Desert Schools
FEDERAL CREDIT UNION

Relationship Pricing
2/2015

Presentation by: Nelson Jim

The Desert Schools relationship program was designed to increase giveback to members/households with deep relationships and encourage members with limited relationships to do more with us by contributing to the cooperative. This document will outline an omni-channel communication plan to educate members about the program.

Core Objective:

Make full use of "sticky," program-related communications to current members and encourage them to opt in through various mechanisms. Through targeted, timely and consistent communication Desert Schools can avoid a loyalty/relationship program's inherent risks:

» Cost of communicating the program, its incentives and member level
» Member disinterest/apathy/fatigue with the program
» Lack of integration throughout life-cycle process
» Lack measurement, data and feedback.

START   GROW   ACHIEVE   PROSPER

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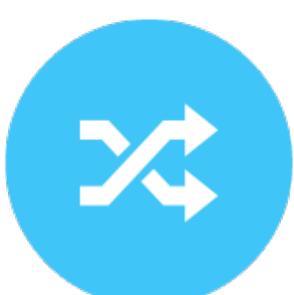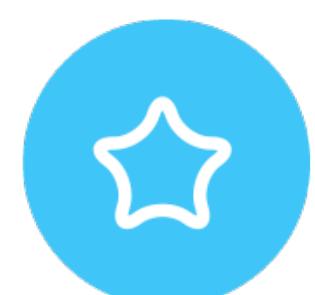
COMMUNICATION & EXPERIENCE

Not everyone will receive the same type of communication. We want to tailor the content and frequency of our communications to each member demographic and their potential lift. Understanding and communicating around what motivates tier specific members will help us not only optimize our communications, but the actions and activities that accelerate the desired result.

Core keys to success:

» High levels of segmentation and personalization for each tier

» Concise communication about the program and what is expected from the member

» 80/20 rule, create clear rule structures built around behaviors that consistently produce result

1	**2**	**3**	**4**	**5**	**6**	**7**
IDENTIFY Segment personas	**QUESTIONS** What's persona's define concerns, drivers?	**ANSWERS** Answer concerns, drivers, questions of each persona.	**MAP** Map content to the questions.	**AUDIT** Audit content, find what is valued.	**FIND GAPS** Ask, where are we missing content?	**CREATE** Fill missing content areas for each persona.
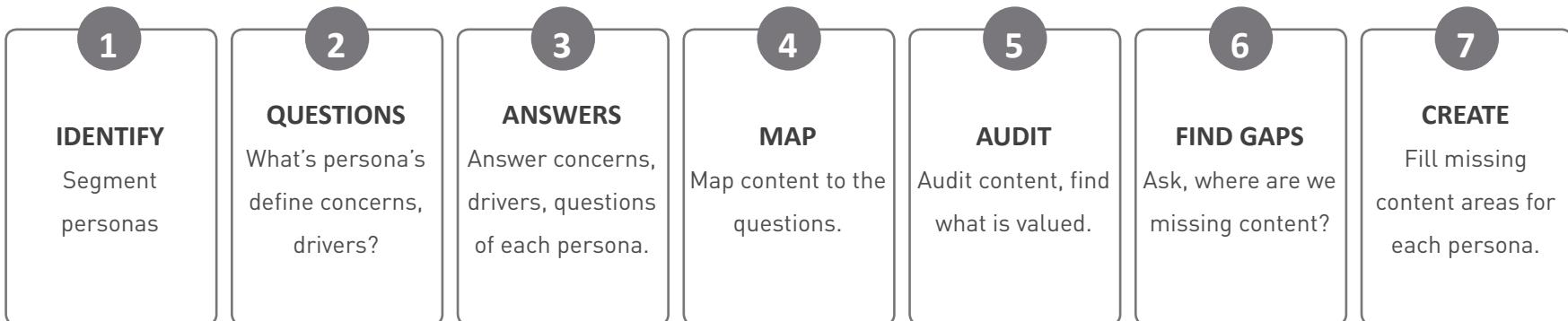
Focus on high-value and high potential-value

Concentrate on those who have the most propensity to move up, buy and make substantial purchases in the future, even if they're not coming to us regularly. This allows us to investment more time in segmented and targeted communications as well as frequency to the members who will yield the most return.

Core keys to success:

» Design our communication strategy around Tier 2 and Tier 3 members.

» Our most valuable members of the future may not be sitting in our top tier today. We should pay attention to Tier 2 and 3 members – these are the members that may be most agile in evolving their relationship.

» Offer content, resources and tools to facilitate movement throughout the tier structure

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Product-based messaging to customer centric messaging

A consumer's desire for seamless, compelling and personalized brand experiences can help drive enrollment for our program. By focusing on the level of involvement consumers have with the brand across channels. Ultimately, you need to deliver value to the consumer to earn and maintain their loyalty. If you only focus on transactions, you are missing a big opportunity to use your loyalty program as a way for consumers to establish an emotional connection with the brand.

Clear and concise

Overall satisfaction with loyalty programs is 5 times higher when receiving targeted, segmented and relevant communications, according to the a report by Bond Brand Loyalty. Because most marketing materials are supposed to cover all tiers, their offers and incentives, 32% of consumers do not know what tier they belong to according to a study from COLLOQUY.

» Concise communication about the program, what, why, how
» Clearly communicate what is expected from the member
» Take the mystery out of what tier they are

Online delivery helps to minimize some of the inherent risks. First, with email and web-based delivery the cost to communicate the details of the relationship program are negligible, other than the fixed cost to create the communication. Second, the program can be kept fresh with continual improvements, messaging strategies and even incentives if apathy occurs.

Traditional channels will also be utilized to vary our communication including but not limited to direct mail, statement banners, branch materials, ATM messaging and on-hold messages. These communications will all push traffic to our three fulfillment mechanisms, online, eBranch and Branch.

Make it simple

Keeping opt in mechanisms simple by minimizing complexity will do wonders for adoption rates. An e-commerce/lead generation approach will be built to ensure ease of use in today's digital landscape and provide valuable insight into behavior. To appease current members, and attract new ones, we need to offer an intuitive, easy-to-use program without complicated menus and processes.

> » To simplify the opt in process, marketing will develop a lead gen program to route opt-ins to eBranch for up-sale opportunities.
> » Marketing will create a Relationship Wizard so members/prospects can forecast their tier and savings.
> » Explore integration into Online Account Opening

Execute and listen

Once rolled out, listen to members and customer facing employees on an ongoing basis to see what members like and dislike.

Revise and personalize

Continue to revise the marketing programs based on customer feedback. Then, incorporate more one-to-one messages and personalized offers.

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DIGITAL CHANNELS

The homepage is prime real estate to promote relationship pricing. Using personalization we target or personalize the image and messaging in many various ways and measured to optimize the approach. For example, members who have already joined the program can receive messages about products that would move them to the next tier while members who haven't receive an alternate message. The membership section of the home page can highlight our loyalty program as well.

Main Banner

Membership Section

6 RELATIONSHIP REWARDS PAGE

The relationship page should be our long form web page that explains the membership rewards program to a broad audience without the assumption that they are a member.

This page should include the following:

- » Program outline
- » Relationship tiers or slider
- » Relationship Wizard (phase 2)
- » Tier structure chart
- » Brochure download
- » Conversion mechanism (OAO, lead generation form, phone numbers and find a branch)
- » Cross sell opportunities

Gold tier rewards
$20K to $50K 3-month average combined balance requirement

GOLD	PLATINUM		PLATINUM HONORS
5% Interest Rate Booster on a Rewards Money Market Savings account[1]	25% Rewards Bonus on eligible Bank of America® credit cards[2]	Up to 12 No-Fee ATM Transactions per year at non-Bank of America ATMs[3] One per statement cycle	Merrill Edge® online investing $0 Equity and ETF Trades Up to 30 per month[4] Other fees may apply*
Priority Client Service	$200 Reduction in the Origination Fee on a Bank of America home purchase or refinance loan[5]	0.25% Interest Rate Discount on a Bank of America auto purchase or refinance loan[7]	No Fees on select everyday banking services[8]

1|2|3 CURRENT ACCOUNT
The current account that pays you cashback on your household bills and interest on your balance for £2 a month. Find out where you can earn cashback.

To enter your monthly spend, move the sliders or type into the boxes			Annual Total
1%	Cashback on council tax	£ 165 — £165	£138
	Cashback on water	£ 475 — £475	
	Cashback on Santander mortgage payments	£ 540 — £540	
2%	Cashback on gas and electricity	£ 385 — £385	£92
3%	Cashback on phone, mobile, broadband and TV	£ 455 — £455	£164
1-3% AER	Your balance: how much is usually in your account?	£ 11600 — £11600	£343
	1|2|3 Current Account total		£738

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MEMBERSHIP PAGE

Our membership page should be updated to incorporate Relationship Rewards as an integrated part of a membership at Desert Schools. It will be a brief introduction and link to the various resources that allow members and prospects to learn about Relationship Rewards.

DESERT SCHOOLS
FEDERAL CREDIT UNION

Login | Locations | Contact | Rates | New Loans and Accounts: 602-335-5003 | Service: 602-433-7000

PERSONAL   BUSINESS   **MEMBERSHIP**   CONTENT HUB

Search

ABOUT DESERT SCHOOLS   WHY JOIN

EXPERIENCE THE DIFFERENCE OF MEMBERSHIP

Achieve your financial goals and dreams when you become part of a community that's all about community.

JOIN NOW

HOME / MEMBERSHIP

Why Join?

If you live, work, attend school, or worship in Maricopa, Gila or Pinal County, we invite you to experience the benefits of a credit union that's all about helping you to succeed.

To get started, simply open a membership savings account and deposit a minimum of $25. Then rest easy knowing that we'll be here to provide the professional services and products you need to achieve your financial goals throughout your life.

What's Different About a Credit Union

Your dreams and financial goals are personal. They're not about loans or financial transactions. They're about the memories you create in your home, adventures you experience driving the open roads of Arizona in your dream car, the freedom that comes with retirement, and that satisfaction of protecting your loved ones.

When you become a member of Desert Schools, you won't be a number or a transaction. You'll become an owner in a local credit union that offers products and services designed to enhance your life.

About Desert Schools

We were founded on the belief that as a community, we can accomplish more of our financial goals when we work together. That's why the more our members use our services, the more we're able to give back – allowing you to achieve your goals a little faster.

We invite you to join more than 300,000 member-owners that are experiencing the difference of membership.

- Products and services made just for the local community
- Attractive rates on loans and rewards for loyal membership
- Innovative tools and resources to help meet your financial goals
- Access to free financial seminars and professional investment advice

JOIN US

Learn more about the difference between credit unions and banks

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Email is our most cost effective means communicating the program, its incentives and member status. It also offers a wide variety of segmentation and personalization options. Members can be targeted to provide them the most relevant information they need to make a decisions such as current point count, tier level and possible savings.

- » Highly personalized
- » Powerful segmentation
- » Cost effective
- » Measurable
- » Agile

Presentation by: Nelson Jim

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                              ┌─────────────┐
                              │   Members   │
                              └──────┬──────┘
         ┌──────────────┬───────────┼───────────┬──────────────┐
    ┌─────────┐    ┌─────────┐  ┌─────────┐  ┌─────────┐
    │  Start  │    │  Grow   │  │ Achieve │  │ Prosper │
    └────┬────┘    └────┬────┘  └────┬────┘  └────┬────┘
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Start	Grow	Achieve	Prosper
Introduction	Targeted Introduction	Targeted Introduction	Congratulations
Reminder Series	Nurture Series	Nurture Series	Reminder Series
Activity Series	Sales Team	Sales Team	Retention Series

Activity based ←→

PRIMARY
RELATIONSHIP PRICING PAGE

SECONDARY
eBranch/Branch

We are proud of the relationships we build with our members and promote it accordingly. Launching an unified social strategy solidifies our omni-channel approach, encourages greater engagement, promotes expected behaviors and expands our reach beyond our members.

» Social media allows us to brand the program positively and be proactive about negative feedback.
» We could create a simple video explaining the program, upload to YouTube and using in our other collateral.
» Depending on the amount of activity, a social inbox can allows us to route customer service requests to MAC/eBranch seamlessly.

Facebook Posts
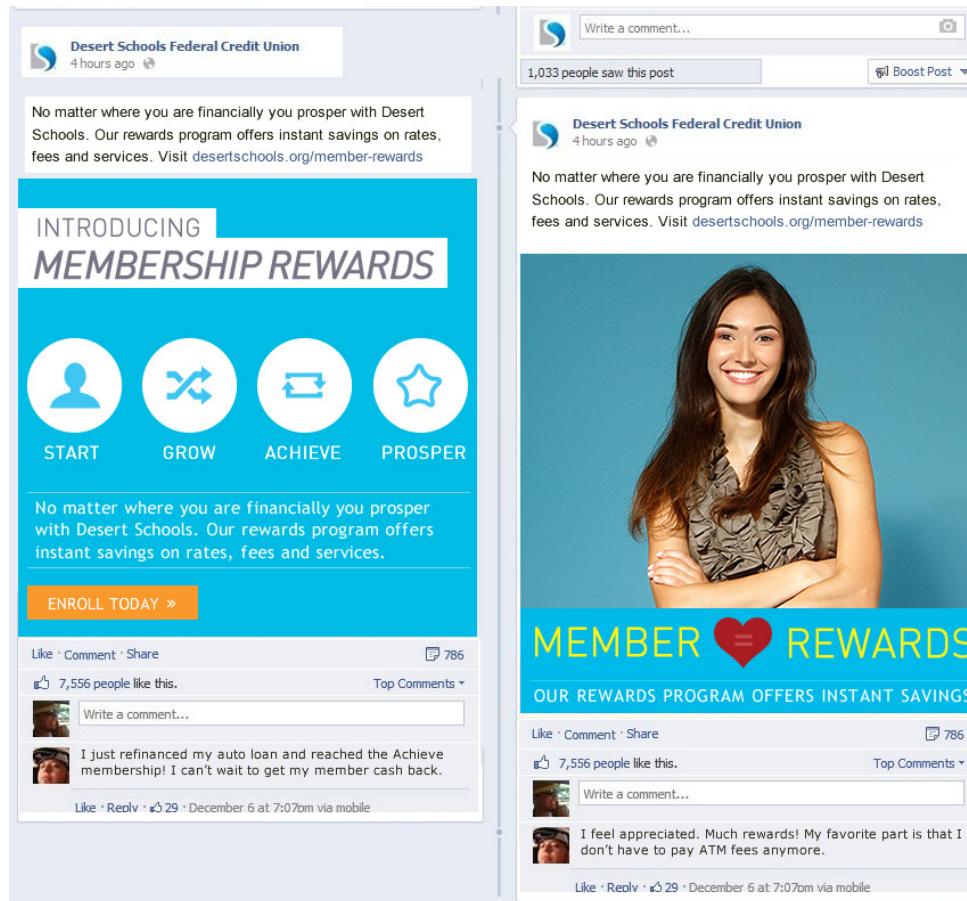
YouTube Video
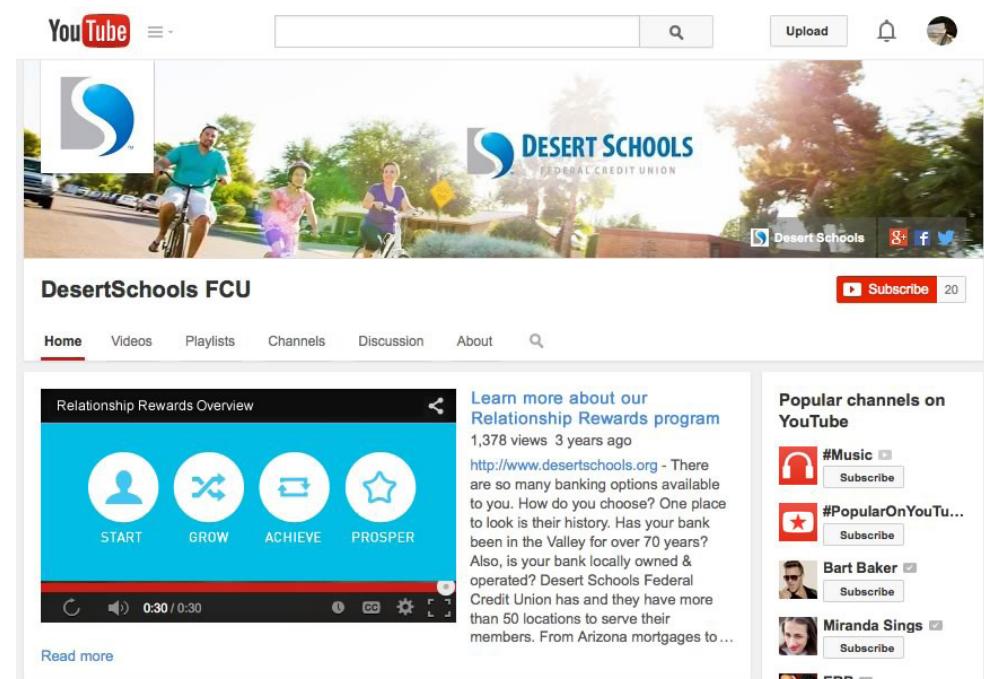
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With the upgrade to the mobile app 4.0 soon, we have the ability to utilize mobile ads and push notifications. Our other standard platform is online banking where we can host banners and send messages to a member's message center.

Online banking banners

Mobile Ads

Online banking messages
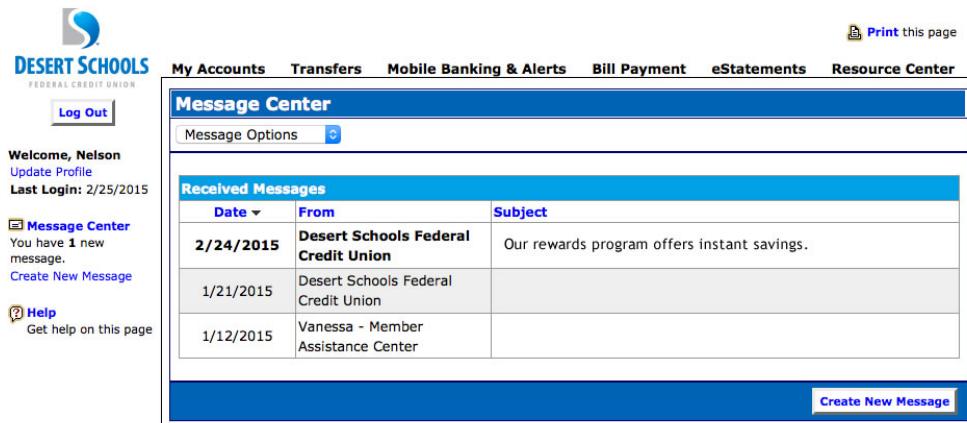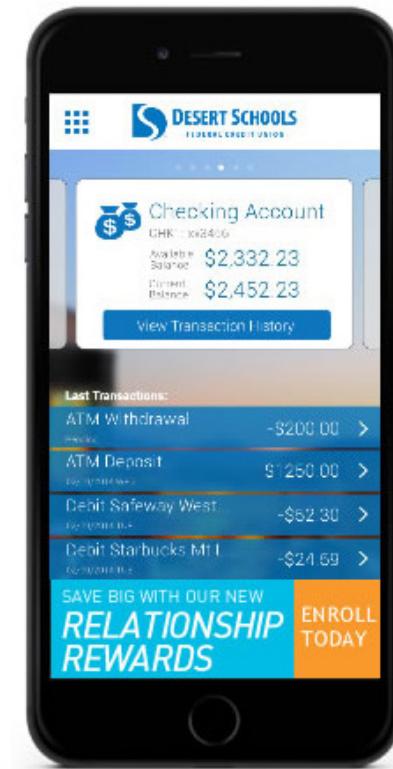
TRADITIONAL CHANNELS

DIGITAL SIGNAGE

Digital signage can offer product branding around the program, provide key information regarding our relationship program and push traffic to our three fulfillment mechanisms, online, eBranch and Branch.

Our branch materials will facilitate conversations and also provide our staff with the information they need to educate the member on the benefits of our program. Even though traditional, these communications will all push traffic to our three fulfillment mechanisms, online, eBranch and Branch

- » Sales tool
- » Program brochure
- » Take one
- » Print on demand
- » Personalized, targeted direct mail

introducing
RELATIONSHIP REWARDS

Presentation by: Nelson Jim

ATM messaging can thank them for being a member and provide key information regarding our relationship program, we can also push traffic to our three fulfillment mechanisms, online, eBranch and Branch.

INTEGRATION & RETENTION

Retention

Rewarding members for consuming products is no longer enough, a cohesive communication strategy should be put in place to sustain a branded relationship with our members. Frequent informal communication can show that we value not only their business but the member as an individual. Items such as perks for membership anniversaries, birthday wishes or greetings from their local branch can help give a personal touch to our service.

Integration

Our Relationship Rewards Program should be integrated across the marketing acquisition life-cycle, throughout the product sales cycle and in customer retention strategies. This is especially important given the speed at which transformation will happen – incentivizing things like engagement, lead generation activities, financial education, will help motivate members and prospects to evolve their relationship.

Communicating the value of relationship rewards to members and prospects through the sales cycle will be highly segmented focusing lead nurturing and lead generation. Rewarding positive behaviors keeps the funnel full for recurring revenue products/services.

- » Lead generation for singular product entry points.
- » Lead nurturing program as added benefit/savings.
- » Integration with OAO
- » Incentive and train sales staff for tier movements.

MEASUREMENT & FEEDBACK

Our relationship program will be implemented on a set of robust technology platforms that can generate a wide range of customizable reports. Data analysis will include a vast amount of data around engagement and conversion. Tracking and analysis should occur on a routine basis so that improvements, enhanced communications and other efforts can be made to increase program success. Data will give key insights that include:

Participant response to the program:
» Enrollments - conversions, life-cycle lengths, entry points, conversion points
» Experience - Where are there significant bounce rates or abandonment
» Messaging - What's working, members segment motivators, and content performance.
» Program "usage" beyond just enrollment: Monitoring members who joined and then converted later to move up.
» How soon did the participant respond after receiving program communications?

General data:
» How did these participant sales/actions compare to that of non-participants?
» Which branches show the highest participation in the program?
» What was the repeat product consumption rate of participants compared to non-participants?
» Incremental profits compared to the full cost of the incentive program.
» Profitability of enrolled members versus non-enrolled.
» Frequency of repeat purchases between enrolled members and non-enrolled.

Using a combination of data analysis, CRM and surveys, plus subjective information we can better understand:

» Likelihood of a enrolled members making a repeat purchase due to the program.
» Likelihood of a enrolled members referring a friend or colleague.
» Rate of customer complaints from enrolled members and non-enrolled, and the nature of those complaints.
» Feedback about the program logistics.
» Feedback on the enrollment process.