

Site Selection is the Key to Branding

Not too many years ago, selecting an office location was a simple matter for most credit unions.



You simply took whatever space the sponsor was willing to provide and made the most of it. Because this office space was at the work site, convenience was rarely a problem. Cost was not a factor either, since the sponsor typically provided the space for free, or at a significantly reduced rate as part of its support of the employee benefit the credit union provided.

Today, with many credit unions drawing small portions of their membership from each of hundreds of select groups and a growing number of others serving community markets, site selection has become a more complicated process. Few credit unions serve a single employer, and even those who do may find that access to the credit union office is a concern for family members. D. Hilton Associates' member surveys regularly find that respondents prefer a branch location close to home. While

worksite locations may be convenient for primary members during the workweek, they're often not accessible to family members, and they're not especially handy for the primary members themselves after business hours or on weekends when many prefer to conduct business.

What's a credit union to do? For the lucky few still occupying sponsor-supplied space, enjoy the benefit as long as you can. But for those whose growth requires expansion beyond their donated digs—and all the rest that don't receive this form of sponsor support—the answer is to follow a few simple guidelines when determining where to locate branches.

Identify where current members live

A ZIP code analysis of the membership roster will identify areas

with concentrations of people who are likely to support the branch location. Based on DHA's research on branch usage, more than one-fourth of the members who use a branch (28%) travel three miles or less to reach it, while a clear majority (59%) travel no more than 10 miles. To add value to this analysis, use MCIF data to evaluate the profitability of various member segments and to determine particular product needs or interests that influence the most likely member base for various branch location options.

● Include potential members in the evaluation

If you've recently added new groups or an underserved area, consider the residence locations of these potential members. This is also a good plan for those that have added a community to a state charter or converted from another field of membership type to a community charter under federal rules.

● Explore local traffic patterns

Though the majority of branch users don't travel far to reach the credit union office, there are obviously exceptions. Often, the exception occurs because the branch is "on the way" to another frequently visited location. Consequently, major thoroughfares between suburban residential areas and sponsor business locations can offer prime locations, as can areas with heavy retail traffic. For example, space in community shopping centers, which draw traffic from a three- to six-mile radius with anchor tenants such as supermarkets, drug stores or discount department stores, can be an option. So can space in or near larger regional shopping centers where multiple anchor tenants, such as department stores and mass merchandisers, draw traffic from as far as 25 miles away.

Government sources offer valuable insights regarding traffic counts. State Departments of Transportation, metropolitan area planning commissions and city transportation agencies are all possible sources of traffic data. There are also

commercial providers that offer traffic count data, which may be bundled with other information such as demographics.

● Look at specific properties available

If you plan to lease or purchase existing space, this process may come down to evaluating the strengths and weaknesses of the alternatives that are available in the areas you've identified as most desirable. If you'll consider building a totally new facility, the options expand exponentially, and give the credit union the chance to place office space that meets its needs anywhere it can find an appropriate parcel of land. Whether you'll lease or purchase, consider the following qualities of each prospective location before finalizing the deal:

How visible is the location to passing traffic?

Can signage be seen clearly from the street? If the branch is in a shopping center or just off a major thoroughfare, can signs be placed at the street or appropriate intersection to mark your location?

What other businesses draw traffic to the location?

Are there adjacent stores that will provide foot traffic in the area? Businesses that may be a source of new select groups/members?

Is parking adequate and easily accessible?

Can members safely enter and exit the parking lot from all directions? Will they be able to park near the office, or is available space some distance away?

Is a drive-through option important to the members this branch will serve?

If members consider this feature desirable, is the space appropriately configured to offer it?

Is this a place where members and employees will feel safe conducting business?

If there are safety concerns, what restrictions might that pose, or what special precautions will be required? For example, if the location is in a lower traffic area not easily visible from the street, will you be able to provide only an inside ATM that is available solely during business hours rather than a walk-up ATM that is available around the clock? How will these restrictions affect the credit union's ability to convey its brand and carry out its mission at this location?

● Look at the competition

What other financial institutions have offices near the locations under consideration and how are those offices configured? A wealth of information on FDIC insured institutions is available through that organization's web site. Take a look at the types of offices in the area and how they operate. For example, are they freestanding buildings, storefronts in strip malls or kiosks in grocery stores? Are they highly automated? Do they offer drive-through capability? Are they open for extended hours? Do they have a staff of three or a staff of 30? How does this branch represent the brand image of the institution that sponsors it?

Once you've established what your competitors are doing, take a look at how your proposed branch will fit into the mix. Will you offer services your competitors don't have (e.g., a drive-through, Saturday hours)? Will you have a larger staff with highly specialized personnel? A small staff where employees perform a range of functions and really get to know individual members?

The final challenge, after the research is done and you've made a commitment to move forward with the new site, is to ensure that everything about the resulting branch embodies the credit union brand. That means not only ensuring that the facility has the right look, but also that it has the right mix of staff and technology to deliver the service for which your credit union stands.

For more information about DHA's site selection consulting services, contact Brian Kidwell at 800.367.0433 ext. 125.