



Marketing Services
Credit Card Consulting



AmeriCU Credit Union Executes Targeted Marketing Using In-Depth Analysis

Overview

Client Profile

AmeriCU Credit Union was first chartered in 1951, as the Griffiss Employees Credit Union in Rome, New York. It initially served civilian members of the Griffiss Air Force Base, but the charter was later amended to expand membership and product offerings. After several mergers, it was re-named the “AmeriCU Credit Union” and now serves more than 100,000 members throughout Central and Northern New York and beyond. With 15 branches, the credit union has \$1 billion in assets.

Business Challenge

AmeriCU Credit Union had an existing card program but had not, in recent years, aggressively pursued acquisition or growth of the portfolio. To drive portfolio growth, Advisors **Plus**[®] Marketing Services suggested targeted campaigns.

The Solution

Advisors **Plus** provided AmeriCU with ongoing marketing support and periodic portfolio consulting for profit and loss (P&L) review.

The Results

Implementing Advisors **Plus** portfolio analysis recommendations and executing five marketing campaigns grew AmeriCU’s loan balances by 57% to 11.2 million over a 2-year period.

Portfolio Analysis and Strategic Recommendations

In 2008, AmeriCU Credit Union engaged Advisors **Plus** Consulting Services for a P&L analysis of their credit card portfolio. We completed that analysis using industry research, analysis and data mining initiatives that were specific to the credit union’s individual cardholders. Advisors **Plus** found an opportunity for improved results in balance growth, new account growth, penetration rate, and utilization of the credit union card by AmeriCU members. We delivered recommendations to management covering product pricing, underwriting and credit line assignments, and marketing and promotion.

Marketing Consultation Brings Additional Value

Impressed with the results of the Credit Card Portfolio Analysis, AmeriCU decided to engage the services of Advisors **Plus** Marketing Services to execute the recommendations. Using the dynamics of SAS software, the Advisors **Plus** Marketing Services team ran AmeriCU's cardholder data through various Advisors **Plus** proprietary targeted selection and exclusion criteria programs to help AmeriCU estimate participation and profitability for specific marketing campaigns.

AmeriCU and Advisors **Plus** jointly developed a coordinated annual marketing calendar. The campaigns developed and pursued to date have been:

October 2010 Balance Transfer Campaign

Achieved \$1.4 million in balances, a 1.15% response rate and an average \$2,936 Balance Transfer per responder

March 2011 Account Activation

Achieved \$75,000 in balances and an 11% response rate

First Quarter 2011 Post-Holiday Balance Transfer

Achieved \$205,000 in balances and a 1.19% response rate

Second Quarter 2011 Utilities Usage Campaign

We helped AmeriCU execute two campaigns to stimulate usage of cards for utilities. A cash incentive offer brought a 10% response rate, and a double rewards points incentive brought a 14% response rate.

In August 2011, AmeriCU initiated a balance transfer promotion, with a 5.90% APR, through Advisors **Plus** to select targeted accountholders. Based on a number of criteria, a total of 3,337 cash users and revolvers/non-cash users qualified for the promotion.

Among the target group, the response rate was 1.98% with a total of \$264,472 in transferred balances. This campaign also tested an email component. The response rate among targeted cardholders receiving a direct mail letter and reminder email was almost double the response rate experienced from cardholders who only received a direct mail letter.

A follow-up Strategic Consulting P&L Review was conducted to evaluate progress and chart next steps.

Observations of the Credit Portfolio

From July 2009 to June 2011, Advisors **Plus** found that membership at AmeriCU increased 5% to 109,550 members. AmeriCU's card penetration rate improved by 18% to an overall card penetration rate of 11.7%. This remains an area of significant opportunity for AmeriCU to work with Advisors **Plus** to grow loan balances.

Significant success was seen in balance growth, with average credit card loan balances growing \$11.2 million, up 57% over the period.

Our Credit Portfolio Conclusions

AmeriCU Credit Union has established a solid foundation to manage the performance of its card portfolio to reach its growth goals, especially in terms of total outstanding balances and income under controlled risk-management. One of the keys for continued success lies in a consistent direct marketing program to effectively promote credit lines, consolidated balances and drive day-to-day activation/usage of AmeriCU's credit card.

In addition, a continued emphasis on bringing in new business through pre-approved acquisition campaigns will increase the number of accounts to manage upward throughout the year. Advisors **Plus** recommends a number of marketing strategies that center on the growth of the existing account base, as well as the acquisition of new credit card accounts within the current membership of the credit union for 2012 and beyond.

About Advisors Plus Consulting Services Credit Portfolio Analysis

The Advisors **Plus** Consulting Services team takes a comprehensive approach to completing a portfolio analysis, using an in-depth combination of industry research, analysis and data mining initiatives specific to a credit union's individual cardholders.

We apply sophisticated cardholder behavioral and profitability segmentation modeling developed by Advisors **Plus**. We also conduct a peer analysis comparing key portfolio statistics to other credit unions, using Advisors **Plus**' Decile Ranking report and Callahan's Peer Analyzer tool. We use the dynamics of SAS software and run cardholder data through various Advisors **Plus** targeted selection and exclusion criteria programs to estimate participation and profitability for specific marketing campaigns.



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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 over 75 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 2011, Advisors **Plus** Marketing mailed over 2.2 million targeted direct mail pieces on behalf of participating credit unions. Using Advisors **Plus** 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 having on average 16% growth in balances and 5% growth in gross active accounts from year to year.

About Advisors Plus

Advisors **Plus** was established in 2005 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 the organization's staff through the entire process from project analysis to implementation and management. Our goal is to ensure that each financial institution achieves sustainable business growth, exceptional member experiences and operational efficiencies.

As of December 31, 2011, Advisors **Plus** has superior NPS Scores of: 74 – Credit; 81 – Debit and Checking; 91 – Contact Center. For more information, please visit AdvisorsPlus.com.