



Aligning Customer and Agent Value Propositions to Drive Profits

Annabel Schiff - 27th October 2014

MicroSave
Market-led solutions for financial services

BILL & MELINDA
GATES foundation



Session Plan

1. What is a ‘Value Proposition’
2. Defining the Customer Value Proposition
3. Anchor Products
4. Aligning your Channel to your Value Proposition
5. Why “Right” Agent Selection Is Important
6. Pitching the Agent Value Proposition
7. Aligning Agent Value Proposition during Evolution of Business
8. Communicating the Value Proposition
9. The Customer Journey and Marketing Mix



What is a Value Proposition?

A value proposition is a business or marketing statement that describes **why a customer should buy a product or service.**

Specifically targeted towards potential customers, it is a clearly defined statement that is designed to convince customers that one particular product or service **will add more value or better solve a problem than others in its competitive set.**

It should **address a pain point and/or solve a problem.**



Defining Your Customer Value Proposition

Market Analysis



“Will add more value or better solve a problem than others in its competitive set”



“Specifically targeted towards potential customers”

Helix Video: Right Proposition, Right Position

Anchor Products

A best practice is to enter the market with a single, compelling benefit to the customer – an **anchor product**

Initial Product	Subsequent Product
Domestic money transfer	<ul style="list-style-type: none"> • ATM linkages • International remittances • Microfinance linkages • Bill Payment • Credit & Saving Products • Merchant Payments
Airtime Top-Up	<ul style="list-style-type: none"> • Deposits & withdrawals • Money Transfer • Microfinance linkages
Bill Payment	<ul style="list-style-type: none"> • Airtime top-up • Deposits & Withdrawals • Loan disbursements • Money Transfers
Salary disbursement	<ul style="list-style-type: none"> • Loan disbursement • Loan repayment • Money transfer

M-PESA, Kenya

WING, Cambodia

Banco Bradesco, Brazil

M-PAISA, Afghanistan

Source: IFC Toolkit, Janine Firpo, Manila, 2009

Value Propositions from the Field



“Send money home”



“Pay your Microfinance Loan with M-Paisa. From anywhere at anytime!”



“No more need to move to pay your bills”



Exercise: The Value Proposition

In buzz groups define a suitable product, target market and benefit statement based on the following indicators from Mozambique (One indicator per group):

1. The central and southern provinces are prone to devastating cyclones and floods
2. 45% of the population are under 15 years old, and research shows that they commonly send airtime to each other yet are not aware of mobile money
3. Mozambicans with relatives working in South Africa often receive money from *transportadores* driving across the South African – Mozambique corridor
4. Saving groups in rural Mozambique can reach highs of up to 700,000 MZN. With no access to banks, they store the cash in their houses or at a local churches
5. Recipients of The *Institution Nacional de Assistencia Social (INAS)* often complain of the money spent on travelling to receive their pensions and food aid
6. In rural areas, where 70% of the population reside, there are 1.3 bank branches per 100,000 people. Over half of the 126 districts have no access to a commercial bank
7. Due to increased migration to the urban and coastal areas, there is fear of pollution to coastal waters. Given prawns are one of the highest-valued exported product, this is a concern to the many fishermen for whom this is their livelihood.
8. 52% of the population live below the poverty line, however even at the bottom of the pyramid informal saving and borrowing is high demand.

EXAMPLE

Young Ghanaians migrate from their rural homes to the city centre looking for work. To get money home to their relatives the safest (and most expensive) way is to take it themselves.

Product: P2P

Target Market: Urban, migrate workers, rural recipients

Benefit Statement: Send money home, quickly, affordably, safely.

Aligning your Channel to your Value Proposition

Agent Selection & Pitching

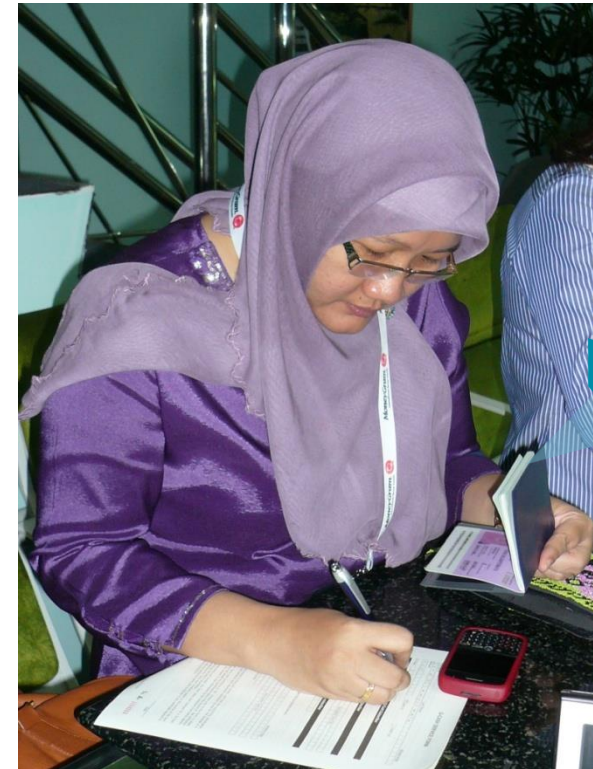
1. Agent Scoping

2. Agent Selection

3. Pitching to Agents

Why is “Right” Agent Selection Is Important?

- ▶ Clients relate to agents as the visible **face and image of the provider**.
- ▶ Clients associate **trustworthiness** in the service with trustworthiness of the agent.
- ▶ Usually the primary **relationship** is between agent and customer and that drives the client decision to continue/discontinue using services of a provider.
- ▶ The capability of the agent will determine **scalability and client adoption**.
- ▶ The right agent is crucial for ensuring appropriate **standards of service** delivery including liquidity.



Key Considerations in Agent Scoping and Selection

What demographic of agent will best offer your product to your target market?

- Security
- Footfall
- Accessibility
- Access to rebalancing points
- Existing competition
- Expected transaction patterns
- Education levels
- Trusted in Community



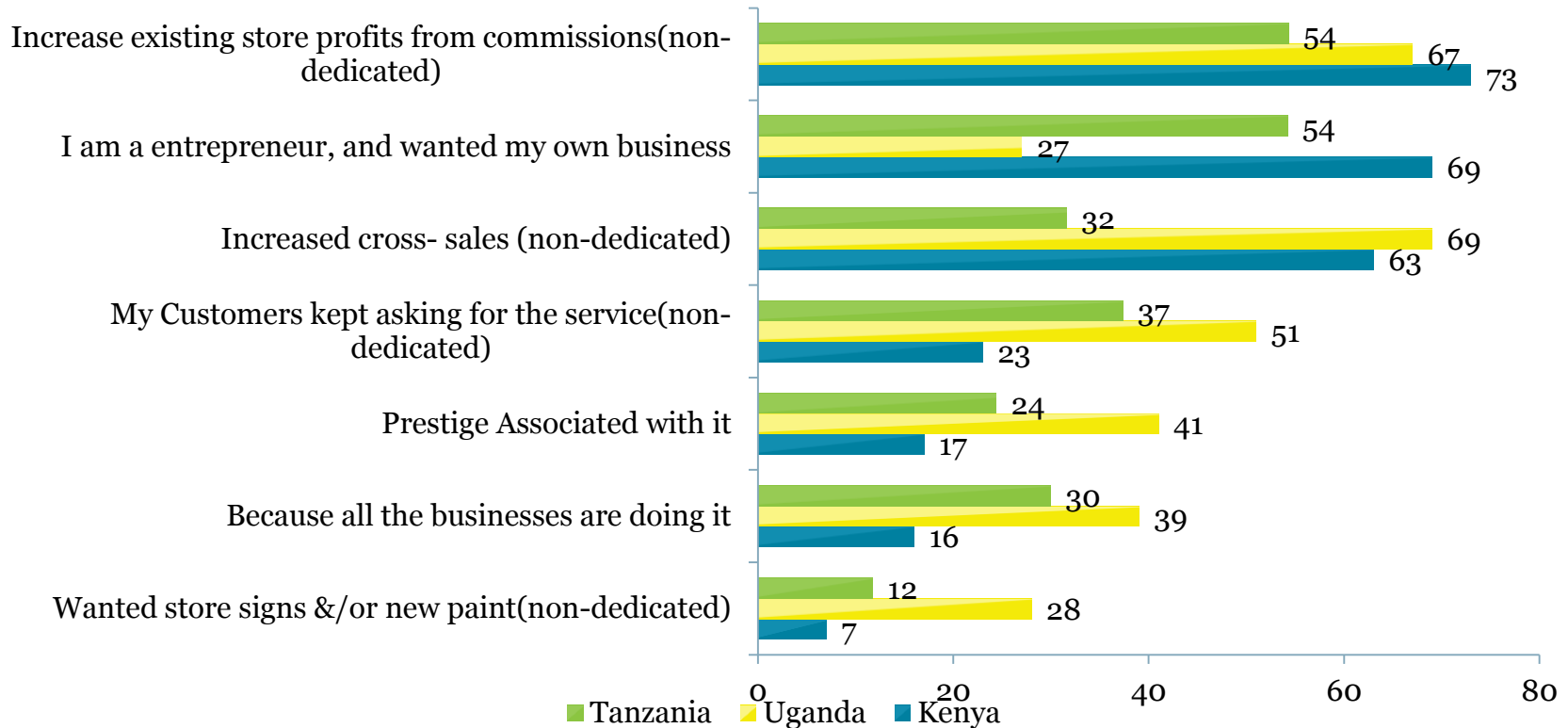
Pitching the Value Proposition to Agents

An attractive value-proposition to agents is required when launching.

- Need to understand:
 - **The business model**
 - **Product details**
 - **Expectations from agents**
 - **Commission structure**
- Understanding customer value proposition essential
 - **If they are the right agent they will understand the benefit and see the business potential**
- Income guarantees should be avoided
- Indirect benefits should be highlighted

Why Do Agents Become Agents in East Africa

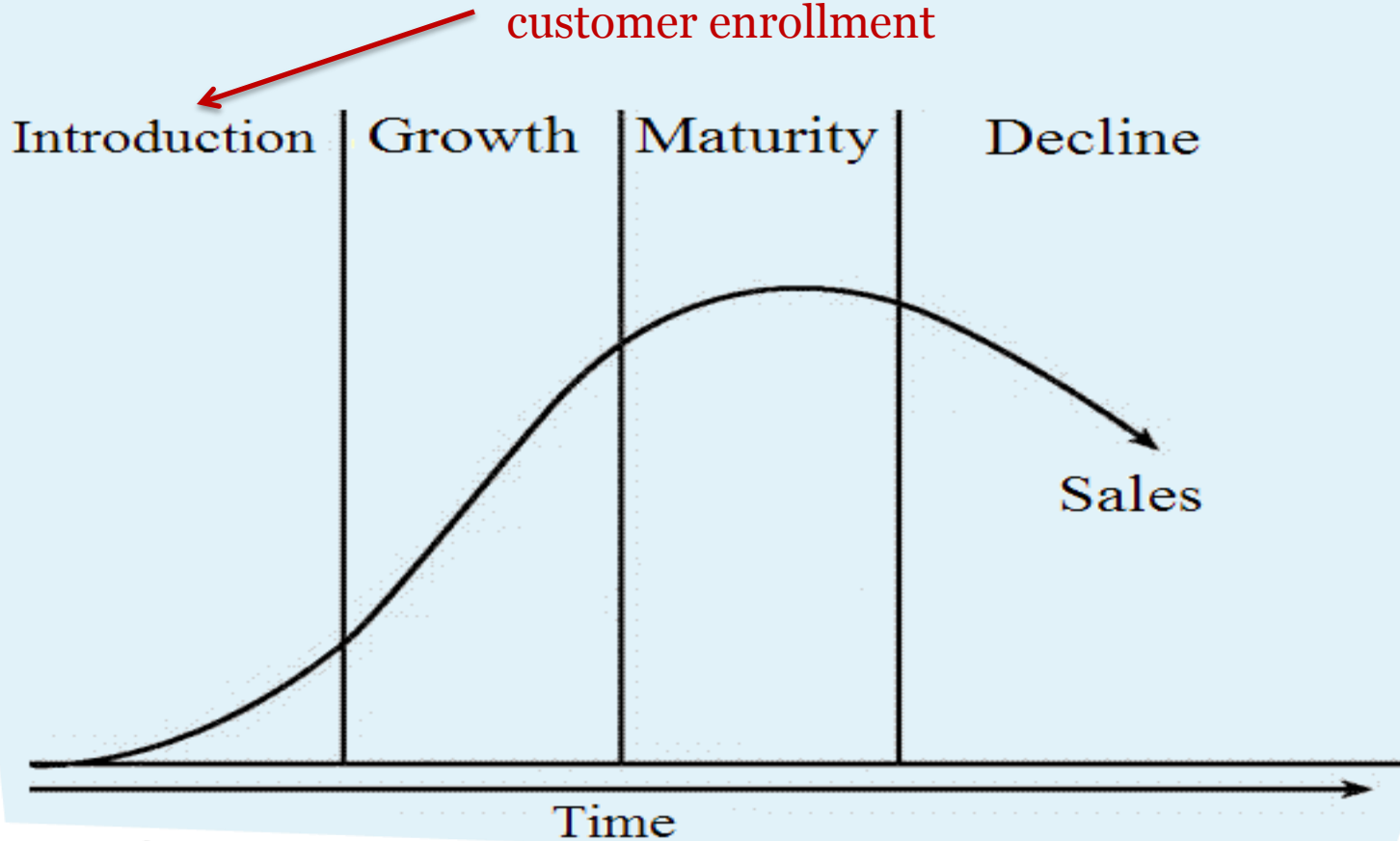
% of Agents that Answered Why They Became Agents



Increasing store profits, cross-sales and entrepreneurial desire are the main reasons for beginning agent activity.

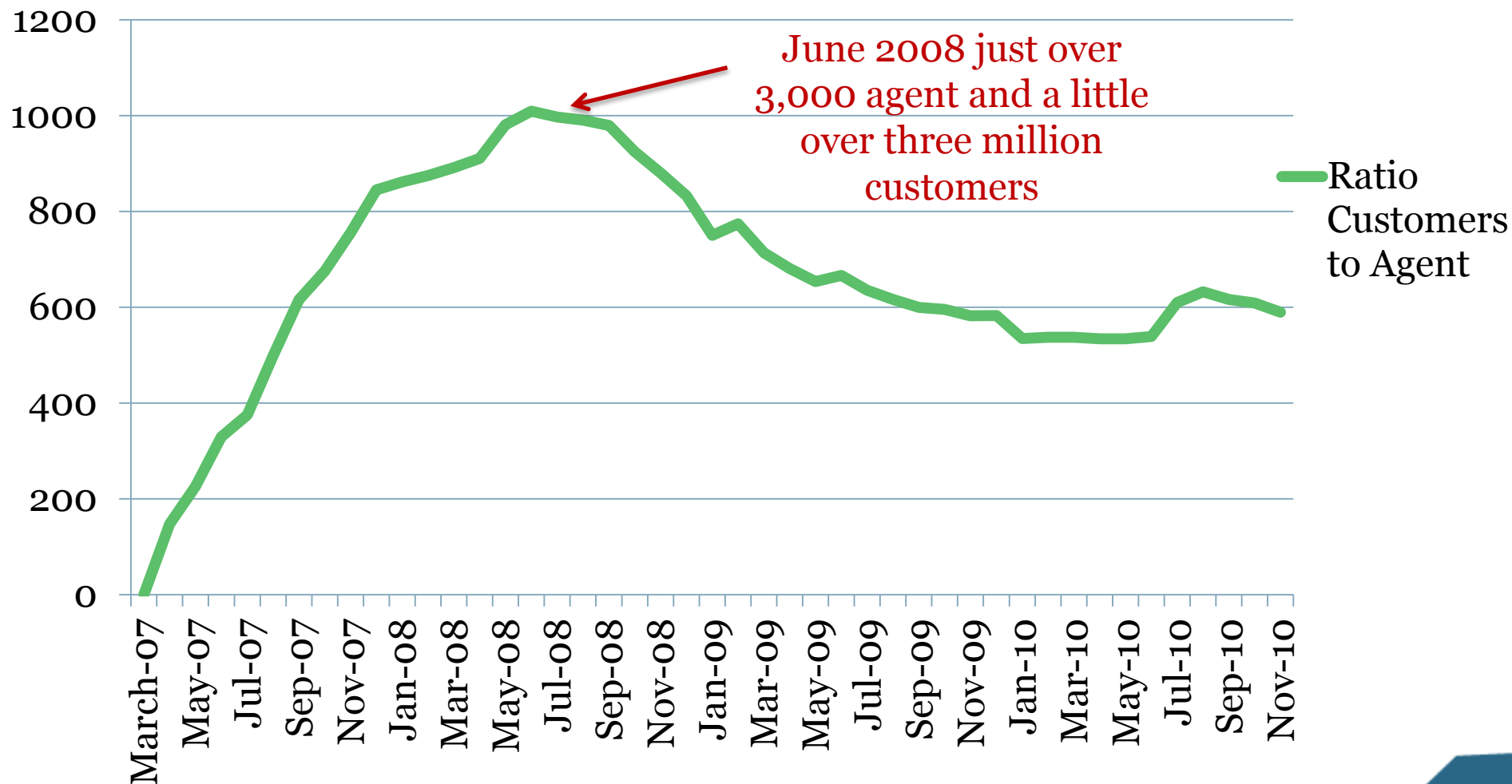
Aligning Agent Value Proposition during Business Evolution

In early stages when transaction levels are low, agents must be incentivized through bonuses such as higher commission on customer enrollment



Balancing Agent to Customer Ratio

M-PESA Customers to Agent Ratio



Exercise: Choosing the Right Agent

Time: 10 minutes

In buzz groups discuss what demographic of agent will be most suitable to deliver the value proposition you defined in the previous exercise. What special characteristics or systems must they have in place?

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Communicating the Value Proposition

Customer Journey



ATL

ATL, *Above The Line*, is all glamour. It's about reaching out to the masses through public media with a message that creates or reinforces brand communications. But there's no direct consumer involvement.

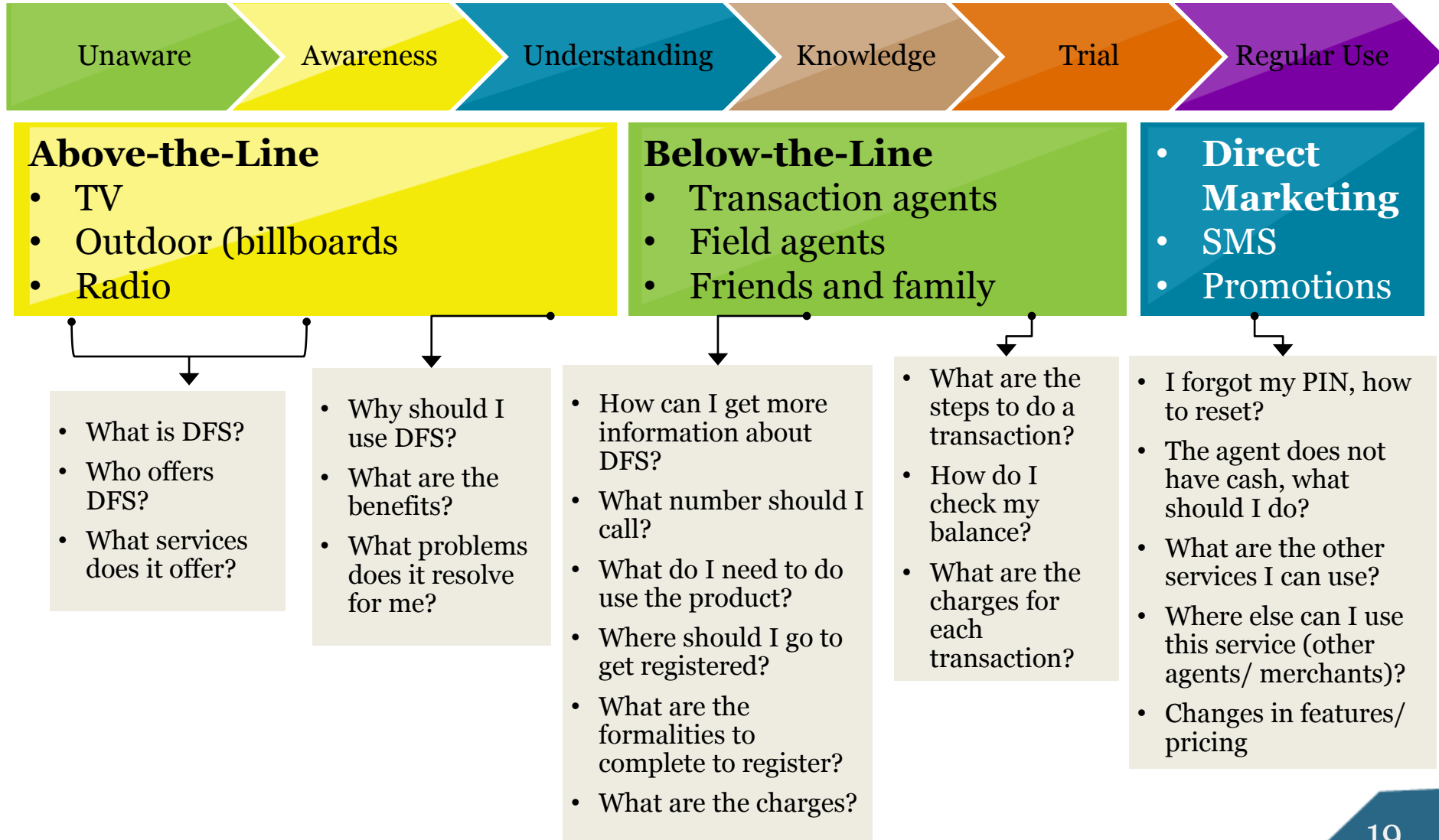


BTL

BTL, *Below The Line*, is a more down-to-earth, hands-on approach that is more direct and establishes a relationship of the brand with individual consumers.



The Customer Journey And Marketing Mix



Exercise: BTL Activities for Different Market Segments

In buzz groups, discuss suitable BTL activities to promote your value proposition:

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Thank You

www.helix-institute.com

info@helix-institute.com



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