

Unlock the Cool in your CU

Marketing to
the Dot.com
Generation

Constance Anderson & Associates, Inc.

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THE TOP 10

Promotional Strategies for Attracting the Dot.com Generation

ONE

Give them control and make it interactive

They are not passive consumers. They want to control their experience with the companies they choose. Never market “to” them. Rather, have a dialogue with them.

Unlike Baby Boomers, young adults expect to interact with their media. They grew up in an era of call-in shows and instant chat. Make sure that when you advertise to them, you always give them a way to respond. Take a cue from one credit union that has a young adult advisory board, which reports periodically to the board of directors.

Forget about static paper newsletters. Readership is very low. Send an email letter linked to an online blog, poll or sweepstakes instead or follow the lead of UCU (University Credit Union) of Maine and give away free books on Facebook.



TWO

Ditch the hype; Pitch the value.

This is the first generation of young adults who were heavily marketed to as children. That makes them more skeptical of advertisers’ claims. To reach this generation you’ve got to downplay the sales angle and get right to the facts. Your copy has to be short, matter-of-fact, and to-the-point.

THREE:

Life is an open book.

Don't be afraid to address money issues in a straightforward way. Talking about finance is not taboo for this generation. Young consumers talk about their balance sheets as readily as they talk about Friday night's party on Facebook. Check it out at www.networthiq.com.

FOUR:

Causes are cool.

According to a Cone/Roper study of teens, a full 68% of them will choose a product based on its support of a good cause, all other things being equal. Supporting a good cause is much more important than a celebrity endorsement for Dot.coms. Only 23% of this skeptical generation says those endorsements are a factor in choosing one brand over another. Combine rewards points and cause-related giving. Check out Chase Bank's +1 Card only available for Facebook users.

FIVE:

Yesterday's behaviorism babies want rewards.

This generation grew up with behaviorism as the model for their parenting and education. They expect positive reinforcement in the form of rewards when they bring you their business. On the other hand, they are not as fee-averse as other generations. When they misuse an account, they expect to pay.

SIX:

Make it relevant. "This isn't your father's Oldsmobile."

Consider a special "Young Adult" package of services. Craft a rewards program just for teens like Forum Credit Union (www.forumcu.com). One credit union has a special annual meeting just for teens.

For young families, create a package with the best combination for loyalty: a credit product, a savings product, and an investment product.

To reach the college and young adult crowd, create financial services that speak to their needs. Being stiffed by your roommate? Get help at www.buxfer.com or www.BillMonk.com

Update your product set to reflect the way they use their credit union. Credit cards are so old school. Young adults prefer debit reward programs to credit card rewards.

SEVEN:

Face-to-Face and Place-to-Place

Facebook or Face-to-Face? The iPhone Generation wants to keep their money mobile. But they crave face-to-face interaction more than other generations. Branches are still a key to success.

EIGHT:

Don't preach if you want to reach.

One of the most common mistakes older adults make in trying to reach teens and young adults is taking a “preachy” tone. If you want to reach a young person, leave your soapbox behind. Young adults want real, straightforward education on financial matters. Link to these educational Web sites if you really want to get this generation’s attention:

- www.italladdsup.org
This site has many resources for teachers, but my favorite section for young adults, is the worksheet that helps calculate the trust cost of vehicle ownership. Link directly to this section to offer a valuable tool for young (and not-so-young) vehicle owners.
- www.creditunionsrock.com
This site, sponsored by the Michigan Credit Union League is co-branded with CUNA’s national brand campaign. It is full of great financial information for Generation Y.
- www.atg.wa.gov/teenconsumer/
The Washington State Attorney General’s office produces this site. It contains good information for teens in both English and Spanish.

NINE:

Think comedy central.

Watch MTV for a crash course in advertising to young adults. Ninety percent of the ads there are irreverent, tongue-in-cheek, or just plain funny. Financial services don’t have to be stuffy and boring. (Think Caveman.)

Consider an update to your lobby as well. Tune out the Golden Oldies and the elevator music. Re-evaluate your brand colors. Even basic shades like green and blue can be updated.

TEN:

Reach out to the ‘Rents.

Take advantage of the connection between young adults and their social networks—especially their parents. Many of today’s young adults say their parent is their best friend. Both teens and young adults say their number one source of information is their parents.

Make it easy to facilitate financial exchanges between the generations. Check out www.billmyparents.com and www.smartypig.com.

About the Presenter

Constance Anderson is the president of Constance Anderson & Associates, Inc. whose mission is to help credit unions create legendary brands by perfecting the member experience. In their passionate pursuit of that mission, Constance Anderson and Associates, Inc. offers these research tools:

- www.MemberShoppers.com (mystery shopping and coaching effectiveness system)
- LendingView (consumer lending experience measurement, coaching effectiveness and lead generation system)
- Promoter Surveys
- Brand awareness and positioning surveys
- Focus group facilitation and reporting
- Brand strategic planning and positioning

Since 1996, Constance Anderson & Associates, Inc. has helped credit union leaders create extraordinary brand experiences through research, positioning, and coaching.

Company founder, Constance Anderson, is a nationally recognized credit union marketing consultant and author whose books include *Strategic Credit Union Marketing*, *The Marketing Handbook for Credit Unions*, and *Catch Your Members on the Net* published by CUNA & Affiliates as well as *A Fresh Perspective on CRM* and *A Manual for Strategic Membership Growth Planning* published by CUES.

She is co-presenter for the CUES School of Sales and Service. Anderson is a popular conference speaker who has presented at the national conferences of CUES, the CUNA Marketing Council, the CUNA HR Council, NASCUS, NACUSO, and the National Youth Involvement Board.

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Appendix A:

Financial Services for the Dot.com Generation:

Car loans

Fact: When Boomers were teenagers, only 18% of them financed a first car. By 2007, 57% of 17 to 23-year-olds planned to finance their first car; however, by 2009 that number had shrunk to 24% because of the bad economy. Moreover, half of first-time buyers do not know the interest rate on the financing contract that they sign according to the Capital One “Rules of the Road” study.

Great Ideas:

- Educate first-time car buyers on how to buy a car.
- Free inspection on a used car for first-time buyers
- Offer the same rate for new/used
- Offer 100% financing
- Packaging a used auto loan and checking together. Give ½% off a used auto loan with free young adult checking.
- Have a used car sale at the CU targeted toward students 16-24.

Checking accounts

Fact: Over one in five teens has a checking account somewhere. This goes up to 46.1% for high school seniors according to the JumpStart Coalition.

Great idea:

- Develop a special checking account just for young adults. Possible “freebies” include:
 - Free iTunes downloads
 - Four to eight free ATM withdrawals per month
 - No minimum balance
 - Free movie tickets

Credit cards and Debit Cards

Fact: Sallie Mae’s 2008 study of college students and credit cards revealed that 84% of undergraduates had at least one credit card, up from 76% in 2004, the last time the study was conducted. The average number of cards has grown to 4.6, and half of college students had four or more cards. Undergraduates are carrying record-high credit card balances. The average (mean) balance grew to \$3,173, the highest in the years the study has been conducted. Median debt grew from 2004’s \$946 to \$1,645. Twenty-one percent of undergraduates had balances of between \$3,000 and \$7,000, also up from the last study. Since 2004, students who arrived on campus as freshmen with a credit card already in-hand have increased from 23% to 39%. Only 17% said they regularly paid off all cards each month, and another 1% had parents, a spouse, or other family members paying the bill. The remaining 82% carried balances and thus incurred

finance charges each month. Eighty-four percent of undergraduates indicated they needed more education on financial management topics. In fact, 64% would have liked to receive information in high school and 40% as college freshmen.

Great Idea:

- Design a risk-based card for teens. Beginning at age 16, the teen gets a co-signed credit card. The parent sets the credit limit and the teen take a class on using credit wisely. If all payments are made on time, the rate is reduced 1% at age 17. If all payments are made on time, the rate is reduced another 1% at age 18 and co-signer can be removed.
- Despite their reliance on credit cards, many young consumers have gotten burned by credit card debt and rely solely on their debit card for plastic. Even those carrying credit card debt use debit cards rather than checks for everyday transactions. They prefer debit to credit card rewards.

Savings and Investments

Fact: According to a JumpStart Coalition study, 16.6% of high school seniors own stocks in their own name or their parents' names; 12.3% own mutual funds. About 2/3 have a savings account.

Great ideas:

- Create a special youth certificate that can be opened with as little as \$50. Additional deposits of \$5 or more can be added monthly.
- Create a “reversed tier” money market or checking account that pays a higher rate of interest on the first \$500.
- Create a savings match program. For example, pay \$1 for every \$25 saved up to a set amount.

Mortgages

Fact: Single people in their 20s are now buying their own homes. People don't wait to get married to buy their first home. Fifty-one percent of first-time homebuyers are single or unmarried couples to the National Association of Realtors.

Great ideas:

- Offer a low-closing cost loan for first-time homebuyers like Missouri Credit Union (www.mizzoucu.com.)
- Partner with Fannie Mae and state/local agencies when possible to offer low downpayment mortgage products.