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Who is Revolut?

Tech company dedicated to making banking

easier and cheaper worldwide for its users as a neobank.

Why Revolut?

- Developed by young tech entrepreneurs with fresh ideas and up to date mentality;
- Very recent in the market;
- We personally identify with the company's vision.

What is the goal?

Make Revolut the portuguese consumers' first choice for neobanking.

Environmental and Market Analysis

Pestel Analysis - the Banking Industry

$oldsymbol{P}_{olitical}$	Economical	S ocial
 Political stability for all clients (Brexit scandal resolved with client migration to another branch); Low taxes - future company office. 	 Strong competitiveness of the sector; Logic of partnerships and fundraising; Loss of monopolies. 	 Behavioral changes of the masses (Notions of online identity changing); Emergence of new competition; Better access to information.
T echnological	Environmental	Legal
Open Banking;Digitalization;Data security.	No relevant information	 Respect for the legal framework of each country in which it develops and the internal rules; Network security and user data, respect of the RGPD.

Porter's 5 Forces

Bargaining Power of Suppliers

- Money sources are dependent from the market:
- Multiplication of the actors at the Fintech market:
- Digitalization of banking market.

Threat of New Entrants

costs;

Market regularization:

Digital Structure - lower

Lack of confidence.

Competitive Rivalry

Online banks are growing Similar products - N26

Threat of Substitute **Products**

Bargaining Power of Buyers

- Lack of trust:
- Access to information / Easy to compare.
- If they su
- Traditional banks propose similar services:
- This banks already have loyal customers ready for the digital era.

Customer Needs

Price

Functionality | Convenience | Efficiency

Performance | Experience

Transparency / Control

There are around 500 branch banks in Germany, which. in total, have around 12000 branches. These branches are expensive and. bv eliminating them, startups Revolut can offer almost all of their services for **free** or at extremely low fees.

By moving an old and traditional business entirely to an online bank operated by a mobile app, Revolut aims to help customers solve their problems or desires in a convenient and efficient way that would otherwise be a time-consuming process.

When trying to integrate in today's modern world and fast-paced youngsters, the application used always needs to be in compliance to the speed/experience expected by these users.

Customers expect transparency and a feel of being in control from a company they are doing business with, which Revolut provides.

Competitors' offerings and respective positioning (1/6)

Which companies provide services similar to Revolut's?

Other neobanks.

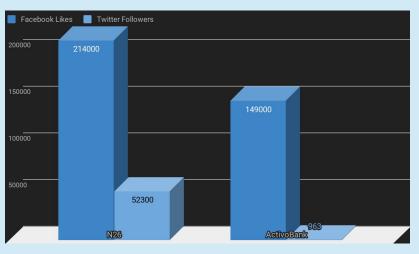
- N26 N26
- ActivoBank ActivoBank



N26	ActivoBank
Austria; Belgium; Estonia; Finland; France; Germany; Greece; Iceland; Ireland; Italy; Liechtenstein; Luxembourg; Netherlands; Norway; Portugal; Poland; Slovakia; Slovenia; Spain; Sweden; United Kingdom	Portugal
\$4 690 000*	-

N26 data retrieved from Craft at https://craft.co/n26/metrics

Competitors' offerings and respective positioning (2/6)



Data retrieved from Facebook and Twitter on the 23rd May 2019

Considering the space of operations and countries where both services are used, despite ActivoBank's lower figures, it is actually a lot more effective in terms of online popularity among users.

Competitors' offerings and respective positioning (3/6)

Value Proposition: "Banking made simple"

N26

Points of parity:

- Users are given up to \$200/month in ATM withdrawals for free;
- Different plans with added benefits;
- Free money transactions worldwide;
- Unlimited contactless payments worldwide for free.

Points of difference:

 N26: 1.7% fee on ATM withdrawals in other currency than Euros.

Competitors' offerings and respective positioning (4/6)

Value Proposition: "Simplification made into application"

Activo Bank

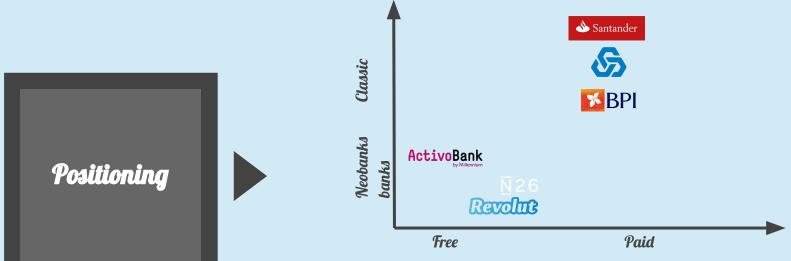
Points of parity:

- No fees for online transactions;
- Different types of accounts.

Points of difference:

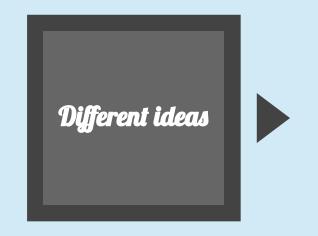
- ActivoBank: All accounts are free (no monthly payments);
- ActivoBank: Requires an initial minimum amount to open an account;
- ActivoBank: ≃€5 fee for payments outside the European Union.

Competitors' offerings and respective positioning (5/6)



Although ActivoBank's does not have paid for accounts, it charges more for services outside the European Union, while both N26 and Revolut aim at eliminating fees worldwide.

Competitors' offerings and respective positioning (6/6)



TransferWise's video campaign <u>"Daylight Robbery - What would you do?"</u> plays on human emotions to depict traditional banks as thieves and solutions such as the one provided by TransferWise as the hero.

"Playing Robin Hood gives it another strategic benefit: positioning itself against the massive banking industry, not just other money transfer services." (Nandini Jammi on Transferwise vs Worldremit)

<u>Note:</u> Although we did not consider TransferWise for offerings and positioning analysis, this company has proven to have a very interesting approach to marketing strategy, which has caused it to gain increasing popularity over others linked to online banking.

Marketing Strategy

Market segmentation



Our segmentation was done mainly considering some demographic and psychographic factors as will be seen ahead.

Besides, we decide to follow a multiple segment marketing strategy.

Demographics	Psychographics
Age	Lifestyle
Life Stage	Interest
Education	Concerns

Target customer segments



Our goal:

Reach people such as:

- Students or recently working;
- People looking into travelling online;
- People who do online shopping.

Demographics	Psychographics	
Young	Experiencers	
Recently Graduated	Travellers	
Graduating	Money Savers	

Service positioning in the target markets (1/3)



What is our primary means of communication?

Social media.

By taking advantage of customers' behavior tracked data, we can shown our propaganda mainly to people who:

- have been looking into travelling;
- made a recent internet purchase;
- looked online into banking.

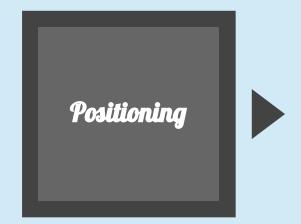
Service positioning in the target markets (2/3)



How do we want to portray the service?

- Highlight main characteristics:
 - Portability;
 Simple interface;
 - Efficiency;No rates.
 - Security;
- Make it look attractive and innovative;
- Reinforce an association between the idea of traveling and making your life (or at least your finances) easier.

Service positioning in the target markets (3/3)



Ideas:

- Learn from competitors (e.g. TransferWise)
 - Create a series of metaphorical videos on Youtube of day to day situations that trouble us and that can be compared to something this service can fix for us.

Present generations are already prone to feelings of rebellion and revolution, particularly towards big industries, which is why the Robin Hood factor could be particularly efficient.

Market Strategy (1/4)



Digital Marketing

- Expose our service to specific social media users (FB,YT,TW,IG) based on their internet activity;
- Since young people are prone to rebellion, particularly towards big corporations, showing ourselves like the alternative could be efficient "loin the **Revolution**".

Market Strategy (2/4)



Experiential and Relationship Marketing

To create a base of loyal customers and attract new ones:

• Invite users to document and share in short vlogs how Revolut has made their lives easier, share their videos on company's social media and reward them for it.

Market Strategy (3/4)



Classic Marketing

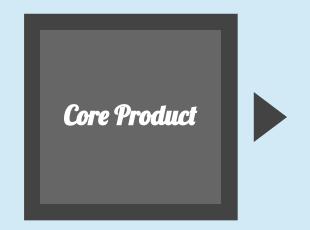
- At the most touristic points of each city, show all of our partnerships and how easy it is to use our app;
- Promote Affordability. For students one important aspect is the price, so a student special price could be a good way to attract them;
- Provide an incentive. The first month the customer will be premium for free and also receive loyalty rewards.

Market Strategy (4/4)

$S_{\it trengths}$	Weaknesses
 Innovative, modern, fast and transparent service; Over 150 currencies; 5 cryptocurrencies; Cashback perks partnerships; No physical infrastructure restrictions. 	 Company growth rate; Easy to imitate interface; Small portion of the current market; Customer data management.
$oldsymbol{O}_{pportunities}$	T hreats

Marketing Program

Core and supplementary products and services (1/2)



- Banking service online debit card with all related services such as :
 - Money transfers;
 - Payments;
 - Deposits;
 - 0 ...

Core and supplementary products and services (2/2)

Supplementary products/services:

- Vaults saving accounts;
- Budgeting tracking service to help with budgeting;
- Perks beta service to earn perks by using the card;
- Cryptocurrency cryptocurrency exchange service;
- Mobile phone insurance global coverage against all accidental damage mobile phone insurance;
- Overseas medical insurance pay-per-day overseas medical insurance;
- Open banking API allow other apps to have Revolut payment integrated into them.

Pricing (1/4)



- Maximization of market share with ways to:
 - Aim to capture more of the market;
 - Handle price sensitive customers;
 - Gain and build customer loyalty.

Pricing (2/4)



- Market-Penetration Pricing set a low price in order to attract a large number of clients and a large market share:
 - Analyze competitors' prices and offers;
 - Set a low price for the best value offering.

Pricing (3/4)

Activo Bank	
Pre-Paid Boost	Eletron Visa
Free	Free
Contactless debit card FREE Payments within Euro zone FREE Payments rest of the world 5,00€	Contactless debit card FREE Payments within Euro zone FREE Payments rest of the world 4,00€ + 0.50% + 3.00%

Information gathered from: activobank.pt

N26	
N26	N26 Black
Free	9.90€/month
Contactless debit card FREE (€4,95 delivery fee) ATM cash withdrawals in Euro 5 FREE monthly Cash withdrawals other than Euro 1.7% fee Payments in any currency FREE	Contactless debit card FREE (€4,95 delivery fee) ATM cash withdrawals in Euro 5 FREE monthly Cash withdrawals other than Euro FREE Payments in any currency FREE Allianz insurance package

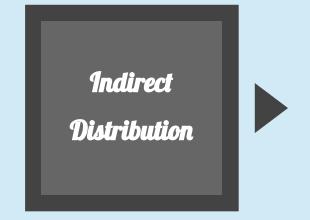
Information gathered from: <u>n26.com</u>

Pricing (4/4)

Revolut		
Basic	Plus	Premium
Free	~7.99€/month	~11.99€/month
Contactless debit card FREE (€4,95 delivery fee) ATM cash withdrawals in Euro 5 FREE monthly Cash withdrawals other than Euro lower than 1.7% fee Payments in any currency FREE	Contactless debit card FREE (€4,95 delivery fee) ATM cash withdrawals in Euro 10 FREE monthly Cash withdrawals other than Euro FREE Payments in any currency FREE Perk 1	Contactless debit card FREE (€4,95 delivery fee) ATM cash withdrawals in Euro Unlimited Cash withdrawals other than Euro FREE Payments in any currency FREE Perk 1 Perk 2 Perk 3

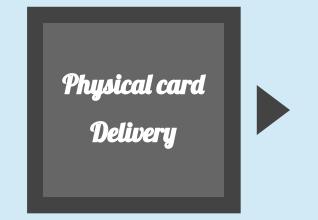
- Pricing Table example built from analysing competitor offerings, should:
 - Have set prices below or in line with the competitor;
 - If the real operational costs would exceed competitor price, extra perks could be removed to keep the penetration price strategy;
 - Have an extra plan close to competitor highest price, but with far more advantages.

Service delivery channels distribution (1/2)



- Google Play Store, App Store (Apple)
- Digital Pure Click
 - Efficiency and speed
 - Accessibility
 - Autonomy and control
 - Information

Service delivery channels distribution (2/2)



To deliver physical cards there are two alternatives:

- Create our own delivery force;
- Outsourcing (Ups, DHL, FedEx).

Outsourcing is **definitely** the best option!

Promoting the service or product offering (1/2)

Marketing is more than just an advertising campaign, it should result in revenue in the business. Understanding the different ways to promote your product or service can help you make the right choice for your business.

Public relations have a great role in the performance of this job.

- Promotion keeps the product in the mind of the customer
- Help stimulate demand for the product
- Which involves ongoing advertising.

Promoting the service or product offering (2/2)



What are the services to ensure the overall company has a strong public image?

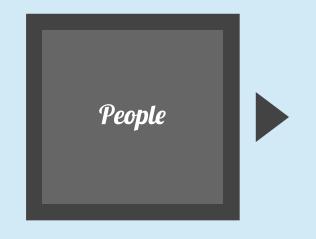
- Trade shows at colleges;
- Adds on social media;
- Create video advertisements;
- Offer corporate gifts (with logo);
- Refer a friend strategy;
- Create a blog for Q&As (where customers interact with each other and the company).

Extended Marketing Mix (1/3)



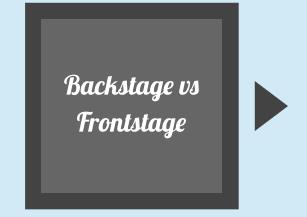
- The most important physical evidence is the app interface, since it is the first contact with the client.
 - How it works
 - Friendly
 - Easy to use
 - Demonstrates security
 - Deliver a customized card with the option to make it metallic.

Extended Marketing Mix (2/3)



- No direct interaction. (Self-Service Technology)
- High customer participation (Co-creates the service)
- Customer service/support has to be a priority. (Company-Customer frontier)

Extended Marketing Mix (3/3)



- <u>Line of interaction</u>: The user vs the interface.
 - The user vs customer support
- <u>Line of visibility</u>: Like any other app it is not possible to access the code or other clients data.
- Security / SW update / bugs /
- <u>Line of internal interaction:</u> Programers vs (servers & security).

Thank You

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