

MicroSave Briefing Note # 27

Corporate Branding and Identity – Why They Are Important For MFIs

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Kotler (1999) defines a brand as “A name, term, symbol or design (or a combination of them) which is intended to signify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.”

Brand Development and Positioning

Brands are important to MFIs of all sizes – and all MFIs have a “position”, reputation or image in the market whether they want one or not. The communities within which the MFIs work give the MFIs their position – developing and delivering on a brand offers the MFIs an opportunity to optimise that position, the clarity of communication with their staff and clients ... and thus their business.

A good corporate brand is important to MFIs’ business as it provides:

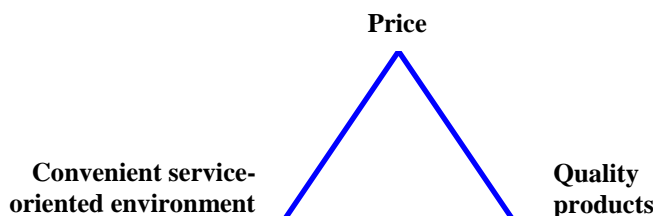
- **Instant recognition:** so that consumers feel they know what they can expect and know what to ask for if they are seeking services.
- **Warranty:** of the quality and reliability of services offered by the MFI.
- **Credibility:** so that consumers can believe in the organisation (particularly important for those offering savings services).
- **Facilitated Promotion:** since promotion efforts can spend less time on who the MFI is, and more on its competitive advantages and products.
- **Word of Mouth Marketing:** so that customers can easily recommend the MFI and its services, and those hearing the recommendation can remember the MFI’s name.
- **Differentiation:** so that the well-branded MFI can stand-out from the crowd in a competitive market.
- **Goodwill:** so that the MFI is better equipped to come through problems, and better positioned to talk to stakeholders above and beyond its existing customers – from government officials to donors.
- **Reputation:** so that the MFI is better placed to attract and retain high quality staff.



Rutherford’s detailed work on financial diaries amongst the poor in Bangladesh provided very clear evidence of the importance of many of the roles of a corporate brand. “Quite aside from the inadequacies of product design is the overwhelmingly important issue of product *reliability*. Reliability is the quality that, above all others, is conspicuously missing in the world of money management of the poor – and the poor themselves know it ... many MFIs (and their backers) have yet to understand that this leaves them with a golden opportunity to steal a march on the competition” – Rutherford, 2002¹.



Typically, brand development should start with the MFI identifying its competitive advantage, or the advantage that it wishes to promote given its target market’s needs and expectations. At its simplest, this can be done on a basic perceptual map broadly as follows:



Based on market research, perhaps using *MicroSave’s* Competition Analysis Matrix or Image and Financial Landscape Analysis tools²,

the MFI can plot its position and that of its major competitors on this simple perceptual map in order to identify its desired position and thus brand.

To build and deliver on a brand³ (for it is essential that the customer’s experience of the brand is closely aligned to the brand’s attributes) it is vital that the brand is effectively communicated both internally and externally.

¹ Rutherford, Stuart, “Money Talks - Conversations with Poor Households in Bangladesh about Managing Money”, *Institute of Development Policy and Management, University of Manchester, UK, 2002*

² See *MicroSave’s* “Market Research for MicroFinance” toolkit for these approaches

Once an MFI understands the need for a market-led approach to conducting business and makes the decision to build a brand, it will need to identify its position in the market and prepare a positioning statement to define its desired brand. A **position** (or statement of position) is a cold-hearted, no-nonsense statement of how the MFI is perceived in the minds of prospective customers. A position is given to an MFI by the market. A **positioning statement**, by contrast, states how an MFI wishes to be perceived. It is the core message the MFI wants to deliver in every medium. It is aimed at influencing perceptions of the MFI's service ... and eventually, changing the MFI's position.

An MFI's positioning statement must support its brand. The positioning statement is short and aims to differentiate the MFI from its competition, by focusing on key strategic or competitive advantages that address market needs. The MFI's staff must associate with its positioning statement and deliver on it – thus ensuring that the customer's experience of delivery, product and pricing is aligned to the advertised brand. It is important to remember that everyone (from the Chairman to the cleaner) is important in marketing and the establishment and maintenance of the corporate brand.

The Heart of a Brand

“When a prospect initially agrees to use a typical service, what does he own? Nothing but someone's promise that they will do something. The most desirable services, then, are those that keep their promises. This also means that the heart of a service brand – the element without which the brand cannot live – is the integrity of the company and its employees.”

- Beckwith, 1997⁴

Corporate Identity

A crucial element of supporting the corporate brand is the MFI's corporate identity. **Corporate identity** is, in simple terms, the total of the experience, history, culture, strategy, structure and appearance of the MFI – what the MFI is, its personality. This should not be confused with the MFI's **corporate image** - how an institution's audiences perceive its corporate identity.

Corporate identity is therefore the unique characteristics of an MFI that together define it. On a day-to-day basis these include the design of its offices, its signage, staff uniforms (if any), its stationary and so on. They also include less tangible things like the way the MFI conducts its business – and these are very often even more important than the physical characteristics of the MFI. In developing a corporate identity, it is crucial to ensure consistency through standardisation so that the customers' experience of the MFI and its identity is the same irrespective of which branch they visit.

The details of corporate identity do matter – particularly (but not exclusively) in competitive environments. People look for *differences* upon which to base their decisions. This is very significant for an MFI in an industry of look-a-likes. With meaningful differences difficult to find, potential clients look for signals in seemingly trivial differences: the appearance of the banking hall, the behaviour of the front-line staff etc. Unable to see the real differences between the services, potential customers look for clues in the differences elsewhere.

Teba Bank and Tanzania Postal Bank have both invested heavily in the development and maintenance of corporate identity. Their branches are under-going refurbishment, their staff wear uniforms, their corporate colours are firmly established and omnipresent, and their promotional materials are presented in a consistent manner. As a result of this work both organisations' images have significantly improved and their customers happily report this, not just to customer satisfaction analysis teams, but (far, far more importantly) to friends and relatives – all potential clients.



Corporate Communications and Public Relations

Corporate communications are the way in which an MFI projects its corporate identity in the media and public relations is the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation and its public. Most MFIs will get some form of publicity – even without trying ... the public relations function is to ensure that it is good publicity. Public relations can have a strong effect on the public's knowledge and perception of the MFI, its products, people and position ... at a much lower cost than with advertising. The role of the public relations function is to ensure that there is a steady flow of positive, brand-strengthening stories circulated around the media to build strong links between the MFI and the public.

Conclusion

MFIs continually struggle to communicate effectively with their clients (see for example Cracknell et al., 2002⁵) thus losing opportunities to retain existing clients as well as attract new ones. Developing and delivering a clear brand and corporate identity is essential for the sustainability of MFIs, and to empower poor people to access the financial services of their choice.

³ See *MicroSave's* “Corporate Brand and Identity” and “Customer Service” toolkits for more on how to do this

⁴ **Beckwith**, Harry, “Selling the Invisible – A Field Guide to Modern Marketing” *Warner Books*, USA, 1997

⁵ **Cracknell**, David, Henry Sempangi, Graham A.N. Wright, Leonard Mutesasira, Peter Mukwana and Michael J. McCord, “A brief review of *MicroSave's* Action Research Programme 2001”, *MicroSave*, Nairobi, 2002