

Designing a Product's Augmentation

As you add more value to a product, you also increase your costs of producing the product. The question is whether your consumers actually see value in the extra 'benefits' that you are providing. In this activity for a banking 'club', you need to determine what would be the appropriate level of augmentation for each of the club's elements.

Your task is to design a 'Financial Club' for a bank. Their target market is retired people (aged 60 years plus). Work through each row below and determine the extent to augment each club feature.

No Augmentation OR	Level One OR	Level Two OR	Level Three
Standard Interest Rates	Occasional special interest rates offers	Frequent special interest rates offers	Permanent special interest rates offers
No discounts	Discounts on selected financial products	Discounts on all financial products	Discounts with a range of other business (e.g. restaurants, hairdressers)
No newsletter	Emailed financial newsletter	Mailed financial newsletter	Mailed lifestyle (also covers non-financial issues) newsletter
No seminars	Financial seminars – at cost to attendees	Financial seminars – free to attendees	Lifestyle seminars – free to attendees
No website information	Information on the bank's website	Special password to access a private part of the bank's website	A separate, standalone, website
No loyalty program	Loyalty points on selected products with the bank	Loyalty points on all products with the bank	Loyalty points on all bank products, plus points from the bank's discount partners
No special treatment	Priority access to the call center	Access to a team of general personal bankers	Access to a dedicated personal banker
No special events	Invitation to an end-of-year function	Multiple social events and hospitality- at cost-price to attendees	Multiple social events and hospitality - free to attendees

Student Discussion Questions

1. What is your final design for the bank's financial club?
2. Why do you think that this structure will best appeal to the target market?
3. To what extent did you augment the product?
4. How does your product compare to the design of your fellow students?
5. Do you think that your financial club design will be profitable (taking into account the costs of running the club as well)?