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Worldwide**

Executive Summary

Retail banks the world over are rethinking branch strategies in response to the rise of online banking. Lloyds Bank and M Worldwide have thought of everything that a branch can offer for a totally new flagship concept in Manchester.

The results are testament to the flagship's effectiveness for customers in terms of service levels, design, overall experience, and ultimately helping Manchester prosper. What's even more remarkable is that this was accomplished with virtually no additional marketing support.

Highlights include:

- Net Promoter Scores perform +24% better than comparable city centre branches within the Lloyds Bank estate.
- Net Promoter Scores for Lloyds Manchester grew by +18% YoY.
- Enquiry wait and counter wait reduction targets surpassed by a huge (redacted confidential data) and (redacted confidential data) respectively.
- Deposits at Immediate Deposit Machine went up (redacted confidential data) more than objective.
- Business Hub gains momentum with 60% more users than expected.

And finally, the saying goes that imitation is the finest form of flattery, and certainly this branch is serving as a trailblazer for the wider Lloyds Banking Group estate. Following the success of the coffee bar and events programme at Lloyds Manchester, the group is now incorporating similar ideas into its Halifax flagship branch.



Case study overview



Outline of project brief

As part of a long-term strategy that targets branch formats to local customer and community needs, Lloyds Banking Group (LBG) partnered with M Worldwide to design a totally new flagship branch concept, customer experience, and staff choreography for Lloyds Bank at a pre-existing site on Market Street in Manchester.

Lloyds Bank Manchester is the first of a small number of flagship branches for LBG in major UK cities that provide much more than what customers would expect to find from their bank. The aim is to set a new standard for targeted, localised high street banking that combines face-to-face expertise with new technology.

Flagships need to be authentic and rooted to a sense of place, so we sat down with Manchester customers and staff from the outset to find out what they really need, and to understand how the new format can be relevant within that community. Based on this, the branch needed to be all about connections and networking. Combined with Lloyds' commitment to helping Britain Prosper, every aspect of this flagship must be designed around both the customers and the city – what makes Manchester prosper.

Lloyds Bank branches do not receive any information on sales. This is no longer part of their performance criteria, so the success of the Lloyds Manchester concept is therefore measured via Net Promoter Scores, use of the in-branch services/experiences, and colleague and customer feedback.

Description

Combining face-to-face expertise with new technology, this new generation branch experience addresses the changing ways that customers choose to bank on the high street and it offers a host of special features to meet the needs of the local Manchester community.

Specially trained colleagues are on hand seven days a week at times that are most convenient to customers, to help them with face-to-face conversations, advice on complex needs, impromptu guidance, support, coaching, and demonstrations for self-service, online and mobile banking. There's also free Wi-Fi and phone charging.

A digital inclusion mind-set permeates throughout the branch to encourage customer consideration and stimulate conversations with colleagues. Great care was taken at every step to remain true to the mission of helping Manchester prosper, with locally-minded customer experiences focused on connection and networking. These include:

Barista-serviced coffee bar: Catered by niche artisan coffee company Ancoats, a local Manchester start-up and Lloyds Bank SME customer, the coffee bar is at the heart of the branch, offering customers a relaxed environment to do their banking and run their businesses. Customers can even do a “pay forward” coffee donation, assisting local charity Barnabus in their work with the homeless



Business Hub: Dedicated support to the local business community is a key focus. The Business Hub provides local start-up businesses with specialist help and a professional space in which they can work and network. An on-site “Business Connector” works both in-branch and out in the community to link entrepreneurs with sources of advice, funding and training. Alongside a specially-created LinkedIn community, this strengthens the bonds between businesses in their critical early years.



Space for free events and seminar programme: Every week, free events and seminars cover everything from first-time buying to hot topics such as GDPR and Cyber Security. Partners like Google and Microsoft lend an international perspective. The space also supports community partners, local employability initiatives, and even teaches kids to code through Minecraft. The space truly helps local people and businesses to upskill and thrive.

State-of-the-art self-service Safe Deposit Boxes: Biometric finger scanning leads to a 'James Bond' style air lock room, and the system automatically delivers the deposit box from the basement – reassuringly secure access to your valuables, no keys or colleagues needed.

Video 1 Lloyds Bank Manchester (1.25 minutes): <http://vimeo.com/251349072>

Video 2 Lloyds Bank Manchester (1 minute): <https://youtu.be/WjKMChUpYY>

Overview of market

Retail banks the world over are rethinking their branch strategies in response to the rise of online banking. This often results in fewer, more consolidated branches – what M Worldwide likes to refer to as the “third wave of branch thinking”.

In the first wave, all anyone talked about was “Branches? Eh? Why would we have them at all in the future?”. Then came the second wave, where the pervasive thinking was “We just need to automate and digitise branches to take out the overhead as they die a slow death.”

And now comes the third wave, with the realisation that of course we need branches. They're a critical part of the online/offline mix to provide customers with a range of ways to do business according to their needs. Physical branches still matter, but you can't just see them in isolation. Retail banks need to stop thinking in online and offline silos, because customers just don't think that way – they're completely channel agnostic.

Customers especially rely on face-to-face interactions when it comes to complex financial advice – services that can't be obtained online, encourage high value conversations, add value, build loyalty, and engage people in a brand-led experience.

Branches need a dramatic reframing to remain relevant – with compelling propositions and fresh ideas tailored to customers. That's exactly what Lloyds Bank is doing with the Manchester flagship.

Project launch date: October 2017

Design fees: Redacted confidential data

Results

The results are testament to the flagship's effectiveness for customers in terms of service levels, design, overall experience, and ultimately helping Manchester prosper. What's even more remarkable is that this was accomplished with virtually no additional marketing support.

- Net Promoter Scores perform +24% better than comparable city centre branches within the Lloyds Bank estate – that's almost (redacted confidential data) more than the objective to score (redacted confidential data) higher.
- Net Promoter Scores for Lloyds Manchester grew by +18% YoY – almost (redacted confidential data) the objective of a (redacted confidential data) increase.
- Radically changing the customer journey and colleague choreography has resulted in a (redacted confidential data) reduction in enquiry waits greater than (redacted confidential data), and a (redacted confidential data) reduction in counter waits greater than (redacted confidential data). This beats the (redacted confidential data) reduction targets by a huge (redacted confidential data) and (redacted confidential data) respectively.
- Deposits completed at Immediate Deposit Machine (IDM) went up (redacted confidential data) – that's 2.5 times more than the (redacted confidential data) objective. This massive success is driven by the prominence of the self-service area in a new herringbone design, bold signage, and colleagues up-front in the banking hall as part of the new choreography. Lloyds Bank Manchester now sees (redacted confidential data) IDM deposits per month – more than ten times the network average, so clearly the new design and choreography has resulted in time saved for customers and colleagues in this exceptionally busy branch.
- New dedicated self-service Business Deposit Machine replaced a manual Deposit Point and is now used (redacted confidential data) times per month. Self-service business deposits have grown from 30% to 50% of total deposits, migrating business customer demand away from the counter.
- Business Hub gains momentum with approximately (redacted confidential data) users per month – that's 60% more than the objective of (redacted confidential data) users per month.
- (Redacted confidential data) events per month average a total of (redacted confidential data) attendees – this exceeds expectations of (redacted confidential data) event attendees per month by 78%. Events are also leading to community networking and Business Hub sign ups, with an average of (redacted confidential data) appointments with the Business Connector after each event.
- Coffee Bar sales are growing as awareness and reputation increase, with (redacted confidential data) items sold per day. This exceeds the objective of (redacted confidential data) items per day by 40%. Plus customer feedback shows it's achieving the purpose to create an atmosphere to wind-down and relax, shifting customer the mind-set when entering a high street bank.
“Lovely place to rest and get warm.”
“What a wonderful idea – warm and inviting place.”
“Peaceful haven in a crowded city, light, airy and cheerful staff.”

- LBG are using learnings from the Lloyds Manchester flagship to assess scalability of its propositions within other branches. For example, a Business Hub “light” version and live streaming Flagship events to smaller branches. This branch is also serving as a trailblazer for the wider LBG estate – following the success of the coffee bar and events programme concepts at Lloyds Manchester, the group is now incorporating similar ideas into the Halifax flagship branch.
- Finalist: Best Branch Strategy at Retail Banker International Global Awards 2018
- Finalist: Excellence in Customer Experience at Financial Innovation Awards 2018 (winners announced 6 December 2018)

Testimonials

“Lloyds Bank has got it right. Education workshops and a drop-in business hub. Nurture the future business entrepreneurs and you will ride the tide. Whoever is making these decisions should get a pat on the back”. Darren Galvin, Entrepreneur

“We could never afford the rates of a city centre operation, so it is really exciting to have our brand and our coffee in this part of the city. I also believe in the concept of creating a community hub where people can come for an informal meeting to discuss business plans, and a place where people can network. That’s exactly how I started and how so many entrepreneurs spend those early days.” Jamie Boland, Owner of Ancoats Coffee Company (cater the Coffee Bar)

“Customer needs are changing and it’s increasingly important that our branches reflect this. That is why we’ve invested in our first flagship branch here in Manchester - combining the human touch and face-to-face expertise with new technology. Not only will this new branch transform our customers’ banking experience, but it also offers a space that brings people and businesses together. Manchester is attracting a significant amount of investment right now, so we want to play our part and do our bit, supporting the community of Manchester.”
James Hargreaves, director for Lloyds Bank Manchester

“While digital services are becoming increasingly important to our customers, we continue to recognise the significant value of human interaction – people want to deal with people when it matters. That is why branches are not a thing of the past – they just need to be reimagined. It’s our most ambitious format, bringing people and businesses together to support the City of Manchester.”
Robin Bulloch, Lloyds Bank and Bank of Scotland Managing Director

Other influencing factors

Lloyds Bank and M Worldwide have thought of everything within the customer journey that they can offer to provide a great experience – that’s why it’s been such a huge success with virtually no additional marketing support.

Research/data sources

Lloyds Banking Group internal research and data 2017-2018