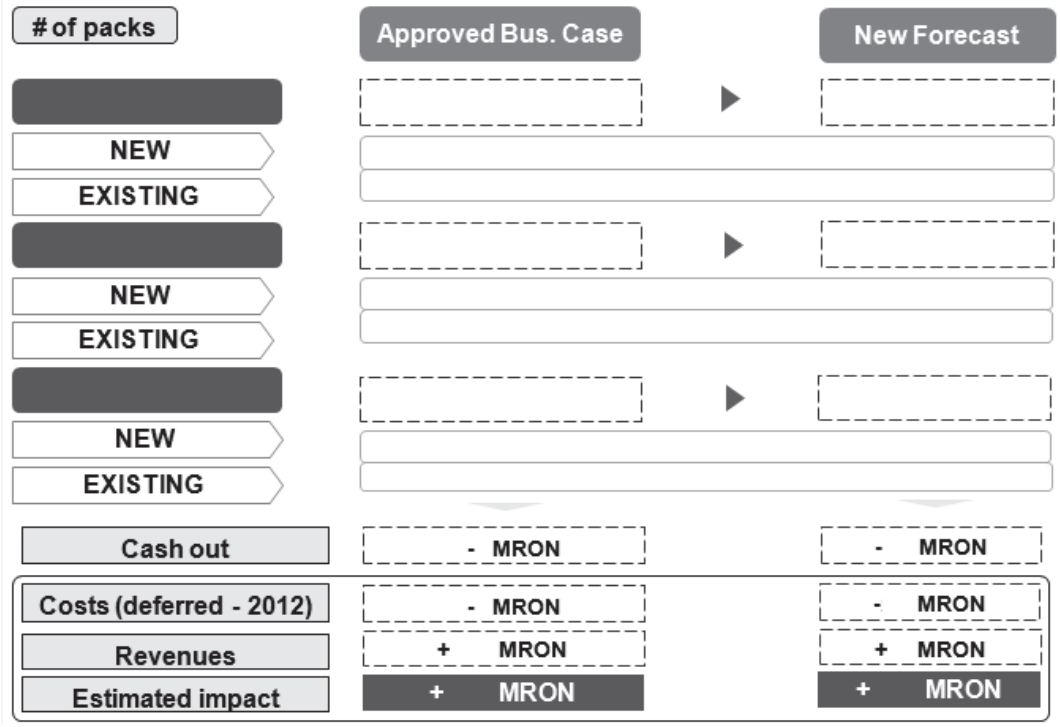

Figure 2: First months results compared to initial estimations
Source: Personal contribution of the author

3. Motivating the sales force through an incentive campaign

If the Service Model is clearly defined, then the roles, flows and targets for the sub segments are accordingly to the customers' needs and characteristics and in line with market potential. This is the ideal situation while launching a product/ creating an incentive scheme for the sales force.

Sometimes a more detailed analysis is needed; therefore a qualitative/ quantitative research is welcomed. Depending on the previously identified issues, the scope of the market research is to identify the reasons for buying/ rejecting the new product. Therefore, the target for the research should consist in SMEs receiving at least one offer on the new product.

As the new products were designed to be very profitable, number of products sold becomes an important target for the entire segment. Therefore, the sales need to be supported through an Incentive Scheme for the sales force, a powerful internal campaign, but a powerful external campaign also. The commercial campaign is to be focused on value proposition for the client, in our case cost optimization. The internal campaign is to be focused on the bonus offered to efficient sales people. Both campaigns need to have support materials, as guidelines for the sales team and as marketing materials for the clients.

Internal campaign, if monitored weekly, could reveal some best practices if analyzing the sales persons with constant good results. Direct feed-back is also efficient. On the other hand, providing strategic directions and support to the less competitive sales persons could also lead to results increase.
The Incentive Scheme is designed as a commercial campaign in order to boost the sales of the new packages launched. There are two main options: to have a limited number of bonuses, granted for Top performers, or to grant bonuses to all performers achieving their targets. Both are efficient in different cases, while the second one is more motivating for a higher number of sales people, being more suitable while the purpose is selling a high number of products.
Figure 3 illustrates an example of incentive scheme, with minimum achievement limit at 80% and revealing the bonus thresholds (meaning that in between the bonus is remaining constant).

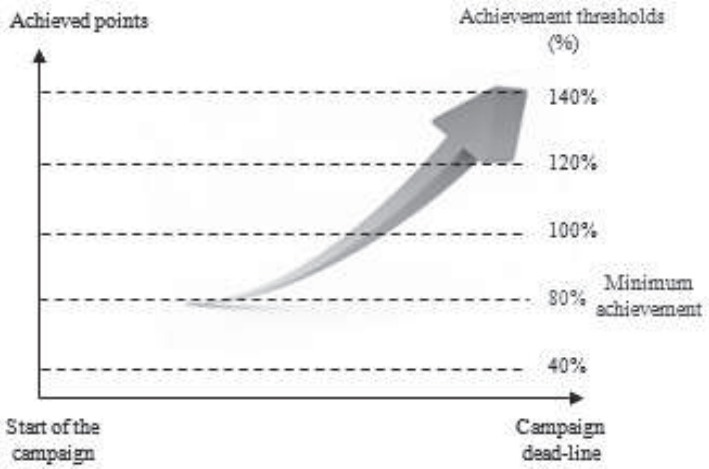

Figure 3: Incentive scheme for selling the new 3 products
Source: Personal contribution of the author

4. Post-launching optimizations to be made

Bad scenarios to be considered with priority include, as Nagdeman states (in Wiley, 2009: 58): ‘a sudden shift in market conditions changes user sentiment, (...). A marketer must first understand why the product is not selling and then apply creative thinking to determine the best way to reposition the offering’, ‘a product or service is not addressing customer needs’ (this is why the segmentation and clustering process is so important in defining the target market), ‘a product simply outlives its usefulness’ (for example, paper based payment orders compared to electronic ones through internet or mobile banking).

Separately from the scenarios, it is important to understand also the potential of increase, in order to take the right decisions and actions. In Figure 4, an example is illustrated, considering that most of the clients currently generate low revenues to the bank and have a high potential, while the ones generating high revenues have the lowest potential of increase.

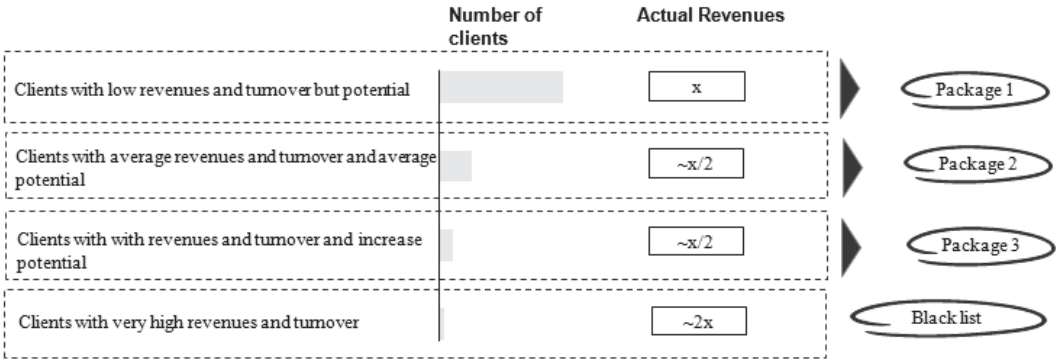

Figure 4: Strategy defining considering the client behaviour and correlation with potential
Source: Personal contribution of the author

Depending on results, best and worst practices, scenarios occurring, clients potential and constant feedback from sales persons and clients, some fine-tunings or even product optimization may be required. These fine-tunings or optimizations could be on: product characteristics or features, technical set ups, pricing, flow adjustment, sales process (including target), campaign related (incentive scheme or external campaign) clarifications or modifications.
Other processes to be considered as adding value to the product after selling are:

- On boarding process (for newly acquired clients)
- Migration process (for existing clients acquiring the new product)
- Resegmentation process while acquiring a superior product (from a superior segment's product catalogue)
- Dormant clients reactivation through special offers on the new product.

Concluding Discussion

By reading the current paper, one can conclude that, in order for a campaign to become successful, it needs to be efficiently communicated to the sales force, first of all. The concept and value proposition needs to be very well understood by the sales people, while the product details need to be all known, both having a strategic importance in achieving the commercial target.
The main reasons sustaining the importance of motivating the sales force:

- The main purpose of the products are gaining new, respectively making clients become more loyal
- Selling the products has a significant impact in revenue increase, especially through turnover increase
- Clients with low turnover but high potential are encouraged to increase the turnover through the bank.
- The campaign being on going, it is very useful for the product manager/ marketing specialist to receive constant feed-back from the sales force, containing direct feedbacks from the clients.

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