

MicroSave Briefing Note # 105

Product Marketing Strategies for E/M-Banking (4/5)

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Introduction

Many mobile money service providers run on small budgets, and any mistake in designing the marketing strategy could prove to be costly. Briefing Note # 104 explained the role of the first element of strategic marketing, i.e. branding, in promoting e/m-banking services.² This Note focuses on one of the other elements, product marketing strategy, adopted by various e/m-banking service providers and shares the lessons learned. Product marketing strategy encompasses elements such as product development and differentiation, pricing and promotional strategies.

Product Development and Differentiation

The strategy of developing a new product, or differentiating an existing product, helps to distinguish the product in the market, and set it apart from other available alternatives. Differentiation does not mean that the product/service will be absolutely better than the competition in every possible way, but it does mean that the product/service will be recognisably better in at least one significant way that matters to the target market. For example, M-PESA in Tanzania³ was originally launched as a service to “send money home”, but to differentiate the service from competitors who offered essentially the same service, Vodacom has now introduced a number of other value added services such as bill payments for electricity, water, and cable. Thus apart from offering an affordable, fast, convenient and safe way to transfer money using a mobile phone anywhere in Tanzania, M-PESA customers can also use it as a one-stop utility payment service provider. Another mobile phone-based banking service, WIZZIT (launched in 2004 in South Africa), unlike its competitors, mainstream banks, designed a unique product exclusively focused on the

‘Tatkal’ a remittance product of SBI/Eko-India, allows the migrant poor to remit money home in real time through mobile phones. This significantly saves time and costs for migrants who, otherwise, would stand in long queues outside banks. The point of differentiation in this product was not necessarily “Send money home” as it is with M-PESA because India has many more choices for sending remittances, including more bank branches. The key differentiator was “avoid long queues” to the point that some bank branch managers understood the message so well that they physically guided customers to the Eko agent locations.

needs of the poor. First, WIZZIT does not require users to have a bank account for registration and is compatible with early generation mobile phones popular in low-income communities (and less costly). In addition to conducting mobile-to-mobile transactions, WIZZIT account holders are also issued Maestro debit cards to be used at any ATM or retailer.

Pricing⁴

Another vital element of product marketing strategy is pricing of e/m-banking services. This becomes even more critical when mobile money deployments have to balance between their profitability and customers’ ability and willingness to pay. When the M-PESA service was first launched in Tanzania, fees were tiered for all transaction types including person-to-person transfers to registered users and cash withdrawals by registered users. This proved to be extremely confusing and difficult to remember for the majority of customers. To solve this, M-PESA used a pricing scheme that is similar to M-PESA Kenya where a flat fee is charged for person-to-person transfers to registered customers and tiered fees are charged for money transfers to unregistered customers. Similarly WIZZIT in South Africa charges per-transaction fees that range from R0.99 (USD 0.15) to R4.99 (USD 0.78) based on the transaction size. It does not charge a monthly fee or require a minimum balance, as many of its banking competitors do, to the frustration of many poor customers. Eko,⁵ in order to encourage customers to use their accounts more frequently, occasionally makes transactions free for a period of one to two months.

Promotional Strategies

Nothing works like simple messages that communicate exactly what customers want. Customers closely consider the benefit or value that they derive from product/services, and this is not necessarily done objectively. A strong understanding of the clients’ likes, dislikes, beliefs and perceptions is essential to sell a product as a benefit. However, this is easier said than done, as it takes a great deal of effort to understand the pressing needs of customers accurately, and then deliver that message through mediums the target customers use regularly. Below are descriptions of how various mobile money deployments worldwide have tackled this particular marketing challenge.

M-PESA by Safaricom in Kenya⁶

When M-PESA was launched by Safaricom, in Kenya, in 2007, it appealed to customers through a simple

¹ With support from Chris Linder

² Please refer to MicroSave’s “[Strategic Marketing Toolkit](#)” for more details.

³ <http://www.vodacom.co.tz/vodacom-m-pesa>

⁴ For more on pricing e/m-banking services see Briefing Note # [106](#) and [107](#)

⁵ <http://eko.co.in/index.php>

⁶ <http://www.safaricom.co.ke/index.php?id=250>

message, “Send money home.” The message focussed on a well articulated value proposition that addressed a pressing need of migrants. The advertisements also showed how easily and conveniently people-to-people remittances could be made.

Safaricom first used above-the-line (ATL) marketing activities for brand building (as mentioned in the previous [Briefing Note](#)). Once awareness was generated through ATL, Safaricom reached out more to the entire market, including the rural populations through below-the-line (BTL) activities such as road shows. During these BTL activities Safaricom signed up people for the service, explained the product and demonstrated the functional aspects of the product. This ‘use and feel’ experience helped to build trust in the product among users and add tangibility to a product like mobile money.

M-PESA by Vodacom in Tanzania

Vodacom launched M-PESA in Tanzania and adopted a similar marketing strategy as in Kenya to promote M-PESA. However, the results were not encouraging, and customer adoption of mobile money was low compared with Kenya. When probed, it was found out that people in Tanzania were aware about M-PESA services, but saw it as a premium service for high-end users. They were also not aware of exactly what the service offered or how to join. To address this, Vodacom adjusted its marketing to make it more relevant to the average unbanked and rural population. To correct the misconceptions, Vodacom focussed its marketing campaign on being more educational and highlighting cases where “M-PESA is easy, affordable and for everyone”. The operator also shifted its campaign from ATL initiatives to BTL tactics, since they were more effective as educational campaigns. This showed that addressing customer pain points should be the most important objective of developing marketing strategies.

WIZZIT in South Africa⁷

WIZZIT did not use ATL activities for promoting WIZZIT, but instead relied primarily on certified sales agents called WIZZkids (who are previously unemployed youth from the local areas). WIZZkids educate potential customers about WIZZIT, assist in account opening and encourage customers to use their accounts. The WIZZkids model allows WIZZIT to engage directly with the customer on the ground on a face to face basis. Also customers draw a sense of familiarity and trust while interacting with WIZZkids due to similarities in their socio-economic backgrounds.

SBI Mini Savings Account by Eko in India

In India, when Eko launched its Simplibank mobile banking service, it addressed the pressing need of people for whom accessing banking services had never been easy, with the message “*Khata kholo, har darwaza kholo*” (“Ease of access to a variety of financial services through a single Eko account”). This message worked,

especially for urban migrant workers and small businesses, as they were well aware of banking but never felt comfortable using banking services regularly. Eko chose to use mainly BTL activities to deliver this message due to its target clients being mostly the migrant poor (and many without radios, TVs or newspapers) and because Eko did not have an extensive marketing budget. Eko carried out account activation “canopies” and handed out leaflets with details about the SBI (State Bank of India) Mini Savings account. It also conducted *nukkad natak* (street plays) and games to draw the attention of people. At busy places, promotion was done using stilt walkers and men wearing sandwich boards. Decorated vans and cycle and auto rickshaws moved around Delhi playing a tune about the SBI Mini Savings account. The only real ATL activity carried out by Eko was a continuous message display of SBI Mini Savings account on a local cable TV channel. Eko also encourages agents or “customer service points” (CSPs) to regularly demonstrate how the application is used to make a deposit and withdraw money.

Easypaisa by Telenor and Tameer Bank in Pakistan⁸

Telenor Pakistan launched Easypaisa in 2009, a platform that initially allowed customers to pay bills and transfer money over-the-counter (OTC). After strong customer demand for the OTC services, Telenor added a mobile wallet to the Easypaisa product line in February 2010. Most customers did not need extensive education due to their familiarity with OTC services, so Telenor primarily focussed on ATL activities such as television and billboards to promote the new product. However, Telenor was cautious in use of certain ATL media, especially radio, because of its low popularity in Pakistan. Telenor launched thematic campaigns through creative television advertisements, focusing on safety, security, ease, simplicity and convenience of Easypaisa.

Conclusion

The development of a product marketing strategy should follow a structured approach and focus on delivering a consistent marketing message in sync with the key value proposition offered by electronic or mobile money. Mobile money deployments like, Eko in India, M-PESA in Tanzania and WIZZIT in South Africa are leading examples to show that addressing pressing needs of the customer and differentiating from competitors helps to improve uptake of the products/services. Successfully pricing e/m-banking services the unbanked quite typically entails simplicity and transparency, but is important to confirm with customers. Similarly understanding customers’ awareness gap, designing suitable product message and delivering the message via the appropriate ATL and BTL activities, is of utmost importance. The next Note will address how other industries have successfully marketed to the rural poor and how the learning may apply to e/m-banking interventions.

⁷ Wizzit is a ‘virtual bank’ that provides banking to the unbanked or under-banked low-income population of South Africa, via mobile and a MasterCard debit card. Please see <http://www.wizzit.co.za/>.

⁸ <http://www.easypaisa.com.pk/>