



# Retailer

When I entered Overbrook High School as a sophomore — sometime in the 1960s — I was (according to the demographic classifications of that time) one of 10 Caucasian gentiles in my class of over 1,000 students. I had recently moved to the Philadelphia area from the Midwest. Culture shock? You betcha! I was a Midwestern girl and crossed the street with the kind of care and timidity that told everyone that I wasn't from here. I was new to city life, to the Philly twang, to American Bandstand, to separate lunchrooms for girls and boys, to security patrol in the high school corridors.

I needed new places — to help me recreate the familiar and to adapt to the unfamiliar. I needed to replace the stores where I hung out and listened to the latest tunes, where I acquired the right kind of shoes, handbags, headbands and other symbols of the groups I wanted to belong to. I needed to find places to hang out and learn the cool words to say — and how to say them just like the other kids. I wanted to be accepted. I was, in that context, and in that culture, an ethnic minority.

I've always been a fairly courageous and independent person, but at that time all kindnesses and reassurances were welcome. On my way home from school, I walked past a deli, a pet store, a jewelry store and a beauty salon. Initially, I bought hamburgers and headbands. But with repeated exposure, confidence in the retailers and personal exploration, I learned to like hoagies. I started a hamster breeding project for a biology class. I got my ears pierced. And I changed the way I wore my hair. My neighborhood retailers became my gateway to my new culture, and through doing business with them I became a girl from Philly.

I offer this experience to illustrate the needs of people who find themselves uprooted and transplanted and who are

marginalized and not like the immediate other.

First impressions matter. Many consumers — because their reference culture is different from your store’s culture — are facing a learning curve. They’re seeking comfort and success in the little things. According to authors Berry, Seiders and Grewal in the 2002 *Journal of Marketing* article, “Understanding Service Convenience,” for them, convenience means getting to the store (access convenience), knowing the store carries something they want to buy (selection convenience), and it may mean easily re-establishing connections with retailers, new and old, such as by forwarding their mail at the post office, changing their address with the bank or renewing their driver’s license (transaction convenience). These conveniences have additional value if the new customers have predictably good feelings about themselves from the store experience. These

hoped-for conveniences have long-term loyalty payback if the new customers believe the store is acting in their behalf, say authors Sirdeshmukh, Singh and Sabol in the 2002 *Journal of Marketing* article, “Consumer Trust, Value, and Loyalty in Relational Exchanges.”

First impressions must differentiate. Once customers enter your footprint or come through your door, your store and its staff must deliver an experience that is relevant, unique, memorable and different from others. The experience must provide value beyond the price for the product. Delivering this experience requires paying attention to each and every customer and knowing what type of convenience is most relevant to them, such as:

► **Proximity and traffic pattern advantages.** “I’m glad we were in your path today. We love having customers who live nearby or pass us on their way to work to stop by on their way home or come

over for fill-in supplies.”

► **Assistance with selection goals.** “Did you find what you were looking for? Is there something you need that you didn’t find?”

► **Smooth, easy, respectful financial transactions.** “We can cash your check for you after you become a member of the check-cashing program; it only takes a couple of days.”

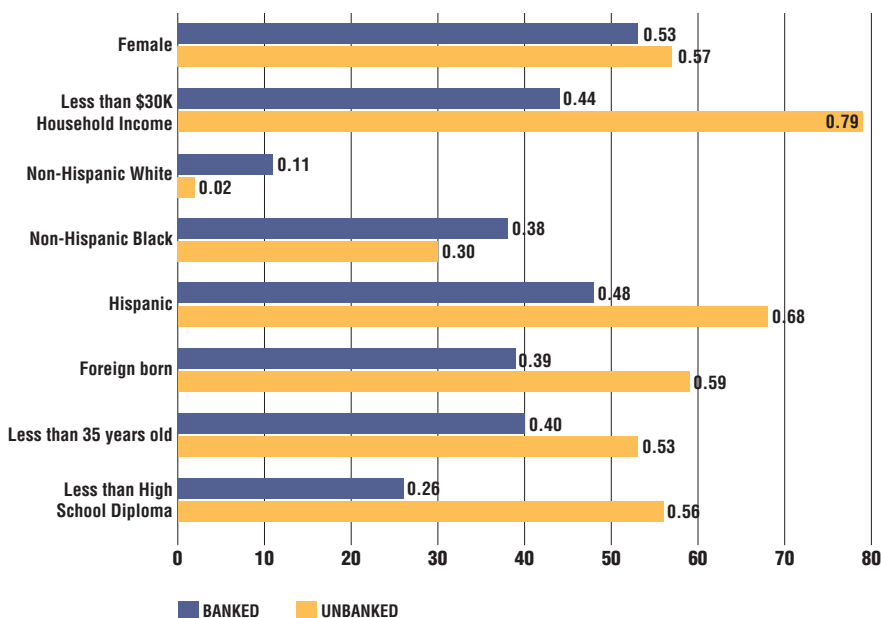
### Financial Convenience

One of the first things people do when they move is to re-establish how they will run their lives in their new location, particularly how they will handle their money. They open/move a bank account, and their employer may set up a new way to pay them — cash, check, money order or direct deposit. They establish ways that are comfortable to spend or save that money — using cash, cash/debit card, credit card or money orders.

A steady stream of routine purchases and unexpected emergencies anchor the visits and transactions for convenience retailers. Some type of transaction is included in every customer visit to a convenience store; while not every transaction may involve money, some of the most important transactions are financial. It makes sense, therefore, that personal finances have huge potential as a point of relevance and provide an opportunity for a convenience store to establish a trusted connection with its customers. Check-cashing services, payday lending, pre-paid debit cards, wire transfers and ATMs — while offering convenience service to their customers — generate fees that provide revenue for retailers.

“The convenience store takes the role of community center in some neighborhoods,” comments Dr. Neal M. Burns, professor and director of the Center for Brand Research at the University of

## Comparing Banked and Unbanked in Low- and Moderate-Income Communities



Texas at Austin and advisor to the NetSpend Corporation, whose All-Access prepaid debit card is now available in convenience stores. “The sense of community that naturally exists between the convenience store and its customers is the experience that can form the basis of trust and respect that makes the convenience store a preferred resource. That store becomes the customer’s “brand,” and that feeling spills over to the brands of the products the store carries.”

NetSpend’s All-Access pre-paid debit cards include both Spanish and English text on the packaging and are distributed in convenience stores with financial service offerings. “Research conducted by Clickin clearly points to the relationship as the fundamental source of permission to continue and escalate financial involvement that builds the market for all financial services, including pre-paid debit cards, check cashing and lending. Netspend has strategically chosen retailers whose other offers complement the All-Access card — to harness this market insight.”

Similar financial products — Secure Cash Network’s Pronto Banco, 7-Eleven’s Vcom and PaySpot Company’s TeleBucks — all target related needs that often converge in a convenience store for the unbanked. The importance and relevance of these financial products is clearly communicated in the benefits described by their names. They represent an important addition to the convenience store inventory of SKUs and will make repeat customers out of occasional visitors.

At the recent Summit on the Empowerment of the Unbanked, sponsored in Austin, Texas by Netspend Corporation, John Bryant, founder of the economic empowerment nonprofit operation HOPE, called the new developments in financial access and literacy the “sliver

rights” movement. “With services that promote financial literacy,” says Bryant, “we are creating a new segment of consumers who don’t necessarily make more money but make better decisions with the money they make...and companies that participate are finding that they do well by doing good.” The market segment can potentially include the 10 million American households that are unbanked, according to Ellen Seidman and Jennifer Tescher in their presentation “From Unbanked to Homeowner: Improving the Supply of Financial Services for Low-Income, Low-Asset Customers,” presented at “Building Assets, Building Credit: A Symposium on Improving Financial Services in Low-Income Communities,” organized by the Joint Center on Housing Studies at Harvard University, November 18, 2003.

Providing services for the unbanked not only generates revenue, these services send messages: This store wants to help you and you, too, can be included. Relevant? Yes. Perceived as having “my” interests at heart? Yes. Good for loyalty? Yes. NetSpend Corporation is one of the first non-bank store-value card vendors to offer customers the ability to be linked with the credit reporting system. When enrolled in the CredAbility program, customers authorize NetSpend to send a positive monthly report to the credit bureau as an “on-time” payment of the monthly cardholder fee, as if making a utility payment.

It is well-documented that the unbanked are over-represented in what have been called “minority groups” (referring to what *used to be* a minority of the population.) In a recent survey on low- and middle-income communities conducted by the Office of the Comptroller of the Currency of the Department of the Treasury, the unbanked were disproportionately young, unedu-

cated, foreign-born, and Hispanic (see the chart, “Comparing Banked and Unbanked in Low- and Moderate-Income Communities” on opposite page). Stores capture a very small proportion of the fees for the transactions by which these customers receive and convert their income (see the charts, “Receiving and Converting Income by the Unbanked” on page 56 and “Check Cashing Service Providers” below) and by which those who pay with money orders purchase their money orders (see the charts, “Bill Paying by the Unbanked” on page 57 and “Money Order Providers” below). according to Constance R. Dunham in “The Role of Banks and Non-banks in Serving Low- and Moderate-Income Communities,” Economic and Policy Analysis Department, Office of the Comptroller of the Currency.

### Check Cashing Service Providers

	UNBANKED	BANKED
Check Cashing Outlet	0.71	0.28
Bank	0.23	0.62
Store & Other	0.05	0.09
Work	0.01	0.03

### Money Order Providers

	UNBANKED	BANKED
Check Cashing Outlet	0.67	0.51
Post Office	0.2	0.3
Stores	0.12	0.17
Bank	0.01	0.02

### What It Means

But it’s not as simple as recommending that retailers ramp up financial services for African American and Hispanic markets. Retailers need to be discerning about any ethnic marketing campaign. They need to carefully evaluate potential

campaigns in the context of what they know about *their* customers. Because although all Americans have many similarities, Clickin’s studies of convenience customers across the United States point out that a store’s customers reflect the local demographics, and even across stores in the same chain, there *are* differences. One recipe for reaching ethnic markets does not apply to all stores. Reaching new and underserved markets requires establishing relevant connections with them, and the opportunities for these connections vary regionally and locally.

Marketing campaigns based on standard demographic classifications have to be carefully evaluated before they’re adopted. Most of the racial and ethnic segmentation schemes have been developed for government purposes; they’re academic. They put square pegs in square holes and round pegs in round holes; and the odd-shaped pegs get discarded or forced. It’s in this respect that canned ethnic campaigns miss the sweet spots of today’s marketplace. Today’s market is all about *relevance*. Products, services, brands must all achieve relevance to survive. Retailers must have insight to question canned campaigns: “Is this campaign based on a cultural insight that makes products and services more relevant to *my* customers?”

Too many ethnicity-oriented marketing efforts are, unfortunately, trite cover-ups for marketers being caught blind-sided by the current impact of demographic changes — changes that have been in the forecasts for more than a decade. Whether you subscribe to the melting pot or the tossed salad metaphor for America’s process of immigration, acculturation and integration, the ethnic diversity of marketers and advertisers is changing more slowly than the consumers they target.

Many suppliers and retailers are waking up to the importance of diversity as a resource for their business. But tapping into new cultures for meaning that is relevant to the larger market as well as to those ethnic groups is going to pay off better than applying broad stereotypes disguised as ethnic insights. New cultural expressions (promotions, ads, messages) based on this meaning provide opportunities for relevance to be rejuvenated — and to capture the attention of larger markets in doing so, rather than smaller ones.

Consider this example. Ana Rodriguez is a single mother who kept her maiden name after her divorce. She lives with a female companion-lover and works as a well-paid computer programmer. Her child, whose father is Jewish, attends a Jewish day-care center in the neighborhood. How well do the following market segments describe Ana? Hispanic? Lesbian? Mother? Techie? Gen X Single?

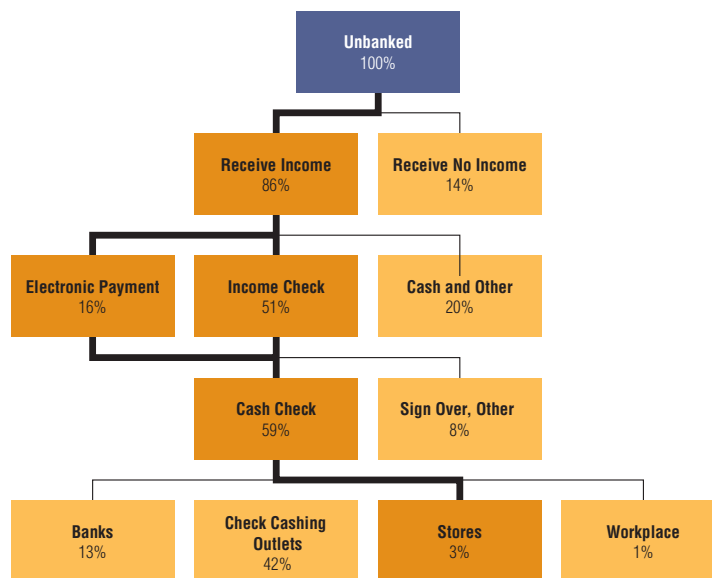
Which of her affiliations, which of

her motivational states has the greatest market potential? Should we market to Ana as a Latina? As a technophile? As a daycare mom? Do those “buckets” (as market segmentation specialists like to call them) help us develop a trusting, emotional bond with her? Which is the most actionable connection with her for “convenience?”

The better opportunity is to aim for relevance — for the balance she seeks across her many roles, for the pleasure of the infrequent half-hour she has to herself when the house is quiet and she puts her feet up, for the confidence she has that she can get cash when she needs it. When convenience products and services connect with those emotional states, the bonds of loyalty grow strong. And interestingly, those emotional states of lifestyle, escape and self esteem apply to markets larger than the Latinas or the techies.

Oversimplifying ethnic markets is another form of stereotyping. It creates

## Receiving and Converting Income by the Unbanked



## Reaching new and underserved markets requires establishing relevant connections with them, and the opportunities for these connections vary regionally and locally. — Dr. Martha Russell

“buckets” that miss the broader view of how people see themselves. Clickin’s research on market segmentation, ethnicity and community has shown that ethnic affiliation and identification is more pluralistic for many consumers, especially those of Hispanic descent. When given the choice, most consumers describe themselves using multiple ethnic categories. The older generations and the very new immigrants are more likely to define themselves with a singular ethnic identification.

### Self Descriptions of Ethnic Background by Race

In Clickin’s assessments of how to build customer success strategies with diverse markets, we use a variety of measures to explore ethnic heritage, affiliation, identification and culture. As Neal M. Burns and I explained in a presentation to the European Society of Market Research in July 2000 called “Examining the Relationship Between Ethnicity and Brand,” we combine these measures with lifestyle measures, such as “golden years,” “gen X singles,” “jumbo families,” “leisure buffs,” and add measures that

speak to assimilation and acculturation.

We also ask people to select three words to describe themselves. Older consumers and more recent immigrants are more likely to include ethnicity in the way they describe themselves. “I’m a busy Italian grandmother.” “I’m a retired Irish businessman.” “I’m a graduate student from Puerto Rico.” Youth and middle-aged consumers, as well as immigrants who have been in America for a decade or more, see themselves as part of many groups. Their self descriptions are less likely to include an ethnic descriptor. “I’m a friendly person, happy mother with a good sense of humor.” “I’m a Texas-born electrician who likes to hunt.” “I’m hip-hop-lovin’, pizza-eatin’ chic.”

Marketing to these consumers has to be based on the relevance that the product has to them at the time of consideration, purchase, consumption — rather than a simplistic ethnic category. Can that relevance be defined by ethnicity? Yes, now and then. But strong brands

— and this includes the reputation of a convenience store — strive for relevance all day long, everyday.

Insights based on culture — rather than race — hold the promise of reaching a larger proportion of the increasing number of American consumers who have an ethnic branch or two on their family tree. Insights based on cultural relevance — rather than ethnic segmentation — are more likely to lead to new flavors, new expressions, new product extensions, new consumption occasions that reach the niche markets and also provide competitive advantages in the larger markets.

Loyalty is built on a simple relationship principle. The customer must really believe that the store has “my” best interests at heart. If the store truly has customers’ best interests at heart, customers become loyal to your brand, less sensitive to prices and make your business grow.

Benevolence — helpful assistance that is perceived by customers to be in their best interest and not obviously in the interest of the retailer — generates trust and strengthens the emotional bonds that build a strong reputation. Benevolence results in powerful satisfaction and loyalty benefits when it builds on competency and provides solutions to problems — the three drivers of service loyalty . . . competence, problem solving and benevolence.

It will do for your customers just what it did for that little girl in Philadelphia when Dick Clark was a TV hero. ○

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### Bill Paying by the Unbanked

