

## **The Guaranty Trust Bank of Nigeria (GTBank): From Niche Positioning to Mass-Market Branding**

Dr Stan Maklan, Professor Simon Knox

### **Abstract**

This case describes a strategic marketing dilemma facing Tayo Aderinokun, the co-founder and Managing Director (CEO) of the highly successful Guaranty Trust Bank (GTBank) of Nigeria. Since its founding 15 years previously, GTBank has grown dramatically to become the most respected corporate bank in Nigeria, renowned for both its professionalism and high ethical standards. However, the environment is changing dramatically and the Bank needs to grow quickly in order to survive: perhaps doubling or tripling its size in the next five years. Tayo has ruled out merger or acquisition in the immediate future, so organic growth is the only way forward. There is insufficient room for growth in its current commercial niche, so GTBank has decided that the emerging Nigerian retail banking sector is its growth pathway.

However, there are big challenges: GTBank's brand, marketing mix, people and operating methods are finely tuned for corporate banking and it is not immediately obvious how it will leverage its assets to compete in the emerging retail banking market. In addition, competitors are attacking GTBank in its core corporate segment. The case explores a classic strategic marketing dilemma: when is a highly successful "niche" brand forced to abandon its USP and go for growth in the mainstream market? How does it leverage that which makes it special so that it offers some compelling advantage for its new customers? Can the niche brand execute well on a large scale? How does it embed its values and behaviours in a new context? Does it have the money, people, culture and ambition to take share from established competitors in the new market segments? Will its expansion plans make its core business more vulnerable to competitors?

The case explores the strategic context using the established marketing planning tools of PESTE and SWOT and features advertising themes the Bank has developed for mass-market communication purposes to illustrate the far reaching implications of the expansion of its retail business.

## Tayo's Dilemma

In early December 2006, Tayo Aderinokun, the co-founder and Managing Director (CEO) of Guaranty Trust Bank (GTBank) of Nigeria, was sitting at his desk on the top floor of GTBank's head office with his marketing team and new advertising agency. The meeting had been called to review a proposed first-ever TV campaign for the bank designed to reposition the brand so it could compete better in the emerging retail banking market as well as in its traditional corporate niche. With a proposed budget almost 10 times that of GTBank's normal advertising investment, Tayo knew the decision was a very big step for him to take. Never before had the bank invested so much capital in marketing nor had the bank's staff or their customers seen GTBank as a retail bank.

It was clear to Tayo that the tone and execution of the advertising were right, the brand team was very excited at the prospect of mass communications and that the CRM system and the bank's contact centre were ready to go live. It was now time for Tayo to reflect on the changes made to the bank's marketing strategy before finally signing off the plans and committing the bank and his people to the most significant change in its short history.

## Background

Tayo was contemplating the future of the Bank towards the end of 2006. Founded only in 1990, it had grown rapidly to become a leading Nigerian bank that was both highly profitable and the first Fitch AA- rated bank in the country. More importantly, it had become Nigeria's most respected corporate bank with an enviable reputation for ethical conduct, customer service, professionalism and innovation.

*We are a team driven to deliver the utmost in customer service. We are synonymous with innovation, building excellence and superior financial performance and creating role models for society.  
... GTBank's mission statement*

However, the Nigerian Central Bank was sticking to the policy of encouraging a severe consolidation of Nigeria's banks first announced publicly in June 2004. Central Bank inspections had revealed an increasing number of weak operators. Of the 89 banks then operating in Nigeria, only 52 were deemed sound of which 11 were considered excellent. Over a period of 18 months, 14 banks were wound up and the remaining banks were urged to consolidate. In the end, 25 banks emerged from the Nigerian Government's consolidation push. However, it was rumoured that the Central Bank wanted the remaining competitors to consolidate further to a figure between 8 and 12 so that each would be ready and able to compete in the global economy. Already the asset

gap between Nigeria's largest banks and GTBank was large and there was a risk that smaller banks would consolidate into one or more entities that would also be larger than GTBank.

In a market consisting of a small number of much larger competitors, could GTBank continue in its niche positioning as a premiere corporate bank? Could it grow rapidly enough to remain a leading bank whilst maintaining its edge in service, professionalism and ethics? If the Central Bank only wanted a limited number of banks, how rapidly must GTBank grow to be on that list? Should GTBank absorb smaller banks or would it become a target for take over itself?

## **A History of Innovation and Service**

By 1989, Tayo Aderinokun and Fola Adeola had become extremely disillusioned with the Nigerian banks' traditional poor customer service, lack of professionalism and questionable ethics and opened GTBank in 1990. The founders insisted that all its employees uphold the highest ethical and professional standards, a compelling proposition in the market at that time. This made GTBank particularly attractive to many corporates and multi-nationals. Moreover, it changed the way banking was done in Nigeria:

*“What you need to understand is that at that time, it could take four to six hours just to cash a cheque at a branch. It was a manual process that had to be passed by seven different people. At each stage of the process, the cheque would enter a queue to be processed and you needed to be there. The whole process was characterised by a lack of trust between the bank and the customer; the tellers were behind cages and the branches were not desirable places to be. If you were lucky, a kind teller would give you an indication of where your cheque was in the queue and how long until the next stage so you could go out of the bank and do some errands, grab lunch...”*

Joke Giwa, Former Head of Retail Banking Division, GTBank, Lagos, 2006

For the first decade of the Bank's existence, all managers were personally trained by the co-founders and given extensive mentoring in the Bank's approach to ethics and customer service as well as the professional-technical tools needed for day-to-day performance. Managers also worked in open plan offices – almost unheard of at the time in Nigeria. Service development, lending decisions and customer targeting were agreed through highly interactive group meetings at branches and offices.

*This was a real meritocracy and a tremendously exciting place to be. But make no mistake about it, it was tough and our transparency gave people no room to hide. One or two quarters of bad performance and you might not keep your job.*

This combination of a unique market positioning for the bank and efficient operations, implemented by a team of motivated and talented professionals, has generated tremendous growth for GTBank (see Figures 1 and 2). Its growth was also highly profitable: GTBank generated more profit as a percentage of income and by branch than any of its larger competitors:

<b>Figure 1: Comparative Financial Performances</b>							
<b>(Billions of Naira)</b>							
	<b>Branch Numbers</b>		<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Union Bank</b>	<b>379</b>	<b>Operating Income</b>	<b>39.6</b>	<b>44.0</b>	<b>48.2</b>	<b>58.9</b>	<b>66.6</b>
		<b>Profit</b>	<b>5.6</b>	<b>7.8</b>	<b>8.3</b>	<b>10.1</b>	<b>10.9</b>
<b>First Bank of Nigeria</b>	<b>350</b>	<b>Operating Income</b>	<b>41.7</b>	<b>45.1</b>	<b>45.1</b>	<b>49.5</b>	<b>61.2</b>
		<b>Profit</b>	<b>5.1</b>	<b>13.4</b>	<b>14.1</b>	<b>15.1</b>	<b>19.8</b>
<b>Zenith Bank</b>	<b>142</b>	<b>Operating Income</b>	<b>12.1</b>	<b>17.8</b>	<b>23.9</b>	<b>34.9</b>	<b>58.2</b>
		<b>Profit</b>	<b>3.5</b>	<b>4.4</b>	<b>5.2</b>	<b>7.1</b>	<b>11.5</b>
<b>Guaranty Trust Bank</b>	<b>83</b>	<b>Operating Income</b>	<b>11.2</b>	<b>16.7</b>	<b>18.9</b>	<b>23.8</b>	<b>32.0</b>

**Figure 1: Comparative Financial Performances  
(Billions of Naira)**

	<b>Profit</b>	<b>3.3</b>	<b>3.3</b>	<b>4.1</b>	<b>5.3</b>	<b>10.0</b>
--	---------------	------------	------------	------------	------------	-------------

Despite its undoubted quality, GTB was losing ground to rivals. During the period of consolidation, traditional banks had swallowed up weaker rivals and Nigeria's other successful "challenger" brand, Zenith Bank was growing even faster – organically and by acquisition.

<b>Figure 2: Assets of Leading Nigerian Banks (Billions of Naira)</b>					
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Union Bank</b>	<b>300.0</b>	<b>366.7</b>	<b>418.7</b>	<b>550.1</b>	<b>667.8</b>
<b>First Bank of Nigeria</b>	<b>266.4</b>	<b>320.6</b>	<b>312.5</b>	<b>377.5</b>	<b>538.1</b>
<b>Zenith Bank</b>	<b>92.6</b>	<b>112.5</b>	<b>193.3</b>	<b>329.7</b>	<b>608.5</b>
<b>Guaranty Trust Bank</b>	<b>65.0</b>	<b>90.2</b>	<b>133.8</b>	<b>167.0</b>	<b>343.2</b>

It was the Central Bank's decision to raise capital requirements dramatically that had sparked this wave of rapid consolidation. Amongst the major Nigerian banks, there was only a handful that did not merge, GTBank being one of them.

*We started out with the intention of being one of the top three banks. We have grown significantly in terms of balance sheet and also in terms of capital, the size of our branch network and customer acquisition. But the playing field has changed now because the consolidation of so many banks – 90 or so fragmented banks have been transformed into 25 consolidated entities. ... We considered some acquisitions but failed to find a bank of sufficient quality or one that had values aligned to ours. So we decided to remain as GTBank.*

Tayo Aderinokun, CEO of GTBank, 2006

Instead of growing by acquisition, GTBank raised money in capital markets, exceeded the new Central Bank capital requirements and used some of the

money it raised to invest in strongly in Retail Banking. Despite its excellent performance to date and its strong national reputation, GTBank faces a number of major business challenges from within the Nigerian business environment. They are outlined below through a PESTE analysis:

## **PESTE Analysis**

### ***1. Political***

Nigerian bankers and industrialists generally believe that the consolidation to 25 banks represented a compromise.

*There is a projection that maybe in the next five years there will be about 15 banks in Nigeria or perhaps 18 to 20 at the very most.*

Jacobs Ajekigbe, Managing Director, First Bank, Lagos, 2006

Amongst the leaders of the Nigerian banking system, and their corporate customers, there is universal recognition of the political progress being made in Nigeria. Continued stability and progress with respect to governance, transparency and the market reform is seen as vital to the successful transformation of banking in Nigeria.

### ***2. Economic and Social***

The growth of national oil revenues, vital for Government finances, is not seen as the key engine to future banking success. Rather, it is the continued growth of the middle class and the attendant boom in personal lending, mortgages, credit cards and long term savings products that will generate much of the future potential. The growth of the middle class in the major Nigerian cities has meant that banks, once the exclusive preserve of the wealthy, are now becoming more accessible to ordinary consumers:

*Previously, people used to beg to open accounts. Now banks are begging customers to open accounts. Those that do not have accounts are being encouraged to open an account. We have about 350 branches in the country yet this density is still low...if you go to the fringes, you won't see any.*

Jacobs Ajekigbe, MD of First Bank, Lagos, 2006.

### **3. New Technology**

GTBank officials claim that in the past five years alone, 21 million people have acquired mobile phones. The internet is becoming more available and companies are beginning to offer call centres: something common in the more economically developed markets. In banking, GTBank is a path finder in offering call centre facilities and services. ATMs have also been recently introduced; many companies offer them on site so that their staff need not queue at local bank branches.

### **4. The Competitive Environment**

Perhaps the most striking environmental factor facing GTBank is increasing competition. When GTBank commenced operations, its unique customer service culture and professionalism was unprecedented in the industry and set the bank apart. However, competition is fast eroding that gap. The consolidation of banks has created a basis for much stronger competition and, at the same time, the larger, older banks still have some competitive advantages, particularly on cost grounds due to their scale.

*First Bank has the balance sheet size and the cost of funds [advantage] because they are a 100 year old bank. ... So if I am able to give you money at 15%, they could probably do 12% because of their cost base advantage.*

Adetola Owalabi, Manager Commercial Banking Group –  
Automobile Division, GTBank, 2006.

Consolidation, acquisition and reaching a sustainable size are the strategies being deployed by most major competitors:

*What the government did was really change the competitive market. First Bank really had the size prior to legislation, now every major bank is about our size so we had to craft a plan so that we can maintain our competitive edge. We have about 350 branches and we have a plan to reach 500 branches by 2008.*

Jacobs Ajekigbe, MD of First Bank, 2006

According to Jacobs Ajekigbe's market analysis, what seems to be emerging are three categories of banks: the top 10 players, the middle seven and the bottom eight who may struggle to survive in the mid-term.



Using a SWOT analysis, GTBank's competitive market position can be summarized.

## **SWOT Analysis of GTBank**

### **1. Strengths**

#### **1.1 Corporate lending expertise and reputation**

At the core of GTBank's business is its corporate lending expertise, a function of its people and professionalism. This was the point of departure for the organization originally and the essence of its formidable reputation built over the years. It prides itself on extraordinary service levels.

*What really sets them apart is their speed of execution. This is especially true when it comes to processing credit. I would say that once a decision has been made, GTBank is probably one of the premium banks that will come out with the credit facilities for you fastest.*

David Nahata, Group Financial Director - Tolaram Group (diversified industrial conglomerate), Lagos, 2006.

GTBank's reputation is founded upon the quality and professionalism of its staffers. The sentiments expressed by Adetola Owalabi of GTBank below have been endorsed by numerous customers:

*In terms of knowledge, we still have that edge over the market so you work the market. When you understand the world market for automobiles and the demand for steel, for instance, you understand how these prices affect the steel industry in Nigeria. All these sort of things – we still have that edge and other people cannot easily catch up with us.*

Adetola Owalabi, Manager Commercial Banking – Automobile Division, GTBank, 2006.

In 2006, GTBank was accredited with ISO 9001, the international standards organisation quality mark for service providers. It was the first Nigerian bank so accredited and it recently became the first Nigerian bank to list on the London Stock Exchange when it raised \$750 million through the issuance of a Global Depositary Receipt.

## 1.2 Stronger Capitalisation

Prior to raising more money from the capital markets during 2005, GTBank had limits in respect to how much of a large company's business it could accommodate. A banking regulation, termed the "One Obligor Concept", prevented banks from lending an amount more than 33% of its capital base to any one customer. This limited the share of business GTBank could achieve with large clients, even where they [the customer] were keen to give GTBank more of their business.

*[Guaranty Trust Bank's] service delivery is quite excellent. We need a bank like GTBank because they understand issues and they do come and assist. [However], there is a limit as to what they can lend because of one obligor. The size of GTBank cannot satisfy the Dangote Group. However, if GTBank could do what I need, I would give the majority of my business to them.*

Aliko Dangote, President and Chief Executive, the Dangote Group, Lagos, Nigeria, 2004.

The stronger capital base permits GTBank to increase its share of business with core corporate customers. However, the much larger capital base of its larger competitors allows them to lend an even larger share of a corporate customer's total needs and establish more of a total banking solution.

## 1.3 High Commercial Rating and Ethical Stance

GTBank was rated by the international rating agencies Fitch and Standard & Poor's, as well as Nigeria's foremost rating agency Augusto & Co, as the best of any Nigerian bank during 2006. Strong ratings make the Bank attractive to customers, particularly corporate customers and enhance its reputation. Equally, the founders' uncompromising views on ethics are a core part of the Bank's brand reputation. Ethics set the tone for how the Bank wishes to deal with customers - with transparency and sensible charges – which promotes opportunities for margin growth and improved customer relationships.

*In the early years, ethics was very clear to us as the way forward. If we are ethical, other people will easily see this and, for us, ethics delves significantly into morality and our relationship with our customer. At all times we need to be fair. We charge a fair price for what we do and what we say to them must be clear so there is no argument and no misunderstanding.*

Fola Adeola, Co-founder of GTBank, 2004.

## **2. Weakness**

Whilst the Bank has great strengths, it is suited particularly for corporate banking; the PESTE analysis reveals how that creates some weaknesses:

### **2.1 Weak presence in the fastest growing market sectors**

GTBank is a niche brand, strong in the corporate sector that is enjoying “average” growth. It is underdeveloped in Government and retail banking, both of which are large, growing markets.

The Bank has always refused to deal with clients and or transactions that failed to meet the ethical standard required of the Bank (to be a role model for Nigerian society). In Nigeria, this excluded it from large sectors of Government and some foreign exchange transactions. Guaranty Trust Bank did not even create a public sector business unit until 1998 and it acknowledges that its activities are limited to an ethical niche when it suits Government officials to make a public statement.

*We were clear about the profile of the customer that we wanted to do business with – and if that customer did not meet that profile, we refused to work with them.*

Fola Adeola, Co-founder of GTBank, Lagos, 2004.

Potentially, the business area ripe for explosive growth is retail with the rapidly-expanding middle class in Nigeria. This sector is under-served with banks and banking services. However, the GTBank brand and proposition are finely-tuned for its corporate customers.

### **2.2 Corporate brand image irrelevant to consumers**

The main pillars of GTBank’s reputation, professionalism, innovation, service and ethics are particularly valued by corporate clients but have perhaps less saliency amongst ordinary consumers and the new, rising middle class. Its image lacks some attributes of most consumer brands - excitement, belonging, fun and ubiquity.

### **2.3 Competitors have stronger distribution**

Its major competitors have more extensive branch networks and the number of branches is still strongly deterministic of a bank’s ability to attract and retain deposits from their customers, this particularly true for the retail sector.

*Today, we can grow 20 branches a year comfortably. If we are a bit more aggressive, we could go up to about 30.*

Tayo Aderinokun, CEO of GTBank, 2006.

Equally, GTBank has always built high quality, attractive branches commensurate with its policies on improving the customer experience and image as a premium service provider. Zenith Bank, however, has tended to build fit-for-purpose branches that were less expensive to put up and this has enabled it to expand its network more quickly. GTBank's design policy of its branches has been developed to cater more for its corporate clients but may now be considered over-engineered for the retail market and the rapid expansion of branches which is needed to fuel this expansion through market penetration.

## **2.4 Competitors are narrowing the quality gap**

The rapid pace of growth is putting severe pressures on the senior management at GTBank to maintain its greatest strength - the ability to develop the most professional bankers in Nigeria:

*When you have to expand very rapidly in a very short period, you need senior and middle management to plug the gaps, so over the last two years, we have had to bring in new people who do not necessarily share our own vision: people who were essentially formed in their own ways. I would say that we have had very mixed results in recent times. I would say that the attrition rate is now much, much higher than it was.*

*We have just started a two to three week induction or orientation programme for middle level staff. We just bring them in and try and show them our philosophy, this is how we work. These are the 'does and don'ts'. So, maybe going forward we will have a better success rate at introducing new people into our companies.*

*We ensure that the entry level people, the base level that form the bulk of the staff in any branch, are people that have gone through our system with our training people. So in a branch there are maybe 10 to 20 people who are entry level. However, it is the five or six people above the entry level reporting to the branch manager who make the main decisions – this is where the problem is.*

Tayo Aderinokun, CEO GTBank, 2006.

These sentiments are also echoed by the Deputy Managing Director of GTBank:

*Culture dilution....and human capital are probably the biggest challenges of the growth strategy that we have gone into. I think the challenge lies in three areas. At the top there is a challenge because the sphere of influence of the guys who run the organisation starts to dwindle because [GTBank is] getting bigger. In the middle there is a challenge ... if you bring people in from outside. At the base level, even after four months of our training, if the foundation and all the schooling have not been properly done and peoples' value system has been so distorted through secondary school to university, I'm not sure you're going to clean it all up in four months. So at all three levels, I see a challenge for the bank.*

Segun Agbaje, Deputy MD of GTBank, Lagos, 2006.

### **3. Opportunities**

#### **3.1 Retail banking in Nigeria**

Retail banking is set to be a growth sector and offers GTBank a lower cost pool of money. The view of the Bank is that long-term, steady deposits can be brought in at lower cost than current sources of funds, allowing the bank to increase its margins and the opportunity to match the pricing of larger, more established banks. Of course, this is predicated on a view that consumer deposits are dynamically stable, have a low costs-to-serve and are brought in at an affordable cost of customer acquisition.

As new people enter the banking system, who will be able to develop the optimal cost model to serve them appropriately as continual branch expansion is costly?

#### **3.2 Lowering costs through technology**

Coincident with the rise of the middle class in the cities, there is an explosion in the uptake of new technology. The middle class is going online:

*In Nigeria there are 21 million mobile phones. Five years ago there were none. There are alternative channels. Internet banking is becoming much more significant.*

Tayo Aderinokun, CEO of GTBank, 2006.

Technology may also hold the answer to the trade off between investment in new branches and gaining new accounts at GTBank:

*We see our [telephone] contact centre as a mechanism for accelerating our retail bank business. We have invested about \$5 million in our CRM systems and it is state of the art. No other bank in*

*Nigeria has our ability to integrate our customer data and provide real time responses to our customers' enquiries and problems.*

Tayo Aderinokun, CEO of GTBank, 2006.

### **3.3 Building share of corporate banking**

Consolidation and mergers will naturally create tensions and conflicts of interests with corporate clients in Nigeria; where relationship teams change, there are opportunities for organically growing organisations, such as GTBank, to capture disgruntled clients:

*GTBank is now a 70% supplier of funds for us. It is a relationship that we have had over so many years but it really cemented some time last year when we were able to let GTBank take a big chunk [of our business]. That, coupled with the capacity to do it in terms of the change in the regulatory cap on borrowing [one obligor], GTBank saw as an opportunity to take the risk. I would say that GTBank was foresighted enough to see the opportunities opening up generally. It was around the time when the banking sector itself was in turmoil because of the new banking regulations that were brought in. Most of the banks really did not have their house in order.*

David Nahata, Group Financial Director – Tolaram Group, Lagos, 2006.

## **4. Threats**

### **4.1 Consolidation may change GTBank's successful strategy**

Will Central Bank policy force GTBank to grow quickly or merge with another bank with complementary market strengths? Is Tayo Aderinokun's vision to be the third largest bank in Nigeria related to intuition or a canny understanding of the need to be that size when there will be only a handful of banks remaining?

*The original plan of the Nigerian Government was to have not more than 8 banks. However, they compromised at 25. There will always be key players and there will be middle players; however, the laggards are going to get wiped out by competition. People only want to be associated with success so the banks that aggregated together were the weaker banks so consumers still will not so willingly put their money there.*

Leke Alder, Managing Director of GTBank's advertising agency, Lagos, 2006

The challenge faced by GTBank due to consolidation of the banking sector as the industry moves slowly but progressively towards the magic number “eight” is considerable. Currently, four banks are bigger than GTBank and there are no foreign banks operating at any scale in Nigeria. With growing oil revenues, a growing middle class and an overall population of 130 million, an entry strategy by a big foreign bank should not be excluded from any long term marketing plan. This would leave only three places against which GTBank must compete with all the other banks that have merged in order to make the ultimate “cut off” in any further round of consolidation.

## **4.2 GTBank’s service advantage is narrowing**

When it was launched, GTBank redefined the concept of service in Nigerian banking and immediately established a noticeable gap to competitors. Over the years, however, other banks have learnt from it and imitated its successful service innovations.

*The competitive gap is not as strong as it could be – because we are not doing anything radically different and because a lot of people have left here who know the system. They are running other banks and are doing the same thing. The challenge of the next three to five years is to determine what that competitive advantage is going to be. It needs to be powerful enough to drive the internal organisation and important enough to drive the externals. The competitive advantage is still reputation, doing things properly and ethically.*

Segun Agbaje, Deputy MD of GTBank, Lagos, 2006.

Providing good service in the competitive context of 1990 was revolutionary but as competitors learn from GTBank, the gap narrows:

*GTBank is a class brand that has become an icon: a generalised icon, a standard icon. So all those things that it dazzled the environment with have now become commoditised. Architecture is commoditised. Service commoditised, even innovation in terms of service offering is being commoditised.*

Leke Alder, MD of Alders Advertising, Lagos, 2006.

Can the bank still innovate with respect to service and maintain that edge versus increasingly professional competitors as the much larger organization it has now become?

### 4.3 Stalling reforms

Much of the PESTE and SWOT analyses assumes the continued growth of the middle class which may depend on continuing political reform, anti-corruption policies and economic liberalisation. Parliament's decision **not** to change the constitution to allow a third presidential term for Olusegun Obasanjo and the subsequent election in 2007 is seen by some as an indicator of the permanency of the reforms begun by President Obasanjo in 1999. Nonetheless, political risk can never be ignored.

## The Challenges of Retail Banking at GTBank

Becoming a major player in retail is a costly proposition and the Bank needs to consider seven areas of its retail marketing strategy:

### 1. Branch Network

At the time of writing, GTBank had 100 branches and the estimated capacity to build 30 branches per annum. Its largest competitors have about 350 branches and, at this rate of growth, it would only close that gap after a decade, assuming the current market leaders do not make further acquisitions or invest in their own branch-building spree. GTBank branches are top quality so they are generally more costly to construct than competitors.

*We can hit 250 branches in the far future, still less than competitors and that number only allows them to serve some one million customers each. We wish to have about 1 million customers within a year.....and up to 5 million in the longer term.*

Kolapo Omidire, Director of Retail Banking at GTBank, Lagos, 2006.

### 2. Marketing Promotion



Retail banking requires consumer, mass marketing - a step-change from the business to business relationship marketing of corporate banking. GTBank changed its advertising agency, rebranded with a more consumer-oriented look and embarked upon unprecedented investments in creating consumer awareness during 2006.

*You can see that our colours are now much brighter, it's louder.....we are of the belief that going into the market, we need to be much more visible and vibrant. The former colour and logo were much more subdued and inconspicuous..... we didn't need to be that visible because we were operating at the high end of the market. We went to our customers. In those days, you did not drive by and stop to go into the bank. We are now*



*going down market and we felt the need for change..... this is essentially the reason for our investment in the rebranding. It is the largest advertising spend that we have considered in the history of the bank. This campaign will cost us about \$5m in total over a one year to 18 month period. So it's up there with our CRM technology investment..... these are the two most significant investments we have made in our history.*

Tayo Aderinokun, CEO of GTBank, 2006

Figure 3: GTBank: A Changing Corporate Identify	
Launch Identity (1990)	New identity (2006)
 <p><b>GUARANTY TRUST</b>  <small>GUARANTY TRUST BANK PLC  RC 152321</small></p>	 <p><b>GTBank</b></p>

To put this investment in advertising in perspective, prior to consolidation GTBank spent just under \$400,000 on advertising in 2003, about as much as its larger competitors. The investment of \$5 million represents a complete break with the past - can it afford to maintain this level and match the spending of much larger rivals over time?

### **3. Brand Positioning and Message**

The real challenge for the GTBank brand is to appeal to new people without detracting from its professional, ethical and service-orientated reputation built over almost 20 years of hard work.

Leke Alder, Managing Director of the advertising agency partnering with GTBank throughout the rebranding period, recommended leveraging the creative execution on “owning the colour orange in Nigeria”:

*Define the entity. Define the values. Use these values to dominate the environment visually and make it palatable. Orange Rules because we want to promote a set of rules and values that capture the essence of*

*GTBank that are natural to the company and that customers naturally identify with GTBank.*

Leke Alder, MD Alders Advertising, Lagos, 2006.

If Orange is the highly visible mnemonic, then the content has had to transcend markets by talking to the features and benefits that GTBank is most proud of - its values, ethical stance and professional services . An advertising campaign (Orange Rules) was developed and a set of eight adverts, each describing an aspect of GTBank's approach to business, was created. The campaign is being rolled out sequentially to create a sense of build, momentum and newsworthiness. The main medium for the 'Orange Rules' adverts currently is posters in prime sites around Lagos and other major Nigerian cities. These posters began to appear after a very successful teaser campaign that consisted of the appearance of five feet square, orange boxes strategically placed on key artery roads and dual carriageways around Lagos that simply had a big question mark to create initial interest! A sample of an advertisement from the poster campaign is included below in figure 4. It is communicating the innovation 'rule' of the bank. The other seven orange 'rules' are described below and form the backbone of the new campaign in Appendix 1:

**Figure 4: A Sample Advert of GTBank's Campaign**

**GTBank**  
Guaranty Trust Bank plc  
RC 152321

**Orange Rule No. 8  
Innovation**

Tread a fresh path.  
Chart a bold new course.  
Set the standard.  
Become the yardstick.

I am innovative  
I am orange  
I am **Guaranty Trust Bank**

Wouldn't you rather bank with us?

Nigeria ■ Gambia ■ Sierra Leone ■ Ghana  
Guaranty Trust Bank plc RC 152321, Plural House, Plot 1669 Oyin Jolayemi Street, P.O. Box 75455, Victoria Island, Lagos, www.gtbplic.com

**ALDER**  
ideas, nationstates & brands

www.alder-consulting.com

#### **4. People and Processes**

Perhaps the most difficult challenge facing the Bank is the cultural change as it moves to a mass market brand:

*Given that we were a [corporate] bank, it means we had a certain culture and a certain way of servicing people, a certain type of client base that we are attracted to. Now going into retail, we have to start to think differently.... that is why we have adopted all these colours into the logo and are trying to put in new processes. [We are] going from more intimate type banking to more process-driven banking. Internally, trying to get people to change and accept servicing a different type of customer base has not been easy. There are people who liked to service the type of client base that they had before.*

*Now, if you are trying to get to a million customers, it means that even segmentation is changing..... Some of our people who have moved into retail probably tried to do relationship management, so they now need to change their thinking. The orientation and the prevailing culture within the organisation is predominantly relationship management driven. So that needs to change and you have to let people get used to that.*

Segun Agbaje, Deputy MD of GTBank, 2006.

The challenge is not only about people's orientation or "mind-set", but also the top management must now manage two distinctive business models.

*We are trying to create two banks within one. In developing a retail type of division from essentially a corporate bank, you are trying to put into the heads of the account managers that this business is not a relationship type of business but one sustained by CRM, a call centre and alternative delivery channels according to the type of business - so you try to segment. With our high growth strategy, it also means another major challenge internally. I'm not sure that the processes have grown as quickly as they might have, so the whole challenge of trying to keep the processes in line with the internal growth and keep the level of service and intimacy that the corporate customers are used to I think might be one of our greatest challenges.*

Segun Agbaje, Deputy MD of GTBank, 2006.

Running two business models simultaneously presents a number of challenges in terms of allocating investment between the businesses, choosing appropriate leaders for each to their markets (rather than just in the

corporate style) and managing people from two units working in the same branches.

## 5. Segmentation - Customer Acquisition Strategy

Attracting up to a million new customers through a relatively small branch network is the biggest marketing challenge for the Bank. In addition, national credit agencies do not yet exist in Nigeria so it is difficult to assess the credit-worthiness of people to whom the Bank lends money - this adds substantial risk to the business.

To establish a foothold in retail, GTBank will first leverage its long-standing corporate relationships by extending retail banking services to customers' employees:

*We have gone from about 30,000 or 40,000 accounts to about 400,000 in record time. And most of that has been from taking the salaried employee accounts from our major corporate customers that we have always banked. That was a part of the business that we had traditionally always shied away from. So we have created clusters. This really is our forte and is the safest way to go in and to do consumer loans as well. You can tie it to salary accounts and you can tie it to terminal benefits.*

Segun Agbaje, Deputy MD of GTBank, 2006.

Figure 5: GTBank's in-company services at Nigerian Breweries

A GTBank Branch Office at Nigerian Breweries	A GTBank ATM on the Nigerian Breweries site
	

*GTBank set up an ATM and branch office on site and they are more welcoming of new retail clients. It is leveraging a good 10 year commercial relationship. Before GTBank came on board as a retail bank, UBA (United Bank of Africa) were quite close physically. So when the company (Nigerian Brewery) took on new employees, as part of their orientation we contacted the closest local bank which was UBA as salaries are automatically paid into the employee's bank account. So our relationship was originally with UBA for salary payment. Some staff have changed to GTBank as there is a cash office downstairs as well as an ATM. This may facilitate this migration towards GTBank from UBA.*

Olaoye Niyi, Treasury Manager – Nigerian Breweries, Lagos, 2006.

Extending services to managers and employees in long-standing corporate accounts is a novel segmentation that is cost-effective and provides the Bank with a proxy for credit checking.

## **6. New Technology**

Recognising the difficulties in moving from a narrow corporate customer base to managing millions of small accounts, the Bank has invested in the technology to provide low-cost, mass-market banking - CRM is the term they have used for it. GTBank is the first bank in Nigeria to deploy sophisticated Oracle CRM solutions and expects it to overcome the limitations of its branch network and high cost, customer service mentality.

*We have set a target of getting 1 million customers within a year. Towards this end, we have set up mobile banking, internet banking and cards in order to get to where we want to be. In the new millennium, bricks and mortar are not the exclusive way to serve customers. In fact, it is not recommended to invest too much in bricks and mortar. You still need some branches of course as people still need to deal with other human beings on a face to face basis in their banking transactions from time to time. First Bank – one of the biggest banks in the country - has close to 350 branches. Today, with less than 100 branches, we are half their size in terms of balance sheet. So, it suggests that, in order to be big or bigger than them, we need to open a further 100 to 150 branches. The rest we will do with technology - mobile banking, ATMs, etc.*

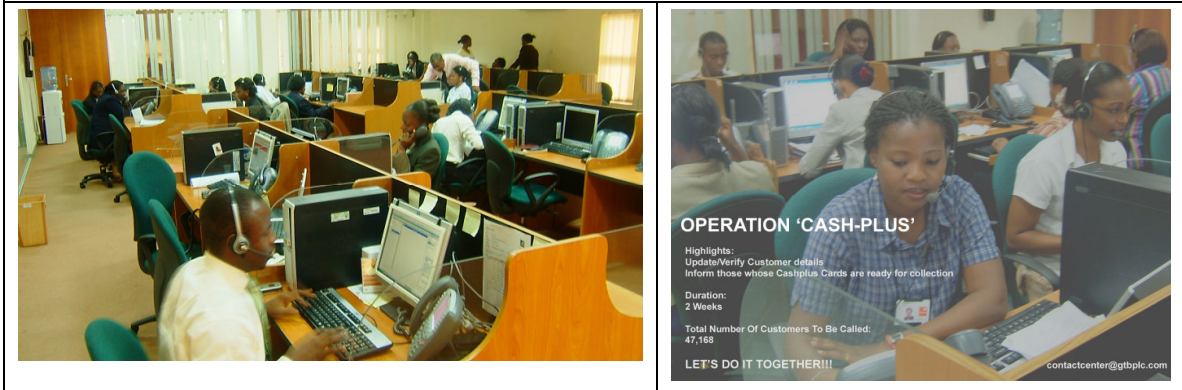
*We have invested in Oracle which will allow systems integration and real-time communications much more effectively. You service a lot more customers without really seeing them. In reality, if we did not have Oracle/CRM, we would need twice the work force to service the customers that we have today. Investment of about \$ 5 million in this system is huge for the Bank.*

Tayo Aderinokun, CEO of GTBank, 2006

## 7. Product and Systems Innovation

The Bank has been investing in sophisticated new products and making them available 24/7 through online and call centre channels. To support this, the bank launched GT Connect, West Africa's first 24/7 total banking solution in September 2006:

Figure 6: GTBank's recently opened Contact Centre in Lagos



*Guaranty Trust Bank plc has launched its new Contact Centre which is the first fully interactive, self service facility of its kind by any financial services institution in the West African sub-region.*

*The new Contact Centre is a total banking solution, capable of providing customers and prospective clients with instant service via the telephone. Like its internet banking and web site facilities, the GTBank Contact Centre is accessible from anywhere in the world and open for business 24 hours a day, seven days a week, even on public holidays.*

GTBank press release, Sept 2006

In 2006, GT Max was introduced: a cash management solution for individuals and smaller companies giving them current account functionality that is interest-bearing and charge-free. The new service targets “economically active citizens and trading entities like sole proprietors, clubs and associations, partnerships, cooperative societies, limited liability companies and other commercial enterprises”. It is offered in three varieties (Silver, Gold and Platinum), each with unique benefits. All offer customised cheque books, monthly account statements via email and free access to all alternative channels and e-banking services of the Guaranty Trust Bank e.g. internet, telephone and SMS banking, access to all InterSwitch networked automated teller machines (ATM and all other electronic notification services provided by the Bank).

## Summary and Questions for Discussion

GTBank represents a significant success of business strategy and marketing execution. Founded by committed directors to reinvent Nigerian banking, it is a business dedicated to professionalism and ethical banking targeted at corporate customers. It has a strong and coherent brand that integrates people, values, processes and branches, to deliver its promise and provide a commensurate customer experience. GTBank occupies a profitable segment of the market, but market growth is now within the retail segment.

Consolidation of the Nigerian banking has already eliminated almost 70% of the banking brand names, and subsequent consolidation may see a similar reduction amongst existing banks. In order to ensure its survival, and therefore its ability to complete its founding vision, GTBank must extend from its core business of corporate banking and become a leading participant in the emerging Retail segment where its great brand strengths are perhaps less salient and obvious. The Bank is convinced that the its reputation is relevant in the new segments: ethics, professionalism, innovation, great service and modernity. The challenge is to augment them with consumer relevant values (excitement, belonging, accessible) and deliver the brand experience to a much broader and potentially less financially sophisticated target audience. Tayo is asked to approve continued investments to expand physical presence, invest in mass media communications, develop new channels and promote a more consumer-friendly image. This represents unprecedented investments for a more uncertain return than from its core corporate customers. At the same time, its competitors are reducing the gap to GTBank's service quality in the core corporate segment.

What would you do if you were in Tayo's position? Consider the PESTE and SWOT presented above and prepare a marketing strategy for the Bank for discussion purposes.

- Would you remain a niche player or try to compete on a broader basis? If the latter, what are the challenges facing GTBank in Retail banking and how would you address them?
- On what basis would you differentiate GTBank from its competitors in the new market segments?
- What are the key areas of investment for GTBank?
- What are the key risks of your plan?

How would you develop the GTBank brand in consideration of the marketing strategy you have recommended?

- What are the core elements of the Bank's brand you would wish to leverage?
- How far can they be leveraged?

- Beyond the elements of visual communication, what needs to be done to deliver the brand to the retail segment?
- What are the risks of your brand plan?

## Further Reading

Knox S D and Maklan S (1998), *Competing on Value: Bridging the Gap between Brand and Customer Value*, Financial Times Pitman Publishing, London.

Knox, S D and Maklan S, (2005), "Guaranty Trust Bank of Nigeria: Building a Trusted Brand in Financial Services", *Thunderbird International Business Review*, Nov-Dec, 47 (6), pp 737 –755.

McDonald, M. (2007), *Marketing Plans: How to Prepare them, How to Use them*. Butterworth Heinemann, Oxford (Sixth Edition).



<b>Figure 5: “Orange Rules” Advertising Themes</b>	
<b>Rule</b>	<b>Description</b>
<b>Simplicity</b>	<p>We are straightforward, direct and easy to deal with, making the complex uncomplicated.</p> <p>Complexity leads to confusion, discouragement and a feeling of helplessness.</p> <p>Simplicity brings clarity, understanding and progress.</p>
<b>Service</b>	<p>Our major strength, we're constantly improving on our ability to delight our customers.</p> <p>Lend a hand. Be there when you're needed.</p> <p>Bend over backwards to please and serve.</p>
<b>Excellence</b>	<p>We stand out from the crowd, always refreshing, always beyond the ordinary.</p> <p>Excellence is the ability to strive for the best, never to settle for average.</p> <p>It is being best in class, a benchmark, an inspiration.</p>
<b>Social Responsibility</b>	<p>We care, we believe in building and sharing for the good of all.</p> <p>Give back to society.</p>
<b>Professionalism</b>	<p>We are thorough and efficient, always inspiring confidence.</p> <p>People have tremendous respect for professionals. They are relied on, trusted and believed in.</p>
<b>Friendliness</b>	<p>We enjoy working together to fulfil customers' needs, building mutually rewarding relationships.</p> <p>Unfriendliness is often seen as a sign of disrespect.</p> <p>But a friendly person warms the heart and is a pleasure to do business with.</p>

**Figure 5: “Orange Rules” Advertising Themes**

<b>Trustworthiness</b>	We are reliable, what we say is what we do; trust us to always do what is right.  Be Honest.  Be trusted with information and money.  Be a confidante.
<b>Innovation</b>	We evoke inspiration and respect, our originality is second to none, we are bold, classy and always setting the pace.  Tread a fresh path.  Chart a bold new course.  Set the standard.  Become the yardstick.