



Looking Beyond 2009- Success by “Owning” the Member

By Nicolette Lemmon, President, LemmonTree Marketing Group

The credit union industry is going through an incredible transition. Twenty years ago, there were over 20,000 credit unions, but now only 8,000 with fewer and fewer due to mergers from the difficult economic time. Senior management teams are trying to determine what strategies will ensure the success of their organizations.

Can a credit union survive and thrive given the challenges of the economy and heavy competition? If you embrace the concept that you should own all the member’s financial business over a lifetime!

While sales today are important to capture business, marketing is about being in business next year. So, here are three strategies that can help better position your credit union for 2010:

- Strategy 1 – Invest in the Marketing Flywheel Approach - For retention and to capture more of the members’ financial services for a lifetime relationship, fund the flywheel.
- Strategy 2 – Encourage CU Evangelists - Tell members to be ambassadors that “talk up” the credit union because they believe in the value of the products and services.
- Strategy 3 – Promote the Trusted Brand - Use education-marketing as the “go to” resource for information and the best product/service solutions.

Strategy 1 - Invest in the Marketing Flywheel Approach

Every marketing dollar must work hard to solidify the credit union brand in the mind of members and prospects. This requires a strategic marketing plan to get the “marketing flywheel” in motion to capture more of each member’s business which should also attract their family members and co-workers.

The concept of the “flywheel” is explained by Jim Collins in his book, *Good to Great*, “Like pushing on a giant, heavy flywheel, it takes a lot of effort to get the thing moving at all, but with persistent pushing in a consistent direction over a long period of time, the flywheel builds momentum, eventually hitting a point of breakthrough.”

With the starting point as the share account of a child, there is the opportunity for a credit union to provide more than sixteen types of financial services across a lifetime. In reviewing a very conservative estimate of the dollars associated with member relationships, the chart shown here depicts the ability of a financial institution to be of value to each member many times over a lifetime.

To gain the financial business, however,

A Conservative Estimate of the Potential Value of a Member Over a Lifetime

7 Auto Loans =	\$ 105,000
2 Mortgages =	\$ 200,000
1 Home Equity =	\$ 75,000
2 Certificates =	\$ 25,000
1 Money Market =	\$ 30,000
1 Credit Card =	\$ 125,000
<u>1 Checking Acct =</u>	<u>\$1,200,000</u>
Quick estimate =	\$1,760,000



requires ongoing marketing in front of members across the year. “Out of sight, out of mind” applies to your credit union because another competitor will be in the member’s mail box or inbox!

Strategy 2 - Encourage CU Evangelists

To build membership, the best way is to generate positive word of mouth from existing members. These members, who essentially became ambassadors, will refer family, friends, and co-workers by “talking up” the credit union because they are convinced there is value in the products, rates and member service.

Convincing existing members of the credit union’s value requires a strategy of promoting how the organization will save them money or make them money. In essence, delight existing members with competitive rates, convenience for busy lives, and friendly, knowledgeable service.

The targets to build word of mouth are ages 25-50, members for more than two years who have checking and/or deposit balances in certificates or money market accounts or loan balances in auto, home equity or mortgage.

In data-mining using Marketing Customer Information File (MCIF) software, those members with higher balances generally have more confidence in the institution either based on service, convenience, rates or terms. Building on this confidence with additional promotion of incentives to move more to the credit union encourages more of the “outside” debt or investments to be captured. As the member moves more, the concept of the value of the credit union grows, developing an ambassador that is happy to talk about their great experience.

Strategy 3 – Promote the Trusted Brand

Consumers, at every age, are questioning value, trustworthiness, and researching before making financial decisions, so there is an opportunity to provide educational tools to assist them while reinforcing the credit union’s brand. Financial seminars, online calculators, financial counseling services, and youth financial education programs can add value to being a member at your credit union.

As an example, Home Depot offers all kinds of “how to” seminars that teach customers the way to use their products. Having drawn the customers into the retail location, it is easy to transition them into purchasers of competitively priced items. In addition, they have used the “First Saturday” program of children’s workshops for making simple things to attract families into the stores. Making it “fun” to go to Home Depot for kids means it easier for the parents to do their shopping.



The key is to make sure the education you offer is most effective for building the value in and trust of the credit union's brand. Wrapping the tools into a consistent strategy is accomplished with have dedicated staff time for keeping to a schedule of seminars or a web master that updates the information on the web site. Another great way to use financial education is building events to target programs. An example is to conduct retirement seminars as part of a program for members over 50.

A great starting point for looking beyond 2009 is to discuss implementing the strategies above to retain members, build profitability and see a better return on assets.



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