



# Member Engagement – Strategic Marketing

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## Table of Contents

Irish Credit Union Strategic Marketing – a working definition.....	3
Credit Union Strategic Marketing & The Strategic Plan.....	5
Marketing Strategy Process.....	6
Segmentation (High-Level Market Data, Characteristics, Profiling & Themes.....	10
Identifying Customer Needs.....	11
Prioritising in Terms of Capacity to Deliver, Marketing Mix Strategies.....	11
Recommendations.....	14

## Irish Credit Union Strategic Marketing: Working Definition

Across all credit unions in Ireland, the credit union membership transcends all target markets, all age ranges, and all social and economic backgrounds. Credit unions are constantly looking for better ways to understand and serve their members. The credit union only exists to serve its members, not to profit from them, by providing a credit union that caters for all of their financial needs. A good credit union marketing strategy brings all their marketing goals into one comprehensive marketing plan. This overall marketing strategy should focus on the right mix of strategies and tactics to achieve a strong financial performance, sustain and develop business, and help meet with the overall strategic and operational goals of the individual credit union.

The communication and methods of our service offerings to our members is key, utilising a mix of digital & online services allied with our more traditional methods.

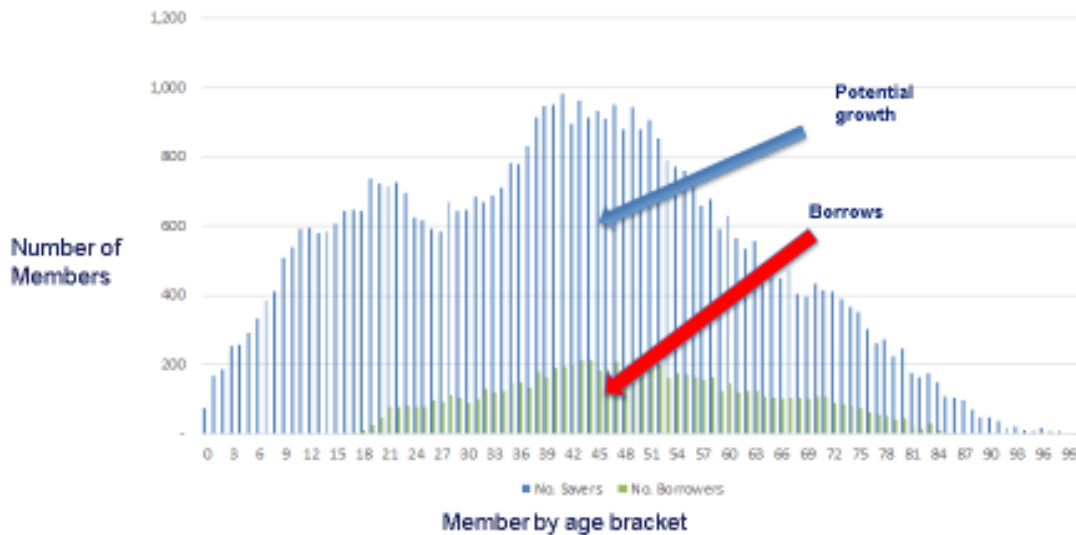
Irish Credit Union Strategic Marketing – a working definition – “Strategic marketing is a method through which an organisation differentiates itself from its competition by focusing on its strengths to provide better service and value to its customers”.

Our members are always our number one priority and each credit union endeavours to deliver the highest possible standard of service for them. Credit unions are different from other financial institutions, not just because we are not-for-profit, but because decisions are made at a local level, allowing credit unions a good deal of flexibility to provide services that are tailored to the individual needs of members.

Strategic marketing in the credit union context should ensure that all the marketing activities and efforts are aligned to the credit union and its strategic plan. To produce meaningful results, the final output from a structured approach to strategic marketing is a marketing plan consistent with agreed business strategy.

A marketing plan gives a purpose and shows the focus and objectives to all marketing efforts and activities. Alignment to the strategic plan ensures that credit union marketing activities and tools are integrated to the common bond, membership base and resources available in the organisation. A Strategic marketing plan is not just a calendar of events, this plan needs to be well structured, comprehensive and resourced. It needs to contain targeted and structured campaigns but also contain general marketing tactics. A comprehensive marketing plan helps to budget marketing expenses and brings understanding of marketing activities to everyone in the credit union.

## Demographic Overview



We can see from the membership profile above that Drogheda Credit Union strong upside growth potential for their loan book, particularly in the 28 to 58 age bracket. There is also a healthy enrolment of younger members.

CMutual 

Credit union marketing can only be effective if the credit union knows its members across its common bond and focuses marketing efforts on the right activities. Whilst credit unions can learn from other credit unions, and indeed other financial institutions, it is important to take the pertinent best ideas from other sources and to combine them with your own credit union's marketing activities. Credit unions should undertake study to see who their members are, who is borrowing and what market segmentation they fall into such as the above table.

What works in one credit union may not work fully in another because of several factors; the age profile, the demographic mix or the urban/rural divide. It is important to know "Why do you do certain activities in your marketing?". Credit unions need to invest the time and effort to perform market research. Research must also be sufficiently robust to address realities around expectations, credibility of credit union, exploring pricing dynamics, etc. There is a risk that research merely confirms bias and does not hit the real drivers. If completed right it can increase revenue by improving targeting, personalisation and better engagement with current common bond membership. Instead of a credit union experiencing the traits of a laggard credit union (low performing), it can strive to be a star credit union, by becoming more effective in terms of lending and in its automation of services.

## Credit Union Strategic Marketing & The Strategic Plan:

The Credit Union Strategic Plan recognizes that strategic risk is a dominant risk facing all credit unions in the current economic, technological, legal and regulatory environment. Irish credit unions are generally under-lent and operating within a prolonged period of low interest rates resulting from the current accommodative monetary policy. Beyond this, the financial services marketplace is in a state of change. Traditional channels of delivery are being displaced and disrupted with new innovative market participants. Furthermore, the core demographic and psychographic profile of younger members is changing, with a growing set of needs that are more value oriented and digitally positioned. Following this, strategic planning requires a carefully managed balance between quantitative approaches such as real-life experience and qualitative approaches that considers the hard data. Perceptions of member sentiment and intuition are of equal importance to the analysis of historic hard financial data. Strategy formulation requires imagination yet robust financial challenge.

Therefore, while credit unions generally have short term strategies relating to the current business model (growing short term unsecured lending, managing costs, etc.), many credit unions are identifying the need to initiate a more fundamental and substantive “rewiring” of the credit union business model. This would encourage credit unions to create a resilient and “Fintech” enabled business model in longer term contexts. This is generally seen to be only possible through greater sectoral collaboration (due to resource constraints).

There is a viewpoint in the credit union movement that the “Profit Model” element is stressed due to low loan to asset ratios and low investment yields. In order to address this, a greater use of the value proposition (through expanded services) is necessary to strengthen the profit model. In this regard, a key area of focus is the diversification of the business model offering by widening the suite of products and/or the distribution channels, in a risk sensitive manner through more effective collaboration.

Risk based strategic decision-making, governance and management is critical in supporting the formulation and effective implementation of the business model strategy and to support the development of sound business practice.

In order to drive growth, the strategic plan must address the following areas to develop the associated marketing strategies:

**Goals** – Need to articulate what the credit union wishes to achieve, how and when.

**Target Membership** – Segment the membership audience and reach them with targeted messages.

**Competitive Landscape** – Explore the credit union strengths & opportunities and weaknesses or shortcomings versus competitors.

**The Credit Union Story** – Create the value proposition, focusing on our core competencies, ensure the core operating principles of credit unions are effectively communicated.

**Channels** – Discover and focus on most effective channels to engage with membership, segment and differentiate as appropriate.

**Tactical Plan** – Develop a tactical implementation plan utilising tools, processes and best practices as outlined in following paragraphs.

**Measure / Optimise** – Measure how the plan is performing against KPI's and benchmarks and then optimise to improve results and performance.

## To build a marketing strategy plan, credit unions can follow a marketing strategy process:

- I. **Market research and members analysis research:** Know your audience, validate assumptions, set priorities, and perform research. Look for insights via surveys, focus groups, interviews, suggestion boxes, complaints, feedback, and reviews received. Analysis: SWOT, PEST, Business Model Canvas, Know Your Member (use credit union and other core data), Know Your Common Bond (use Census data for community-based credit unions). Market research is extremely specialised, consider out-sourcing if internal expertise is not available. Emphasis on membership growth should be a constant aim, with credit union members needing to use your credit union more extensively. Critical evaluation is essential, decisions based on vague assertions can be very costly e.g. under-pricing a product will cost money and is unnecessary if price is not the primary motivator.
- II. **Competitor analysis:** Benchmark yourself against competition, give more focus to your own marketing activities that differentiate your credit union and help it to stand out from your competitors. Knowing who your competitors are is important, from the traditional banks to the new Fintechs offering financial services such as Revolut and N26.
- III. **Finding business opportunities and setting goals:** Align marketing efforts with the strategic plan, create marketing strategic objectives and define goals and KPIs to track and measure how you are doing against strategic objectives and compared to other CUs. Take a systematic and disciplined approach to provide sustainable growth, strategically market to highest value segments identified. Think about what

other capabilities you need to expand to those markets. “What gets measured gets done” is a core message to bear in mind.

- IV. **Strategic brand positioning and key messaging:** Focus on key differentiators, unique selling point (USP), and use benefits to highlight which problems you are solving. Have a clear message to your target audience, engage in the right channels, and move efficiently down the sales funnel/ loan processing.
- V. **Define specific tactics** to achieve business goals and create targeted and structured campaigns around business objectives. Know where to focus and allocate resources. An increased focus on long term lending and mortgages may be needed, especially when we assess how credit unions in other jurisdictions have developed. An additional step could be to recognise limitations for example it is not possible to satisfy all members all the time with products (and may not even be necessary). A proper SWOT analysis should call out these, but experience shows that SO's are unduly elevated and WT's can be brushed aside too readily.

This five steps approach will build the foundations for any marketing focus. Credit unions should keep in mind that member success is a combination of retention and up-selling or cross-selling, not only acquiring a “new member”.

Even in today's digital banking environment, people still want to buy from people they know, like and trust. While some credit union members utilise their financial institution just for loans, it is also important to promote other products/services and find creative ways to deepen relationships with these valuable members.

### Identification of sound marketing practices domestically and or internationally

Sound practices and tactics that can support and enhance credit union strategic marketing:

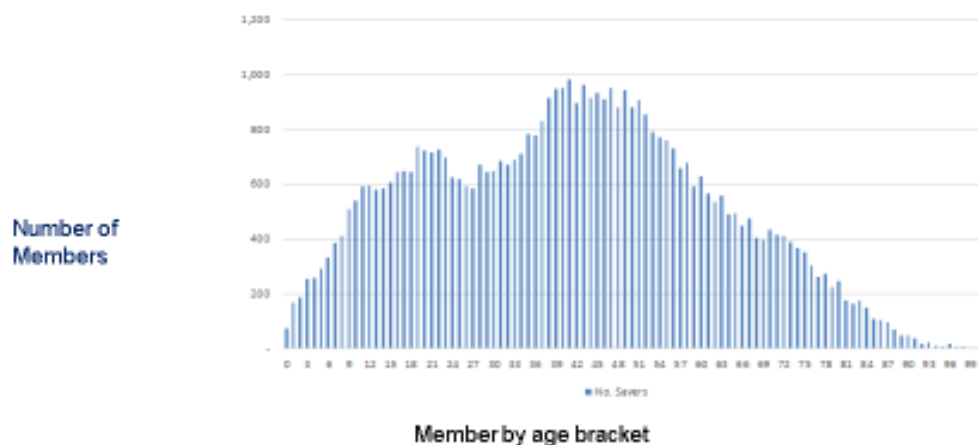
- Have a strategic marketing plan in place, comprehensive, structured and resourced to implement in a timely manner. Measurable goals, key metrics and a return on marketing investment needs to be a constant part of your marketing.
- Invest and conduct market research e.g. members and non-members surveys, focus groups. Whilst a great effort is made by credit unions in assessing why our members avail or do not avail of our services, we do not spend sufficient time and effort on non-members.
- Appropriate resourcing, skilled, trained and knowledgeable marketing professionals to take ownership of strategic marketing supported by use of low-cost resources e.g. students, postgrads, volunteers. This does not need to be a costly exercise as there is great support available from neighbouring credit unions.

- Leverage low cost or free marketing tools available on the market e.g. software for content creation, automation, scheduling, publishing, design work, which will allow your marketing budget to last longer and go further.
- Networking and collaboration embracing credit unions cooperative spirit by organising marketing forums to exchange ideas and share best practices or create joint campaigns to get better value for money spent. Look to your Chapter Groups for further connections in collaborations. Review the issues affecting the future of consumer finance.
- Shared services- credit union collaboration taken to the more practical level by sharing cost of software licensing, developing new products or organising events together. This is something that Credit Unions will have to engage in and become more proactive in working with other Credit Unions.
- Tailored products- creating products and services customised to own members or common bond needs e.g. farmers loans in rural credit unions, SME loans in cities.
- Financial education- supporting local schools to provide financial education for their students via school saving schemes, school quizzes, giving lectures etc.
- Sales skills training for staff - credit union staff need to engage in a more proactive manner rather than taking a passive approach. Credit unions should train their staff in cross-selling and up-selling techniques as well as help them to improve their communication skills to better engage with members.
- Leverage on data and analytics data underpins everything in credit unions, especially decision making. In marketing it has huge potential in targeting, predicting, recommending and automating.
- Leverage new technologies - the world around us is changing very quickly and so are members habits. With the progress and increasing availability of technology over the last decade members expectations are constantly on the rise. They expect instant access, quick responses, seamless experience as well as better and more personalised services. They are more demanding than ever. Credit unions need to look at the new technologies available to them and quickly integrate them into their operations, including marketing e.g. cloud solutions, mobile first solutions, automation, advanced data analytics and artificial intelligence.

The next 3-year digitisation has, with the pandemic, occurred now in a 6-8-week period, with a huge switch to digital channels, and credit union's need to proactively determine how to embrace this.



## Drogheda Credit Union Demographic Overview



We can see from the membership profile above that Drogheda Credit Union has a double peak demographic curve, which compares favourably with a bell shape curve currently observed in community Credit Unions. We see a spike in younger adult members between 28 and 48 brackets, which is great desirable for future lending.

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Tools available to Irish credit unions - common bond segmentation, identifying customer needs / identifying suite of desired products, prioritising in terms of capacity to deliver, marketing mix strategies, engaging non-members within your common bond to increase membership.

Life-stage segmentation of the membership base is a business opportunity to enhance members experience and perform more targeted marketing. Someone who is married with five children is likely to purchase different products than someone who is just entering college. It can strengthen our member centric organisations by identifying member trends, patterns, wants, needs, worries and frustrations.

Credit Unions need to make sure they target members based on life stages and where they are financially and present them with services that are beneficial to them. Rather than a one fits all attitude, personalised loan offers depending on member interest, personality and life-stage.

The goal is to use the data to better understand who our members are, what they are doing in their financial lives and how the credit union can help them make more informed decisions. The end goal is that the credit union is always on the members radar for all offerings, particularly loans and not just as a savings credit union. Having access to this kind of information and using it to drive loyalty and innovation strategies can help credit unions find the most effective opportunities to help their members.

## Segmentation

### High-Level Market Data, Characteristics, Profiling and Themes

The extent of segmentation required may differ between credit unions, depending on the size, nature and characteristics of the common bond. For example, a large credit union with 6 offices covering a large and diverse geographical location/common bond may benefit from a greater level of detail in its segmentation than that of a small one-office credit union serving a small common bond area.

For credit unions which serve a common bond area (as distinct from industrial CUs) the census data available on the Central Statistics Office website can provide a good understanding of demographic characteristics, profiling and themes within the area (e.g. below for Greystones).

YOU ARE HERE: [HOME](#) / [CENSUS](#) / CENSUS 2016 SAPMAP AREA: MUNICIPAL DISTRICT GREYSTONES

#### Census 2016 Sapmap Area: Municipal District Greystones

Municipal District Greystones

Theme 1: Sex, Age and Marital Status
Theme 2: Migration, Ethnicity, Religion and Foreign Languages
Theme 3: Irish Language
Theme 4: Families
Theme 5: Private Households
Theme 6: Housing
Theme 7: Communal Establishments
Theme 8: Principal Status
Theme 9: Social Class and Socio-Economic Group
Theme 10: Education
Theme 11: Commuting
Theme 12: Disability, Carers and General Health
Theme 13: Occupations
Theme 14: Industries
Theme 15: Motor Car Availability, PC Ownership and Internet Access

Using the census data, credit unions can then establish member penetration, member characteristics, profiling and themes versus those inherent within the common bond area. This analysis, together with national benchmarking can then provide a high-level baseline for growth potential and opportunities.

Other industry and market reports from the Central Bank of Ireland can provide very insightful data in relation to general economic and financial conditions, which can also be used to inform and benchmark performance, opportunities, trends and future forecasting. For example, Financial Conditions of Credit Unions, Household Credit and Deposit, and Card statistics together with general economic and financial trends.

#### Useful Links:

[www.centralbank.ie](http://www.centralbank.ie)

[www.cso.ie](http://www.cso.ie)

[www.esri.ie](http://www.esri.ie)

## Identifying customer needs/ identifying suite of desired products

Conducting targeted consumer/member research and feedback.

For example, primary research (members & non-members) – both qualitative and quantitative. Research may be commissioned through an external research agency and/or conducted in-house, depending on budget and in-house knowledge and skills. Degree of insight and value from primary research is usually dependent on the depth and breadth of the survey question set.

There is the need to factor in competitor research and benchmarking, and tie into market data/trends where possible.

## Prioritising in terms of capacity to deliver, marketing mix strategies

Every potential initiative needs to be assessed on its own merits and prioritised against others based on a simple set of criteria. E.g. value delivery (USP/ROI), ability to deliver (skills, technology, cost), capacity to deliver, ability to service, sustainable advantage.

In short, each initiative is assessed according to benefit / value versus cost/effort, and prioritised accordingly in a type of short-form, simple business case parameter. Marketing mix strategies may be designed around the member proposition, which will be informed by primary and secondary research/insights. For example, loan products offered through the online channel only (digital only) are easier for time sensitive members to access at a time and place that suits them. Ensure digital exclusion is not a factor in your credit union.

A first-time loan product, with a preferential rate, may be offered to a specific cohort of consumers/members for example members who have shares/savings but have never taken a loan with us, or non-members to entice them to join the credit union and engage with lending from the outset. Treating all members equally needs to be confirmed with your Risk & Compliance officer to ensure Conduct Risk is dealt with.

Trends to consider when implementing marketing strategies - Market trends affecting financial services industry should be considered in strategic marketing:



- **Digital Age** – Changes in customers behaviours e.g. they are banking more via digital and mobile than in branch or over the phone. Cash is becoming a thing of the past and mobile tapping is rapidly growing. Trends on media consumed is also changing and should be assessed - newspapers, radio, digital, Facebook, Instagram, TikTok, LinkedIn, etc.
- **Internal Borrowing Trends** – Take an overview for the past months/quarters, particularly when compared to previous trends year on year.
- **Industry Trends** – Consider how the industry is performing – borrowing trends as per the below.
- **Trends in members behaviors** – Particularly during COVID 19 there has been an increased trend for higher online login usage, less visits to the branches, increase in savings etc.
- **Data driven revolution - Customer Experience (CX)** - As a competitive advantage, more personalised, quicker, and seamless experiences expected. The credit union sector has excelled in this area over the last number of years and this has been a huge factor in our brand loyalty.
- **Data Protection (GDPR)** - General Data Protection Regulation, the new law regulating the use of every element of personal data held by organisations.
- **Fintech** - Increased competition, entrance of new players in financial services (Fintech companies, challenger/ neo - banks, peer to peer lending platforms, alternative payment services etc.). Insightful research and analysis are required when encouraging development within the sector.

## Issues that arise in the strategic marketing process

- **Data issues** - Marketing heavily depends on accurate and timely data. Issues with data (e.g. accuracy, completeness, reliability, accessibility, timeliness) can have a big impact on executing the credit union strategy. Data management related issues in marketing and communications activities can create many risks for the organisation such as non-compliance with the data privacy regulations, lack of ability to communicate important information to members, human error, poor ROI during marketing campaigns, irritation, inconvenience or fewer retained members.
- **Poor Assumptions**– Assuming member needs without validation, lack of skilled staff to implement the strategic plans, loss of sight of members needs during the planning phase and changing demographic of members.
- **Interdepartmental Communications** - Without great communication between departments there is a big chance that potential strategies or process will not reach full potential. This feeds into a bigger issue where CRM is in place and it may not be fully understood or used correctly.
- **General problems** - Trouble obtaining marketing feedback, issues related to cost of marketing and problems integrating collected information into plans. There is also a large element of “buy in” from other staff to execute marketing initiatives. A lot of CUs have small marketing teams – or a marketing officer who is also another officer such as lending, within the credit union. This causes issues with time management, which is counterproductive to executing marketing strategies.

## Recommendations

Avoid “activity for activity sake” approach - Checking off the boxes, keeping busy with marketing activities without a strategy or plan in place may feel good and will give the impression of activity but is open ended and will not produce the results.

Everyone is not good at everything and there is a perception of Marketing that “anyone can do it”, which is not the case. You need experience and expertise otherwise money is spent foolishly and without return. Outsource expertise where inhouse experience is lacking or due to time management issues of staff already multitasking.

Comprehensive and accurate marketing plans need to be followed with dedication and commitment in execution, otherwise it is just another document on file.

Decide on what “not to do”. Doing something because everyone else is doing it is pointless. What works somewhere else may not work with your audience or even cause frustrations/damage.

Focusing on retaining existing members and reengaging them in terms of new lending products, current accounts etc is easier than attracting new members. Most credit unions have a very healthy membership base, but if you break down how many are active versus inactive, the active membership shrinks considerably.

Bet on your strengths, relate to the Pareto rule 80/20 (80% of outcomes/results is achieved from 20% inputs/activities).



Strategic Marketing  
&  
Member Engagement