



A RICH TAPESTRY

BY JAMIE SWEDBERG

Marketing to the affluent seems like an odd concept for a credit union. After all, aren't our cooperative financial institutions egalitarian by nature? Credit unions cannot gravitate toward nor take bold steps in the direction of serving the rich. And indeed, they don't. But they can—and do—market their products and services effectively to their members who happen to be affluent. The income credit unions generate from serving the wealthiest of their members is often instrumental in ensuring they will be able to effectively serve the members who need them most.

"The capital that those earnings provide allows them to branch," says Rich Weissman, president/CEO of The Database Marketing Agency Inc. (www.DMAacorporation.com), Portland, Ore., a member of CUES Financial Suppliers Forum. "It allows them to provide new electronic services and systems. It allows them to hire quality people. All of that is a requirement for them to better serve members over the long term." Your credit union may or may not be able to offer affluent members every financial service they desire. Some credit unions—larger ones, usually—have staff members who are experienced in investing, financial planning and estate management. Others can't afford to devote employees to selling those products.

It's important to realize that affluent members don't all behave alike. The Database Marketing Agency Inc. has studied the behaviors of wealthy credit union members and concluded that, depending on which products and services they partake of, they can be either the most profitable or the least profitable members you have—rarely anything in between.

"The affluent deal with lots of financial institutions, so which piece of their wallet you have determines their value to the credit union," Weissman says. "Simply because someone demographically profiles a particular way does not mean that they are going to wind up being an 'A' member. There is a greater likelihood that they will end up being an 'E' member unless we do it right. The cross-sell amongst

the E group is typically highest. They buy the most products, but they only buy the ones that cost you money."

So your goal, Weissman says, should be constructing profitable cross-selling combinations. He says that can be done by searching the database for E members who profile as affluent, then targeting them with marketing campaigns to get them moving in the right direction.

One strategy is to create value packages likely to appeal to these members and generate high profitability. These packages are appropriate for them, but they're not packaged specifically for them. Any member could benefit from them.

"It might be a package where if you have a money market account, a home equity loan, and an interest checking product, you would get some kind of value—maybe a better rate—if you do them all together," Weissman explains. "You are providing combinations and packages of services toward which they will naturally gravitate. It's highly personalized and one on one. It's recognition of them as individuals, not as 'rich folk.'"

GETTING THE WORD OUT

Other intimate, personal marketing strategies can be applied across the board, yet may have an especially strong impact on affluent members.

"The high net worth group does require one-on-one contact," Weissman says. "They require human touch. Retention can take the form of simple things like sending birthday cards, or calling people on the phone once a quarter just asking how things are going.

"Try recognizing them by sending them thank-you notes once a year on the anniversary of their membership," he says. "This is a simple approach, and it's never positioned as 'because you're rich.' It's 'because you are a valued member and you provide real value to the credit union.'"

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Selected Excerpts