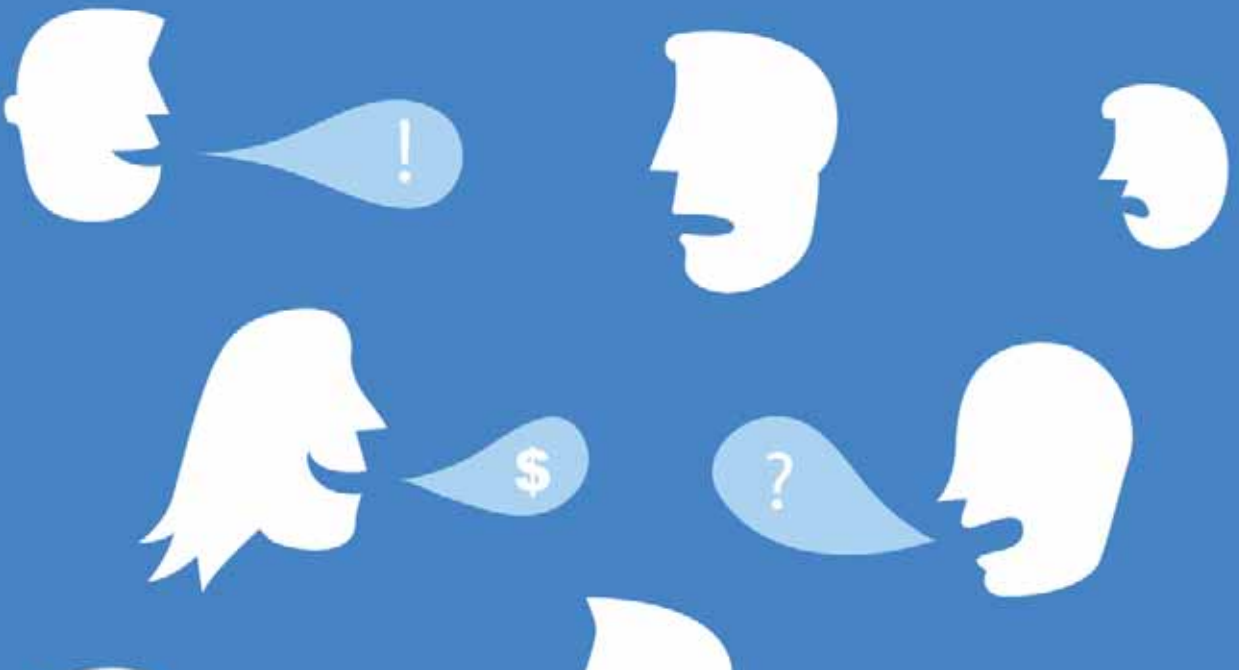


Credit Unions and Social Media: Engaging Young Adults

Ben Rogers

*Driver, CU Tomorrow
Filene Research Institute*



About Us

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process.

The Filene Research Institute is a 501(c)(3) not-for-profit research organization dedicated to scientific and thoughtful analysis about issues affecting the future of consumer finance. Through independent research and innovation programs, the Institute examines issues vital to the future of credit unions.

Ideas grow through thoughtful and scientific analysis of top-priority consumer, public policy, and credit union competitive issues. Researchers are given considerable latitude in their exploration and studies of these high-priority issues.

CU Tomorrow is a Filene Research Institute clearinghouse for credit union young adult strategies. The project publishes research and open-source business plans to help credit unions attract younger members, promising young professionals, and younger volunteers. Initiatives include:

- **Business briefs**—open-source, young adult business plans for credit unions.
- **30 Under 30**—entrepreneurial SWAT team of young credit union professionals.
- **Community**—CU Tomorrow and Filene Web sites for publication and idea sharing.
- **Leagues**—statewide collaboration to implement CU Tomorrow programs.
- **Recruiting**—talented interns and new hires from high-profile universities.
- **Research**—academic research, focus groups, online surveys, and interviews.

Visit www.cutomorrow.org for more details.



About the Author



Ben Rogers

The author, Ben Rogers, is driver of the Filene Research Institute's CU Tomorrow project and director of the Institute's 30 Under 30 group. Ben is a former editor of The CEO Report and chairman of the National Directors' Convention. Ben holds a master's degree in journalism from Northwestern University and graduated cum laude from Brigham Young University with degrees in English and philosophy.

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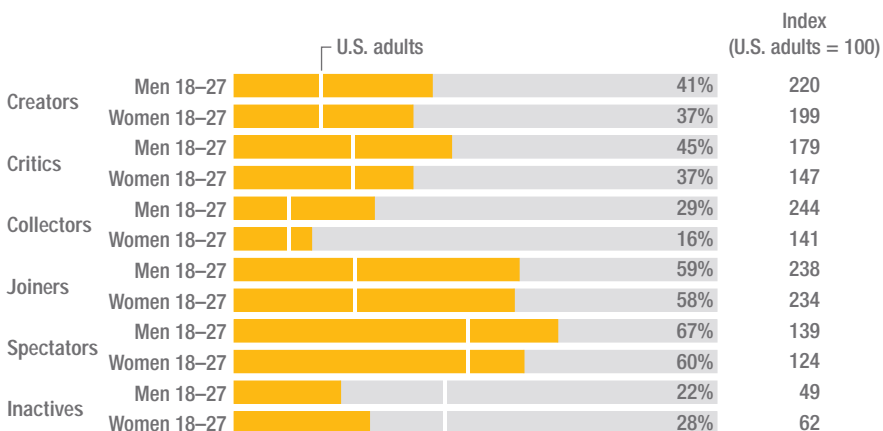
Connecting people online has become big business. Companies, including some credit unions, have captured the popular imagination by allowing users to write their own opinions, film their own antics, or leave very public comments on the Internet. This new trend, called “social media,” has become a powerful marketing tool. Used correctly, it can help attract young adults to credit unions and endear existing members to your institution. Used incorrectly, it can distract from more effective channels and give the illusion that your credit union is progressive.

Say the term “social media” in a crowded room and most minds will gravitate to the ideal of an earnest blogger, a Whitmanesque figure mixing opinion, fact, and whimsy from a dorm room or an airport terminal. But blogging is not the only social media tool. The Internet makes it very easy to connect with people online using tools like blogging, video and photo sharing, or electronic social networks. As credit unions consider how to best delve into social media, the temptation to launch a blog and attract a following is powerful. But it’s not always the right move.

Social media encompasses the new and emerging ways people can build relationships and interact with others on the Internet. The people can be perfect strangers who speak different languages and are meeting for the first time on a blog, or they can be siblings sharing pictures or videos. Or they can be members and potential members of your credit union.

For credit unions trying to attract and deepen relationships with younger members, the opportunity is clear though not necessarily simple to exploit: Young adults as a whole are far more likely than other online groups to use social media technologies (see Figure 1).

Figure 1: The Social Technographics Profile of Young Men and Women (Base: Online U.S. Adults)



Credit unions that can insert themselves effectively into the social mix of young adults stand to build more lasting, loyal, and profitable relationships.

It is not, however, as simple as launching a blog and waiting for loan applications to roll in. A successful social media strategy takes time, patience, and probably some marketing of its own.

Business First, Channel Second

Before you launch a blog called “AAA Credit Union,” you should define your business goals. Do you want to deepen relationships with existing young adults by offering timely and honest advice? Do you want to attract attention and perhaps new members by staging a clever campaign on a video-sharing site? Do you want to garner member feedback to improve existing products? Each strategy will call for a different approach, a different technology, and a different ROI.

“Don’t think about the technology [first],” urges Ron Shevlin, a blogger himself and senior analyst at Aite Group in Boston. Instead, “Ask yourself about the business problem. Putting the business first provides a mechanism for measuring your success.” So, a credit union aiming for profitability should launch a very different campaign than one that wants to attract new members. Shevlin also warns against using social media just because it’s perceived as cheaper.

Don’t just measure response rate or hits on your site, he says. Instead, judge your social media campaign as you would any other marketing job: Measure its effectiveness as a function of how many products it sells, how many members it attracts, or how much money it can save other departments, like a call center or help desk.

“The point is not to drive people to your blog; the point is to get people to do more business with your credit union,” says Morriss Partee, founder of EverythingCU.com, a networking site for credit union professionals. He sees particular opportunity for boards of directors to communicate about business decisions with members through social media. “The whole point of a credit union to begin with was that the board is just representing the factory. [Social media] is a logical extension of that original organization,” he adds.

In fact, traditional single-sponsor credit unions may have more success launching a blog or other social media campaign because the membership is close-knit and the individuals are more likely to know each other in the first place. Thus, word of the service can spread offline.

Even if you have close select employee group relationships, you should advertise any new social media initiative through your existing channels, like newsletters, direct mail, or outdoor advertising. Consider drawings and prizes as a way to encourage participation.

Know Your Audience

Bloggers are the most prominent members of the social media world. Influential names like Michael Arrington (techcrunch.com—technology), Markos Moulitsas (dailykos.com—politics), and Jim Romenesko (poynter.org—journalism) have each turned their industries inside out. Even the credit union system has found its own blogger voices with the likes of OpenSourceCU.com, one of the seminal credit union blogs; The Life and Times of a Credit Union Employee, by Robbie Wright, an employee at MaPS Credit Union; and dougtrue.net from Doug True, a senior vice president at FORUM CU in Indianapolis.

But bloggers are only the visible tip of the social media iceberg. They are the most vocal, but “creators” represent only 18% of online users (See Figure 2). Less visible, but more prevalent among online users, are those who respond in comments and forums to materials that bloggers and others create. More prevalent still are “spectators,” those who consume social media content but rarely chime in.

What’s the Message?

A cardinal social media mistake is to get caught up in the excitement of the technology without planning the right message first.

“The big unmet need in the marketplace is guidance on how to manage money. If you’ve got a lot of money, you have options to help you manage that money,” says Aite Group’s Shevlin. That leaves a hole in many markets for ordinary members who want basic advice on how to manage their money, he adds.

Many credit unions offer informal advice for members who ask. Social media and Web tools, like blogs or advice forums (see

Figure 2: The Social Media Hierarchy

| Hierarchy | Description | Number of online users |
|-----------|--|------------------------|
| 1 | Creators—Publish blogs, upload videos or original music, and generally seed much of the social media conversation. They can be individuals or organizations. | 18% |
| 2 | Critics—Comment on blogs or other content, rate products, and write informal reviews. Contribute to or edit articles in a help forum or wiki. | 25% |
| 3 | Collectors—Collect, save, and share interesting online information with bookmarks or using www.del.icio.us.com tags. | 10% |
| 4 | Joiners—Participate in social networking sites like MySpace, Facebook, and Friendster. This is a quickly growing group, and networking allows easy access to other social activities for budding creators and critics. | 25% |
| 5 | Spectators—Are the largest and most passive group. They read blogs, view videos, and consume online content, but rarely add any information of their own. | 48% |
| 6 | Inactives—Stay away from social media entirely. | 41% |

Source: Charlene Li and Josh Bernoff, *Groundswell* (Boston: Harvard Business Press, 2008), p. 43.

“Connecting Members” in the Case Studies section), give the credit union an inexpensive way to broaden the reach of that advice and become a more trusted advisor.

The greatest opportunity lies not with formal investment advice, which requires a license, fiduciary duty, and a lot of research. Rather, consider making the credit union a source for fresh money management advice around the following topics:

- Balancing a checkbook
- Building an emergency fund
- Judging loan offers
- Paying down revolving debt
- Deciding how much to save
- Finding consumer-friendly local deals

Don't use the posts to flog credit union products or services. Instead, outline smart financial habits and let members decide for themselves. Even linking members to good financial advice from other blogs around the Web—like getrichslowly.org and youngmoney.com—can be an effective way to help members and make your site worth visiting. Content from other sites should always be attributed and preferably hyper-linked to the source.

“With more than 70 million active blogs in the world, we don't need another vanilla corporate blog without a purpose. Don't be scared to alienate. If your blog lacks focus and is interchangeable with all other credit union blogs, why put in the effort?” asks Jeffrey Pilcher, author of the Financial Brand Blog and CEO of brand consultancy ICONiQ.

Product Is Secondary but Essential

ROI is important, but members won't come back to your site if you're simply using social media as an advertising channel. Credit union products and services shouldn't be the focus of a social media campaign, but they should remain in the picture. By creating a compelling and trustworthy place for members to learn about money, you can increase the amount of time and attention they pay to the credit union. With more time and attention, your products can gain more consideration.

Include surreptitious but constant marketing of a gateway product as part of your social media campaign. If you want to be *the* local leader in auto loans, your online efforts might entail spotlighting the best local car deals of the week. But make sure those deals truly are deals and not just one more marketing channel for a dealership. A service like this pairs well with a “no-hassle” or “guaranteed best rate” auto loan.

The much-hailed Young & Free Alberta (youngfreealberta.com) revolves around the musings and smart commentary of Larissa Walkiw, an employee hired by Alberta's Common Wealth Credit Union to spread the news about free things in Alberta. Information about Common Wealth's "Free Chequing" is always in the background of Larissa's blog, her fan site on Facebook, and her video updates.

Make it easy to apply online for the product you're describing. Even if you can't open a brand new account online or process a membership application online, at least allow interested users to begin an application or leave contact information on your Web site.

It's Not About Us . . .

Evaluating the potential of social media technologies to catch on and sustain members' interest requires you to ask:

- Is it easy to sign up for? Most blogs allow you to leave comments by entering your name (or a pseudonym), your e-mail address, and a token that helps keep out "comment spam." Anything more, and casual visitors are likely to drift away.
- Does it shift power from the credit union to the member? If the tool adds value to members' financial lives, it's more likely to succeed. If it's launched as just another marketing channel for the credit union, it will struggle or fail.
- Does the community generate enough content to sustain itself? Any social media venture will need steady attention from the credit union, especially at first. You've reached a critical milestone, though, when community members contribute without prompting.¹

Available Media

Only after you've defined a business objective is it time to decide on the right social media format:

- Blog—Often written in the first person and with an informal tone, this tool allows one writer or a team to publish information online. At credit unions, this can take the form of an employee blog, where the credit union's leadership shares thoughts and information about the institution itself. More compelling, though, is a blog supported by the credit union that shares insights and sounds off on a topic close to the company's core values: thrift, saving, financial planning, etc. Popular platforms include blogspot.com and wordpress.org.

1 Charlene Li and Josh Bernoff, *Groundswell* (Boston: Harvard Business Press, 2008), p. 36.

- Advice forum—Perhaps the most promising format for a credit union’s purposes, an advice forum allows a credit union executive with an engaging style to solicit member questions and answer them online for all to see. Even better, partner with a local newspaper or media outlet to provide that advice free to its readers, which in turn can drive new members to the credit union.
- Hosted network—Like a forum, this allows members to interact with one another through a service on the credit union’s Web page. Users can react to information posted or share their own thoughts, pictures, and tips. Ning.com is a popular (and free) program. See MidState Educators CU’s stressfreewallet.com or CUNA’s yescucommunity.com for examples.
- Separate network—Putting up a credit union page on Facebook or MySpace has become popular, but the business benefits are elusive. If you insist on a presence there, give members a reason to “friend” you or visit your page by offering, for example, giveaways or information on local deals.
- Ratings—Services like Amazon.com and eBags.com have long allowed customers to rate their wares, which builds trust and—research shows—more business.² Allowing members to rate credit union products and post public feedback encourages greater interaction and (if your products and services are good) allows your members to market for you. See “Public Online Reviews” in the Case Studies section.
- Twitter feed—Twitter is like blogging . . . on speed. Twitterers post thoughts and links (and often banalities) in 140 characters or less, which are then distributed to a network of friends, called “followers.” Users choose to follow you to receive your updates. Twitter and its rivals, Tumblr and Pownce, are not yet widespread, but they are increasingly grabbing attention and could be a more accessible (and constant) form of blogging for mainstream young adults. For example, David Klavitter, CUNA’s vice president of editorial communications, posted continuous Twitter updates during the 2008 Democratic and Republican national conventions.
- Video posts—YouTube and similar sites have made it cheap and easy to upload video about nearly anything. It doesn’t hurt to have your regular TV commercials there, but don’t be surprised if you’re the only one watching them. If you are intrigued by the potential for video, consider a competition among members for the best homegrown advertisement for why they love the credit union. See Young & Free Alberta’s excellent video here: www.youtube.com/watch?v=cawzTSVTP2M.

2 Li and Bernoff, *Groundswell*, pg. 27.

- RSS—RSS (really simple syndication) is a family of Web formats that allows users to publish frequently updated works such as blog entries, news headlines, and podcasts in a standardized format. The software refreshes the feeds continually, and consumers can bring in information from a variety of news sites, blogs, and other Web pages.

Today, only 1 in 12 Americans say they use RSS,³ but it is becoming an increasingly important technology for distributing information. In addition to basic tasks like pushing new blog entries to subscribers' accounts, RSS allows interested parties to receive announcements and information from your credit union. Consider this format for publishing CD specials, selective announcements, or interesting newsletter stories.

Who's in Charge?

More important than technology, and perhaps even more important than topics, is the decision about who should run the social media at your credit union. It's psychologically easier for consumers to interact with other individuals rather than a company online, says Morriss Partee of EverythingCU.com. If you decide to blog, make sure your author is well identified and writes in the first person.

In an online post titled "This Social Media Stuff Is Serious Business," Tim McAlpine, president of British Columbia–based Currency Marketing, has the following advice for credit unions: "Recruit a strong writer or group of writers and give them free rein to express real opinions. Don't impose stringent editorial guidelines. Whether they are employees, contest winners or members of your credit union and community, let them do their thing."⁴

What to Measure

Tracking the adoption and results of CU Tomorrow business briefs is essential. If you launch a social media venture in any form, please do these three things:

1. Monthly: Track the number of members who join or otherwise interact with your site.
2. Monthly: Track the number of new memberships or product relationships tied to your social media efforts.
3. Send monthly tracking results to Ben Rogers at benrogers@filene.org.

3 Li and Bernoff, *Groundswell*, p. 32.

4 currencymarketing.ca/blog/the-credit-union-social-media-articles-and-white-papers-are-coming.

Cold Hard Facts

- Thirty-five percent of online communities studied recently by Deloitte Consulting LLP, a subsidiary of Deloitte Touche Tohmatsu, have fewer than 100 members; less than 25% have more than 1,000 members. About 30% of the businesses Deloitte studied have only one part-time worker in charge.⁵
- The most popular social media activities among U.S. adults break down as follows:
 - 29% of Americans watch online videos at least monthly
 - 28% read online forums or discussion groups
 - 25% visit social networking sites
 - 25% read customer ratings/reviews
 - 25% read blogs⁶
- In a list of the 20 most visited Web sites in the United States, social media sites score very well: MySpace.com (#3), YouTube.com (#4), Facebook.com (#5), Blogger.com (#12), Photobucket.com (#16), and flickr.com (#19).⁷

5 "Mobile Web Is Gaining Traction," *Wall Street Journal*, July 22, 2008.

6 Li and Bernoff, *Groundswell*, p. 42.

7 Alexa Rankings, www.alexa.com/site/ds/top_sites?cc=US&ts_mode=country&lang=none (retrieved September 18, 2008).

CASE STUDIES

What Are You Saving For?

Members Credit Union (\$204 M)

Winston-Salem, North Carolina

www.whatareyousavingfor.com

Matt Davis, director of public relations at Members Credit Union, has launched two social media ventures at his credit union. In one, members and non-members alike compete in a weekly pool to pick the winners of NFL football games. Winners receive prizes like team jerseys and outdoor grills. In the other, members sign up at www.whatareyousavingfor.com

and enter a savings goal, which they can share with other members and friends. Savers can win prizes based on deposits. The credit union payoff: Davis gets an up-to-date e-mail database.

Despite the innovative ideas, Davis has to work constantly to keep members engaged. He gives out T-shirts, hoping members will become walking billboards. He sends out a weekly video update announcing the football pool winner. "More than anything, though, I think to promote a social media site on the cheap you must

be heavily involved in social media outside of your own site. Not only does this give you good information for content, but with every successful extraneous comment or post you encourage more people to be interested in what you are doing. Don't be salesy, just be involved," he says.

Public Online Reviews

America First Federal Credit Union (\$4.3 B)

Ogden, Utah

www.americafirst.com/reviews/

America First FCU follows Amazon, Apple, and a growing cohort of Internet-based retailers in letting members comment about its products. "We were nervous that all we were going to get was complaints," says Rich Syme, senior vice president of electronic services. "We didn't want to air dirty laundry, but once we saw what we were getting [in a beta test] we were very comfortable with it," he says.

The service has been especially useful as America First has rolled out mobile banking, says Tammy Gallegos, vice president of service quality at America First. After receiving negative reviews and hearing complaints from disappointed users, some of whom didn't like the functionality and others who were restricted because of their mobile carrier, the credit union responded by explaining the changes.

America First can't calculate an exact ROI, Syme says, but the service is aimed at listening to members, improving member satisfaction, and getting suggestions—and not aimed at attracting new members. But attracting members can't hurt: Users can click to share good (or bad) reviews on popular social media sites like Facebook and Digg.

Connecting Members

MidState Educators Credit Union (\$75M)

Columbus, Ohio

www.stressfreewallet.com

For proof that you don't need a huge budget to dip your toe into social media, consider MidState Educators CU in Ohio. MidState has launched Savings Challenge, in which three member families compete to save the most money in a certain period of time. The winner gets \$500 and the two runners-up receive \$250 apiece.

Unlike larger credit unions that have teamed up with local TV stations, MidState has invited participants to interact in an online community the credit union built through ning.com. The site costs only \$20 per month, and members are encouraged to share their thoughts and their progress during the competition.

In two months, the credit union has attracted 25 users and hopes to eventually grow that number to 400 or 500 (out of a membership of 16,000), says Danielle Chatfield-Beres, MidState's director of community affairs. Chatfield-Beres keeps the product tie-ins vague for now as she attempts to grow the site as a place for tips on managing finances. Her long-term goal is "much more about overall financial health and education than it is about sales. In theory, those with a real relationship with other members, those will be stickier members," she says.

Young & Free Texas
Texas Dow Employees Credit Union
(\$1.3B)
Houston, Texas
www.youngfreetexas.com

Texas Dow Employees Credit Union (TDECU) is the first American credit union to launch a follow-up to the popular Young & Free Alberta campaign. The Young & Free campaign (www.youngfreetexas.com) entails an online video competition for the most dynamic spokesperson, who is then hired for a year, given cameras, a computer, and a TDECU car to spread the news about everything free in Texas—including the credit union's GO2 account.

Once hired, the spokesperson will represent TDECU at events that attract young adults in the credit union's market. Traveling and meeting people will provide fodder for the Young & Free Texas Blog, Twitter updates, photos, and videos. As the credit union builds a community around the spokesperson's work, the GO2 account, which offers free checking and access to 32,000 COOP ATMs, will always be in the background. TDECU plans to add student

loans and low-rate credit cards to the mix soon.

Focusing attention on something besides the credit union was essential, says Trey Reeme, who leads the Young & Free initiative at TDECU. "Especially in a turbulent economy, people are looking for ways to not spend as much," he says. The credit union will keep its products available, but the focus will be on deals, saving, and what thrift looks like today.

TDECU will measure success by how many new accounts are opened by 18-25-year-olds and by increases in the credit union's wallet share among the group, says CEO Ed Speed.

"Credit unions have a tough time accepting the notion of segmentation, that different people need to be spoken to in different ways, whether that's middle-class women, youth, or Latinos. Different people want to be talked to in different ways," Speed says.

The Young & Free program was developed by Currency Marketing, of Chilliwack, British Columbia.

Look Who's Already Doing It⁸

| | |
|--|--|
| Carolina Postal Credit Union, I Love My Hoopy Blog | ilovemyhoopy.blogspot.com/ |
| Forum Credit Union, Unofficial Spokespeople Blog | forumunofficialspokesperson.blogspot.com/ |
| Hamilton Community CU Blog | hccu.blogspot.com/ |
| Hopewell Federal Credit Union's Blog | hopewellfederal07.wordpress.com/ |
| Piedmont Credit Union, Member Connect | piedmontcu.wordpress.com/ |
| Tech CU, Money Savvy | techcublog.com/ |
| The Addison Café | theadisoncafe.com/ |
| The Boardcast by UFirst | www.theboardcast.net/weblog/ |
| UTFCU Rocks | www.utfcu-rocks.com/ |
| UWCU Source Code, The Web Branch Blog | blog.uwcu.org/sourcecode/ |
| Vancity's Change Everything Community | www.changeeverything.ca/ |
| Verity Credit Union, Our Voices Blog | blogveritycu.com/ |

Social Media Jargon and Resource List

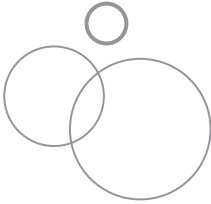
Blog—Short for “Web log,” blogs allow users to post a journal with the author’s thoughts on anything. Think of it as a mix between a news story, an op-ed, and a diary. “Blogsphere” is a term for the conversation that ensues as bloggers insert hyperlinks that send users to more information and other blogs about a topic.

Social media—Social media is the use of electronic and Internet tools for the purpose of sharing and discussing information and experiences with other human beings. The term most often refers to activities that integrate technology, social interaction, and the construction of words, pictures, videos, and audio.⁹

Social network—Well-known examples of social networks include Facebook and MySpace, where users can connect with friends and share information like photos, messages, and links to interesting information elsewhere on the Web.

Wiki—A document available to the online public or a select group. Many users update and edit the document.

9 http://en.wikipedia.org/wiki/Social_media.



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