



# EFFECTIVE LOCAL NETWORK PLANNING

CACI understand the unique challenges that regional building societies are facing in trying to balance the digital shift of consumers with the need to optimise their investment in existing branch assets. We are already working with a number of regionals to help them develop the best roadmap through these challenges based on a deep understanding of the local markets in which each of them operate.

Whether you are a global bank or a regional building society, consumers are changing the way they interact with you as a result of technology and socio-economic changes. At the same time it is important to recognise that there is only one consumer, with a fixed budget for financial products in any year. The trick is to know that their channel preference is determined by their lifestage and lifestyle-based attitudes, rather than treat opportunity by channel in “silos”.

For the banks, this means they could reduce their branch footprint and use the money saved to invest in digital platforms. This is not the case for regional building societies as you simply don't have the extensive branch networks to cull in order to reinvest the cost savings. However, this does mean that you don't have as much of a “tail” of really small centres, and as such, your locations are generally further up the locational “food chain”.

All retail financial services (RFS) players agree that there is a future for the branch and therefore the solution for regional building societies is to get smarter with the format and purpose of your branches on a town-by-town basis – that way you can optimise performance based on an offer that is commensurate with local demand. Above all, for the building society sector, now is not the time to neglect your branches...

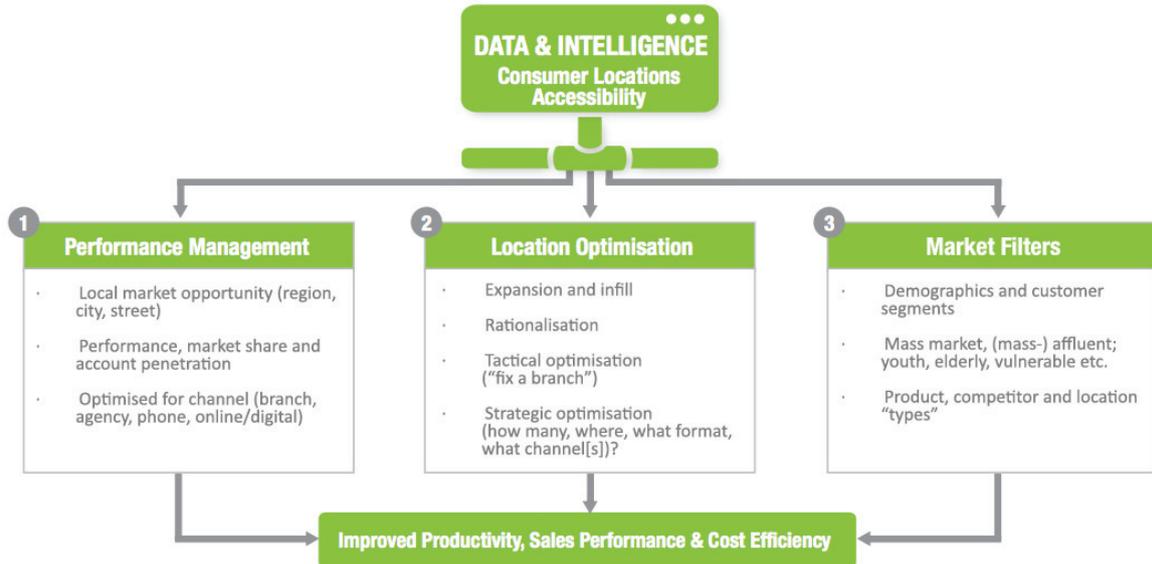
## OUR APPROACH

The quality of input is the key to any successful distribution optimisation strategy. At CACI, we have a range of market-leading datasets that have been built specifically for the RFS sector. Indeed, our data includes information sourced directly from the industry, whether that's our Market Databases or Branch Database. In addition to these bespoke RFS databases, we have a range of consumer and locational datasets that mean we really know where people live and where (town and channel) they buy RFS products.

On top of this we are proficient at working with your own internal data sources – as any review needs to overlay your performance onto the opportunity landscape – to calibrate the output so that it reflects your unique situation.

## THE PROCESS

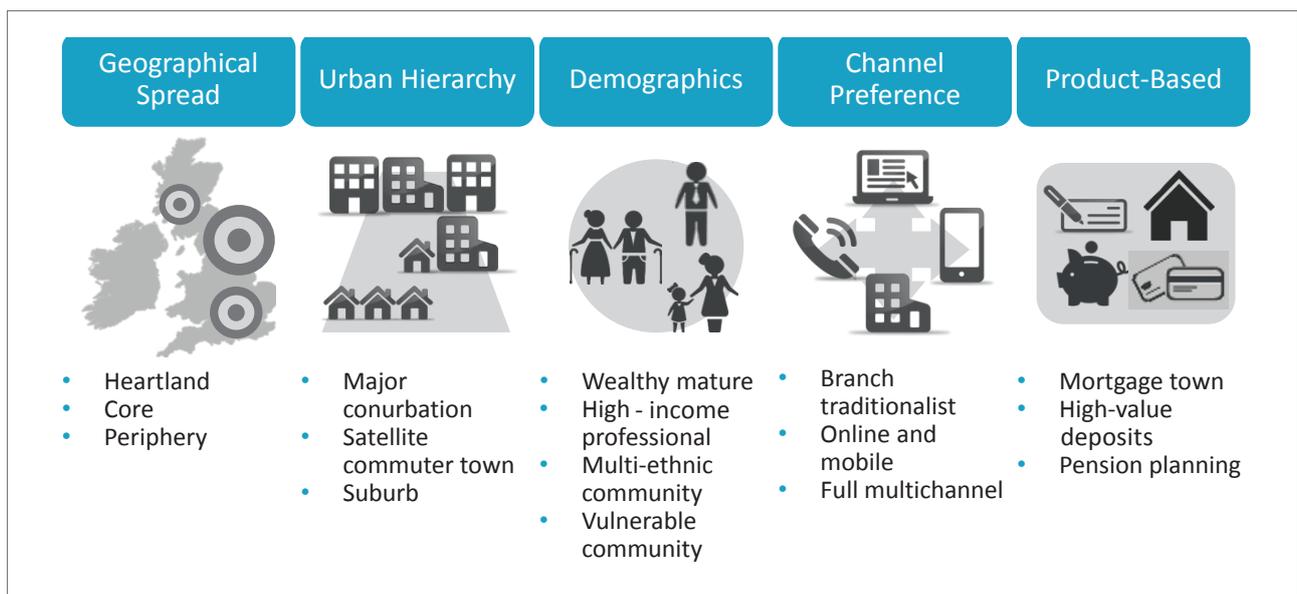
The following diagram shows how we shape the input data into a bespoke channel distribution blueprint, using three principal lenses:



The best way to optimise sales performance is to understand the markets in which they sit. You should tailor your branches and channel offers to the local opportunity, rather than expect a "one size fits all" approach to distribution. This customised distribution strategy will make it relevant to the people living, working and shopping across your entire operating area and will yield better returns.

## LOCATION SEGMENTATION

A lot is made in all RFS organisations about customer segmentation, and rightly so. However, we also see the value in creating a location-based segmentation to understand local RFS requirements and preferences. This can be produced on a number of axes, as the following examples illustrate:



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All of these will allow you to understand the different requirements of the local footfall. It also enables you to “undercut” the banks in markets that they deem to be unprofitable, but which are places where you can capitalise on the local demand with lower operating costs.

## **SUMMARY**

Our recommendation is to use a combination of all these axes to produce a tailored solution for your locations and types of customers, allowing you to optimise the location, format and staffing – and therefore your performance – on a town-by-town basis.

CACI’s approach is data driven, logical and pragmatic, which makes CACI the best organisation to partner with in this time of rapid change.

*“We have used CACI to support our branch expansion process because they provide the right level of information and experience to deliver output that gives us the confidence to invest in new locations.”*

**ALUN WILLIAMS**  
*Chief Executive, Swansea Building Society*

*“CACI have provided invaluable input into the network plan for our branch and agency network. This has enabled us to focus our investment into the “right” markets and locations.”*

**NIGEL QUINTON**  
*Chief Executive, Furness Building Society*