South Carolina Federal Credit Union Enhances Targeted Marketing

Leverages Asset-Based Segmentation to Grow Balances

South Carolina Federal Credit Union wanted to better serve a niche group of members within its target market and shift from a product-based to a needs-based approach for sales and marketing efforts. The credit union combined its internal analytics with Financial Cohorts®, an asset-based segmentation system, to identify members likely to have between $100K and $500K in assets, as well as better understand their product needs. A test campaign resulted in an over 100% lift in key metrics, and the credit union is now on track to achieve double-digit positive loan growth.

Challenge: Identify Key Member Segment and Enhance Target Marketing

South Carolina Federal Credit Union wanted to better target a niche group of members that were not being adequately served by the credit union within its markets. The Business Performance Management (BPM) and Retail Sales and Marketing teams had previously relied on various segmentation schemas including age range, credit-worthiness, and income estimates, yet had not achieved desired results. In addition, the three teams wanted to better understand the needs of South Carolina Federal's members and transition from a product-based to a needs-based approach for its sales and marketing efforts.

Solution: Identify Profitable Members and Deliver Marketing Messages Based on Likely Financial Needs

South Carolina Federal's BPM team knew that it needed deeper insights on its members. The BPM team decided to leverage Financial Cohorts, an asset-based segmentation system which groups households by likely total assets and financial and behavioral characteristics, in order to better segment its members.

By appending Financial Cohorts to South Carolina Federal's member database, the BPM team could better identify profitable Mass Affluent members that were likely to have between $100K and $500K in investable assets. The analysis also helped the team identify trends and successes, as well as uncover new opportunities for growth and likely product needs.

CHALLENGE
Overcome the limits of traditional segmentation measures to better identify and market to a niche group of members that were not being adequately served.
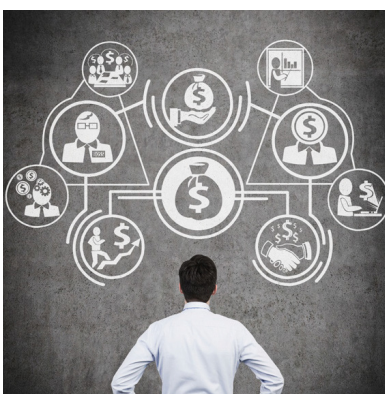
SOLUTION
Combine internal analytics with asset-based segmentation system to deliver the right message to the right member at the right time.

RESULTS
Targeted members delivered over 100% lift in deposit, investment, and loan balances during marketing campaign test, and credit union expects to shift from negative to double-digit positive loan growth.

case study

> "Our team achieved an over 100% lift in deposit, investment, and loan balances by using Financial Cohorts to target key members and deliver the right message at the right time."
>
> – Scott Blue, VP Marketing, South Carolina Federal Credit Union

Taking this information to the Sales and Marketing team enabled more focused strategies ranging from small individual campaigns to multi-faceted penetration strategies.

The Marketing team tested the effectiveness of Financial Cohorts by developing a test marketing campaign to two groups:

- **Group 1:** Members likely to have estimated household assets of $100K–$500K, as determined by Financial Cohorts. This group received marketing messages based on likely product needs as described by the credit union's selected Financial Cohorts clusters.
- **Group 2:** Control group of members with the same asset balances, but received no tailored marketing messages.

Within a one year period, Group 1 achieved an over 100% lift in key metrics, including growth in core deposits, investments, and loan balances.

Results: Shifting to Double-Digit Positive Loan Growth and Increased Deposit and Investment Balances

By using Financial Cohorts, South Carolina Federal was able to better penetrate a sub-segment of its Mass Affluent market through enhanced communications and one-on-one sales touches.

Corey Fink, Vice President of Business Performance Management at South Carolina Federal, reported, "We are now offering the right product to the right member resulting in a healthier organization and satisfied members, as well as minimizing our marketing expenses."

Fink continued, "With combined efforts in our Sales and Marketing teams, we went from negative loan growth in 2010 and 2011 to single-digit growth in 2012, 2013, and 2014, and we are currently on pace for 12% loan growth in 2015."

The Marketing team was able to determine the likely product needs of its members and use the knowledge to develop tailored marketing campaigns.

Scott Blue, Vice President of Marketing at South Carolina Federal, advised that the credit union plans to continue to use Financial Cohorts. He summed up the success of the new solution, "The ability to have better knowledge of our members' financial behaviors and assets allows our team to better understand our members—this is key to needs-based selling tactics."

Percent Growth in Key Metrics from Marketing Campaign Test

Core Deposits	Investments	Loan Balances
101%	235%	522%
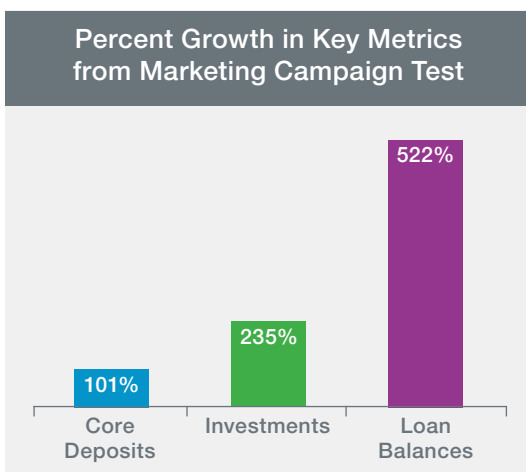
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2015 Case Study. Results may vary based on actual data and situation.