



## Case Study: Strategic Insights Improve Cost Effectiveness

BCU's Happier Holiday Card Usage Campaign

### Overview

BCU is a purpose-driven organization that empowers people to discover financial freedom. At \$3 billion in assets, it's also the fastest growing credit union in the last 35 years. Both not-for-profit and member-owned, the credit union's mission is driven by the commitment to provide extraordinary service for nearly 250,000 members across the U.S. and Puerto Rico.

BCU members enjoy access to financial services and education that inspire confidence through the brand promise "Here Today For Your Tomorrow." Lifetime membership is offered to employees and families of great company partners across the country, and those living or working in Chicago-area communities. Learn more at [BCU.org](http://BCU.org).

### Background

Baxter Credit Union (BCU) has been a PSCU Member-Owner for 19 years, and is also a long-time subscriber to Advisors Plus Marketing Services, executing an average of six growth initiatives per year. As part of the credit union's strategy for card-portfolio growth, BCU uses Advisors Plus assistance to refine card usage campaigns for improved cost-effectiveness.

"We place high focus on cardholder engagement—ensuring that we remain relevant and provide ongoing value to our member cardholders," says Mike Fox, Director of Lending Product Management at BCU. "Account management is a key component of our card-portfolio strategy and we've built a great partnership with the Advisors Plus team over the past few years."

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“We know our members carry other cards in wallet, and competition for cardholder spending continues to increase,” Fox continues. “To ensure we maintain ‘share of wallet’ during peak spending periods—such as the Q4 holiday season—we reward cardholders with additional points or cash back for purchases in select merchant categories.”



Fox noted that every campaign is viewed as a learning experience. “We like to test to understand which offers and approaches best resonate with our members.” In doing so, BCU relies on Advisors Plus Marketing to provide “operational expertise, strong attention to detail, and great overall execution.”

For a Holiday Usage Campaign at the end of 2017, Advisors Plus Marketing was engaged with an additional objective to solve a recurring problem. Fox explained that due to system limitations in past usage promotions, all targeted cardholders automatically received additional rewards for purchases in select merchant categories. Although this approach provides additional value to all targeted cardholders, the credit union incurs additional rewards expense from unintentional purchase activity.

### Approach

The innovative plan formulated in collaboration with BCU and their Advisors Plus Marketing Analyst enabled BCU to test an activation requirement for a portion of the Travel Rewards portfolio. Before cardholders could qualify for the additional rewards associated with the promotion, they were required to “activate” the offer.

The objective of the test was threefold:

- Measure cardholder response to activation requirement vs. automatic receipt of rewards
- Track spend behavior—activated vs. automatic receipt of rewards
- Measure expense reduction as a result of the activation requirement

In the month preceding the promotion launch, cardholders in the test group received two e-mails with easy click-to-activate instructions. The idea was to simplify enrollment for cardholders who

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were intentional about participating in the promotion.

In addition to transaction-level rewards (TLR) requirements, account selection criteria, and project management, Advisors Plus set up a branded website to support the activation test.

To manage member impact, the test group was limited to under 20% of total cardholders in the promotion. Fox says, "We listened closely for member feedback during and after the promotion, and ensured that cardholders were provided the option to enroll after the start of the promotion."

### Results

Following the campaign, their Advisors Plus Marketing Analyst helped BCU evaluate the results. "Misti Hons has supported our business for the past few years, which has been a real benefit for BCU," Fox says. "She is an excellent project manager, with intimate knowledge of our portfolio structure, so there's no learning curve."

With Hons' assistance, it became clear that cardholders who activated accounts in the test group were considerably more engaged. Specifically:

- 85.5% response vs. 62.3% for non-activated accounts
- \$2,149 avg. responder amount vs. \$1,546 for non-activated accounts
- 25.09 transactions per responder vs. 17.36 for non-activated accounts



Most importantly, the activation requirement allowed BCU to significantly reduce rewards expense associated with the test group. As a result, the credit union plans to employ the activation requirement more prominently in the next usage campaign.

The insight provided by the test easily fits the mold for what the credit union is seeking from its partnership with Advisors Plus. As Fox puts it, "With Advisors Plus support, we continue to expand the scope of growth initiatives, test new offers, and develop more targeted and cost-effective account management strategies."

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## About Advisors Plus

Founded in 2004, PSCU's Advisors Plus offers consulting services for credit unions to help fuel growth and achieve financial and business goals. From project analysis to implementation and management, Advisors Plus offers an end-to-end portfolio of consulting services including business strategy, business and affinity cards, credit and debit cards, contact center optimization, risk and collections analysis, branch sales training, marketing services, and B2C campaign execution. Whether your credit union is looking to expand its offerings, build a legacy of community involvement, create the strongest possible capital footing—or all of the above—Advisors Plus consultants bring the strategic vision, deep industry expertise, and proprietary data analytics needed to help credit unions better serve their members and their communities. For more information, visit [advisorsplus.com](http://advisorsplus.com).