



# How to Retain Member Business on a Shoestring

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The value of leveraging your layers  
with targeted marketing



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With a limited budget, it's important to target where and how you spend your marketing dollars. The economy this year demands leveraging what you have been doing in marketing with new technologies.

Success and increased market share in 2010 will come to those organizations that stay visible amongst the economic angst with tailored marketing approaches that build on your traditional marketing methods.

## Stretch Your Marketing Dollars Further

First, evaluate your overall marketing strategies and consider how to leverage existing budget dollars. Our starting point is to review those monies for marketing activities that support non-revenue producing activities. While having an appreciation event is nice, those dollars may best serve a direct mail targeted campaign to promote an add-on service to generate revenue.

The next area to review includes monies that are targeting those customers that are not contributing the most in revenue. Trim direct mail to those that are not profitable for you or those younger than a certain age who cannot afford your main revenue producing products/services.

Focusing dollars on protecting the core of customers/members who are contributing revenue-producing business still requires budget and consistency. Better yet, it will lead to additional revenue to the bottom line.

**40-60%**

*of the most profitable members did not have an email attached to their household in a client's database*

## Email v. Direct Mail: It's Not an "Either/Or"

Many senior managers think that email sounds like a cheap or more affordable choice than direct mail. This leads to comments about stopping direct mail projects and only e-mail. In a quick study of our clients, the range of accurate email addresses in a house list was between 26% and 50% of the current members over the age of 18. Another slice of the data using MCIF (data-mining software) showed that of those, 40-60% of the most profitable members did not have an email attached to their household in the client's database. We recommend not just using email since so many of the members who contribute a lot of profitability do not yet have their email addresses on the credit union's system.

An example from one of our clients underscored the need to have a multi-medium approach. Using MCIF data pulls, the client's data showed 56% of their members over age 18 with email addresses. When we ran the top 20% of their most profitable members, 42% had email addresses. So, if we did not segment and mail to those without an email address, there is a lot of potential business, **more than 58%** of profitable members that we have failed to tap by choosing only email.



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## Do you want to risk the relationship with your most profitable members to save a few dollars?

The leverage, though, is to refine a target of your best members, at least using 2 or more products with your Credit Union. Then, refine the target by age, limiting to those who most likely will respond, ages 35-59. Then, use inbox marketing to those who have current e-mail addresses on file and direct mail to those targeted member households who do not.

In addition, direct mail is still a very viable marketing medium. Recently released in a Vertis survey cited in **MarketingProfs.com**, Kickin' It Old School, February 26, 2009, direct mail was noted as doing better for women ages 25-44 and increasing in response for the Hispanic market. The medium allows for more attention than online.

- 85% of the women between the ages of 25 and 44 read direct mail pieces while only 53 percent read email-marketing messages (Vertis survey cited)
- Hispanic interest in direct mail has spiked in recent years, according to a Vertis survey, (Vertis survey cited)

Yet, to stay in front of younger age groups and time-challenged middle-age consumers, online is still popular. The Internet has continued to gain popularity for getting information, shopping, social networking and accessing their financial accounts.

## Adding More Online Engagement

Another leverage opportunity that is cost effective and targeted is building on your traditional online presence with Web 2.0 marketing. Half of online businesses plan to add "Web 2.0" online capabilities to their sites in the next six months according to a Scene 7 study of retailers, manufacturers, agencies, and high-tech companies that sell products or services online.

Continue to layer by creating a web landscape for your online members to communicate with you, or for you to post valuable resources. Blogs are highly evolving as well as social media marketing. Find solid ground with a strategy first before layering these on to what you already do online. Do realize that these layers take a lot of time and thought.

## Micro or Mini?

A great way to interact with members is to create micro-sites or mini websites. A micro-site is a way to add a layer on to your traditional website. Built with just a few pages, a micro-site is generally for specific, promotion, campaign or demographic group. It can reside on your current website or be housed at another ISP. A mini-website is a less expensive way to reach your customers/members online and with relevant content that is tailored to their needs and attention.

A mini website consists of more than typically 5 pages of content and really acts as a website for a specific purpose, whether for an age group or for

# 85%

*of the women between the ages of 25 and 44 read direct mail pieces*

twitter



social media interaction. For example, a mini website can have blogs, discussion boards, resources, and other content that is meant to give members a way of interacting with the Credit Union. The mini website can take on its own personality, not being restricted to the same brand graphics as the corporate site. Plus, it can expand into a more robust site if members or visitors find value in using it.

Both of these are meant to move the member into a bit more intimate setting to let him/her provide input, find answers and feel connected.

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## **Staying on Track for 2010**

To recap, by targeting more efficiently, you can maximize your costs while building on channels that are still valued by your members. Layer traditional media (direct mail, targeted media, and point of sale) with inbox touches. By using data-mining to segment targets to reach, save money by using inbox marketing for those with an email address, use direct mail for those who do not.

This type of layering can stretch any marketing budget while still “touching” the most important revenue producers for helping the bottom line and increasing retention.

Whatever your traditional marketing methods are, consider the most cost-effective mediums and technologies that can support your goals and stretch your marketing dollars. Consistently staying in front of your members regardless of the economic gloom is possible if executed with the right layers of cost-saving and targeted strategies.

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3010 S. Priest Drive, Suite 103 • Tempe, Arizona 85282  
Tel: 480.967.1405 • Fax: 480.967.1407 • [www.lemmontree.com](http://www.lemmontree.com)