

BEYOND TRADITION

Innovation in Retail Branches is the Key to Survival

Let's be honest – traditional branches are going extinct. Some financial institutions operate under the belief that physical retail branches are no longer needed at all, and that consumers are perfectly fine with utilizing digital technology and innovation to meet all their banking needs. They're half right. While traditional retail branches are no longer necessary for many modern consumers, innovative branches that embrace new ideas and philosophies are experiencing business growth. It's not about eliminating branches – it's about innovating them to adapt to modern consumers' preferences and needs. To initiate this process, however, financial institutions must follow four key attributes for success.

01

MAKE STRATEGIC DECISIONS EARLY

Before jumping headfirst into redoing your branches or hurrying to grab the latest technology, financial institutions should carefully examine each of their branches and the markets they're present in. Branches can't be painted with a broad brush, and strategic decisions about them shouldn't be based on a single idea. Each branch should always be individually evaluated to determine the successes and failures it's facing – or could face. A branch in one location may be performing significantly better than another, despite both being equipped with the same technologies. Understanding these differences and their strategic implications will enable financial institutions to make more informed and calculated decisions.

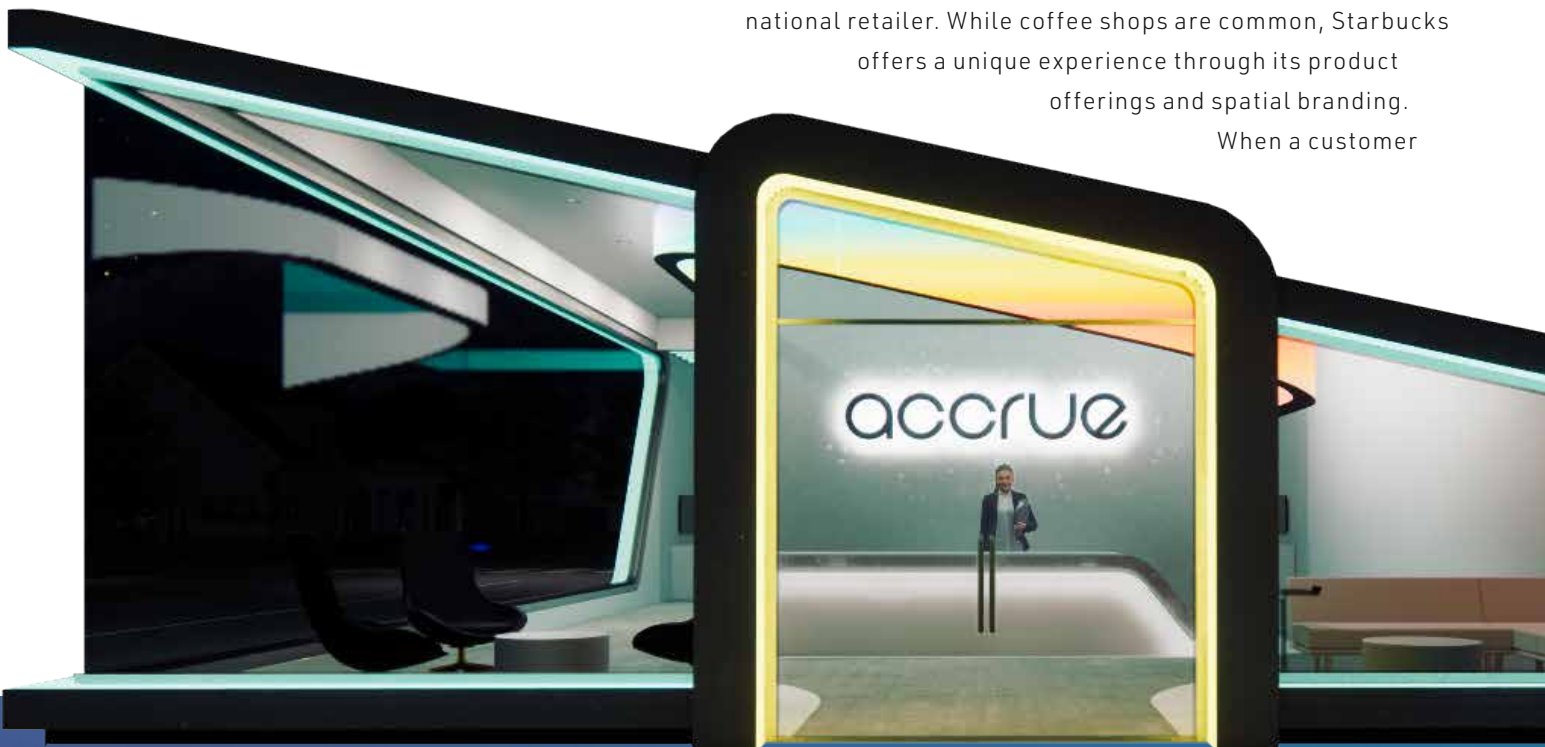
02

EXAMINE NON-FINANCIAL RETAILERS

While banking operates in a very unique market compared to other retailers, it's still valuable to evaluate and adopt some of the strategies non-financial retailers use to entice consumers into their stores. Retailers often employ different store designs, storytelling techniques, and innovative marketing methods to attract and engage customers. They strive to be memorable and create a desire for customers to visit their stores. In the past, financial institutions could assume that consumers needed to visit their physical locations to complete their transactions. However, with the increased prevalence and rise of online banking, that is no longer the case. Most, if not all, banking needs can now be fulfilled online. So how can financial institutions attract new consumers to their physical branches in the same way retailers do?

One example worth considering is Starbucks, a leading national retailer. While coffee shops are common, Starbucks offers a unique experience through its product offerings and spatial branding.

When a customer



walks into a Starbucks store, they can immediately recognize the distinct ambiance and style without even seeing a logo. The product display is also carefully curated, and the integration of app-drive technology allows customers to conveniently order ahead of time and pick up their orders at a separate counter. These innovative strategies can serve as valuable insights when planning your financial spaces.

03

UNDERSTAND LOCAL CULTURE AND MARKETS

Another critical aspect of strategy is understanding the local culture, markets, and demographics. Each area differs not only in population and market density, but also in its demographic composition and cultural characteristics. For instance, a financial institution located in a rural area within a predominantly farming community might find that face-to-face interactions hold greater value for consumers. On the other hand, an urban branch situated in a bustling area might benefit more from Interactive Teller Machines (ITMs) and systems designed for quick and convenient transactions. Examining these markets doesn't imply categorizing them as good or bad for setting up a branch. Instead, it involves comprehending how each location should be customized and adapted to cater to specific demographic demands and preferences.

Moreover, design choices can also be directly influenced by

local culture, incorporating environmental graphics, history and culture walls, local artwork, and more. By embracing these localized elements, financial institutions can establish stronger connections with the community and create a welcoming atmosphere that resonates with the local clientele.

04

STAFF TRAINING AND CORE VALUES

An often-overlooked aspect of facility updates is the necessity of providing proper staff training. Having a new space is one thing, but it's equally crucial to ensure that your staff knows how to respond to new consumer demands and questions within the space. Are they well-prepared to handle interactions when someone enters the facility or address questions about the potential new innovations and technologies?

Ensuring proper staff training is indispensable for a successful branch update - your staff must be well-versed in all aspects of interacting with consumers. This goes beyond merely answering common questions or guiding consumers; your staff should embody your core values. They should thoroughly understand how you want them to engage with consumers and what you expect from them. While these values may remain consistent even after network updates, the physical spaces are undergoing changes. Any change, no matter how beneficial it may be for the overall organization, will likely be met with resistance from consumers. Change is challenging, and often scary. Therefore, having adequately equipped staff who are ready to handle such resistance is of utmost importance.



CONCLUSION

These four attributes are far from the only things that need to be considered when evaluating your network, but they serve as an excellent starting point. Change is inevitable and adaptation is essential, but so is planning. Thoughtlessly or haphazardly introducing new designs or technology without consulting true professionals can lead to revenue losses and eroding market shares. However, collaborating with genuine strategic partners to plan, predict, and adapt your spaces can result in new innovations that draw consumers back to retail locations. The market has changed, but as long as you can adapt appropriately, financial institutions will survive for eons to come.

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