



# Marketing Services

*Checking Account Acquisition Campaign*



### Advisors Plus® Checking Acquisition Campaign Sends Pen Air's Membership and Account Growth Soaring

#### Overview

##### Client Profile

Pen Air Federal Credit Union was chartered in 1936 to serve military and civil service employees stationed at military bases in and around Pensacola, Florida. Today, Pen Air is not only the oldest but the largest credit union in the area, with 19 branches in Northwest Florida and Southeast Alabama—including four student-run credit unions at area high schools. Pen Air currently has over \$1.2 billion in assets and serves 94,000+ members representing 1,100+ different workforces.<sup>1</sup>

##### Business Challenge

As part of its strategic emphasis on membership growth, Pen Air partnered with Advisors Plus® during the spring of 2014 to conduct a three-month, direct mail Checking Account Acquisition Campaign.

The terms of the campaign were structured to be "pay-for-performance" and risk-free to Pen Air, meaning that Advisors Plus paid all expenses related to market research, predictive analytics, direct marketing and post-campaign tracking. **Pen Air was only required to pay for new checking accounts opened as a verifiable result of its campaign mailing during the actual timeframe of the campaign.**

##### The Solution

The campaign featured a customized letter extending an extremely strong offer that included a \$100 credit to each new checking account opened, direct deposit and enrollment in online banking with eStatements. In addition, each new account received a MasterCard® Debit Card eligible to participate in Premier Relationship Rewards, Pen Air's CURewards® points program earned through shopping with designated retailers.

##### The Results

**Pen Air's first Advisors Plus Checking Acquisition Campaign achieved overwhelming success in three key ways:**

1. **Pen Air added 676 new checking accounts** for a total of \$741,212 in incremental balances.
2. During the period of the campaign, those **676 new member accounts also purchased 588 additional Pen Air products** (ranging from CDs to vehicle and personal loans), accounting for an extra \$1,461,617 in incremental balances.
3. Even 417 prospects who did not directly open new checking accounts responded to the mailing by opening membership accounts to purchase other Pen Air products such as CDs, credit cards and loans. This **"indirect activity" totaled a truly impressive \$4,704,322** during the three months of the campaign alone.

<sup>1</sup> As of July 31, 2014. <[www.penair.org](http://www.penair.org)>



### Using Competitive Analysis to Assess the Market and Set Performance Goals

Every Advisors **Plus** Checking Account Acquisition Campaign includes—and begins with—a complimentary, comprehensive competitive market analysis to:

- understand and quantify the participating credit union's competitive landscape
- set campaign goals, and
- precisely craft and target the offering and mailing to meet or exceed those goals.

In this case, Advisors **Plus**' competitive analysis validated that Pen Air's existing presence in the Pensacola marketplace was robust and growing as measured by strong market share and a healthy, expanding network of branches.

Pen Air states its mission as "enhancing lives through exceptional service, strength and financial solutions," particularly through its "team of engaged and knowledgeable professionals" offering "timely, accurate and personalized service."<sup>2</sup>

Pen Air's meticulous attention to reinforcing its "WOW" factor through attention to member relationships and service, an appealing and easy-to-navigate website and its commitment to cutting-edge technology such as mobile banking and remote deposit capture was also readily apparent and judged to a great strength versus other market competitors.

### Campaign Objectives: Growth, Cross-Sales and Marketplace Visibility

Thus, Pen Air's strategic and marketing objectives in embarking on its first Checking Account Acquisition Campaign were to:

- enhance its growth momentum by attracting high-quality new member relationships
- create marketing and cross-selling synergies between its mailing, its website and its network of branches
- build visibility and brand recognition in the marketplace among members and non-members alike

In terms of how those objectives would translate into quantifiable performance goals for the campaign, Advisors **Plus** felt confident that all the factors were aligned for Pen Air's checking offer to meet or exceed the CU industry average response rates of .4% for prospects and 1.5% for existing members.

### Pen Air Crafts a Winning Mailing that Combines Style and Substance

Advisors **Plus** worked closely with Pen Air to craft a direct mailing that delivered best-in-class results for both style and substance by combining a compelling offer with a commitment to outstanding execution on the marketing front.

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<sup>2</sup> <[www.penair.org](http://www.penair.org)>

- **The offer itself was particularly powerful because it combined the immediate "hook" of the \$100 account incentive credit with Pen Air's state-of-the-art checking account features** which included a Debit MasterCard<sup>®</sup>, direct deposit, online and mobile banking (including remote deposit capture), eStatements, and 500 CUREwards<sup>®</sup> points through Pen Air's Premier Relationship Rewards program that allows members to earn purchase points through designated retailers.
- By offering such a full-featured DDA account and allowing the offer to be redeemed not only at its branches but through its contact center and website touch points as well, **Pen Air wanted the mailing to signal its overwhelming commitments to outstanding member service and building long-term relationships.**
- Accordingly, Pen Air and Advisors **Plus** agreed that they would spare no marketing effort in creating a mailing that would be extremely eye-catching, appealing and professional. Building on Advisors **Plus**' industry-leading direct mail expertise, the resulting "look" of the offering letter integrated perfectly with Pen Air's identity graphics and the graphics of its website **to create a direct mail piece that functioned both as an offer and as a general ad—designed to raise visibility among existing members while conveying the offer to prospective new ones.**

### Advisors Plus Predictive Analytics Precisely Target the Mailing

Using its proprietary segmentation and predictive analytics capabilities, Advisors **Plus** worked with Pen Air to identify just over 49M households to receive the direct mailing. This figure included 38.5M non-member prospect households identified by Advisors **Plus**, as well as 10.7M existing members without checking accounts, identified by Pen Air.

Pen Air's decision to target existing members who did not yet have checking accounts capitalized on an outstanding opportunity in Advisors **Plus**' view because research has shown the humble checking account—more than any product including the 30-year mortgage—to be the leading factor in determining relationship "stickiness," i.e., where a member's banking loyalties will lie over the long term.

For back-end tracking purposes, Advisors **Plus** also designated a parallel, statistically identical population to track as a control group during the course of the campaign. This allowed Advisors **Plus** to compare the baseline, "organic" growth activity that would have taken place without the campaign with the account opening activity that was directly attributable to Pen Air's direct mail offer. The total mailing was then tracked by branch location as well.

### Campaign Results Dramatically Exceed Expectations Across All Metrics

Pen Air's checking account acquisition campaign dramatically exceeded expectations on all fronts, not only in terms of the obvious metric—new accounts opened—but in terms of strong increases to cross-selling activity and revenues and a powerful "visibility effect" from the mailing in the overall Pensacola marketplace as well.

Specific results included:

### New Accounts

**676 new DDA accounts were opened directly from the mailing for a total of \$741,212 in new, incremental balances.**

- This translated to **an average of 56 new checking accounts per week** driven from the mailing and accounted for 32% of Pen Air's total checking activity per week.
- By contrast, only 51 accounts, representing only \$20,169 in balances, were spontaneously opened during the campaign timeframe by the control group of demographically similar prospects who did not receive the mailing.

### Conversion Rates

**The conversion rates that Pen Air realized from the mailing were more than double the industry averages for a checking account acquisition campaign:**

- For the 10,701 members who received the mailing, the conversion rate was 3.4% versus the industry average member conversion rate of 1.5%.
- For the 38,500 prospects who received the mailing, the conversion rate was .81% versus the industry average prospect conversion rate of .4%.

### Cross-Sales

During the timeframe of the campaign, **the 676 new membership accounts purchased 588 additional new products**—ranging from CDs to personal loans to auto loans—for a total of \$1,461,617 in incremental balances.

- 21% of the new checking memberships opened two or more additional product accounts.
- 10.6% of the new checking memberships took out vehicle loans; 13.6% took out personal loans; and 4.7% opened credit card accounts.

### Additional Account Activity from the Mailing's "Visibility Effect"

- Prospects who received the mailing but did not respond to the offer by opening a checking account, nevertheless responded by opening **417 new membership accounts for other, different Pen Air products. This "indirect activity" totaled a truly impressive \$4,704,322 during the three months of the campaign alone.**
- Based on past experience, Advisors **Plus** has found that these non-DDA member relationships represent a substantial opportunity for credit unions. In the wake of the mailing, Advisors **Plus** has recommended to Pen Air that it continue its efforts to solidify and deepen those new member relationships by working to cross-sell its DDA products.

**Projected 12-month ROI**

Advisors **Plus** calculates that **Pen Air realized a 12-month ROI of 143%** on its Checking Account Acquisition Campaign.

- That result is based on the annualized financial contribution of the new member checking accounts acquired during the campaign.
- The calculation does not include Pen Air's incentive payouts or additional product revenue brought in by Pen Air members who opened other accounts but did not specifically respond to the checking offer during the timeframe of the campaign.

**Advisors Plus and Pen Air: Partnering for Future Growth**

Pen Air was so pleased with the results of its initial checking account acquisition campaign that it decided to run two additional three-month campaigns immediately following the first to continue its membership growth momentum.

"We were absolutely delighted with the results of our first checking account acquisition campaign," noted Pamela Hatt, Director of Marketing for Pen Air. "It was clear from the very beginning that Advisors **Plus** cares deeply about getting every aspect of the analytics, the offer and the mailing just right and partnering with them has been like having an extension of our own marketing department."

**About Advisors Plus Checking Account Acquisition Campaigns**

Advisors **Plus** Checking Account Acquisition Campaigns are three-month, direct mail campaigns in which participating credit unions pay only for performance, i.e., accounts opened that are directly traceable to the direct mail offer during the timeframe of the campaign.

All other campaign costs are paid by Advisors **Plus** Marketing Services, which uses its deep expertise, upfront competitive market analysis and proprietary segmentation and predictive analytics to craft best-in-class marketing offers that consistently exceed industry average conversion rates.

All Advisors **Plus** Checking Account Acquisition Campaign partnerships also include:

- A deep dive back-end campaign analysis which provides over 20 pages of detail regarding campaign results and guides participating credit unions in plotting future marketing strategies.
- Ongoing access to Advisors **Plus** marketing experts during the campaign and over the long term for help in maximizing new member and account onboarding and cross-selling potential.

#### **About Advisors Plus Marketing Services**

Since 2005, Advisors **Plus** Marketing Services has provided leading-edge marketing services 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.

Today, 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.

In 2013, Advisors **Plus** Marketing Services mailed over 3.25 million targeted direct mail pieces on behalf of participating credit unions. Using Advisors **Plus's** targeted direct mail practices, modeling and segmentation techniques, credit unions have achieved response rates and average balances well above industry standards.

Advisors **Plus** Marketing Services campaigns have helped credit unions achieve phenomenal growth in balances, with credit unions realizing an average 16% growth in balances and 5% growth in gross active accounts from year to year.

#### **About Advisors Plus**

Advisors **Plus** was established in 2004 to provide consulting and marketing services to credit unions. Our range of services covers the key areas of strategy, credit cards, debit and checking, marketing, contact center, operations, and branch sales.

The experienced consultants at Advisors **Plus** work with a credit union's staff throughout the entire engagement from project analysis to implementation. Our goal is to ensure that each credit union client achieves sustainable business growth, exceptional member experiences and operational efficiencies.

As of December 31, 2013, Advisors **Plus** has superior NPS Scores of: 74 – Credit; 81 – Debit and Checking; 91 – Contact Center. For more information, please visit [AdvisorsPlus.com](http://AdvisorsPlus.com).