

For Publication

LLOYDS
BANKING
GROUP



m
Worldwide

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Financial services
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Client:
Lloyds Banking
Group

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consultancy:**
M Worldwide

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Lloyds Clapham Junction – Transformational Brand Experience

Executive Summary

For Lloyds Bank branches to be relevant, it was clear that the proposition had to evolve. A new site in Clapham Junction was the impetus to work with M Worldwide to create a new customer experience and design concept.

Its success is way beyond Lloyds' expectations – the results are testament to its effectiveness in terms of service levels, design, and overall experience. Combined, they are proof positive that customers are getting a personalised service that addresses their needs, that the branch is significantly over performing versus the control group, and that the branch is positively influencing customer perception of the Lloyds brand.

What's even more remarkable about the customer experience and design success is that it was accomplished with virtually no additional marketing support. Lloyds Clapham Junction is now the benchmark for any new branch initiatives, whether physical or interactive.

Here's just a taste of the extraordinary outcomes:

Word count - 253

99%

Said the design was better or much better than other shops or banks.

+66%

More in-branch internet activations of accounts than control group.

+144%

Higher numbers of Agreements in Principle/Illustrations than control group.



83%

Said their opinion of Lloyds Bank was now better or much better, based on their Clapham Junction branch experience.

93%

More new customers than control group.



+46%

More advisor appointments per week than control group.



98%

Said that their experience at Clapham Junction was better or much better than other shops or banks.

99%

Said they were able to do everything they came into branch for.

Nº2

branch for account openings.

Project overview

Outline of project brief

Pre-existing Lloyds Bank branch designs focused on operational efficiency, but that design was increasingly unconnected to the evolving needs of customers. It was clear that for branches to be relevant the proposition had to evolve, and a new 2,500sq ft site in Clapham Junction was the impetus to do so. Lloyds Banking Group partnered with M Worldwide to create a new concept branch customer experience and design for Lloyds Clapham Junction, as part of the bank's wider branch of the future strategy.

To appeal to the local customer base, the branch must:

- Be community focused and tailored to location and customer needs
- Provide services that can't be obtained online
- Encourage high value conversations
- Become a state-of-the-art, future-proofed benchmark for other branches
- Exude expertise, personalisation, and provide reasons to dwell
- Add value, build loyalty, and engage people in a brand-led experience.

With virtually nothing in the way of additional marketing support, the success of the customer experience and design concept would be measured in terms of the following underlying objectives:

- Provide a better customer experience in terms of service levels, design, and overall experience
- Better branch performance compared to a control group of 17 branches in the surrounding area in terms of: new customers, advisor appointments, reducing counter enquiries, increasing self-service, levels of no branch activity, in-branch internet activation of accounts, and agreements in principle for mortgages
- Improve customer perception of the Lloyds brand.



Project overview cont.

Description

Lloyds Clapham Junction would be highly targeted to the area's particular demographic – financially well off, digitally-savvy, and young households. It's a commuter catchment anchored by the very busy Clapham Junction Station. A 'work hard, play hard' mentality means residents are looking for emotional rewards and reasons to dwell, so recognition of their lifestyle through personalised service would be key.

Ultimately, Lloyds Clapham Junction needed to deliver a customer experience that deepens relationships with the area's clients beyond simple transactions and becomes known within Clapham as the 'go-to' bank for distinctive personalised service in a multichannel world.



Project overview cont.

Overview of market

The way people do their banking/make financial decisions is changing – so the bank branch experience and design must also change:

- Customers are better informed than ever before through online research, but filtering that advice is a challenge, particularly for ‘big ticket’ decisions like mortgages, and becomes a barrier to decision-making.
- Transactional financial activity has migrated onto online and mobile channels.
- In-branch footfall is dropping, with counter usage decreasing by 11% annually.
- New challengers are still relatively small but growing fast.
- Existing branch proposition was no longer fit for purpose for staff in terms of an increasing need for them to deliver consultative advice to customers. Colleagues needed more tools, flexibility, and better technology to do their job.

Insights leading to the branch design and experience were based on 15 one-to-one interviews with key senior stakeholders across Lloyds Banking Group, covering challenges as well as ambition for the entire in-branch customer experience, and supported by research which ratified their views.

For example, Customer Insights Team research found that customers:

- Prefer consultations that are managed ‘hip-to-hip’, rather than across a desk, in order to share information on screen.
- Prefer quick, impromptu initial chats before committing to a more formal financial conversation.
- Research their need quite extensively online and want somewhere to share that information with colleagues.
- Expect fully omnichannel in-branch interaction, jumping between smartphone, tablet, and one-to-one conversations, often concurrently.

The Operations Team research found that colleagues want:

- Freedom from fixed positions to more effectively serve customer needs from start to finish.
- Technology and the space that provides an easy, coordinated branch process.
- Things that prompt conversations.

Project launch date

December 2015

Size of design budget and production costs

N/A

Word count - 616

Outline of design solution

The branch is tailored for the local demographic, and flexible for future evolution. The proposition is experiential rather than functional. The environment reflects the new brand promise 'For Your Next Step' and each of four cornerstone customer need states that were defined by M Worldwide and Lloyds Banking Group:

Convenience

Planning

Search & Solve

Sharing

Five key components then characterise everything in the concept branch customer experience and design to fulfill each of the need states and provide a relevant and seamless journey:

Fluid:

Easy movement, seamless channels and interfaces, efficient hand-offs, flexible furnishings and space, no barriers.

Efficient:

Straightforward, easy, agile, proactive.

Technology Enabled:

Integrated with the offer, made human, shareable.

Connected:

Community focused, expansive.

Human:

Warm, personalised, reassuring, guiding.

Executional cues

Personality traits	Brand manifestation in branch	Customer out-take
A quiet confidence	Calm, uncluttered and serene High quality and sophisticated	This is a calm, reassuring place to be Traditional, reassuring values and in step with the times A premium experience
Informed, useful, with a point of view	Everything executed intelligently Clear and impactful	Everything here makes sense and works as it should
Personal, attentive, responsive	Personalised and tailored Warm and approachable	
Knowledgeable, insightful, expert	Richness of relevant information / content Efficient and organised	

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LBG Branch of the Future - Search & Solve - 20th April 2015

The digital experience

It's about disruption

A big, bold input that reminds someone that they have a need, and confirms to others that their pre-identified need can be solved in the branch.

It's about motivation

Providing solutions that give confidence that issues can be searched and potentially solved there and then.



M Worldwide

It's about fact-finding

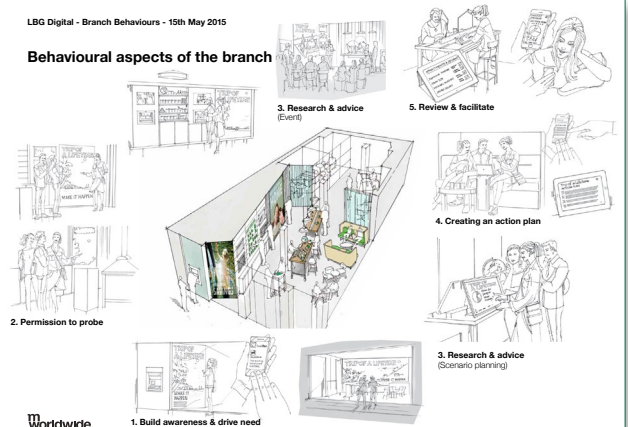
Providing solutions that allow customers mine deeper into areas of interest, should feel fully engaged, validated, understand their issue more and alternatives.

It's about sealing the deal

Providing a range of facilities that allow customers and colleagues to fulfil project needs.

LBG Digital - Branch Behaviours - 15th May 2015

Behavioural aspects of the branch



M Worldwide

Developing the definition of the emotional and needs experience in branch

Outline of design solution cont.

The customer experience and design is effective because fundamentally it's an enabler for the colleague and customer to do business together. It offers options for how people want to talk and generates conversations through multiple visual stimuli throughout the customer journey. It's an open and welcoming environment that transforms the banking hall into a space for customers rather than colleagues.



Convenience

Self-service and assisted self-service areas are supported and coordinated by a concierge. Customers are made to feel productive and at ease, and are provided with choices that help them complete their task quickly.

Search & Solve

The branch makes it as easy as possible for people to plan and achieve their financial objectives for major life events: getting a mortgage, travelling for a year, getting married etc. A range of intimate, flexible spaces allow for one-to-one conversations. The project table with fixed e-tablets and other portable devices allows for demonstrations and digital on-boarding.



Planning

A range of private reconfigurable meeting spaces are more adapted to customer needs, and put them in the right mind frame to focus on the bigger financial decisions in life.

Outline of design solution cont.

Sharing

A flexible community space dedicated to sharing, learning, and interacting with colleagues and other customers. It's a platform for organised events, where customers can bond and connect with people in the local community to share common interests. But this isn't just about the 3D design, graphic design, and space planning – other factors considered for the overall customer experience include the following below:

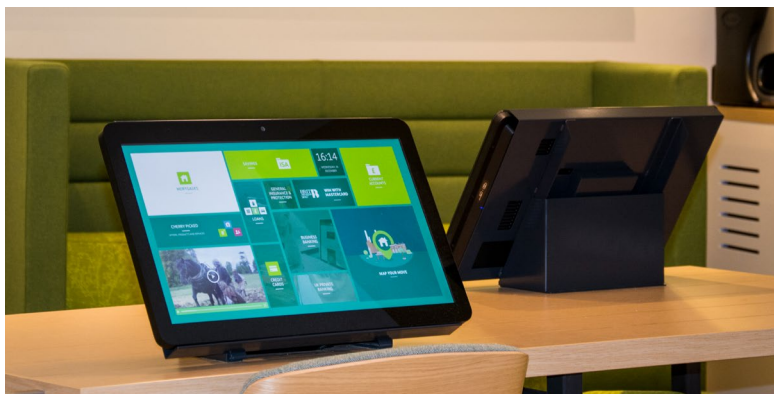
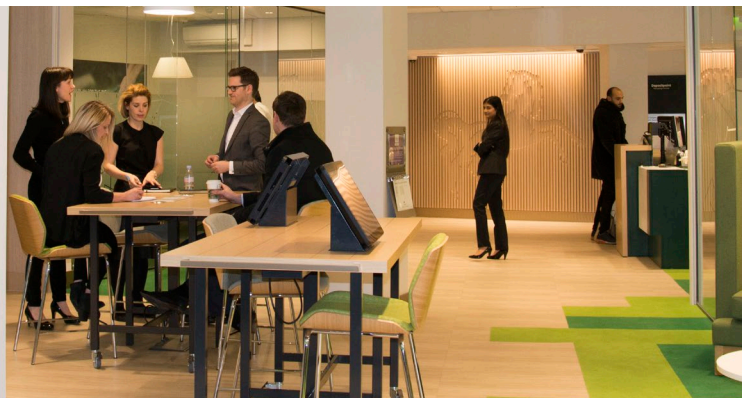


**Opening hours: 8am-8pm
Mon-Fri, 9am-5pm Sat, 11am-5pm Sun**

Longer opening hours seven days a week means the branch can better serve its commuter community.

Recruitment and training

A new service ethic needed a new approach by colleagues. Lloyds invested in new recruitment metrics and a training programme to ensure staff would be best placed to meet customers' needs.



Technology

Technology development was substantial, with eTablet interactivity and large format digital housefinder mapping software all created under a 'test & learn' mindset that continues to evolve.

Summary of results

Clapham Junction's success is way beyond Lloyds' expectations – it's now the benchmark for future branch initiatives, whether physical or interactive. The following results are testament to its effectiveness in terms of service levels, design, and overall experience. Combined, they are proof positive that customers are getting the personalised service that addresses their needs, that the branch is significantly over performing versus the control group, and that the branch is positively influencing customer perception of the Lloyds brand.

It's worth noting that Lloyds Bank branches do not receive any information on sales – this is no longer part of their performance criteria. Therefore Lloyds Clapham Junction effectiveness was measured via:

- Interviews on service levels, design, experience with customers who visited the branch 09/12/2015–30/03/2016.
- Clapham Junction's performance versus the control group.

Customer surveys

Responses of 187 customers who visited the branch December 2015-March 2016 are extraordinarily high:



99%

Said the design was better or much better than other shops or banks.



99%

Said they were able to do everything they came into branch for.



98%

Said that their experience at Clapham Junction was better or much better than other shops or banks.



96%

Thought Clapham Junction's service was better or much better than other shops or banks.



83%

Said their opinion of Lloyds Bank was now better or much better, based on their Clapham Junction branch experience.

Summary of results cont.

Lloyds Clapham Junction versus Network with control group

Based on monthly averages for Lloyds Clapham Junction versus the control group over a four-month period December 2015-March 2016 (unless otherwise stated), the information below clearly illustrates Clapham's undisputed success in all metrics.

 **6%**
Higher levels of self-service activities

+144%
Higher numbers of Agreements in Principle/Illustrations

This massive differential suggests that Clapham is delivering on its mission to provide personalised service that meets customers' needs.

+93%
More new customers

 **10%**
Higher levels of no activity in branch

This suggests an "I'll meet you in the bank mentality" – Clapham is perceived as a community destination, beyond financial transactions.

+ 66%
More in-branch internet activations of accounts

New accounts require internet activation, and this data for Q1 2016 suggests that customers are more enabled to do so at Clapham due to its service ethic and technological availability.

+ 46%
More advisor appointments per week

Not only this, but each month has shown at least +25% versus the control group, and January 2016 alone showed +71% more appointments at Clapham.

 **7%**
Fewer counter enquiries

This is hugely important, as the whole point of the branch is to encourage advisor appointments/self-service activities, rather than transactional counter enquiries.


Longer hours are cost-effective

Operationally, this branch proves longer working hours are cost-effective, with 30% of weekday meetings arranged between 8-9am and 6-8pm. Full service on Saturdays has made that the busiest day of the week for high value conversations.

Nº2
for account openings



Positive brand associations within local community

The branch design is also a vehicle to build positive associations of Lloyds Bank within the local community. For example, a recent in-branch business event with Google Digital Garage about SEO was not only the first such event outside of Google's offices, but generated an 87% positive response rate when asked if the event changed their opinion on what Lloyds Bank can offer the local community. And 25% of non-Lloyds customers attending that event subsequently arranged appointments to meet the Corporate Banking team, even though the event's subject had nothing to do with switching banks.

Testimonial

"We have now been open in Clapham Junction 8 weeks and attracted over 250 new current account customers as well as many other customers who have transacted in our branch. Customer feedback has been amazing, the customers love the look and feel of the branch and frequently comment on the style of the branch, the relaxed environment, and the scent! Colleagues feel proud of the great environment that we work in and love to come to work every day. They feel empowered to have different types of conversations with our customers and have commented how they would struggle to return to an older style branch."

Sarah Harrison, Bank Manager, Lloyds Clapham Junction

Other influencing factors

What's even more remarkable about the success of Lloyds Clapham Junction's customer experience and design is it was accomplished with virtually no additional marketing support.

M Worldwide worked with Lloyds Banking Group's Retail Marketing Team to devise a four-day launch event at the branch four weeks after it opened, including 500 'giveaways'. General public awareness about the branch appears to have increased after this, as staff suggested they noticed a higher footfall, though this wasn't measured. However, it's unlikely that the event and giveaways would have significant impact on the results over the four-month measurement period, nor do they impact on the customer survey responses as those are focused wholly on the in-branch experience.



Research resources

Lloyds Banking Group internal research and data 2014-2016

Lloyds Banking Group internal branch format and design team report Q1 2016