



Consulting and Marketing Services

*ORNL's Custom Credit Card Campaigns Ignite
Double Digit Growth in Accounts and Balances*





Consulting and Marketing Services

*ORNL's Custom Credit Card Campaigns Ignite
Double Digit Growth in Accounts and Balances*

Advisors Plus® Custom Marketing Campaigns Create Blockbuster Card Growth

Overview

Client Profile

ORNL Federal Credit Union has grown from 10 founding employees of Oak Ridge National Laboratories in Oak Ridge, TN and \$50 in assets back in 1948 to 160,000 members, 32 branches and \$1.5 billion in assets today. Membership is now open to anyone who lives, works, worships or attends school in the 16 counties of Central East Tennessee.

Business Challenge

Advisors **Plus** Credit Card Start-up Consulting worked with ORNL to re-enter the credit card business in 2008, timing that presented some unique challenges due not only to the Great Recession but the sweeping changes enacted through the Card Act legislation of early 2009.

Yet, ORNL's commitment to growing and serving its membership by providing access to credit, liquidity and outstanding product features through its credit card programs has never wavered. In addition, ORNL has consistently taken a leadership role within the credit union industry by developing and sharing best practices in underwriting, risk mitigation, marketing methodologies, and cost control.

The Solution

As the economy rebounded, ORNL worked with Advisors **Plus** Marketing Services beginning in 2011 to develop and execute a marketing strategy aimed at increasing both membership and balances through a series of credit card marketing campaigns. ORNL began with turnkey, so-called "structured" direct mail campaigns and made the decision in 2013 to move to completely custom campaigns.

Coordinating the elements of those campaigns— from crafting the direct mail pieces to specifying personalizing underwriting criteria to developing outbound calling and branch sales support programs— also created a powerful means of bringing departments within ORNL together. Taking a member-centric approach to credit card marketing broke down silos, infused the ORNL organization with its now famous entrepreneurial spirit of "empowered portfolio management," and achieved outstanding results.

The Results

The eight structured and custom direct mail campaigns described in this case study were run over the course of three years between 2011 and 2014. All of the campaigns achieved outstanding success and achieved response rates consistently above—and often more than double—Advisors **Plus** and industry averages. **Together they accounted for an extraordinary 63% increase in credit card balances, bringing in an average of \$507,000 each and generating average balances of \$4,345.**

ORNL's Credit Card Program Commits to Members through Thick and Thin

ORNL Federal Credit Union has always taken great pride in providing its members with "personal banking to fit the way [they] live" by providing tools that help them "borrow smart and save smarter."

Those words have never been truer than they were back in 2008 when ORNL made the strategic decision to reinforce its strong commitment to member service by reentering the credit card business— despite market timing that could only be described as challenging. Not only had the U.S. and world economies plunged into a global recession, but Card Act legislation passed in May 2009 had suddenly added layers of legislative uncertainty to the equation.

ORNL called on the Advisors **Plus** Credit Card Start-up and Consulting team to provide guidance in setting underwriting and portfolio management parameters that would minimize both member debt burdens and ORNL balance sheet risks.

The Empowered Portfolio Manager is Born

ORNL's close partnership with Advisors **Plus** during those early years led ORNL to adopt a management philosophy for its credit card program called "empowered portfolio management" that guides it to this day.

Empowered portfolio managers manage card portfolios by creating 360-degree visions for their credit unions that cut across departmental lines to break down organizational silos and allow for seamless collaboration across all functions (e.g., marketing, IT, underwriting) and channels (e.g., branches, digital, contact center). This approach results in product offerings that are uniquely personalized and aligned to meet member product and service needs.

Marketing for Growth in Accounts and Balances

In 2011, Zain Hashmi, now ORNL's Credit Card Program Manager, reached out to Advisors **Plus** Marketing Services to investigate his options for launching ORNL's first credit card acquisition growth campaign.

Advisors **Plus** suggested beginning with a low-cost, six-month structured direct mail campaign and ORNL immediately realized the potential of these turnkey marketing programs to grow both accounts and balances.

Structured Campaigns Create Account and Balance Momentum

From the first campaign, ORNL achieved impressive results, both in terms of response rates and gross active dollars. Those successes continued through three additional campaigns run during 2011 and 2012.

- The first campaign in spring 2011 achieved a response rate of 3.23%, which translated to 488 new accounts and incremental balances of \$736 thousand.
- Over time, it became clear that ORNL's spring campaigns were particularly popular, resulting in response rates more than double those achieved by the average Advisors **Plus** client and dramatically exceeding the industry as a whole.
- In all four of the structured campaigns, ORNL exceeded Advisors **Plus** client averages.



Consulting and Marketing Services

ORNL's Custom Credit Card Campaigns Ignite Double Digit Growth in Accounts and Balances

ORNL Structured Campaign Performance 2011-2012

Campaign Timeframe	ORNL Response Rate	Avg. PSCU Response Rate	Gross Active %	Total Outstandings \$ GA	Avg. Last Statement Balance \$ GA
Spring 2011	3.23%	1.42%	30.74%	\$736,070	\$4,907
Fall 2011	1.98%	1.77%	52.85%	\$457,522	\$3,292
Spring 2012	2.84%	1.31%	25.16%	\$471,407	\$4,064
Fall 2012	2.29%	1.17%	19.78%	\$363,327	\$5,117

"Let's Run the Campaign That I Would Like to Receive"

By early 2013, Zain Hashmi was ready to take ORNL's success to a whole new level by creating a custom credit card campaign in partnership with Advisors **Plus**. Hashmi talked it over with Kathy Johnson, Advisors **Plus** Organic Growth Campaigns Manager and laid out what would become his guiding vision for the campaign.

In simple but powerful terms he told Johnson, "I personally love being a member of ORNL. Let's run the campaign that I would like to receive!" As Kathy laughingly recalls today, "That's the very last *simple* idea that Zain has ever had! I find it a joy to work with him because his attention to detail is simply extraordinary."

Zain's vision for the potential of customized card marketing ushered in a new era of Empowered Portfolio Management at ORNL in which he and Advisors **Plus** challenged and pushed each other to create the best campaign possible. In the process, ORNL would take Empowered Portfolio Management to new heights of cross-functional collaboration between departments and create a template for campaigns that generate both outstanding market visibility and exceptional account and balance growth.

As Custom As Custom Can Be

With a particularly strong background in portfolio management and underwriting, "I was initially drawn to Advisors **Plus** because of their analytics capabilities," recalls Hashmi. "They share my belief that what does not get measured does not get performed efficiently."

Although Hashmi wasn't formally trained in marketing, from the start he brought the same discerning and analytical mindset to that arena as well. Working with the graphics and direct mail experts of Advisors **Plus**, his goal was to develop a direct mailing that truly reflected the look and quality of "his" ORNL, the credit union he knew and loved as a member. He offered himself as a guinea pig, insisting that every detail—from color scheme and logo to the precise wording of the offer itself—be personalized and customized to maximize its appeal to the exact (and exacting) member target he had in mind—himself.

Pre-Pre-Pre-Qualified

When it came to underwriting, Zain Hashmi was in a unique position to take advantage of his and Advisors **Plus**'s combined expertise to "pre-pre-pre-qualify" certain numerical member segments as he refers to the process of pre-screening and scrubbing his own files prior to mailing. "I come from the credit side of the business and it was really a pleasure to join forces with Advisors **Plus** and my IT department to take a deeper dive into some of these credit files than might have ordinarily been possible," Hashmi explains. "One of our major goals is increased credit card penetration, and this granular approach really lets us accomplish that in a careful, thoughtful way."

The Personalized Touch across Every Channel

But that's not all, as they say in the direct mail business. The final, and ultimately vital, keys to the campaign were the multi-channel personalized touches engineered by Hashmi before and after the mailing:

- ORNL created an outbound calling program (using only ORNL's most seasoned and pleasant sounding contact center agents) to reach prospects to tell them that the offer was in the mail and would be arriving soon. Refusals were noted and questions were referred to a special FAQ number. All calls were tracked so that additional follow-up calls could later be made on a case-by-case basis.
- ORNL monitored the e-mails it received regarding the offer and not only answered each one but compiled them into an ever-growing FAQ resource for the branches. Today, that FAQ includes the answers to 68 questions and can instantly be accessed by each branch representative and contact center agent.
- ORNL also developed a method of separating prospect mailings out by branch for follow-up, which has proven extremely effective. In fact, as ORNL's visibility in the marketplace has grown through its campaign mailings, members who may have initially declined one of the card offers will often stop by a branch to ask if it's too late to change their minds and open accounts.

Outstanding and Sustained Success

ORNL's custom campaigns have achieved outstanding and sustained success, not only as measured by initial accounts opened and balances outstanding but by card retention percentages over time.

Although some of the recent campaign response rates have not been as high as earlier years, gross active percentages and total gross active dollars per account as indicators of account quality have increased dramatically, indicating that the precision targeting achievable through marketing and underwriting customization has paid off handsomely for ORNL.



Consulting and Marketing Services

ORNL's Custom Credit Card Campaigns Ignite Double Digit Growth in Accounts and Balances

ORNL Custom Campaign Performance 2013-2014

Campaign Timeframe	ORNL Response Rate	Avg. PSCU Response Rate	Gross Active %	Total Outstandings \$ GA	Avg. Last Statement Balance \$ GA
Custom Spring 2013	2.05%	2.06%	14.49%	\$250,597	\$5,012
Custom Fall 2013	1.93%	2.00%	38.92%	\$522,902	\$4,251
Custom Spring 2014	2.27%	1.96%	38.96%	\$375,796	\$3,874
Custom Fall 2014	1.33%	1.87%	55.23%	\$477,067	\$3,614

Looking toward the Future

As ORNL and Advisors **Plus** look toward next year's campaigns, a number of options present themselves and Zain Hashmi sees nothing but opportunity. "Our senior management has made the long-term commitment to our credit card business to do things very, very well," he notes. "And as a proud ORNL member, you can be sure I'll do my part to empower our organization to make that vision come true."

About Advisors Plus Credit Card Start-up Consulting

Advisors **Plus** Credit Card Start-up Consulting is designed to help institutions create a product suite that is compelling, competitive and profitable. The consulting team, with over 100 years of collective experience, provides invaluable guidance and expertise while helping credit unions avoid the common mistakes that occur when taking an uncharted path. As a result of teaming with Advisors **Plus**, credit products will be developed and positioned to attract key market segments with a competitive, yet profitable pricing strategy and targeted marketing campaigns.

The process is structured as an onsite workshop, usually over a two-day period with follow-up telephone support as needed. The sessions offer recommendations on products, pricing, risk, rewards, marketing and profitability. The Advisors **Plus** process, consisting of evaluation and analysis of all aspects of the credit card portfolio, delivers these core components:

- Five-year financial projection
- Review of key credit card background information
- Competitive product survey
- Review of product suite design, pricing and risk tiers



Consulting and Marketing Services

*ORNL's Custom Credit Card Campaigns Ignite
Double Digit Growth in Accounts and Balances*

About Advisors Plus Marketing Services

Advisors **Plus** Marketing Services provides leading-edge marketing capabilities using marketing intelligence to develop and manage successful marketing campaigns. By employing proven techniques such as data mining, predictive modeling and segmentation analysis, Advisors **Plus** Marketing Services helps credit unions maximize their marketing results by offering the right service at the right time to the right member.

Advisors **Plus** Marketing Services assists well over 200 credit unions each year on a customized, targeted basis, as well as structuring semi-annual new account acquisition and activation campaigns for more than 175 credit unions twice per year.

Advisors **Plus** Marketing Services mails over 3.25 million targeted direct mail pieces each year on behalf of participating credit unions. Using Advisors **Plus**'s targeted direct mail practices, modeling and segmentation techniques, credit unions achieve response rates and average balances well above industry standards, averaging 16% growth in balances and 5% growth in gross active accounts from year to year.

About Advisors Plus

Advisors **Plus** serves as the consulting arm of PSCU, helping credit unions to meet their financial and business challenges and grow. The team provides practical, data-driven expertise in the areas of business strategy, credit cards, debit and checking, marketing growth campaigns, digital and branch channel engagement, and contact center and operations optimization.

With over 250 years of combined experience, Advisors **Plus** consultants partner with credit union management to provide actionable solutions for sustainable business growth, exceptional member experiences and measurable operational efficiencies. For more information, visit AdvisorsPlus.com.

About PSCU

Advisors **Plus** is an independent business unit of PSCU, the nation's leading credit union service organization (CUSO). Founded in 1977, PSCU is owned by over 800 Member-Owner credit unions representing 18.5 million credit, debit, prepaid, online bill payment, mobile and electronic banking accounts. 24/7/365 member support is delivered through call centers located throughout the United States that handle more than 18 million inquiries a year. For more information, visit PSCU.com.