



National Credit  
Union Administration

# Driving the Bottom Line: Results through Marketing

April 23, 2013



# Marketing

*Marketing is the practice of studying a member's needs, creating products and services to fill those needs, and then promoting the use of those products and services.*

# Basic Marketing Plan

- Executive Summary – Situation Analysis
- Develop Objectives and Goals
- Consider Pricing and Budget
- Select a Target Audience
- Formulate a Strategy
- Determine Tactics/Media Mix
- Measure Results



# Executive Summary – Situation Analysis

- Evaluate Products & Services
- Analyze Member Data – Hidden opportunities
- Market Research – Identify potential members – from SEGs, community, family members
- Data Mining vs. Traditional Research – Using data analytics to reach your target audience



Essential  
Marketing Formula



# Credit Union Outlook

## *Credit Union Outlook 2013*

- Savings balances are expected to grow 6%
- Loan balances are expected to rise 5.5%
- Membership growth is expected to be 2%



*Source: CUNA Economics and Statistics Department.*

<http://www.cuna.org/Research-And-Strategy/Credit-Union-Data-And-Statistics/>

# Stating Your Objective

*Your objective is a statement of what you want to accomplish. Your statement also defines your focus.*

*Example: The credit union's main objective is to increase loans. Current market research shows an increase in new car buying, therefore the credit union will focus on marketing auto loans to new members with the propensity to borrow while continuing to cross-sell to existing members.*

# Setting Goals

*Goals answer the question – By how much?*

*Sample goals to track for marketing purposes:*

<b>Strategic Goals for 2012</b>	<b>1<sup>st</sup> Quarter* 3/31/12</b>	<b>2<sup>nd</sup> Quarter 6/30/12</b>	<b>3<sup>rd</sup> Quarter 9/30/12</b>	<b>4<sup>th</sup> Quarter 12/31/12</b>	<b>1 Year Target 12/31/12</b>	<b>2 Year Target 12/31/13</b>
<b>Maintain Capital Adequacy</b> <i>Measure: Net worth/total assets</i>	16.10%	15.95%	15.90%	16.47%	16%	16%
<b>Increase Members</b> <i>Measure: Membership growth ratio</i>	5.18%	3.88%	4.03%	3.74%	5%	5%
<b>Increase Loans</b> <i>Measure: Loan/Share ratio</i>	40.15%	39.58%	41.51%	44.62%	45%	50%
<i>Measure: Loan growth ratio</i>	-2.11%	-1.61%	5.49%	7.50%	3%	5%
<b>Control Overhead Cost</b> <i>Measure: Net operating expense/avg. assets ratio</i>	2.03%	2.06%	2.19%	2.26%	<3%	<3%

# Marketing Effects On Ratios

## Marketing Effects On Ratios

	Income Statement		Balance Sheet	
	<u>Short Term</u>	<u>Long Term</u>	<u>Short Term</u>	<u>Long Term</u>
<b>Loan Promotion</b>	Earnings Ratios	Earnings Ratios	Asset Liability Mgmt Asset Quality Ratios	Asset Liability Mgmt Asset Quality Ratios
<b>Product/Service Promotion</b>	Earnings Ratios	Earnings Ratios	Capital Ratio Other Ratios	Capital Ratio Other Ratios

	Income Statement		Balance Sheet	
	<u>Short Term</u>	<u>Long Term</u>	<u>Short Term</u>	<u>Long Term</u>
<b>Loan Promotion</b>	Return on Assets Gross Income/Assets Net Margin/Assets Provision for Loan Loss	Return on Assets Yield on Ave Loan Net Margin/Assets Provision for Loan Loss	Delinquent Loans to Total Loans Net Charge Offs to Ave Loan Net Long Term Assets to Total Assets Total Loan to Shares Total Loan to Assets	Delinquent Loans to Total Loans Net Charge Offs to Ave Loan Net Long Term Assets to Total Assets Total Loan to Shares Total Loan to Assets
<b>Product/Service Promotion</b>	Return on Assets Gross Income/Assets Fee & Other Op Inc/Assets Cost of Funds Net Margin/Assets Operating Exp/Assets Net Interest Margin/Assets	Return on Assets Gross Income/Assets Fee & Other Op Inc/Assets Cost of Funds Net Margin/Assets Operating Exp/Assets Net Interest Margin/Assets	Capital Ratio Reg Shares to Total Share  Market Share Growth Loan Growth Asset Growth Membership Growth	Capital Ratio Reg Shares to Total Share  Market Share Growth Loan Growth Asset Growth Membership Growth

# Consider Pricing & Budget

*Research competitors offerings to determine your competitive advantage in the marketplace. Allocate sufficient funds to promote.*

The Financial Brand estimates that the top 100 credit unions spend a combined \$400 million on advertising and related educational expenses; the marketing budgets of all 7,000+ credit unions combined may total \$1 billion. Bank of American alone spends \$2 billion on marketing every year. The report from The Financial Brand finds a direct correlation between membership growth and the average marketing dollars allocated per member, as indicated in the table below:

Mktg. Spend Per Net New Member	Mktg. \$ Per Member	Member Growth	% of Assets Allocated to Mktg.	Mktg. \$ Per Branch	Asset Growth	Loan Growth
Over 10% Member Growth	\$16.78	14.85%	0.12%	\$144,564	12.67%	8.16%
Member Growth Between 5% and 10%	\$14.94	6.52%	0.11%	\$153,66	8.52%	3.21%
Member Growth Between 0% and 5%	\$12.09	2.97%	0.09%	\$107,488	6.20%	1.99%
Negative Member Growth	\$9.59	-3.90%	0.07%	\$71,863	6.56%	-0.36%

Source: The Financial Brand, which based the study upon NCUA 5300 call reports. <http://thefinancialbrand.com/28271/credit-union-marketing-budgets-top-100/>

# *Selecting your target audience and formulating a strategy*

Current Members ~ Family Members

Potential Members

*How do you reach them?*



# Determine Tactics & Media Mix

Online – Website, Mobile Access, Traditional Channels

Marketing Strategies	1 <sup>st</sup> Qtr. 2012	2 <sup>nd</sup> Qtr. 2012	3 <sup>rd</sup> Qtr. 2012	4 <sup>th</sup> Qtr. 2012	Ongoing 2013
<b>Family Membership / Refer-a-friend</b> <i>Person responsible: CEO, staff</i>		✓			
<b>Business Relationships/On-site Visits</b> <i>Person responsible: CEO, staff</i>	✓	✓	✓	✓	✓
<b>Youth Marketing/Student Loans</b> <i>Person responsible: CEO, staff</i>		✓	✓	✓	✓
<b>Auto Loan Promotion</b> <i>Person responsible: staff</i>		✓	✓		✓
<b>Onboarding &amp; Cross-Selling Initiatives</b> <i>Person responsible: staff</i>		✓	✓	✓	✓
<b>Community Events/Company Events</b> <i>Person responsible: CEO, staff</i>		✓	✓	✓	✓
<b>Website Update/ Email/Social Media</b> <i>Person responsible: CEO</i>			✓	✓	✓

# Evaluate the Results

<b>Example Tracking for Auto Loan Promotion</b>		
<i>Historical Averages</i>		
A.	Number of auto loans granted in January 2012	30
B.	Number of auto loans granted in February 2012	15
C.	Number of auto loans granted in March 2012	42
D.	Sum of A, B, and C above, divided by 13 weeks	7
E.	Number of weeks your promotion ran	6
F.	Historical average of auto loans granted (D x E)	42
<i>Promotion Results</i>		
G.	Number of auto loans granted during the promotion	80
H.	Results $[(G - F) \div F] \times 100 =$ an increase of	90.5%

# Great Resources

- [www.cuna.org](http://www.cuna.org)
- CUNA E-Scan
- CUNA White Papers and Listserv
- [www.cunamarketingcouncil.org](http://www.cunamarketingcouncil.org)
- State Leagues— Small Credit Union Resources

# Thank you.

## Questions

To retrieve white papers and more information.

[www.cunamarketingcouncil.org](http://www.cunamarketingcouncil.org)

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