



## Use the Right Bait

Local research helps credit unions select the right lure for their market.

**T**he level of competition in today's financial services marketplace has risen to unprecedented heights. Differentiation has increased in importance and difficulty due to a fragmented market consisting of national, regional and local banking institutions; credit unions; and online financial services providers. Consequently, credit unions have turned to a number of tools to help assess their market and their competitors in order to increase their market share.

Having a clear depiction of the competitors and their product lines, industry movements, and surrounding marketplace is crucial in identifying opportunities for growing market share. Strategic research provides one method for developing this picture.

Often, credit unions have limited reach and market presence. Therefore, it is important that they leverage market data to reassess their strategies: what product lines and services to offer, what promotional strategies to employ, what relationships they should strengthen, and what members or potential members to target. More specifically, credit unions must analyze their service brand and marketing initiatives to find points of distinction and moments of opportunity to gain a competitive edge.

The way potential consumers and members perceive the value of the services offered and the reasoning behind their purchase decisions defines the credit union's position within the marketplace. Methods that alter the perceived value of a service brand are: understanding where the credit union is in relation to the marketplace, growing policies that improve the member's experience, and increasing the knowledge and awareness of the services offered within the available marketplace.

A credit union can easily monitor its own strategic and marketing plans, but monitoring those of its competitors has proven more difficult. For a full assessment of market position, it is imperative that a credit union examine the advertising of successful competing institutions, conduct research to understand their sales and service cultures, and compare them on a branch level. Determining brand value can best be done by understanding both the internal and external views of the credit union. The internal view is based upon the how employees on the frontline, as well as those behind the scenes, feel about the credit union and portray its culture, beliefs and mission. The external view consists of how members and potential members perceive their

experience with your institution. Developing policies that help to measure and align the external and internal views results in a better grasp on the brand value or, more importantly, the potential brand strength.

With a full understanding of marketplace competitors and its own brand value, it becomes easier for a credit union to increase its market share. The problem most credit unions face is conducting this research or finding a research report that encompasses all of the required elements. Performing research in-house can be time consuming and tends to be viewed as an inefficient allocation of resources. Therefore, most institutions look to outsource this task.

Even when this task is outsourced, results may be incomplete. Most research companies only touch on the most pressing information, which does not include in-depth analysis of your local marketplace. Now, finally, there is a source for such local analysis. D. Hilton Associates has recently rolled out the *Market Share Report*, a product that can be tailored to each participant's needs.

This report not only gives a tailored depiction of your current market, but also develops a wealth of knowledge applicable to understanding the credit union's perceived value. Using report data, credit unions can identify alternate ways to positively affect aspects of the perceived service experience and products offered. Research findings often support a need to redefine or realign the brand identity, services, and processes.

Through the knowledge gained from market analysis and brand delivery research, one credit union was able to filter its campaigns to target a specific group of consumers by quickly executing insightful sales campaigns featuring a service desired by the local marketplace. The credit union's ability to implement a campaign within a short time frame, and its newfound understanding of the market, let it act upon local opportunities for product and service placement. Market share analysis helped the credit union to identify over- and under-performing competitors, as well as products that were

in higher demand, superior in their specific marketplace and appropriate for the opportunity at hand.

As a follow-up, its next step was to proactively seek out targeted groups within the marketplace. Instead of waiting for market participants to decide if the credit union had services that met their specific need, the institution positioned itself upstream in the decision-making process, going to consumers in their time of need.



To further distinguish itself within the marketplace, this credit union used market share analysis as well as custom-designed strategic research methodologies to enhance new member acquisition and product penetration. It did so by increasing the awareness of potential new members and educating the market on products and services through on-site promotions. These promotions helped guide consumers through the decision-making process by making information readily available to them during the point of need in a manner that established direct product relevance.

For this credit union, on-site promotions proved to be a powerful brand builder. Research showed that these promotions increased traffic and improved awareness levels, lead time, and cross-sale opportunities. The on-site locations helped the organization to capitalize on trends within the market, while bringing its brand to the forefront. The target demographics and service/product relevance were taken into account when deciding upon a locale, as specific locations help to target consumers with certain needs, demographics, and other commonalities.

The idea of going to consumers or

meeting them at the point of need is not new among marketers. Coupling strategic marketing strategies with market share assessment of competitors within the available marketplace was effective for this credit union in accomplishing its goals. It allowed the credit union to increase convenience by providing on-site assistance and useful informational tools.

Each credit union exists within a competitive market composed of many financial institutions. Unlike other financial snapshots, DHA's *Market Share Report* offers customized data and strategic analysis that encompasses the main source of competition—the local, regional, and national banks active in an individual market. This report enables credit unions to gain a clearer picture of their market through data in the areas of total assets, retail deposits, consumer loans, checking accounts, mortgages, credit cards, money markets, automobiles, and lines of credit. It is the ideal tool to help a credit union identify opportunities for differentiation, which ultimately leads to a larger member base and increased perceived value of services provided.

The goal of DHA's *Market Share Report* is to provide credit unions the ability to compare their own financial performance with that of competitors within their marketplace by:

- identifying over- and under-performing competitors;
- tracking changes in market share on a quarterly basis;
- determining how much growth is needed to increase market share;
- identifying which products are superior in the marketplace;
- identifying new competitive threats to the product line; and
- measuring the effectiveness of marketing investments.