

The future of member engagement



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Trying to be like Lionel?

In the US:

- 2017: 61 million paying gym members
- 2000: 32 million paying gym members



Lionel Strongfort, 1901

Lionel's claim to fame



Branches vs. **gyms**?

- 38,000 gym locations in 2017
- Up from 30,600 in 2012
- US has the most fitness centers of any country in the world
- Branches vs. gyms: 2X? 3X? 4X?
 - ~ 90,000 FI branches in 2017



Secrets to their success



LARKY



CUES

What does all of this
have to do with
credit unions?

Gyms

- Member supported
- Key metric: Products/member
- Strong membership, low usage is ideal
- Often have a strong odor
- Brick & mortar presence

Credit Unions

- Member owned
- Key metric: Products/member
- Strong membership, tailored usage
- Less pungent
- Brick & mortar + online presence

Key performance indicator: success in attracting new members and growing engagement with current members

Roadmap:

- My background
- Defining and measuring engagement
- Why engagement matters
- The future of member engagement

Goal: Provide you with actionable ideas you can use tomorrow



My background

Grand Rapids -> Ann Arbor

Lifelong entrepreneur

Big Brothers/Big Sisters believer

Banjo and piano novice

1 wife, 2 kids, 1 dog...

Larky founder



Custom Standards Services



THOMSON REUTERS
TECHSTREET



Larky: Connect with members at the right time and place

- Location + time based contextual communications
- 1:1 tailored messaging



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Defining and measuring engagement



No universally
agreed upon
definition or
measure

Defining and measuring engagement

Money management activity
+ advice activity, + product
penetration + channel usage



Shevlin, Ron (2017, January)
How to calculate member engagement
Retrieved from <https://thefinancialbrand.com>

Defining and measuring engagement

Percentage of members with:

- Active checking accounts
- Direct deposit
- Consumer loans or credit cards
- Mortgages

Percentage of:

- Online or mobile banking users
- Checking accounts using billpay
- Accounts using e-statements
- Accounts using mobile deposit

Think back on the root cause by measuring interactions with your web site, social media, direct mail, email, e-newsletters and member surveys.



Conway, Bryn C (2015, July)

Mastering the Metrics.

Retrieved from <https://www.cues.org>

Defining and measuring engagement

Primary Type of Metric Used to Quantify Customer Engagement Success According to Marketing Executives in North America*, Q4 2015

% of respondents

Revenue metrics (customer lifetime value, revenues per customer, overall revenue increases)

38%

Campaign metrics (clicks, conversions, shares, traffic and web analytics)

30%

Sales enablement metrics (downloads, lead flow, lead scoring)

12%

Service metrics (customer satisfaction, customer feedback, reviews)

10%

Finance metrics (maximized margins and profitability, reduced overhead and selling costs)

10%

*Note: used by their company; *84% of respondents were from North America*

Source: CMO Council, "Predicting Routes to Revenue: Identifying Real-Time Decisions for Business-Driving Engagement" conducted in partnership with Pegasystems, Jan 20, 2016



Defining and measuring engagement

What's meaningful for
you to measure?



Actionable Ideas:

1. Determine your metrics for measuring engagement



Roadmap:

- My background
- Defining and measuring engagement
- **Why engagement matters**
- The future of member engagement

Goal: Provide you with actionable ideas you can use tomorrow



Why engagement matters

- Fully engaged consumers bring \$402 in additional revenue per year* to their primary bank vs those who are actively disengaged.
- Fully engaged average of 6.28 products per consumer vs. 5.14 products per actively disengaged consumer.
- 71% of fully engaged customers intend to use their primary bank for the rest of their life.

GALLUP

Hughes, Jon and Youra, Beth
(2014, March)

*The Financial and Emotional Benefits of
Fully Engaged Bank Customers*

Retrieved from <https://news.gallup.com>

Why engagement matters

- “...millennials have the lowest levels of customer engagement with their primary retail bank (30% are fully engaged) compared with baby boomers (40%) and traditionalists (51%).”
- “Millennials now surpass baby boomers as the largest generation in the U.S. -- 73 million strong according to Gallup's 2016 estimates.”

GALLUP

McFeely, Shane (2018, April)

*4 Ways Banks Can Win and Keep
Millennial Customers*

Retrieved from <https://www.gallup.com>

Why engagement matters

- 91% percent of mobile banking users prefer using their app over going to a physical branch (CITI mobile banking study)
- Consumer visits to retail bank branches are set to drop 36% between 2017 and 2022, with mobile transactions rising 121% in the same period (CACI)
- One-third of consumers have purchased a financial product from a provider that was not their primary bank in the past year. (informa.com)



Why engagement matters

Improve communications with members who:

- need help, or are about to churn
- are ready to buy a new product or service
- are appropriate for an upsell or cross sell



Key reasons engagement
matter to your credit union?



Actionable Ideas:

1. Determine your metrics for measuring engagement
2. Be ready to articulate to your team why engagement is important



The future of member engagement

ANDREESSEN HOROWITZ

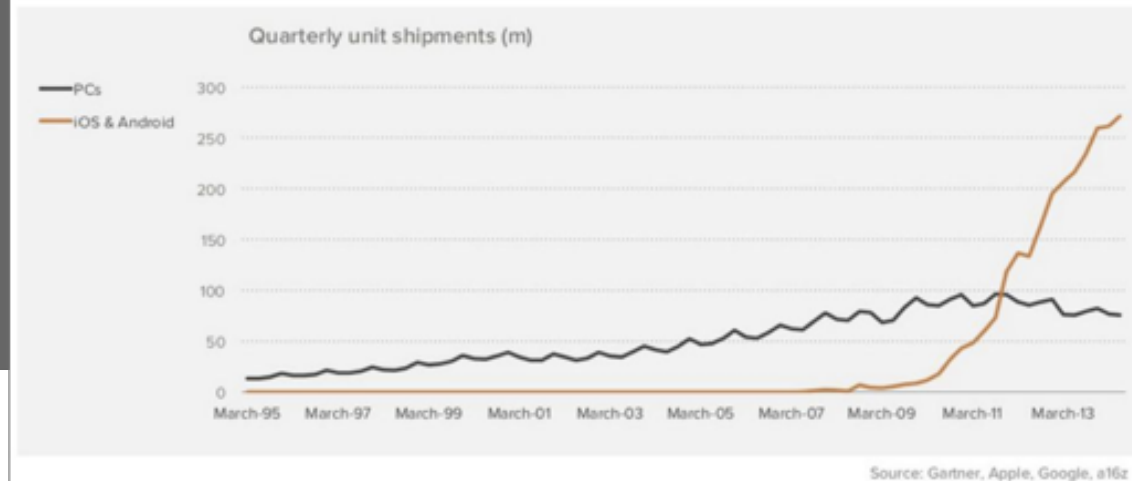
MOBILE IS EATING THE WORLD

BENEDICT EVANS

(old news from 2014)

The smartphone industry dwarfs PCs

4bn people buying every 2 years instead of 1.6bn buying every 5 years



Spoiler: **It's mobile**

- Preferred channel to interact with their FI
- Every demographic
- Intensely competitive
- Heightened expectations

The future of member engagement



Data driven/quantified

- Tailored experiences are expected
- Members will compare you to Facebook, Apple Amazon, Netflix, Google...
- 'Wow' is the norm
- Privacy tradeoffs

The future of member engagement



Evolving rapidly

- Don't laugh...
- Factors:
 - Increasing fragmentation
 - Proactive communications
 - New technology availability (AI/ML)

Impact: high-ROI product sales

nudge Dashboard Create Nudge Analytics Support My Account

Create Nudge CREATE COMPOSE TEST/PREVIEW SEND

NAME YOUR NUDGE

What do you want to call this notification, so you can track it in reports and via the dashboard?

Spring Auto Loans 2019 **SAVE THIS NUDGE**

LOCATION & SCHEDULE

Set Location
Where will users receive the notification?
6131 S Pennsylvania Ave B, Lansing, MI 48911

Set Proximity
How large is the notification area?

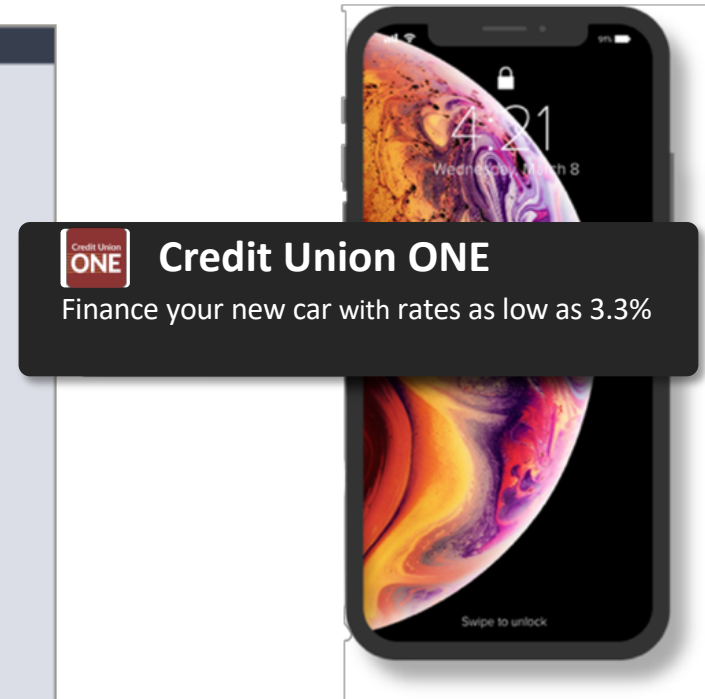
Set Speed
How fast is the user traveling?
Walking Biking Driving Flying

Set Delay
How long until user gets notification?
5 Minutes 50 Seconds

Set Timeframe
Start: 09/01/17 12:01 AM
End: 9/30/17 11:59 PM

Set Active Window
24 Hours Per Day ☐
From: 10:30 AM To: 2:30 PM
[Add Another Active Window](#)

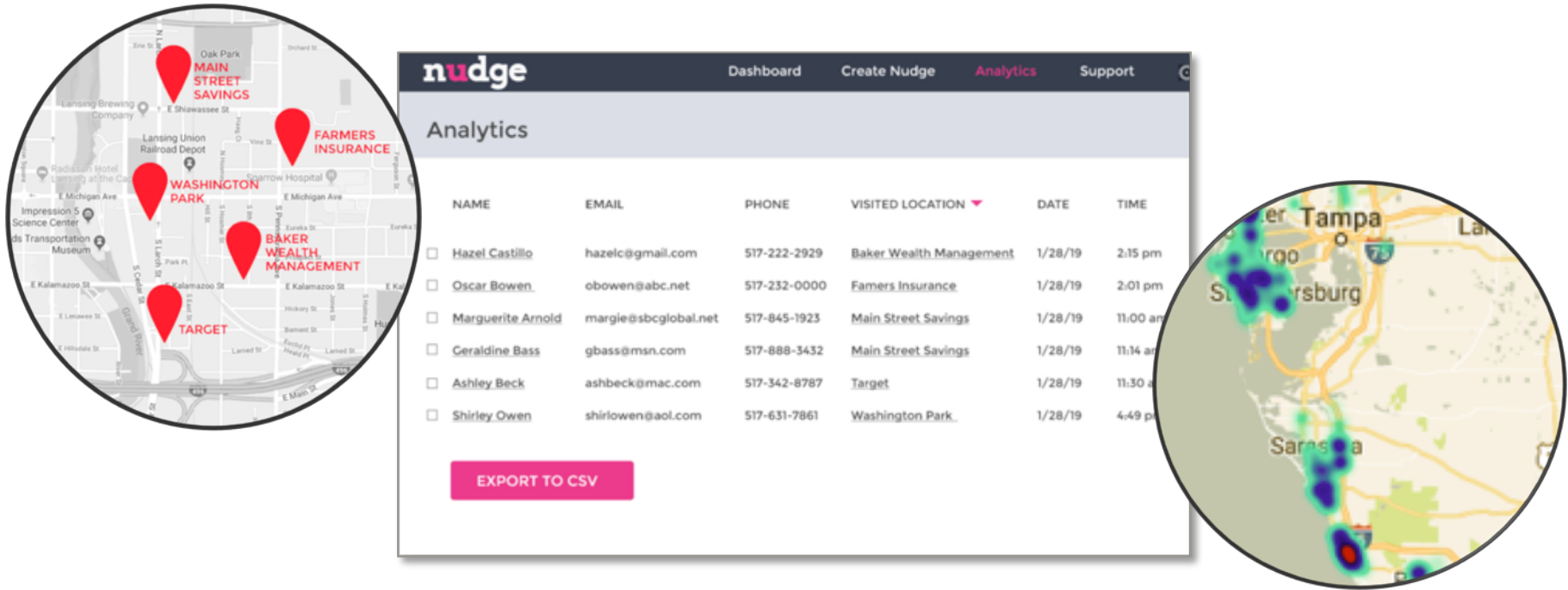
NEXT - COMPOSE >



Contextual communications
during the decision cycle.

- Promote mortgage, auto, and other loans
- Increase products/member
- Deepen relationships, reduce churn

Actionable insights about your audience



- Where are members shopping and **not** using your card?
- Which members are going elsewhere for services you can provide?
- Who is shopping for a car, house, or other major purchase?
- Where will your advertising message be seen the most?

Actionable Ideas:

1. Determine your metrics for measuring engagement
2. Be ready to articulate to your team why engagement is important
3. Make a commitment



Winning member engagement

- Tailor to the needs of your members



- Look for ideas outside of our industry



- Set goals and measure results



- Marathon vs. sprint



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