Client-centered product development: New twists on an old theme
Objectives

1. Define client-centered product development
2. Explore two frameworks for analyzing a product’s design
3. Compare “old” and “new” approaches to client-centered product development
4. Examine how and why financial service providers are integrating human-centered design and behavioral marketing into their product development processes
5. Consider using a new approach to client-centered product development to increase your own institution’s outreach
What is a product?

*A financial service that customers purchase because it fulfils a particular need*

- Some products combine two financial services in one package
- Others integrate financial and non-financial services
The Total Product

Core Product

Actual Product

Augmented Product

What is product development?

Product development ≠ New product development
What is product development?

Product development = The process of improving existing products or creating new products
The 8Ps
The 8 Ps

- **Product**: The “8Ps” are the most commonly-used tool for defining the marketing mix.

- **Price**: "Marketing mix" is a general phrase used to describe the choices organizations make to bring a product or service to the market successfully.

- **Place**: The first four Ps were articulated by E. J. McCarthy in 1960.

- **Promotion**
The 8 Ps

- Product
- Price
- Place
- Promotion
- Process
- People
- Physical evidence
- Positioning
Product

▪ The “thing” you are selling or offering the customer

▪ Includes specific design features such as:
  ▶ Loan amount
  ▶ Loan term
  ▶ Disbursement schedule
  ▶ Repayment schedule
  ▶ Collateral or collateral substitutes
Price

- What a customer must pay to access your product or service
- Includes direct costs, such as:
  - Interest rate
  - Withdrawal fees
  - Prepayment penalties
  - Prompt payment incentives
- And transaction costs, such as:
  - Transportation
  - Photographs and photocopies
Place

- Where your product or service is distributed; the locations where customers can access it

- May include:
  - Your branch network
  - Outreach agents
  - ATMs
  - Mobile phones
Promotion

- How you communicate the value of your product or service

- Includes:
  - Advertising
  - Personal sales
  - Public relations
  - Direct marketing
  - The specific channels through which you communicate
Process

- The procedures through which your product or service is delivered
- The experience customers get when they buy and use your product or service
- For example:
  - Forms to be filled
  - Steps to evaluate an application
  - Queues
People

- Who delivers your product/service
- What knowledge or skills they possess
- How they treat customers
Physical evidence

- What customers see and touch when they experience your product or service
- For example:
  - The physical environment in which the product or service is delivered
  - Brochures, posters, other marketing materials
  - A passbook or smartcard
Positioning

- How you aim for your product or service to be perceived relative to the competition

- For example:
  - Low price
  - High quality
  - Security of savings
  - Quick turnaround time
  - Professional service
What does it mean to be “client-centred”?

“Integrating client understanding throughout your operations”

“Being focused on addressing customer needs and not on selling products”

“Engineering all parts of the institution around the customer in an integrated fashion”
## The 8Ps from a customer’s perspective

<table>
<thead>
<tr>
<th>8Ps</th>
<th>8Cs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Customer solution</td>
</tr>
<tr>
<td>Price</td>
<td>Cost</td>
</tr>
<tr>
<td>Place</td>
<td>Convenience</td>
</tr>
<tr>
<td>Promotion</td>
<td>Communication</td>
</tr>
<tr>
<td>Process</td>
<td>Concise, confidential</td>
</tr>
<tr>
<td>People</td>
<td>Courteous, competent care</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>Confirmation</td>
</tr>
<tr>
<td>Positioning</td>
<td>Commitment, competitive edge</td>
</tr>
</tbody>
</table>
A client-centered product development process?

Customer Needs
Institutional Strengths
Competitive Positioning

Evaluation and Preparation

Market Research

Launch

Pilot Test

Design Prototype

New twists on an old theme

- What is human-centred design?
- What is behavioral marketing?
- How can these new approaches make our product development more client-centered?
- Will being more client-centered generate more returns?

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Today’s panelists

Sashi Selvendran
MEDA

Ivana Damjanov
UNCDF

Rathi Mani-Kandt
17 Triggers
MEDA and UGAFODE: Savings Mobilization

New Savings Products
Insights, Opportunities, Ideas and Prototypes

IDEO.org Photo
Agenda

• Introductions of MEDA, IDEO.org, 17triggrs
• Project Overview
  — Project Communication Loop & Roles
• Role of IDEO.org
• Role of MEDA
• Role of 17 triggers
• Q&A
Project Overview

Donor Support: UNCDF (MicroLead Expansion)

Timeline: 3 years until end of 2016 (about 6 months in)

Scope:
- Successful mobile banking rollout, expansion in outreach and uptake
- Successful savings mobilization with increased outreach to women and rural population

Goal:
- To offer sustainable mobile financial services to rural women and men in Uganda that have limited or no access to savings accounts through the formal financial system. The ultimate goal of the project is to improve the livelihoods of rural households as a result of access to appropriate and sustainable financial services.
Project Partnership

UGAFODE

IDEO.org (research)

MEDA (Project & TA)

PEGASUS

CRS

MTN & AirTel

17 Triggers (Marketing)

UNCDF
Role of MEDA

1. Competitor Analysis
2. Institutional Assessment
3. Blending findings of IDEO.org into tangible implementation
4. Guiding product development process
5. Training & TA

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**SWOT Analysis**

**INTERNAL**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>Governance structure</td>
<td>Operationalizing transformation</td>
</tr>
<tr>
<td>Management Structure</td>
<td>Less aggressive marketing</td>
</tr>
<tr>
<td>Strategic partnerships and linkages</td>
<td>High cost of funds</td>
</tr>
<tr>
<td>Documented policies and procedures</td>
<td>Keeping pace with competition</td>
</tr>
<tr>
<td>Integrated ICT System</td>
<td>Limited national coverage</td>
</tr>
<tr>
<td>CRB Membership</td>
<td>Breakdowns of ICT System</td>
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<tr>
<td></td>
<td>Undefined radius of operation</td>
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</tbody>
</table>

**EXTERNAL**

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>Regulation by Bank of Uganda</td>
<td>Stiff competition</td>
</tr>
<tr>
<td>Product development opportunities</td>
<td>Public perception about MDIs</td>
</tr>
<tr>
<td>Outreach expansion</td>
<td>Funding structure - largely debt</td>
</tr>
<tr>
<td>Stable political environment</td>
<td>Subsidized government credit programs</td>
</tr>
<tr>
<td>Growing informal sector</td>
<td>Multiple borrowing</td>
</tr>
<tr>
<td>Increasing labeling</td>
<td>Product risks</td>
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</tbody>
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MEDA Client Centered Framework for Product Development

CLIENT FEEDBACK

IDENTIFY
- (2) Analyzing Data and Identifying Opportunities
- (3) Conducting Market Research

PREPARE
- (8) Adapting MIS
- (7) Determining Outreach Strategies
- (6) Finalizing the Product Plan
- (5) Assessing Rewards, Resources & Risks
- (4) Designing Prototype

DESIGN
- (12) Rolling Out
- (11) Monitoring & Evaluation
- (10) Piloting

LAUNCH
- (9) Internal Testing and Training

RESPONSIVE PRODUCT DEVELOPMENT
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How might we design formal savings tools that are better-suited to the needs of low-income Ugandans, especially women and rural populations?

• Where does client-centered product development start?

• Key research question
Human-centered design (HCD) is a generative and iterative process through which we gain deep empathy for people, question assumptions, and explore directions in order to identify new opportunities.
Where we went

2 weeks in Uganda, 3 different cities: urban, peri-urban, and rural areas.
Our field work

20 interviews,
4 group meetings,
3 expert interviews.
Harriet, Kampala
Harriet, a storekeeper in Ggaba, saved 5 million UGX slowly over time to purchase her shop. She saved in a tin at home and in a savings group because opening a savings account, she says, doesn’t make sense for her. A savings account would require her to go to the bank to make deposits—something she doesn’t have time for. I can’t leave my shop, she says, that would be too costly for me.
7 Insights about Savings in Uganda

1. Savings groups fit naturally into people’s lives.
2. Hedging bets is second nature.
3. Money should support the local community.
4. Limited access can be a benefit.
5. Saving in a bank is often too costly.
6. Banks are for "big" money.
7. Saving is an aspiration.
Opportunity 1: How might we make savings a frequent, convenient activity that is accessible to all?

Customer Journey

From their first interaction to every withdrawal, customers should experience a seamless banking experience with AirSave.
Designers and Research
Opportunity 2: How might we support savings groups effectively and build upon their existing structures?

GroupSave Journey

Building upon social ties to their savings groups, GroupSave lowers the barriers to formal savings, welcoming new customers into Ugafode step by step.
### Designers and Research

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Deposit</th>
<th>Credit</th>
<th>Payment</th>
<th>Fees</th>
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<tbody>
<tr>
<td>Wilson Twamuhabwa</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sashi Selvendran</td>
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<tr>
<td>Eric Lopez</td>
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<tr>
<td>Chrissy Martin</td>
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<tr>
<td>Nathan Barigye</td>
<td>2,000</td>
<td></td>
<td></td>
<td>14,000</td>
</tr>
<tr>
<td>Robin Big-10</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Danny Alexander</td>
<td></td>
<td></td>
<td></td>
<td>5,000</td>
</tr>
</tbody>
</table>
Ideo.org – research and product development process

- Ideo.org’s background
- Private sector techniques & experience
- Participative approach
- Fresh perspective
Ideo.org – research and product development process

Advantages
• Inclusive participation
• Creative & visual

Challenges
• Unfamiliarity with context/sector
• Timing of intervention
• Expectations
Bringing it all together

PILOT 1

Approvals

Budgeting

Training

Marketing Materials

Monitoring and Evaluation

Product Doc.

Partnerships

IT Setup

Reporting

Hardware

Sell

Use

IT Setup

HR

Site Seller

Design

Leaflets

Posters

Site Seller

Printing

Leaflets

Posters

Game

Buy Materials

Targets

Process Map

Risk Assessment

Process Map

Risk Assessment

Process Map

Risk Assessment

BR Configuration

Testing

Training

GroupSave

Testing

Training

AirSave

Installation

USSD-Code Integration

MTN

Airtel

AirSave

BOU

GroupSave

AirSave

GroupSave

Board

SMT

UNCDF MIX

UNCDF Report

CEO

SMT

PD Team

MTN

Airtel

AirSave

NWSC

KCCA

Other

UMEME

AirSave

MultiChoice
Now what?

Take a minute to reflect on the panel discussion and comment on one of the following in the questions box:

1. A lesson learned that you can apply in your own product development

2. A question you need to have answered before you can apply these techniques

3. A barrier you must overcome before you can apply these techniques
UN Capital Development Fund

THANK YOU