

E-MARKETING QUIET CONVERSATIONS

BY LISA HOCHGRAF



A one-to-one approach means marketing need not be loud.

Your members get flashy (read expensive) marketing materials in their mailboxes every day from such financial industry players as credit card companies and banks. What can a credit union do to make its own promotions stand out?

At Portland Teachers Credit Union, the key to getting direct mail response rates as high as 10 percent on an annual basis has not been paying more for glossy color brochures, but rather making better use of member relationship data from its MCIF provider, according to CUES member Mary Jane Campbell, SVP/sales and marketing for the Portland, Ore.-based credit union (www.ptcu.com) with \$1.6 billion in assets and more

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than 155,000 members.

Since 2001, the CU has been leveraging the expertise of its MCIF provider of six years, The Database Marketing Agency (www.dmacorporation.com), Portland, to send members irresistible offers targeted just for them. The response and impact on Portland Teachers CU's financial performance has been superb.

TALKING TO MEMBERS

Campbell says DMA uses statistical analysis of Portland Teachers CU's

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member relationship information along with appended demographic market data to determine what "cell," or group of members (numbering anywhere from 100 to 2,000), would be most likely to need a particular credit union product. Then the credit union's marketing team works with a mail house to coordinate thousands of personalized letters, from Portland Teachers CU President/CEO Cliff Dias, with a great offer on that product and mail them to the target group at very reasonable costs per piece.

"It's quiet vs. loud marketing because you're talking to members one on one," Campbell explains. "It's not a promotion. It's talking to members based on what they need."

Campbell continues, "It's much more layered and based on the idea that people have specific needs and the credit union can determine

(and meet) those needs."

For this writer, who just bought a house, for example, Campbell says this approach might suggest offering her a way to lower her car payment using the equity she now has in her home to pay off an existing auto loan. And it would identify other members likely to be interested in the same message based on MCIF data identifying the member as owning a home and having an auto loan with Portland Teachers CU.

Determining who gets what offer is "a very complex math problem," Campbell says, stressing the value of the CU's vendor partner in helping the CU do this effectively. DMA is taking "data" and turning it into strategic information. "We're acting on it and then we're measuring the result."

Resources

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CUES Online University offers a marketing course called "Successful Direct Marketing Techniques." Learn more about this course and how CUES U can help train your staff at www.cuesu.org.

FAR OUT

So far the results have been pretty outstanding. Since the program's inception, enough members have acted on the offers sent to them that the percentage of profitable members at the credit union has gone up to 45 percent from 32 percent.

"More members in essence are paying their own way," Campbell says. "That has significantly contributed to the financial performance of the credit union."

Indeed, the one-to-one matrix marketing program is having a large impact on the credit union's overall bottom line.

In 2003, the credit union mailed more than 400,000 direct mail pieces to 73 different groups of people. Considering what was spent for the promotions and the response that came in, Campbell figures an \$11 million annualized profit based on the program.

"We can tell based on what was mailed, what the member actually did," by measuring an annualized account profit and calculating a relationship response rate and ROI for each group mailing," Campbell says. "We know how much we spent, we know how much revenue we generated. We're able to see the financial results on a monthly and annual basis." 