

MicroSave

Market-led solutions for financial services

**MARKET RESEARCH
FOR
MICROFINANCE TOOLKIT**

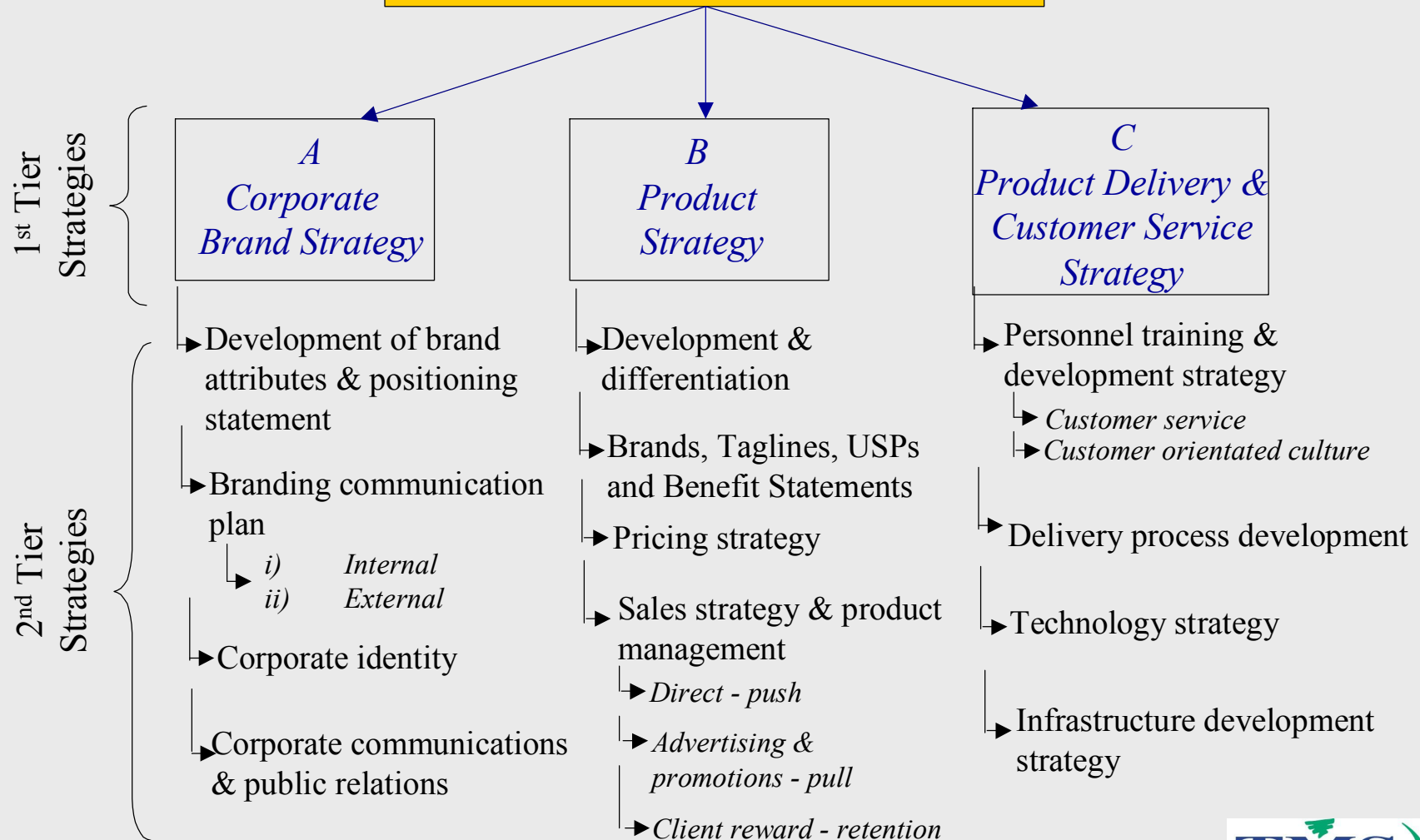
MicroSave

Market-led solutions for financial services

Product Development

Strategic Marketing Framework

The MFI Marketing Strategy



MicroSave

MicroSave
Market-led solutions for financial services



Why Develop New Products?

- Respond to client needs and preferences
- Operational & financial sustainability
- Deepen and broaden outreach/growth
- Help clients manage risk and vulnerability
- Raise new sources of capital
- Reduce delinquency rates
- Retain good clients/reduce drop-out rates

When Clients' Needs Are Not Met ...

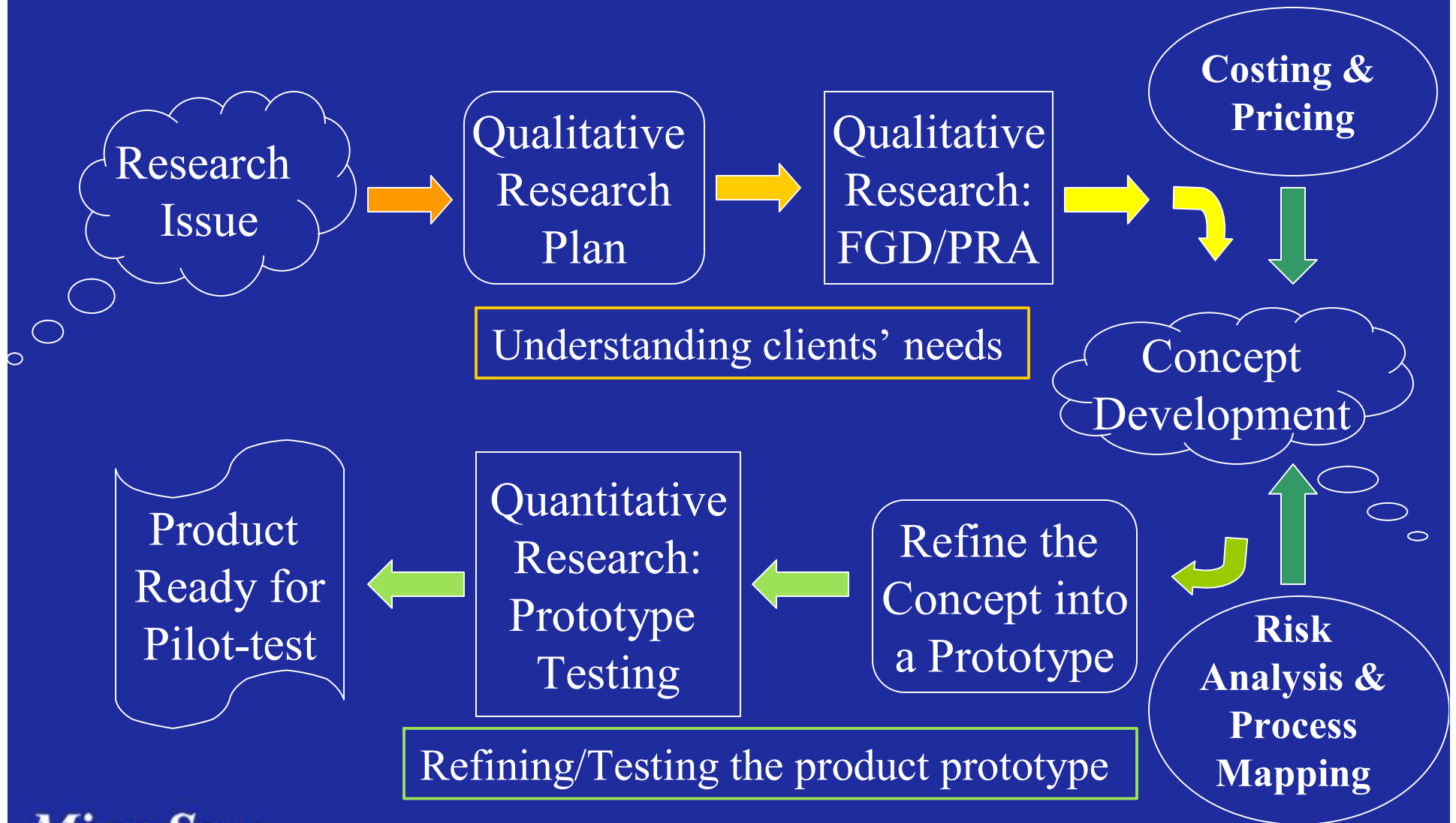
An MFI will typically experience:

- slowed growth and difficulty with sustainability
- increased delinquency or default
- desertion, as frustrated customers look to the competition to meet their needs

Unfortunately, most MFIs do not carefully track the reasons clients leave, and lose a valuable information opportunity for product refinement or even development.



Market Research & Product Development Process Overview



Four Key Phases of Product Development (1)

1. **Research to identify needs and opportunities:**

- Review of the competition/products offered by formal and informal sectors,
- Conduct exploratory market research in various market segments
- Contacting other market leaders in the MicroFinance industry.

Four Key Phases of Product Development (2)

2. Design and pilot testing

- Detailed design of prototype
- Costing and pricing of new products
- Product risk analysis
- Detailed planning of the pilot-test
- Preparation for the pilot-test
- Pilot-testing



Examine it...
does it seem to
make sense...
and money?

Four Key Phases of Product Development (3)

3. Monitoring and evaluation of the pilot test



- Monitoring the financial and organisational consequences of the new product
- Conducting market research among the clients to review how the product was perceived and used.

Four Key Phases of Product Development (4)

4. Revision & scaled-up implementation

- Once these analyses have been completed, the MFI can make necessary amendments to:
 - the product,
 - its pricing,
 - delivery,
 - marketing etc.



Before you dive in...

BEFORE going for scaled-up implementation!

Concept Development

- From Research Findings Develop your Concept
- This is your initial thinking on how to meet the expressed needs ...

Linking Needs to Products: Thinking About Needs of the Poor (1)

Life Cycle Needs

Birth, death and marriage, education and home-making, widowhood, old age, death, and the need to leave something behind for one's heirs.



Linking Needs to Products: Thinking About Needs of the Poor (2)



Emergencies

- Impersonal emergencies such as floods, cyclones, and fires, and
- Personal emergencies such as illness, accident, bereavement, desertion and divorce.



Linking Needs to Products: Thinking About Needs of the Poor (3)

Opportunities

- Starting or running businesses, acquiring productive assets/land/housing, or buying life enhancing consumer durables

Consumption Smoothing

- To manage expenditure during times of low income



When Analysing Ideas ... Remember!

8 Ps

pricing

products/
services

positioning

place

process

promotion

people

physical
evidence

Concept Evaluation

The Methods

- In-depth interviews (about 1 hr, each) with 10-12 individuals or
- Focus Group Discussions with 4 mini groups (of 3-4 people per group)

**Feed back is immediately discussed
and used to refine the concept –
after each interview or Focus Group Discussion**

MARKET RESEARCH FOR MICROFINANCE : BEYOND PRODUCT DEVELOPMENT

Market Research: Beyond Product Development

- Beyond Market Research the Tools have been used for to address diverse institutional Needs
- Some tools have been modified and others added to explore issues appropriately in depth

Image Analysis

- Market-led Institutions realize that corporate image is key in defining their services and driving sales
- The analysis helps to know target markets and their characteristics
- Perceived institutional strengths and weaknesses
- Identification of key Values and a Culture that underpin their operations
- Development of appropriate messages to maintain or improve the image

Customer Service

- In competitive markets, market-led institutions differentiate themselves on the basis of customer service
- The tools help to identify key CS attributes
- Help track changes in the levels of CS over time
- Demonstrate how different CS attributes have influenced clients' choice of providers
- Process improvements by understanding key processes and Risk Mitigation strategies through Process Mapping

Feedback Loop Analysis

- This is a continuous process from data collection to use for decision making and implementation of new actions
- The tools help to understand key sources and uses of information
- An understanding of relative amounts of information involved
- An understanding of key modes of information flow
- Areas of blockage and ways to improve

Product Marketing

- Development of marketing campaigns that promote key product benefits to the customer
- *Benefit Statement* – clients' perception of value they receive from consuming the products
- *Unique Selling Proposition* – the difference that makes the difference
- Testing *Taglines*
- Testing Effectiveness of *Marketing Materials*

Client Education

- Teaching the knowledge, skills and attitudes required to adopt good money management practices for earning, spending, borrowing and investing
 - Savings, Debt and Money Management
 - Financial Negotiations
 - Use of Bank Services

Conclusion

The Market Research for Microfinance Toolkit can be adapted for different uses;

- Developing new products and modifying old ones,
- Understanding clients and their perceptions of the MFI and its services/products,
- Developing/refining marketing programmes,
- Client Education - adoption of good money management practices
- Understanding the “financial landscape”, or environment, within which the MFI is operating,
- Analysing problems such as drop-outs and growing trends loan default,
- Impact assessment and evaluation,
- Analysis of relative depth of outreach,
- Detecting fraud/rent-seeking, and
- Running strategic planning/staff meetings

Thank You
Any Questions / Comments?

MicroSave

Market-led solutions for financial services

Shelter Afrique Building, Mamlaka Road, P.O. Box 76436, Nairobi, Kenya

Tel: 254 (0)20 2724801/2724806/2726397

Fax: 254 (0)20 2720133

Email: info@MicroSave.org

Website: <http://www.MicroSave.org>