

On the Mark

Helping you **mark** your credit union for success



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Reaching the Dot Com Generation *How and why to do it*

Technology has changed the way the world operates. Consequently, we must change the way we do business. Now, businesses must cater to different generations or risk losing them altogether. This is especially true of the Dot Com generation, primarily because the way they do business is anything but traditional.

The Dot Com generation is a powerful consumer group for several reasons. This generation represents the merging of two different generational groups – the younger half of Generation X and the older half of Generation Y. The Dot Com generation makes up about 29% of the population, or nearly 59 million people, and averages an estimated household income of \$32,000. About 31% are credit union members.

This generation has unheard of access to consumer information – far more than any other generation thus far. “They shop online, they do their research online, they’re on the Internet,”— says Lisa Phillips, senior analyst with eMarketer Inc., a market research firm. This alone gives them expanded choice and allows room for greater individuality and self-expression.

This past year, several credit unions have called me seeking consulting help with their strategy for reaching the Dot Com generation. I let them know an advanced technology strategy is critical to attracting and retaining consumers from this generation, but just relying on technology alone will limit the ability to capture this audience.

Technology Tactics

A web presence is the most basic criteria for the Dot Comer, who could live across the street from your branch and still never find you if you don't

From Pearl Harbor to Pearl Jam

Understanding different generations and marketing to them effectively is critical to our businesses in this new millennium. For more details on reaching out to multiple generations, considering

have a web site. But it's more than that. A web site has to do something. These people will hit your website before picking up the phone to call you. The more interactive your website is, the more effective it is for reaching this demographic. For example, WAMU (Washington Mutual) opens accounts instantly online. Does your website offer that ability?

The "Guides to Independence"—the Credit Union National Association's (CUNA) interactive Web-based tutorials on managing money - are now rewarding teenage and young adult credit union members with free music downloads as an added incentive to improve their financial literacy.

Upon completion of a course, qualified registrants earn a minimum of one free iTunes music download. Bonus downloads appear randomly, so young members may possibly earn up to 10 free music downloads by simply completing one short course.

Other technology tactics to consider include: handheld devices, text alerts, instant messaging, iPod giveaways and live chat support.

Beyond Technology

Dot Comers may be the online generation, but they do have to come up for air at some point. Think of the ages of this demographic, and then think of where they congregate – schools, coffee shops, extreme sports venues, etc. Take your message where they are and make it as outside of the box as possible. Take the credit union car to a college campus and hand out breakfast burritos. Sponsor unusual events, such as mud volleyball. Link your credit union's debit card to college ID cards. The best part of marketing to this generation is having fun and being unconventional. The more unique and unusual your tactic, the better chance you have of being remembered and appreciated by the Dot Com generation. Free giveaways are an added bonus.

Schools, families, and newlyweds are all attractive targets when marketing to this generation. This is the marrying age, so send newlyweds in your community a \$150 gift certificate redeemable for cash at the credit union if they open a checking account and transfer a \$5K loan.

Offer a 12-month, interest-free "honeymoon" or engagement ring loan. Primeway Federal Credit Union recently began offering MatriMoney, a wedding registry for engaged couples. The registry doubles as a savings account and instead of registering at a department store for gifts they may not want or need, the couple can ask for monetary contributions for their new life together.

When defining your Dot Com strategy, it's important to remember longevity and flexibility. This is a young group of consumers who will continue shaping the way we do business for years.

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Tips from the Top

Bryan Sims is founder and CEO of brass|MEDIA Inc., publisher of brass magazine, a financial literacy magazine for young adults distributed by credit unions nationwide. Sims is also a college student with a passion - conveying to young adults the importance of understanding money. The goal at brass is simple: to provide direct, intelligent, entertaining content to young adults about the money side of life. Wrapped in a brassy package, the brass EDITION will help young adults achieve their goals. From planning for retirement to throwing parties, brass looks at the lives of young adults and how they handle money.

Q. You once said, “The credit union industry was created in a different era, and now, due to technological, economical and societal growth, the world is changing, and thus so are our members. We must change with them.” How must credit unions change today?

A. As a whole, I think credit unions need to evolve on a number of different levels to continue benefiting the public. These evolutionary steps include who the board comprises of, lending policies that allow for younger members to get their first credit card or first house at a credit union and additional resources in marketing and product development to find new ways to reach younger members.

Q. Many experts say this new generation is so different from the others that they are radically changing the marketing spectrum (forget direct mail, newsletters, etc.). What new cutting edge marketing tactics are **MUSTS** with this group?

A. I’m going to begin by disagreeing with the framework of this question on several levels. First, a lot of experts don’t adequately understand young adults. They are very different in some ways, but very much the same in others.

For example, they may have conversations on IM (instant messaging) instead of in person, but they still want to fit in with their peers, which is the same it was 20 or 30 years ago, just in a different form of communication. Secondly, there is too much emphasis on the next hot trend, newest technology or coolest product for young adults.

Where the media and marketing world is going is not one or the other, but how they all blend together. Bloggers are getting book publishing deals. Websites are launching

Q. What are some practical tips you can give credit unions that want to reach today’s youth?

A. Put young adults on your board. Create advisory boards of employees and/or members. Don’t pretend to be something you aren’t in reaching young adults. Don’t lump young adults, college students, teens, pre-teens etc. all into the category of “youth.” Focus on key time periods in people’s lives when they look to open an account, such as someone’s first car, first job or getting married.

Q. What specific products or services will appeal to Gen Yers?

A. Technology is significantly impacting the financial sector in product and service delivery. Here are some interesting things I’ve seen that I think are important for credit unions in appealing to Gen Y:

Picture Cards

Allowing someone to upload their photo to their own credit card.

Account Management/Aggregation

My credit union has a tool that allows me to import all my financial data into one screen, and it saves passwords and financial data. Now, to log into my Chase Credit Card account, I go to my credit union’s site to log in. Meanwhile, my paycheck is automatically deposited into my credit union checking account, and I pay electronically through their site.

+1 Credit Card

magazines. People on MySpace are launching TV shows based on people they meet online. Facebook partnered with a cable company to provide video on demand. NBC partnered with YouTube to distribute content.

The successful marketers will be the ones that have touch points on all of these areas, not just one or the other. While credit unions need to move beyond simply newspaper, radio, and TV advertising, at the same time, a MySpace profile or video on YouTube is not going to guarantee someone opening an account either. It's how the message is disseminated to all of these platforms, and how the platforms cross-promote each other.

Q. How should credit unions approach lending to the Dot Com generation?

A. As I stated above, I think credit unions need to become more relaxed in their lending policies for someone's first lending experience. If it is a negative one, and they get turned down simply for being young, they won't come back. I think it needs to be an educational experience where young adults are educated on how credit can help or hinder their financial future.

Additionally, income sources are beginning to vary substantially whether that is a young entrepreneur bringing in their own paycheck, or someone who makes side income from eBay. These scenarios will continue to make it more difficult for lending under the current methods of income verification and lending risk assessment.

Q. What can credit unions do to make their websites more appealing to Gen. Y? Would you recommend a separate site (flash, etc.) geared just to Dot Comers or does that get

Chase launched the +1 Credit Card with a rewards points structure that allows friends on Facebook to share points among each other, buy products, or donate points to charity.

IRAs/Investment Accounts

Young adults are very interested in learning about investing, but they don't know where to start. Credit unions that can educate younger members about what type of account to open will see a substantial increase in investment accounts.

Q. Viral marketing is always cited as a way to reach those in Generation Y. How do realistically spread the credit union message that way?

A. This is a difficult question, because you can't just decide to spread something virally. Viral trends are hit or miss, but more often than not, they are authentic. One reason I think this would be difficult in the credit union space is because credit unions are saying things that aren't authentic. For example, I often hear people wonder why young adults don't love credit unions, because credit unions are owned and represented by the members. Represented by the members? Has anyone been to a credit union directors' conference recently? I don't mean to be cynical, but this ties back to my suggestions above about getting young adults involved in credit unions. If young adults are helping drive credit union policies, strategic direction, marketing etc., there won't be a need to spread a viral campaign, because it will happen naturally.

Q. What two books, websites or sources should executives review to learn more about the Dot Com Generation?

confusing with the credit union's overall brand?

A. That depends on the size of the credit union and where they're at with their websites. A first step with many credit unions is simply getting a site that looks like it was designed within the last couple of years and looks legitimate enough that someone would conduct transactions through. A credit union's web presence is the same as its physical presence. You wouldn't deposit your paycheck in a branch with broken windows, and the same is true for a site that doesn't look legitimate.

For credit unions with contemporary sites, don't confuse Flash with Flashy. Many times companies think their sites have to be incredibly flashy and complicated to draw the attention of a younger consumer. Many times the opposite is true. People want to find information as quickly and easily as they can. I've seen many examples of sites that attempt to be "cool" but end up having long load times or are too difficult to navigate.

I think the best blend is to have information about products and services available to those who know what they're looking for, and to also have information geared around life events that help guide and assist people with how financial products can help them. As for sites specifically geared at Gen Y, I think these can be effective if done well. However, I would have the information available on a credit union's main webpage or subsection within that page as well.

Q. **If you are a boss from a different generation, how do you manage "these kids today?"**

A. This is both a great and a difficult question. At brassMEDIA Inc., the majority of our staff is in their twenties, so we face the same

A. The site I check frequently is www.ypulse.com, which keeps me up to date on youth culture, with an emphasis on marketing. I like the book *All Marketers Are Liars* by Seth Godin, which talks about the authenticity of products and services and word of mouth marketing. While it's not generation specific, it makes points that are particularly important for this age group. I'm currently reading *The Long Tail* by Chris Anderson, which discusses the way the digital economy is changing everything from the movie industry to music, and a primary driver of that change is Generation Y.

Q. **Since convenience is so important to Generation Y, how do credit unions compete against the big banks that have ATMs and branches on every corner?**

A. With the way technology is going, cash and ATMs are becoming less and less important for choice of PFI. While we're not completely there yet,

challenges as many credit unions. While we are by no means perfect and there are no easy answers, I will attempt to use our own organization as an example

I often think of Generation Y as the work hard, play hard generation, the generation that wants a work/life balance and genuinely wants to believe in the organization that they work for. All too often, people have two different lives – work and personal. We try to blend the two, allowing people to dress as they want, being loose on break times and days off, and trying to put an emphasis on completing tasks rather than relying solely on times people are at the office.

We have weekly 15 minute meetings where we'll do fun activities like build paper airplanes or do brain teasers and then jump into what is happening for the week. On a broader scale, we try to keep everyone informed about the direction the company is headed and how they play a part.

When we get positive feedback about our company, we post it on our walls so employees know that people really do appreciate what we do. More importantly, we emphasize the difference we're making in the lives of young adults. I feel as though people, particularly younger people, want to feel like they're contributing to something compared to simply earning a paycheck.

At brass, employees go to lunch buddies with elementary school kids. We speak at general assemblies at high schools, dress in all pink to donate money to breast cancer and on occasion, we will watch Goonies on a Friday afternoon. It's important to us that we support the causes and communities we're tied to while having fun doing it at the same time.

We have a multi generational work force with supervisors ranging from 23 to 56, and regardless of the

today's young adult is much more likely to use plastic to pay for things, and with electronic fund transfer, online bill payment, direct deposit, etc. and the need for a massive ATM network is decreasing.

That being said, the direction in which things are heading will not deemphasize the importance of physical branches, it will just change their role.

For example, the need for routine financial transactions will decrease for young adults, but they still view physical branches as being important for problems they might have, having someone to talk to or additional information about key life stages and/or products they're looking to get (for example, one's first home).

I think that opens up a large opportunity for credit unions to serve more as an advisory role than most other financial institutions, which dovetails the fact that statistically, more people trust credit unions than other financial institutions.

There is also a big push right now for social responsibility, and socially responsible brands, and I think that is something credit unions can use to their advantage. Young adults want to support organizations that have the same values, and I think credit unions could do a better job showing what they stand for. I don't mean by saying the same stuff like credit unions are "not for profit" or "member owned," I mean by showing the values they have through their actions in supporting local communities, charities, employees and members that are much harder for big banks to show at more local and regional levels.

generation of the manager, the things above are some examples of how we try to manage our younger employees.

Resource Review

Brandchannel.com - The world's only online exchange about branding

Brandchannel.com is proof that if you've seen one "branding" website, you have *not* seen them all. Simply put, brandchannel is a unique site, because it contains information and perspective not available on most other branding websites. Brandchannel's tagline says it best – *The world's only online exchange about branding.*

Unique may be the best word to describe this site, which is just different in its approach to branding. For starters, it is global in perspective. It offers perspectives from branding professionals around the world, through white papers submitted by its own readers and comments on its debate page. Each month, the site asks a new question related to branding, and site visitors are invited to "debate" the issue.

That's not the only thing that makes this site so unique. Brandchannel has some distinct features, like its brand cameo section. Movie buffs will love this part of the site, which reviews major motion pictures dating back to 2001, based on brand usage in the film. Once again, viewers are invited to chime in if the review missed a brand in the movie.

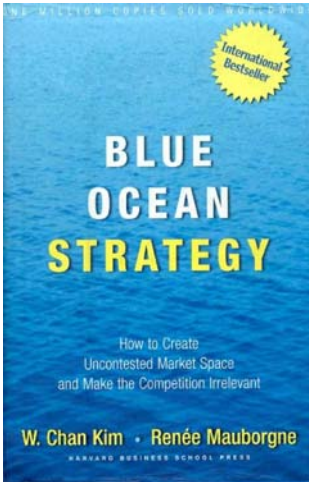
The brand profile is another interesting feature. This month's timely feature analyzes Necco's Sweethearts, the conversations hearts that many of us have associated with Valentine's Day for years. The feature discusses how Necco reaches \$100,000 in annual sales with a product that's been around for generations and only sells for about \$.99 cents a box. It even analyzes how the classic logo contributes to the brand.

There is much to see and do on this site, which will definitely satisfy the appetite of anyone who lives, eats and breathes branding. The information offered is unique and appeals to a wide range of skill levels. And, unlike many other branding sites, there's little if any registration required.

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This site is definitely worth a visit, but be sure you have some time on your hands. Once you get there, you may not want to leave.

Remarkable Reads



If you pay close attention to “hot” business reads at your local bookstore, you’ve probably seen *Blue Ocean Strategy* displayed prominently. That term is a hot speaking topic now, popping up in many conferences nationwide. Whether you’ve seen it or not, *Blue Ocean Strategy* is a must read for any credit union executive.

Authors W. Chan Kim and Renee Mauborgne provide keen strategic thoughts. As a key word in their title, “strategy” is the best description for this book: it is a strategic book all the way. Reading it will help you look at your credit union’s strategy in whole new light. The basic premise is that too many times our organizations compete where the competition is (red oceans) instead of going where there is no competition (blue oceans).

They make a compelling case that we just try to copy success stories and only come up short of the original. They argue this is a flawed approach and that we should instead focus on new ideas. One of the best quotes is:

“The creators of blue oceans, surprisingly, didn’t use the competition as their benchmark. Instead, they followed a different strategic logic that we will call value innovation. Value innovation is the cornerstone of blue ocean strategy. We call it value innovation because instead of focusing on beating the competition, you focus on making the competition irrelevant by creating a leap in value for buyers and your company, thereby opening up new and uncontested market space.”

They spend an entire chapter (4: Focus on the Big Picture, Not the Numbers), discussing strategic planning sessions and how flawed they can be. As the chapter title implies, it provides a way for you to paint a strategy canvas instead of bogging down in operational details.

This is an outstanding strategic book. I know several credit unions have made this required reading for their entire executive team. If you want to improve your credit union’s success (particularly at the planning level), read *Blue Ocean Strategy*.

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Contact Mark Arnold:
(214)538-4147

jmarkarnold@verizon.net