



# THE TIMES 100

## first direct brief

### Introduction

Businesses use market research to find out about their customers and markets. It is useful during a product's life as well as when it is first launched. It provides customer feedback on existing products. **first direct** is part of HSBC Bank. It was launched in 1989. It offered a new type of banking. Customers reached all banking services by phone. This was the first bank of this type. **first direct** gave customers access to their bank at any time of the day or night and even at weekends. Before this, access could only take place in usual bank hours. Later, the service also included web and text banking. **first direct's** original banking model won many awards and was very popular. This meant it attracted competitors. **first direct** began to lose market share and needed to re-launch the brand.

### Understanding the market

A business must understand its market in order to succeed. Customers liked **first direct's** new service, but this brought competition. Its decision to impose charges on certain customers brought it some bad press and customer confidence in the bank dipped. **first direct** therefore set up market research. This was to see what customers thought of the bank, its products and image.

### Market research

Market research looks at trends in markets. It also collects opinions. There are two main types: Primary research collects brand new data and can:

- be tailored to the needs of the business
- provide direct feedback from customers
- provide new information that is not available to competitors
- make a more in-depth study of a market.

Secondary research collects existing data. It is

- fairly inexpensive
- quicker to carry out.

### Research outcomes

The research showed that there were two groups of customers with different opinions. Existing customers liked the bank and were loyal. New ones were more likely to change banks. The research with customers also helped to find to new ideas to retain them.

### Re-launching the brand

To act on its market research results, the bank looked at its marketing mix. This is sometimes called the four Ps - price, product, place and promotion.

- Place had always been strong. This was made stronger with text banking and even banking via the iPhone.
- Price - customers wanted price to be clear, with no hidden charges. The price of some services was reduced, for instance, 0% interest on overdrafts up to £250.
- Products were changed to suit customers and better savings products were launched. **first direct** provides free text alerts to warn customers if their account is nearing their limit.
- Promotion. The bank changed its mix. Its above-the-line promotion included new TV advertising. It also used below-the-line promotion. It made contact with key customers, strengthened its brand image and produced better customer information materials.



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## Conclusion

For a short while, **first direct** became more like other banks. It lost its unique identity. Market research showed what its customers really wanted. It was able to react and once more become a distinctive brand.