

Marketing to a
new community
field of membership

Avoiding Traps and Pitfalls



How would an animal, raised in captivity most of its life, do when set loose in the wild?

Many credit unions are finding out. Since 1997, over 750 credit unions have converted to a community charter. Along with facing the changes in administrative processes, these credit unions are facing an entirely new set of marketing challenges in highly competitive environments. It's not an easy transition.

Here are some of the typical missteps when marketing in the wilds of a new community field of membership.

TRAP 1

Embracing the past too tightly.

Credit unions have rich histories with strong ties to the past. This is to be celebrated. But embracing the past too tightly is a common mistake many credit unions make. People get wedded to ideas. Rather than envisioning the opportunities of the future, many look toward the past. As the average age of credit union members continues to climb, the importance of retaining and

acquiring young adult members — the future of the credit union — has taken on new importance. Marketing to a new community field of membership is an excellent opportunity to focus on the future direction of the credit union. Despite the possibility of internal obstacles, a forward-looking approach needs to be emphasized.

TRAP 2 Staying with the wrong name.

Let's face it, some credit union names are limiting when marketing to a new community field of membership. Many others fall squarely in the category of not quite right. In both cases, a new name and rebranding needs to be seriously considered. A well-executed name change can effectively reintroduce your credit union to the community, better relate your credit union to the current and future members, and convey to the community that you are open to serve them. A name change followed by a strong rebranding campaign can reach out to new members and have current members see the credit union differently. Don't miss this opportunity!

TRAP 3 Misunderstanding the community you serve.

This begins with the delusion that the community conforms to your imagination. The rationale goes something like: "I know what I want so I know what they want." Back to reality — the mindset and needs of any community can be as complex as the individuals that compose them. Add to that the fact that the community at large may look, act and think quite differently from your existing member base. Your advertising should take that into account — different advertising to different groups will be essential. Market research may also be required and should certainly be considered. Young adults, for example, live in a world totally different from previous generations. Styles are different. Language is different.

Technology and communication are different. Life itself is different in just about every way.

TRAP 4 Assuming they know what a credit union is.

Actually, they probably don't. When marketing to a new community field of membership, it's better to assume the opposite: that your target market has little or no idea what a credit union is. One of the biggest barriers for community credit unions is the misperception that membership is limited to certain groups. To address this, use each form of marketing and promotion to do a little educating. Be careful about using too many credit union words without any explanation. Think consumer education and brand advertising.

TRAP 5 Advertising too little.

There is a line of thinking that leads some to believe that everyone who wants to join their credit union has probably joined. A similar thought process has some believing that all advertising is intrusive — or perhaps not cost-effective. For these and other reasons, a surprisingly large number of credit unions under-market themselves. The fact is you do need to promote your products and services. Even if you have the greatest product in the world, you will never sell anything if no one knows anything about it. Without advertising there will be no prospects, and without prospects there will be no sales. It sounds like common sense, but it's a common blunder. Advertising is an investment — not an expense. Utilize advertising channels and target your best prospects.

TRAP 6 Advertising too much.

Advertising is advertising. If you've been running more or less the same ads for years but with little to show for the

expense, you've tripped over the assumption that advertising in and of itself is enough. It's not. Not only is it critical to understand and embrace your business's particular niche, it's equally imperative that you understand your target market and, in turn, pin down the advertising that best hits that segment. One of the biggest mistakes made is putting advertising out there without a clue if it's reaching the right people. It's essential to define your company's market.

Many credit unions get poor results from their advertising because they reach too many prospects with little or no interest in what they are selling. This often occurs because they choose the cheapest or easiest form of advertising instead of opting for targeted advertising.

Take more time to research and plan your advertising efforts. Look for ways you can reach concentrations of prospects more likely to be interested in your product or service. Then design your message to appeal specifically to their interests and needs.

TRAP 7 Not differentiating yourself from the competition.

Can your prospects tell the difference between you and your competitors? If not, it may be time to overhaul your marketing strategy. Differentiation is at the heart of long-term marketing success, and the key to marketing strategy is originality.

Differentiation plays a key role in branding and is the foundation of a competitive advantage. And it profoundly affects your position in the minds of your prospects and members. Effective differentiation can position you as the premier brand — the financial institution your members want to turn to first — while a poor differentiation strategy can leave you buried in the middle of the pack, forgotten or ignored.

Raising your Image

A dozen ideas for becoming known in your community

- 1 Speak out.** Look for opportunities to make speeches or author articles on financial topics. Educational presentations offer a great opportunity to establish credit union personnel as “experts” about financial products and financial management.
- 2 Make friends in the media.** Determine what reporters regularly cover credit union and banking issues. Invite them to call on you with questions about financial issues, provide information that will make their jobs easier and direct pertinent information to them by name. Maintain a media list that includes the names and contact information for these reporters as well as the addresses, telephone numbers, fax numbers and e-mail addresses of other media outlets serving your community.
- 3 Join local organizations.** Encourage all senior executives to represent the credit union by participating actively in at least one local group. Such participation provides an opportunity to make acquaintances among other business leaders in the community and may provide opportunities to add sponsors or expand membership.
- 4 Support a worthwhile cause.** Participating as a sponsor of a major charitable event in the community can be relatively inexpensive. Contributor names are typically listed in programs, on signs and in event publicity. In addition, depending on the type of event, the credit union may have an opportunity to distribute information to those in attendance.
- 5 Offer education through non-traditional channels.** Many people aren’t able to attend a class that’s offered only at rigidly scheduled times. They need education that’s convenient for them. Consider offering information through the credit union web site or in the form of a printed brochure or CD presentation learners can use whenever time is available.
- 6 Make the credit union a gathering place.** If the credit union offices have a conference room large enough to accommodate meetings, consider making it available to local organizations. Having their members visiting the credit union regularly lets them become familiar with the credit union. It also results in publicity through organizational meeting notices.
- 7 Encourage socializing among members.** In small communities or narrowly defined fields of membership many members know each other. For retired members, a visit to the credit union becomes a chance to visit old friends. A few comfortable chairs and a convenient pot of coffee can encourage them to linger and talk a while. The credit union could even formalize the idea by offering a club with benefits including periodic social gatherings and discussions of financial topics of interest to retirees.
- 8 Encourage employees to get to know members.** In today’s impersonal world, it’s rare to feel you’re doing business with a friend. Credit union members appreciate employees who are able to address them by name. When those employees are also willing to provide extraordinary service to assist members with a special need or unusual problems, it builds tremendous loyalty that can influence business decisions.
- 9 Make product information readily accessible to all.** If your membership includes groups for which English is not the first language, provide translations of brochures and other marketing materials, as well as employees who can conduct credit union transactions in those languages. Also consider including employees trained in American Sign Language and providing equipment to allow access for members who use TTY/TDD devices.
- 10 Listen strategically and get focused.** Spend time in the lobby talking to members. Pay attention to their comments and note those that may indicate changing needs or interests as well as concerns about member service and staff performance. Don’t over-react to isolated comments, but do watch for trends that indicate emerging opportunities or concerns. Consider using focus groups too. Through guided discussion on topics of interest with several small groups of members, you will receive in-depth views from a variety of angles.
- 11 Be quality conscious.** Every communication a member receives from the credit union and every interaction with a staff member conveys the credit union’s image. Emphasize the importance of the appropriate tone in all dealings with members, and of details such as spelling and grammar.
- 12 Keep employees up to date.** Employees should be the first audience for all marketing communications. Front-line employees, in particular, need to know the facts about any special promotion the credit union is offering so they are prepared to answer questions from members. Remember, programs that add steps to employees’ work processes can slow service and may negate intended benefits.