



THE TIMES 100

first direct summary

Introduction

first direct is part of HSBC Bank. It has its own product range and brand identity, based on the service it offers. When it was launched in 1989, **first direct** offered a completely new type of banking, with customers able to access services by telephone. This meant customers could access their banks at any time of the day or night and at weekends, instead of being restricted to usual banking hours. Later, it extended this service to Internet banking and text messaging. **first direct's** banking model won many awards and was very popular but this attracted competitors. **first direct** began to lose market share and needed to re-launch the brand.

Understanding the market

To be successful, a business must understand its market. **first direct** suffered from competition and also from its decision to impose charges on certain customers. This earned it some bad press and customer confidence in the bank dipped. **first direct** set up market research to assess customers' opinions about its products and image and to create ideas to retain customers. Market research is the process used by businesses to find out about customers and markets. It is used to develop and launch new products, as well as later in a product's life to provide customer feedback.

Market research

Market research looks at trends, behaviours and opinions in markets. It may be divided into primary and secondary research. Primary research collects new information for a specific purpose. It can be tailored to the needs of the business and provides direct feedback from customers. It generates new information that is not available to competitors and makes a more in-depth market analysis possible. Secondary research collects existing published data. This is relatively inexpensive and may be quicker to carry out, but is available to others and is not specific to the business.

Research outcomes

The research revealed that existing customers had different perceptions to new ones. Existing customers were loyal and satisfied. New customers were more likely to change banks and much less loyal. The research also allowed **first direct** to test new product ideas with customers before developing them.

Re-launching the brand

Market research results enabled **first direct** to re-launch itself. It looked at the various elements of the marketing mix. Place had always been strong, but this was extended with text banking and via iPhone. Customers wanted price to be transparent, with no hidden charges. It reduced the price of some services. It also offers 0% interest on overdrafts up to £250 and provides free text alerts to warn customers if their account is nearing their limit. Products were developed to suit customers, especially better savings products. The bank also changed its promotional mix, using advertising (above-the-line expenditure) and other promotional methods (below-the-line expenditure) such as contacting key customers, new corporate branding and better information materials.

Conclusion

For a short while, **first direct** became more like other banks and lost its unique identity. Market research told it what its customers wanted so it was able to react and regain its distinctive brand identity.