



Marketing Credit Union Services

IN THIS MODULE

This module provides Directors with an understanding of the processes and strategies in meeting members' needs by offering quality products and services.

SPECIFIC OBJECTIVES:

After completing Module 4, Marketing Credit Union Services, Directors would:

- Be aware of the principles of marketing and its application to credit unions
- Recognize and act on the financial needs of members and potential members
- Set the direction for credit union services
- Recognize the differentiation of credit unions from other financial institutions

CONTENTS:

- Principles of Marketing and Application to Credit Unions
- Assessing Members' Financial Needs
- Differentiation of Credit Union Services

FORMAT:

Pre-Course Work:

Participants undertake an analysis of its membership profile using the Sample Market Analysis Tool 2 (page 163). The data may not be very accurate but it should give an idea of the credit union market share in its area of operation. The participants are required to prepare a written analysis or interpretation of the survey which may include highlights on:

- Why the credit union has significant or small market share in terms of membership?
- What segment (s) of the market is (are) not served by the credit union?

- What segment would be reached in the future?

Participants are requested to read the article *The Credit Union Marketing Environment* (page 156) which would help them understand the purpose of marketing in the credit union.

At the Workshop:

The format selected for the presentation in this Module should be based on factors such as the size and background experience of the audience and additional time available beyond that recommended for this Module. Suggested methodologies are:

- Exercises
- Syndicated group discussion
- Brainstorming
- Uses of techniques other than lectures are strongly recommended including team projects, case studies, workshops, designing marketing campaigns.

Credit Union Project:

The participants are required to:

- carry out an objective assessment of their credit union's products and services i.e. whether the products and services are addressing the needs of your members and potential members.
- Develop new products and services for their credit union and prepare the corresponding marketing plan
- Prepare a presentation kit including brief notes and a report to the Board of Directors.

MINIMUM TIME:

2 hours (120 minutes)

LISTS OF HAND OUTS, AIDS, MATERIALS

- Pre-reading hand out on Marketing concept – page 156
- PowerPoint Presentations:
 - Marketing Concept – page 170
 - Market Segmentation – page 174
 - Analysis of Members' and Potential Members' Needs - page 178
 - Positioning Credit Union Services in the Marketplace – page 183
- Exercises:
 - Assessment of Members' Needs Using Maslow's Hierarchy of Consumer Needs – page 154
 - Positioning Credit Union Services in the Marketplace – page 155
- Sample Market Analysis Survey Tools – page 159-169

SESSION GUIDELINE

1. Introduction and Preview of the Module-15 minutes

Ask the trainees to get one sheet of clean paper and write their expectations from this Module 4- Marketing Credit Union Services. Ask the participants to consolidate the answer by teams (table) on one sheet of paper. Limit this activity to 5 minutes. Ask them to check their answers while presenting the objectives of the module using PowerPoint.



Explain that the module provides Directors with an understanding of the processes and strategies in meeting members' needs, by offering quality products and services. The module will provide knowledge on the:

- Principles of marketing and its application to credit unions
- Analysis of the financial needs of members and potential members
- Direction for credit union services
- Differentiation of credit unions from other financial institutions

Note to Facilitator

The module is increasing the knowledge not developing the skills of the Board of Directors. Skills development is on Level 2. Stick a large sheet of paper on the wall as a "Parking Lot." Write the expectations not covered by the module on the "Parking Lot." You should be able to respond to their expectations with tactfulness

Ask the trainees to share any expectations not covered in the module.

2. Principles of Marketing and its Application to Credit Unions -20 minutes

Exercise 1:

Form a "bee group" with three members. There would be about 8-9 bee groups if there are 25 participants. Distribute one card for each "bee group." Ask them to discuss the meaning of marketing for a credit union. The "bee groups" will write the answer on the card. Collect the cards after 5 minutes and paste them on the white board with a big bold heading of "WHAT." Trainees may answer that marketing is selling, promotion, advertising, publicity etc.

Explain the meaning of Marketing as it applies to the credit union. Marketing is . . .

- Management of change
- Meeting your members' or prospective members' needs
- Everything your credit union does to assist its members

Continue explaining that marketing is also concerned with education that is educating members about better ways of handling money through financial counseling or instructional materials or educating them about the credit union movement.

Exercise 2:

For five minutes, ask the “bee groups” to discuss: what is the purpose of marketing for your credit union? Provide each group another card, collect them and paste the cards on the white board under the big and bold heading of “**Why?**”

Referring to the answers of the “bee groups,” explain the purpose of marketing for the credit union:

- **Competitive Services**-Create, develop, and implement the critical services that a credit union needs to compete in today’s environment successfully
- **Improve public image**-Distribute and promote these services using all communication tools available
- **Increase market share** of the credit union savings, loans and membership at a specified, affordable cost in the most effective manner

Exercise 3:

Continue by asking again the “bee groups,” **How to be truly a marketing oriented credit union?** Ask them to answer again in 5 minutes, collect the cards and paste them below the big and bold heading of “**HOW?**”

Explain that to be truly marketing oriented, a credit union should:

- Inform members and potential members why they should do their financial services with them. All communication should be realistic, up-to-date terms, be contemporary with idealism and philosophy.
- Centralize all activities under one person, whether a paid staff or a volunteer. The marketing function should be assigned to one person.
- Use all communication tools available including advertising and promotion, as well as membership education and public relations.
- Research! Base decisions on facts and proven information rather than depending solely on rumors and past experience.

Get affirmation from the trainees on the importance of marketing for the credit union. Conclude that today’s credit union cannot operate by intuition. There is a need for strategic marketing and the marketing concept, which drives your credit union towards success.

Conclude that credit unions need to develop products that address the “real” needs of their members. Adopting numerous marketing strategies would be useless if the products do not reconcile with the real needs of the members, as credit unions exist to improve the living standards of their members. Products and services offered by credit unions are the enablers resulting in improved economic conditions for members.

3. Analysis of Members' and Potential Members' Financial Needs -60 minutes

As discussed in topic 1: Principles of Marketing and Its Application to Credit Unions, effective marketing plan would work well for a credit union if the services being marketed are based on the needs of members. Explain the session will now focus on analyzing the relevance of credit union services to their members.

Allow participants to share the result of their Pre-Course Work using the Market Analysis Tool 2. Request them to share their responses to the following questions:

- Why the credit union has significant or insignificant market share in terms of membership?
- What segment (s) of the market is (are) not served by the credit union?
- What segment would be reached in the future?

Summarize the answers on the flip chart or white board. Some of the probable conclusions that you can make to their responses are:

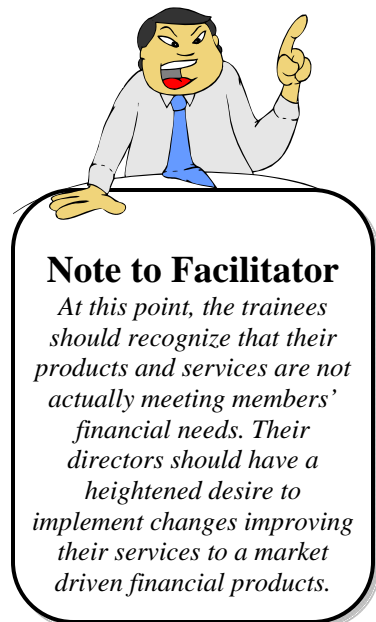
- The credit unions are not using market segmentation in designing their products and services
- There is no systematic mechanisms in establishing needs of the members
- Credit unions do not have information of their members and potential members
- Market research is not an activity carried out by the credit union

Emphasize that the sample marketing tool used in the pre-course work is a Market Segmentation. Present the PowerPoint on Market Segmentation to underscore the important of segmentation in meeting the present and changing financial needs of members.

Exercise 4:

Present the PowerPoint on the Maslow's Hierarchy of Consumer Needs. The facilitator should underline that this is how the marketing concept should be used. Loans and savings products should be tailor made based on member needs and capacity.

Cite a house as a practical example while referring to the PowerPoint. A house is a member's Physiological need if he/she does not have it. However, for other member, it might be a self esteem need if it is for investment or pride of ownership. Soap has different characteristics based on consumer needs. Examples are: Soap for whitening, moisturizing, anti-allergy, oil control, all day refreshing, long-lasting fragrance etc. The solutions offered are based on the priorities of consumers. Emphasize that credit union products are no different from consumer products and Credit Union services are also solutions to members' financial problems.



Distribute the Exercise on “Assessment of Members Need’ (page 139) using the Maslow Hierarchy of Consumer Needs. If there are two or more trainees from one credit union, questions will then be discussed per credit union.

The exercise will identify various needs of members and the services currently provided by the credit union to meet those needs. Some trainees may think that their services actually fit in the needs of their members. Ask the participants to share the results of their analysis. If time permits, a participant from each credit union can share the result.

Conclude that credit unions have to tailor their products and services based on the actual needs of their members, not the presumed needs and credit unions should have tools to analyze those needs. Distribute sample member survey tools and emphasize that a marketing plan should be prepared to support the strategic plan.

4. Positioning the Credit Union Products and Services in the Marketplace (Input)- 20 minutes

Flash on the screen the Mission Statement discussed earlier in Module 3. The facilitator should highlight these points using a PowerPoint:

- The means of improving the lives of credit union members is through the provision of access to affordable financial services based on their needs. We are in the business of helping people improve their lives by realizing their financial goals and the provision of financial services to members at the lowest possible cost. The credit union provides the vehicle; the members use it to arrive at their financial destination.
- The Board of Directors provides broad policy guidelines to management aimed at meeting the financial goals of your members. They work together to define their financial needs, but the ultimate direction-setting authority belongs to the members. Ultimate legal responsibility is assigned to the Board, which interprets direction given by membership.

Exercise 5:

Distribute the exercise on: Positioning Credit Union’s Services in the Marketplace (Format is on page 140)

Instruction: Ask the participants to fill in the blank spaces. The paper will be answered individually for 5 minutes. The group (per table) will be asked to discuss the final answer of the group. Give them 10 minutes to discuss. Report will be shared by each group.

The matrix would most likely look like the table below:

Exercise 5: Positioning Credit Union Services in the Marketplace

	Old Style	Positioning services in the marketplace
Orientation	Uplift the living standards of members	Enabling members to grow
Price	Low interest rate	Entrepreneurial rate that cover all costs
Delivery System	Not sophisticated, over the counter or house to house	With an element of sophistication, friendly, member driven organization
Diversity or Range	Limited at present, not many choices	Range of products & services based on members needs; offering solutions to members' financial problems
Access	Not 24 hours service	Offers flexibility
Value Added	Member-owned, profit accrue to members	Member-owned, profit accrue to members, recognize good performance
How do we position ourselves?	For service, not for profit	First choice financial services of our members.

Jumping Board:

In order to be the prime financial institution for our members, we need to guarantee that our products and services are solutions to our members' diverse financial needs. To help them achieve their financial goals, credit unions should have a wealth creation and management advisory role to its members. Above all, the financial services should be based on the needs of the members.

5. Wrap-up, Conclusion and Credit Union Project- Marketing Design, a link to Strategic Planning-15 minutes

This session is linked to Module 3 on Strategic Planning. The module helps the directors to develop skills in setting goals and strategies for their organization.

Show the Korean Credit Union Video presentation. Get feedback and process it. Focus on the competitive advantages portrayed on the video presentation. This will help the participants to focus on capitalizing the following competitive advantages in packaging the credit union products and services:

- Friendly financial institution
- World financial institution
- Nearest financial institution
- Human financial institution
- Dream financial institution
- First financial institution

Distribute the Goals and strategy format to the participants. Examples of Goals and Strategies:

Goal	Strategy
<p>To increase membership to --- -- by -----.</p>	<p>Launching a MGM – Member Get Member program with packaged incentives.</p> <p>Training and promotional campaign centered on the theme “We provide solutions to your financial problems, Choose a credit union”</p> <p>The competitive advantages of a credit union can be used as the theme for promotional campaigns such as:</p> <ul style="list-style-type: none"> • Personalized service in a “family” atmosphere, only in the credit union • You have a dream, We help you fulfill your dreams • Nearest financial Institution • Humane financial Institution • Global financial institution • Friendly financial institution

Conclude that having the member as the focal point is the catalyst for all of the credit union functional areas to work together in harmony. If you focus on the members’ needs, everything else falls into place. If a member is satisfied, your credit union benefits with new or additional business and you are fulfilling your mission.

6. Credit Union Project -10 minutes

During this module, Directors gained skills in marketing credit union services. They are now ready to commence their fourth credit union project to be submitted for assessment to the Registrar of the Credit Union Directors Competency Program.

The participants are required to carry out an objective assessment of their credit union’s products and services i.e. whether the products and services are addressing the needs of your members and potential members. New products developed by the credit union and its corresponding marketing plan are the output of the project.

The participants are also required to prepare a presentation kit including brief notes and a report to the Board of Directors.

**CREDIT UNION PROJECT
MARKETING CREDIT UNION SERVICES**

PROJECT DESCRIPTION:	
<p>Conduct a 3 hour workshop for the Board members on Marketing as discussed in the training. The workshop aims to integrate marketing function in the management of the cooperative.</p>	
PROJECT ACTIVITY	EVIDENCE REQUIREMENTS (WHAT WE NEED TO SEE)
<ul style="list-style-type: none"> • Prepare a 3 hour workshop on Marketing attended by all Board members and Manager of your credit union 	<ul style="list-style-type: none"> • Schedule of the Workshop • Directors Information Kit containing <ul style="list-style-type: none"> - Marketing Concept and Marketing Tools - Product Development - Marketing Plan
<ul style="list-style-type: none"> • Carry out the workshop with full attendance of the Board and Manager 	<p>Attendance Sheet of the Workshop</p>
<ul style="list-style-type: none"> • Prepare a Report to be submitted to the registrar of the CUDCC 	<p>Report on the Workshop with the following contents:</p> <ul style="list-style-type: none"> • Proceedings of the Workshop • Truthful assessment of your credit union's products and services i.e. whether the P/S are addressing the needs of your members and potential members • Conclusion indicating: New products developed by your credit union and its corresponding marketing plan

EXERCISE 4: ASSESSMENT OF MEMBERS’ NEEDS USING THE MASLOW HIERARCHY OF CONSUMER NEEDS

Hierarchy of Consumer Needs	Assuming your members are in each of this category, please identify their particular needs	What services your credit union can offer to your members particular need (policy)	What services your credit union is offering?
1. Physiological needs: <i>Satisfaction of hunger, thirst, and shelter</i>			
2. Safety needs: <i>security, protection, order and stability</i>			
3. Love needs: <i>affection, belonging, friendship</i>			
4. Esteem needs: <i>self-respect, prestige, success, and achievement</i>			
5. Self-actualization needs: desire for self-fulfillment			

Exercise 5: Positioning Credit Union Services in the Marketplace

	Old Style	How do we position credit unions in the Marketplace?
Orientation	Uplift the living standards of members	
Price	Low interest rate	
Delivery System	Not sophisticated, over the counter or house to house	
Diversity or Range	Limited at present, not many choices	
Access	Not 24 hours service	
Value Added	Member-owned, profit accrues to members	
How do we position ourselves?	For service, not for profit	

The Credit Union Marketing Environment

Introduction:

Unlike other financial institutions, credit unions are not-for-profit financial cooperatives. Compared to banks and savings and loans, credit unions are small in terms of total assets, but large in number. The field of membership concept is what has traditionally made credit unions unique in the financial service industry. Since credit union began in Germany in the 19th century, their purpose has been to meet the financial needs of their members. This same founding principles exists today. However, over the long history of credit unions, their members' lifestyles and needs and wants have changed dramatically. Many credit unions are operating with policies and services geared to the past. To be member-oriented, the credit unions must try to provide what members want: the job of the credit union is to serve its members rather than to defend a set of traditional practices.

The credit union concept expanded and prospered because it me members' needs. We know, however, that needs change over time. Today's credit union services are many and varied. But these might or might not be the same services needed tomorrow to meet the wants and needs of the membership. If credit unions are to continue to exist and prosper, they must plan for change and continue to keep the members' needs foremost in mind. This is especially important in light of deregulation, resulting in increased competition from banks, savings and loans, savings banks, and microfinance institutions. The playing field and players have changed and are changing. Is your credit union prepared to meet these changes and the new competition?

What is your credit union's key to success or failure? It is marketing? A credit union can be managed well, have the latest in equipment, have good accounting/computer systems, and may still not succeed unless it is a marketing oriented. What, then, is marketing?

What is Marketing?

Marketing is the management of change. It is meeting your members' or prospective members' needs. Marketing is everything your credit union does to make its members and potential members aware of its services and products. Thus, marketing is more than public relations activities-as we customarily think of public relations-which attempts to establish goodwill or favorable attitudes among various publics. Public relations is often long range and complex, and frequently its results are difficult to measure.

Several elements can be considered under public relations activities:

1. Publicity-news release to media about credit union activities
2. publications-newsletters, in-house newspapers, magazines dealing with credit union events, personnel, activities
3. personal contact-individual face-to-face encounters with "influentials", lobbying, meetings with groups, open houses, credit union days, annual meetings.

Marketing is also concerned with education—that is, education members about better ways of handling money through financial counseling or instructional materials or educating them about the credit union movement.

In addition, marketing encompasses the activities of advertising and promotion, research, and sales and sales training. Marketing is a process by which growing credit unions:

- Create, develop and implement critical services that a credit union needs to compete today successfully
- Distribute and promote these services using all communications tools available
- Increase market share of credit union savings, loans and membership at a specified, affordable cost in the most effective manner.

The marketing process is done so that credit unions can maximize services and returns to their members. To be truly marketing oriented, a credit union should:

1. Orient all of its activities toward credit union member or potential member in realistic, up-to-date terms; to be contemporary. Idealism and philosophy need to be incorporated. The question the member wants answered is, “What’s in it for me, and why should I do my financial business with you?”
2. Centralize all activities under one person, whether that person be the manager, a board member, a marketing “director”, or a volunteer part-time committee member. Larger credit unions might be able to hire a full-time marketing, while a smaller credit union might be able only to afford having a person already in the credit union responsible for the marketing function. No matter what size, choose a person to be responsible for marketing who has the most expertise and interest.
3. Use all communication tools available, including advertising and promotion, as well as membership education and public relations.
4. Research! Base decisions on facts and proven information rather than depending solely on hunches, rumors, or past experience.

Marketing is an attitude, a state of mind; it is also the management of change. It is solving problems, serving, and meeting needs. Many credit unions have intuitively practiced marketing principles for years by emphasizing the individual, by giving him or her importance and attention, and by harnessing the power of volunteers. But today’s credit union cannot operate by intuition—there is a need for strategic marketing and the marketing concept which drives your credit union towards success.

Importance of Marketing Concept

The marketing (member-oriented) concept is the opposite of a service (operations-oriented) concept. In a service-oriented credit union, the marketing process begins with the development of a new service or change and repackaging of a current or previous service. Once the service is offered in the marketplace, it must then be sold (by matching members; financial needs with services offered) through traditional marketing methods (i.e. direct mail, publications, and public relations).

On the other hand, the marketing concept starts with the needs of the members or prospective members and then develops a service to fulfill those needs. It is providing the kinds of services members want in a manner that will be attractive and convenient to them. After this has been accomplished, traditional marketing tools can be utilized to inform members that the service is available and to remind them of the benefits and features of the services. The marketing concept is the cement that binds all areas of the credit union together. No matter what area of the credit union a staff member is associated with, the number one concern is meeting the needs of the member or prospective member. Emphasis is on cooperation and teamwork throughout the organization. Every task-whether buying furniture and equipment, devising efficient traffic flow, or hiring employees is done with the member or prospective member in mind. How will what you do or not do affect the member?

Having the member as the focal point is the catalyst for all of the credit union functional areas to work together in harmony. If you focus on the members' needs, everything else falls into place. If the member is satisfied, your credit union benefits with new or additional business.

Marketing and the marketing concept should be the impetus behind your credit union. However, it is the strategic marketing plan and the strategic planning process which must be worked through to truly show your credit union's commitment to marketing and the marketing concept.

Sample Market Analysis Tool 1

Five-Minute Credit Union Evaluation

Since your credit union wants to give the best possible service to its members and all those who might become members, we would like your help in telling us how we can improve our operations and service. If you will take time to respond to the items below, it will assist us greatly in this effort. You can do this in about five minutes.

Circle



Check and write our comments as indicated. Keep in mind only your credit union when answering.

1. What is the primary reason you joined/would join the credit union?
 - a. Convenience
 - b. Better loan facility
 - c. Better savings facility
 - d. As member I am an 'owner' of the credit union
 - e. Others: _____

2. Credit Unions.....
 - a. Are an asset to the community
 - b. Are a liability to the community
 - c. Do not make difference in the community

3. In your opinion, this credit union compared with other financial institution is (physically and asset-wise)
 - a. Too large
 - b. Too small
 - c. Just about the right size

4. The physical appearance of the credit union is....
 - a. Excellent
 - b. Good
 - c. Fair
 - d. Poor

5. Are all your family members are members of the credit union?
 - a. Yes
 - b. No. Why not? _____

6. Do you consider our staff members friendly?
- a. Almost always b. Sometimes c. Rarely
7. Do you think our speed/accuracy of service is....
- a. Excellent b. Good c. Fair d. Poor
8. Do you think our staff is knowledgeable and helpful when it comes to financial planning?
- a. Almost always b. Sometimes c. Rarely
9. Do you think our staff is knowledgeable and competent about the credit union matters?
- a. Very knowledgeable and competent
b. Fairly knowledgeable and competent
c. Little knowledgeable and competent
10. Which services would you like to see our credit union offer or continue to offer (you can circle more than one response)?¹
- a. Time Deposit
b. Smart Teens Savers
c. Youthbee Savers
d. Pension Plan
e. Financial Planning
f. Others _____
11. What services if any, do you use now?
- a. Time Deposit
b. Smart Teens Savers
c. Youthbee Savers
d. Pension Plan
e. Financial Planning
f. Others _____
12. This credit union should have a regular publication to the membership.
- a. Yes
b. No

¹ Choices for item 10 and 11 can be changed based on the current services offered to members.

13. If you have ever applied for a loan, how do you rate our approval process in terms of speed and simplicity?

- a. Excellent b. Good c. Fair d. Poor

14. Do you consider the location of the credit union to be.....

- a. Very convenient b. Somewhat convenient c. Inconvenient

15. Which hours are most convenient in keeping the credit union open?

- a. Monday-Friday –8:00 am-5:00 pm, Saturday 9:00 am-12:00 noon
b. Monday-Friday –9:00 am-6:00 pm, Saturday 9:00 am-12:00 noon
c. Tuesday-Friday 9:00 am-5:00 pm, Saturday 9:00-12:00 noon; Sunday 10:00-12:00
d. Others _____
-

16. I do my savings at:

- a. Credit union only
b. To these places
 _____ Credit Union
 _____ Banks
 _____ Rotating Savings Clubs
 _____ Financial Companies
 _____ Piggy Bank

17. I do my borrowing at:

- a. Credit union only
b. From these places
 _____ Credit Union
 _____ Banks
 _____ Rotating Savings Clubs
 _____ Financial Companies
 _____ Money Lenders
 _____ Relatives and Friends

18. Which of the following financial institutions, in your opinion, offer the lowest loan interest rates?

- a. Credit Union
b. Banks
c. Financial Institutions
d. Money Lenders
e. Rotating Savings Club

19. Which of the following offers highest savings rates?

- a. Credit Union
- b. Banks
- c. Financial Institutions
- d. Money Lenders
- e. Rotating Savings Club

20. Which of the following financial institution you consider the competitor of the credit union?

- a. Credit Union
- b. Banks
- c. Financial Institutions
- d. Money Lenders
- e. Rotating Savings Club

Why do you think? _____

21. What group best describes your age?

- Under 20
- 20-29
- 30-39
- 40-49
- 50-59
- 60-69
- 70 and older

Other Comments: _____

We would appreciate your honest response....
No names please! Just check whether you are a....

_____ **Member** _____ **Not a Member Yet**

Please drop the completed questionnaire in the Suggestion Box located at the lobby of the credit union office.

Thank you for your time!

Sample Market Analysis Tool 2

Number of Members and Non-Members According to Age and Sex

As of _____

Age Range	Female		Male		Total		%	Remarks
	Your Members	Non Members	Your Members	Non Members	Members	Non Members		
1-10								
11-12								
13-19								
20-29								
30-39								
40-49								
50-59								
60 and older								
Total								

Number and Percentage of Members and Non-Members According to Income

As of _____

Annual Monthly Income Range	Members	Non Members	Total	%	Remarks
Under 7,000					
8,000-15,000					
16,000-20,000					
21,000-30,000					
30,000-50,000					
50,000-70,000					
70,000-100,000					
Over 100,000					
Total					

Comments: _____

Occupational Groupings of Members and Non-Members

As of _____

Occupation	Members	Non-Members	Total	%	Remarks
Administrators, Managers, Executives					
Staff Personnel					
Clerical Personnel					
Maintenance Personnel					
College/University Professors					
High School Teachers					
Primary School Teachers					
Business Operators & farmers with land					
Small Entrepreneurs as self-employment (market vendors, variety store, eatery shop etc.)					
Laborer/service- carpenters, mason, field workers, tailors etc.					
Children and Students					
Retired					

Comments: _____

Sample Market Analysis Tool 3

What do you think about _____ Credit Union?

Your opinion is important, whether or not you are credit union member. The questions below can be answered quickly, usually with a check mark.

*Thank you.
The Board of Directors*

Your reply is anonymous and cannot be identified. Honest answers will enable your credit union to serve you more efficiently.

22. Are you a member of the credit union?

- | | | |
|-----------|-------|------------------|
| _____ yes | _____ | less than 1 year |
| | _____ | 1-2 years |
| | _____ | 3 years or more |
| _____ no | | |

If yes:

Check the reason(s) for your membership:

- _____ I find it easy and regular way to save
- _____ I find it a good place for investment
- _____ I find it convenient to borrow money
- _____ I want to be an 'owner' and have say in the affairs of the credit union

Other reasons:

If No:

Check the reason(s) for non- membership:

- _____ I really do not know what is a credit union
- _____ I am not familiar with its services and policies
- _____ I do not need a loan
- _____ My spouse handles our finances in some other place
- _____ I feel I can make better and safe investments in banks/financial companies
- _____ I have not seen much gain from joining
- _____ I have no time to attend the Pre-Membership Seminar

Other reasons:

23. Do you consider us your primary financial institution or is there another financial institution, which you use more?

- a. You are primary
- b. You are secondary

24. If we are not your primary financial institution, who is your primary financial institution?

- a. Bank
- b. Financial Companies
- c. Stock broker
- d. Others _____

25. Have you ever talked with an officer or staff member of the credit union especially about the operation or services of the credit union?

_____ yes _____ no

26. Have you borrowed from the credit union during the past two years?

_____ yes _____ no

If yes:

What was the approximate amount of the largest loan you receive?

- _____ Under Pesos 10,000
- _____ Pesos 11,000-30,000
- _____ Pesos 31,000-50,000
- _____ Pesos 51,000-80,000
- _____ Pesos 81,000-100,000
- _____ Over Pesos 100,000

Check the following reasons why you have borrowed from the credit union.

Note: Check only those that have a definite influence on your borrowing.

- _____ It is convenient in location and for handling payments
- _____ The rate of interest seemed lower than other institutions
- _____ Staff seems more interested and understanding
- _____ A borrowing relationship is already established
- _____ Loan renewals seem easily to arrange
- _____ Quicker service
- _____ It is easier to give collateral

_____ I feel some obligation because I am a member

_____ I feel I am using my own money

What is probably the main reason? _____

If no:

Check the following conditions, if any, that have definitely discouraged or prevented you from borrowing money at the credit union: *Note: Check only those that have a definite influence on your borrowing*

_____ Interest seems higher than other places

_____ Credit Union hours is convenient

_____ Credit union staff seemed confused

_____ Release of loan takes long time

_____ I can borrow from other places which is convenient for me

_____ I do not know enough of the credit union policies and services

_____ I do not need loans

Other reasons? _____

What is probably the main reason? _____

27. Read each statement carefully, and then indicate your agreement (A) or disagreement (D) with it. Circle A or D:

A **D** The most convenient place for me to secure loan is the credit union

A **D** If I wanted to borrow money in the near future, I would probably apply for it at the credit union.

A **D** Less interest on loans is charged at other places than in the credit union

A **D** People in the credit union office show a strong desire to serve the members well.

A **D** There is more red tape and delay in doing business with the credit union than with most other places.

A **D** I believe I can end up paying less interest by borrowing at some place other than the credit union.

A **D** People in the credit union office seemed confused or do not have a full understanding about the policies and operation of the credit union.

A **D** People in the credit union do not project professional attitude in the way they deal with members.

28. Have you ever compared a possible loan at the credit union and at other place(s) before deciding where to secure it? _____ Yes _____ no

If yes: What was the amount of loan?

- _____ Under Pesos 10,000
- _____ Pesos 11,000-30,000
- _____ Pesos 31,000-50,000
- _____ Pesos 51,000-80,000
- _____ Pesos 81,000-100,000
- _____ Over Pesos 100,000

What was the purpose the loan was obtained?

- _____ Appliance
- _____ Car
- _____ House Improvement

Others: _____

29. How many times in the past year, have you visited the credit union office?

- | | |
|-----------------|------------------------|
| _____ Never | _____ 5-9 times |
| _____ Once | _____ 10-19 times |
| _____ 2-4 times | _____ 20 times or more |

Please share ideas you have about changes that you would like to see made concerning the credit union.

30. Which group best describes your age?

- Under 20
- 20-29
- 30-39
- 40-49
- 50-59
- 60-69
- 70 and older

31. Which category includes your monthly income?

- Under 7,000
- 8,000-15,000
- 16,000-20,000
- 21,000-30,000
- 31,000-50,000
- 50,000-70,000
- 70,000-100,000
- Over 100,000

Other Comments:

We would appreciate your honest response....
No names please! Just check whether you are a....

_____ **Member** _____ **Not a Member Yet**

Please drop the completed questionnaire in the Suggestion Box located at the lobby of the credit union office.

Thank you for your time!



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Module 4

Marketing Concept Applied in Credit Unions



At the end of Module 4, you will be able to understand the

- 1. Principles of marketing and its application to credit unions**
- 2. Analysis of the financial needs of members and potential members**
- 3. Direction for credit union services**
- 4. Differentiation of credit unions from other financial institutions**

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Module 4



Group Activity:

What is Marketing?

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Module 4



Marketing applied to credit union:

- **Management of change**
- **Meeting your members' or prospective members' needs**
- **Everything your credit union does to serve your members**





Group Activity:

**Why marketing is
important to your
credit union?**

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Module 4



Importance of Marketing to your credit union

- **Competitive services**
- **Improve public image**
- **Increase market share**





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Module 4

Group Activity:

**How can your
credit union
becomes market
oriented?**



To be market oriented, your credit union must:

Communicate the benefits of being a member

- *Orient members why they should do their financial services with your credit union*





To be market oriented, your credit union must:

Assign person responsible on Marketing

- *Centralize all activities under one person whether a paid staff or volunteer*





To be market oriented, your credit union must:

Use all communication tools

- *examples: advertising and promotion, as well as membership education and public relations*





To be market oriented, your credit union must:

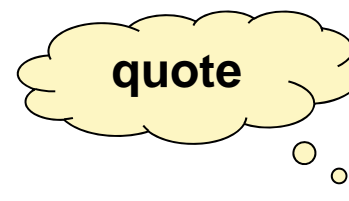
USE RESEARCH

- *Base decisions on facts and proven information rather than depending solely on rumors and past experience*





Credit union today, cannot operate by intuition. There is a need for strategic marketing and marketing concept, which drives your credit union towards success.





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Module 4

Market Segmentation



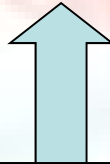
Market Segmentation

Segmenting:

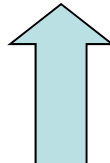
grouping together those member that have the same general needs, and then satisfying them in the same ways.



**FULLFILL MEMBERS'
DREAM**



**Members financial
problems**



**Credit Union sells
Solutions**

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Module 4



Elements of Segments

1. Sex
2. Age
3. Families
4. Living or working location
5. White or blue collar job?
6. Balance groupings
7. Borrowers



Ages over 60

- Most loyal group
- conservative
- not likely to shift their funds to another financial institution
- slow to respond to advertising
- best defense is personalized service
- offer special services for senior citizens



Ages 46-60

- High savings maintenance
- target you advertising
- needs car loans, financial planning, direct deposit and individual retirement accounts
- over 45, reached financial comfort
- high balance, low activity
- develop a plan to retain their accounts
- give special attention



Ages 26-45

- Spending-oriented group
- taking business to most geographically convenient financial institutions
- do not want their funds tied up
- savings balances just beginning to give security
- tend to be mobile and spend a lot
- offer strong selling pitch for family membership



Ages 19-25

- High interest in the credit union concept and philosophy
- research shows people most likely to join at their early years (19-25) so their awareness and image of the credit unions and its services should be developed.
- Has substantial income
- want instant gratification
- cross selling must be emphasized
- frequent deposits & withdrawals
- convenience, fast services



Ages newborn to 18

- Our youth today will be our members tomorrow
- communicate with parents, grandparents
- kids receive money from gifts
- teens have part time jobs
- teach good savings habits
- discipline at an early age
- teach them to establish goals now to save for something they might want in the future



Members according to Income & Occupation

- Data should tell you about the income range of members, potential members (lower, middle, upper)
- you might want to design a marketing program specially for members in a particular group



Members According to Education

- This data will help you to direct your communication better
- It will lead you to decide on a particular promotional effort

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Positioning Credit Union Services in the Marketplace

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Module 4

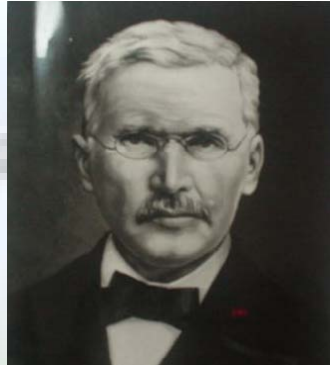


Mission of the Credit Union

Enabling People to Grow

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Module 4



F. W. Raiffeisen (1818 - 1888)

“Credit Unions must not confine themselves to granting loans. Their main objectives should be to control the use of money, to improve the moral and physical values of people, and their will to act by themselves.”

Stated in a different way, the Credit Union Mission:

- Helps ordinary people to achieve financial freedom
- Enables people to grow
- Helps members take control of their finances

Stated in a different way, the Credit Union Mission:

- **Fulfills every one of your dreams, to let you get the most of life without worrying about your finances.**

“Most people do not plan to fail, but fail to plan.”

Dreams. Everyone has them.

Dreams can be made into reality by harnessing them to a plan—a plan that provides flexibility and foresight.



How credit unions translate the mission into their operations?

- Offering unique financial solutions in an environment of ethics, honesty and openness.
- Providing best possible financial solutions for every stage of life.

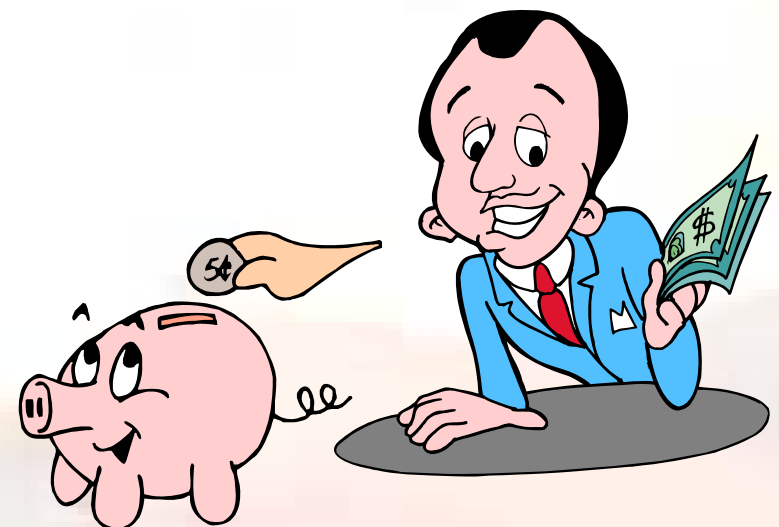
Are you doing this?



Credit Union Mission

**The means of improving the lives of
the credit union members:**

**access to affordable
financial services**



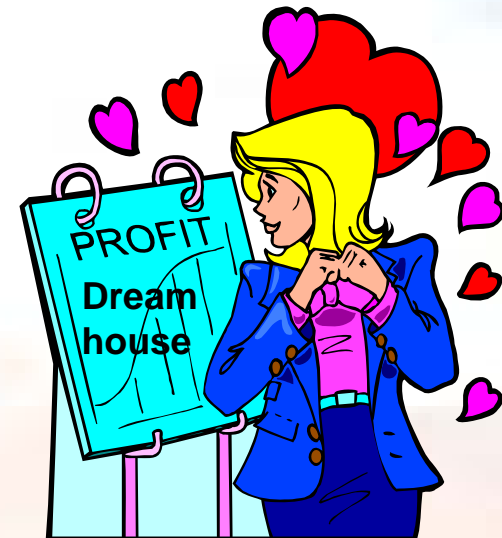
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Credit Union Mission

We are in the business to help people improve their lives through realizing their financial goals.





Credit Union Mission

We are in the business to provide financial services to members at the lowest possible cost.



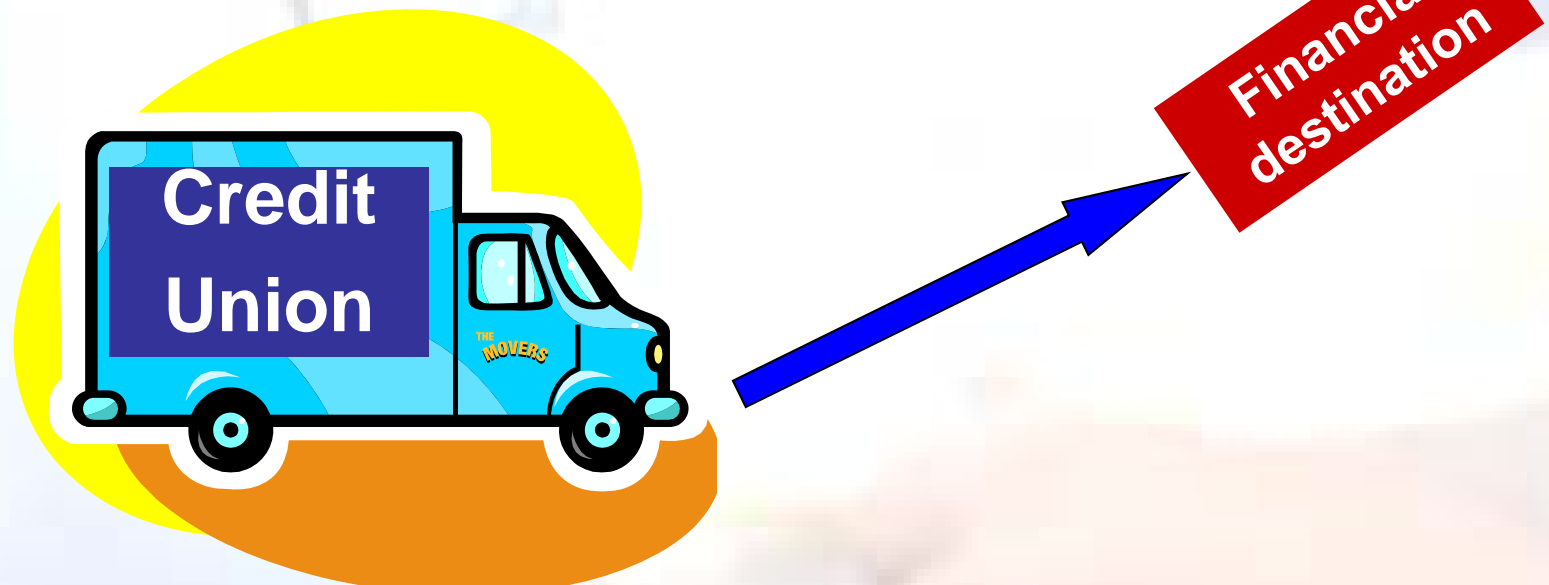
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Credit Union Mission

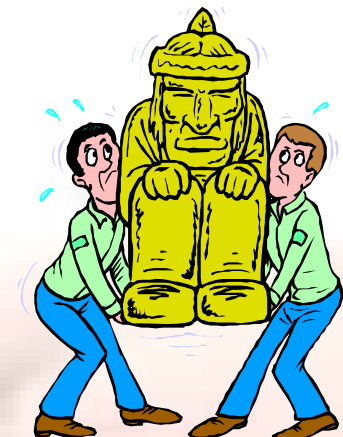
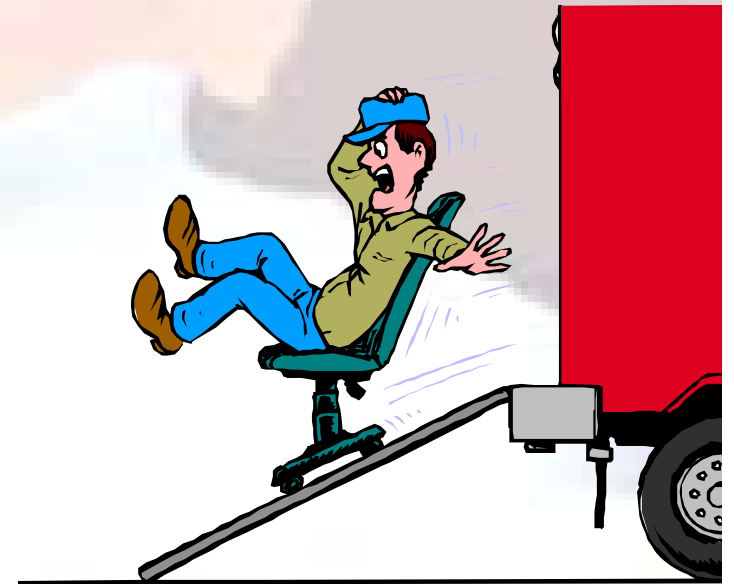
The credit union provides vehicle; the members use it to arrive at their financial destination.





Directors' Role

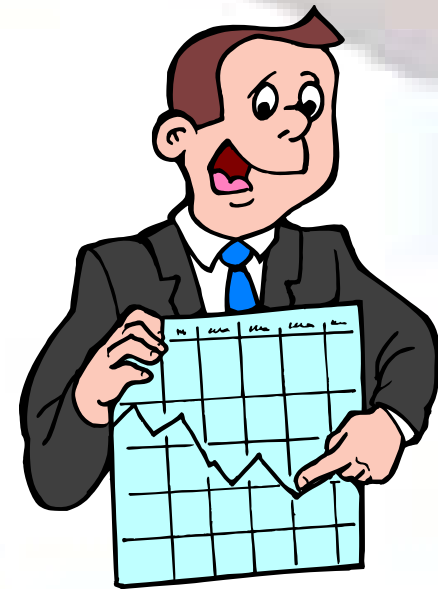
- **The Directors provides broad policy guidelines to the management to meet the financial goals of your members.**
- **They work together to define their financial needs.**





Directors' Role

- **The ultimate direction-setting authority belongs to the members.**
- **Ultimate legal responsibility is assigned to the Board which interprets direction given by membership.**





How do we Position Your Credit Unions?

Orientation

Old Style	Positioning the services in the marketplace
Uplift the living standards of members	Enabling members to grow





How do we Position Your Credit Unions?

Price

Old Style	Positioning the services in the marketplace
Low interest	Entrepreneurial rate covering the costs





How do we Position Your Credit Unions?

Delivery System

Old Style	Positioning the services in the marketplace
Not sophisticated, over the counter or house to house	With an element of sophistication, friendly, member driven, using multiple channels of delivery systems



How do we Position Your Credit Unions?

Diversity or Range

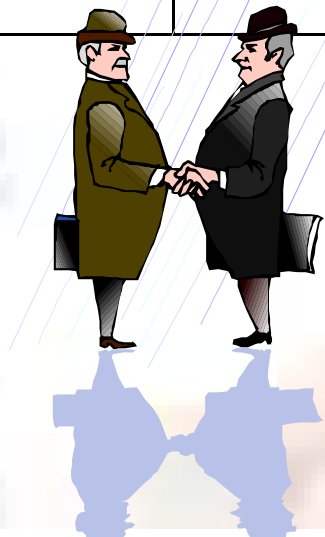
Old Style	Positioning the services in the marketplace
Limited at present, not many choices	Range of products & services based on members needs; offering solutions to members' financial problems



How do we Position Your Credit Unions?

Access

Old Style	Positioning the services in the marketplace
Not 24 hours service	Offers flexibility





How do we Position Your Credit Unions?

Value Added

Old Style	Positioning the services in the marketplace
Member-owned, profit accrue to members	Member-owned, profit accrue to members, recognize good performance



How do we Position Your Credit Unions?

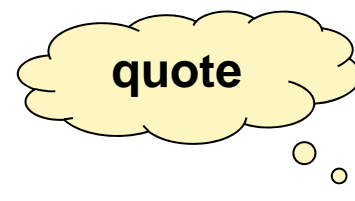
How do we position?

Old Style	Positioning the services in the marketplace
For service, not for profit	First choice financial services of our members.





Having the member as the focal point is the catalyst for all of the credit union functional areas to work in harmony.





Analysis of Members' and Potential Members' Needs

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Module 4



Group Activity:

What is Marketing?

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Module 4



Abraham Maslow's Hierarchy of Consumer Needs

1. Physiological needs:

Satisfaction of hunger, thirst, and shelter





Abraham Maslow's Hierarchy of Consumer Needs

2. Safety needs:

*security, protection,
order and stability*

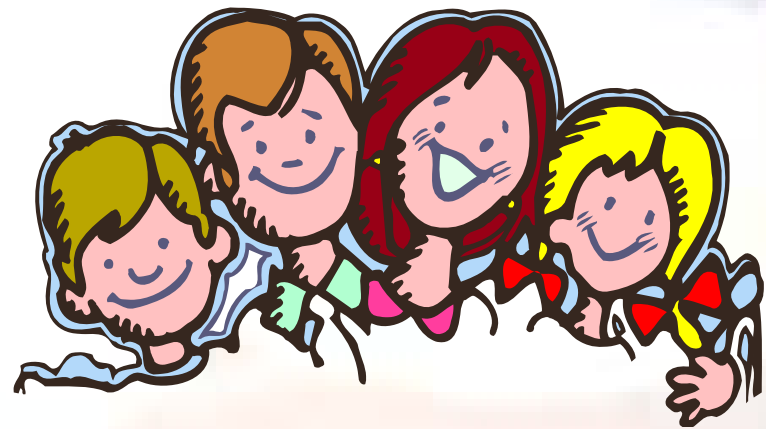




Abraham Maslow's Hierarchy of Consumer Needs

3. Love needs:

*affection, belonging,
friendship*





Abraham Maslow's Hierarchy of Consumer Needs

4. Esteem needs:

*self-respect, prestige,
success, and
achievement*





Abraham Maslow's Hierarchy of Consumer Needs

5. Self-actualization
needs:
desire for self-fulfillment





Here are some examples of its application in developing products for members & potential members

We sell clothes.



We sell a good appearance, style, attractiveness, comfort and warmth



Here are some examples of its application in developing products for members & potential members

We sell insurance.



We sell peace of mind for people and families



Here are some examples of its application in developing products for members & potential members

We sell toys.



We sell happy moments for kids.

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Here are some examples of its application in developing products for members & potential members

We sell
Phones.



We sell
connectivity of
people wherever
they are, whenever
they need.



Here are some examples of its application in developing products for members & potential members

Like consumer products, this is the same way our loans and savings are package for the members.



....our loan products and savings... solve our members problems and meet their needs



Here are some examples of its application in developing products for members & potential members

Our Savings and Loans.

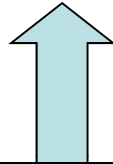


A solution to members financial problems & needs

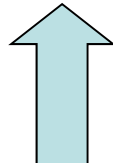
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**FULLFILL MEMBERS'
DREAM**



**Members financial
problems**



**Credit Union sells
Solutions**



Credit unions have to tailor made their products and services based on the actual needs of the members, not the presumed needs.

