



NOT ALL OF YOUR BANK BRANCHES SHOULD HAVE THE SAME VIBE.
A BRANCH DESIGN IN HOUSTON MIGHT NOT WORK AT THE OZONA LOCATION.
STARBUCKS AND APPLE KNOW THIS AND MODIFY EACH LOCATION ACCORDINGLY.
SO PERHAPS IT'S PRUDENT TO TAKE SOME...



The past 10 years have seen a dramatic change in how customers use their bank branch. Online and electronic banking have forever changed what happens inside the branch, with activity at the teller stations dropping by more than half. Interestingly, in many ways these changes parallel what has occurred within brick-and-mortar retail stores as ecommerce has grown, and we can learn some important lessons from our friends in the retail community.

There was a time when retailers built the same stores across all markets, for the most part, with only a few differences based simply on the store size. Customers quickly tired of that sameness and design imperatives changed to introduce a level of individuality. These days, no two Starbucks are the same, for example, with each store reflecting a local design aesthetic, perhaps also giving a nod to some aspect of local history. This customiza-

tion has increased in the age of online and ecommerce, and the changing expectations of branches have only emphasized the need for branch design to change.

Our work at Accubranch is focused on helping community banks develop a deep understanding of their customers. Equipped with that information, branch design becomes data-driven. In a broad sense, good branch design should respond to the demographic and socioeconomic characteristics, as well as the level of urbanization present within the trade area that it will serve. A branch in a densely populated urban location served primarily by public transit should be different from one in a rural area where customers arrive in pickups, and different again from one in a suburban setting designed to serve parents driving SUVs. Similarly, a branch serving a largely Asian demographic should have a different aesthetic from one serving a Southwestern European population.

By R. MICHAEL GOMAN

ACCUBRANCH

Bank design should be fine-tuned to be responsive to the specific socioeconomic characteristics of its existing customers, as well as those you'd like to reach and those who are dominant in the census tracts within the surrounding trade area. In its simplest form, socioeconomic analysis helps answer important questions about how customers spend their time and money, and why.

Beyond these broad influences, successful branch design must also respond to the changes in how customers use today's branch. Form still follows function in the modern branch, but function is no lon-

economic characteristics of millennials, for example, is likely to trigger significant push-back among older customers in a rural area.

In larger regional markets, we see successful networks using a hub-and-spoke format. A single large branch operates as the hub—creating a strong market presence and offering a full suite of consumer and commercial services—supported by smaller, more localized or neighborhood branches with fewer staff, more emphasis on self-service and perhaps video access to hub or central office specialists. Rounding out the market network are smaller locations primarily offering self-service with one or two full-time em-

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ger simply processing transactions and an efficient work flow. We've learned that the best branch design focuses on creating and supporting opportunities for communication and social interaction. The foundational theme underlying what we've learned is that customers, and particularly millennials, want their experience in the branch to be educational, entertaining and social. We describe these themes as "teach me, entertain me and give me something I can share with my friends."

Banks must be careful to avoid falling into the trap that branch design should be heavily focused on technology. Technology is simply a tool that can support the theme of "teach me, entertain me and give me social opportunities." Technology stations and the like should be viewed from that perspective. However, it's equally important that online services and solutions be fully integrated with those offered within the branch. The communications, marketing and messaging must support both channels of customer engagement seamlessly. Remember that the customer's purpose for visiting your branch is to engage directly with your bankers. Having skilled universal bankers will support that purpose and is increasingly critical to building branch traffic and productivity.

Overall, branches will continue to get smaller, and are increasingly likely to be housed within a typical retail footprint. We'll continue to see declining interest in large, free-standing branches with multiple drive-through lanes. The most advanced branch designs we see often have few or no traditional teller stations. Standing pods or desks, seated consultation zones or casual seating areas have replaced traditional teller stations. Branch design must also be context-sensitive. A branch that appeals to the socio-

employees, as well as entirely self-serve locations with interactive teller machines that perhaps include video capability. These smaller branches often offer low cost of entry and greater market flexibility. The ultimate flexible branch is the mobile "RV branch," which can be located at community events and provide very effective outreach within the local market.

The co-location of express branches is moving beyond the branch within a grocery store to include branches in drug stores, mass merchants, office supply and warehouse club stores. This is an interesting trend that offers some unique opportunities for direct engagement with, for example, small-business entrepreneurs while they are visiting their local office supply store.

Existing branches that are too large can be reduced by offering surplus space to professionals having complimentary clients, such as lawyers, accountants and real estate agents..

However you approach your next branch, its design should be focused on creating and supporting opportunities for communication and social interaction. Apple is in the business of getting us to live much of our lives online, and yet their retail stores are where they engage with their customers, teaching them how to get the most out of their products. There's a lesson in that for all of us. ★

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