

**MICHIGAN CREDIT UNION LEAGUE (MCUL)
CU DIFFERENCE COMMITTEE
NOVEMBER 10, 2010
MINUTES**

I. CALL TO ORDER

The meeting was called to order at 10:00 a.m.

II. ROLL CALL

CU Difference Committee members participating were: Heather Bade, Chris Overbeek, Eric Rothert, Fred Schuster, Eric Sheldon, Jennifer Shew, and Lauren Vance.

The following MCUL/CUcorp staff also participated: Dave Adams, Maureen Lafrinere, Lee Ann Mares, and Glenn Ray.

The following Committee Members were absent: Darren Cameron, Dennis Christensen, Karen Church, April Clobes, Philip Cooper, Jessica Diedrich, Sarah Ermatinger, Lisa Fawcett, Richard Gatiss, Carrie Iafrate, George Isola, Amy McGraw, Barb Ostroski-Enos, Cutter Phillips, John Rupert, Jerri Schmidt, Janet Thompson, and Scott Williams.

The following non-Committee members participated: James Bohler, Linda Hughey, Mary Lynch and Anne Winn.

III. MINUTES

IT WAS MOVED, SUPPORTED AND CARRIED to approve the September 21, 2010 Meeting Minutes as presented.

IV. REPORTS

MCUL President and CEO Dave Adams

Dave mentioned the Michigan Credit Union League is announcing a 35 percent dues reduction on MCUL dues. As we see success the board created an even greater value for league affiliation with services, advertising and reduced dues. The reduction equals \$600,000 total. For 2 years we gave a 25 percent reduction and this year will be a 35 percent reduction.

He encouraged credit unions to take the dollars from the dues reduction and put them toward the CU Difference Campaign especially if they aren't already participating. We had 60 percent participation in 2010 which is phenomenal. We only had 40 percent 5 and 6 years ago. The credit for the increase in participation goes to the credit unions for funding the campaign. We would like to get the participation up to 70 or 80 percent so spread the word about the value of the campaign.

Feedback on the spring campaign has been great. The quality of the ads is higher than ever. The consumer survey reinforces the increased advertising activity from the league and credit unions individually and the way credit unions serve their members.

The Save To Win program is a great program and we will continue to get credit unions to participate.

We will have a \$2 million spend in spring and \$1.4 million spend in fall giving us a \$3.4 million advertising spend for the year.

Dave thanked the participants for their time and contributions to the committee.

Consumer research reflects one important metric – the percentage of consumers who are aware, 77 percent this year where it was 40 to 50 percent in past years. With a couple of high quality ads we continue to see great results and improved perceptions from credit union members, which is not surprising, but also from nonmembers.

Through the second quarter membership has grown for Michigan credit unions. This is the first time in five years, and membership is up 15,000. Growth is strong. Michigan has the highest penetration rate in the U.S. with 44 percent. The top ten states are in the 20 to 30 percent range. With the CU Difference Campaign we can reach higher towards the 50 to 60 percent or higher range. We also have a huge educational need now with new lawmakers in Lansing. We need to expand our vision (funding) particularly with our advocacy efforts.

V. INFORMATIONAL ITEMS

A. Vote 4 the Best/mlive.com Results

Maureen Lafrinere gave an update on the Vote 4 the Best. There were a total of 3,090 entries with 1,183 opting in to receive more information about credit unions. Of the 1,183 275 were not currently credit union members with 891 already being members and 17 not indicating either.

There were 1,646 stories submitted for a chance to win an additional \$250. The winner was a member of Genisys Credit Union and received her prize during Credit Union Week.

Maureen also reviewed the chart reflecting total impressions and clicks on the www.mlive.com web site with the breakdown by market of the 3,433 entries with 321 who opted in for more information.

B. Fall Campaign

Both the Sprint and Save to Win campaigns launched November 8 with no credit union funding being used.

Michigan radio began on November 8 with both Save to Win and Sprint-focused Invest in America ads. The Save to Win Out Of Home campaign using Val-pak mailers and solo cards mailing are scheduled for November and December.

The national digital campaign was launched in October with advertising for Invest in America (overall), GM, Sprint, and ShopAmerica. There are display ads, streaming radio and Google, Yahoo, and Bing ads.

C. 2011 Campaign Plans

The spring campaign will run from about April until June. A \$1 million matching funds has been submitted as part of the budget with approval expected sometime in December or January. We are planning to continue using the 2010 theme with the same television and radio spots. We may possibly produce new radio spots.

We are currently working on revamping the lovemycreditunion.org web site with the Own Your Money theme and a launch date by January 3.

We hope to have another supplemental campaign in the fall of 2011.

D. Fund-raising Plan Update

The 2011 CU Difference contribution request will be included on the MCUL/CUNA dues invoice membership packet with a separate document for the CU Difference campaign included. The anticipated mailing date will be around Thanksgiving.

In December there will be an e-mail from the CU Difference Committee members to their chapters with weekly e-mails following in January. February will consist of a final follow-up and thank you e-mail with contact information for Maureen Lafrinere and their League Representative for more information.

January 31 will be the deadline for contributions to ensure the money will be matched.

E. Research

The online survey started in August with interviews conducted between August 20 and August 30. Of the 850 Michigan residents who responded, 419 were bank customers, 409 were credit union members and 24 were unbanked. The survey was statewide, random, well distributed and included the Upper Peninsula.

The methodology differed from past surveys. We used online rather than random phone calling and questions covered broader consumer issues so these results are not comparable to our previous surveys. The results showed a bigger opportunity going forward for the CU Difference Campaign.

First, a review of our strategy and goals for the campaign. With the current upheaval in the financial markets the government has bailed out many banks, some have been closed, and others are merging. Viral movements such as "Move Your Money" are gaining disciples, and people are realizing their money isn't as safe as they thought. This situation gives credit unions an opportunity to educate non-members on the relationships they have with their members compared to how bank customers don't see a relationship with their

bank. An overarching brand message is needed to help define credit unions in peoples' minds.

The research objective is to understand if consumers are understanding the credit union difference/own your money message by looking at their awareness, satisfaction, do they know everyone is eligible, and are they aware of the Invest in America discounts that were new in 2009.

Looking at unaided awareness, respondents were asked about their awareness of advertising for financial institutions in the past six months. There was 55% who recalled credit union advertising on an unaided basis. The online survey allowed respondents to select all that apply so the results added up to more than 100 percent where 69 percent recalled bank advertising.

More than half of the consumers recalled our new creative with new message ads this year and our campaign funding was the highest ever in 2010 with \$2 million.

In 2009, 26 percent mentioned credit union versus 18 percent in 2004. This was only for the first mention of credit union. Banks were recalled by 40 percent of respondents. Part of the increase can be attributed to new and more advertising and part to the difference in methodology. Total 2010 credit union advertising unaided awareness was 55 percent with 22 percent aided.

We asked respondents what advertising message they recalled with 41 percent stating "join a credit union" (used since 2005) and 14 percent recalled "own your money," which was new.

Comparing credit unions to banks, 61 percent reported an outstanding relationship with their credit union compared to 34 percent for bank customers. Credit union members have a 76 percent absolute confidence in their credit union versus 31 percent for bank customers. Of credit union members, 70 percent will definitely not switch from their credit union in the next year versus 31 percent of bank customers. Credit union members would recommend their credit union 95 percent of the time versus 83 percent of bank customers.

The survey results overall show the main reasons for choosing a financial institution are the office is close to home or work (19 percent), they offer free services (15 percent), and they have had a previous experience with the institution (15 percent). Bank customers, at 23 percent, most often cited close to work or home compared to credit union members at 13 percent. Credit union members' top reason was free services at 17 percent compared to bank customers at 14 percent. Bank customers sited previous experience with the institution at 16 percent compared to credit union members at 13 percent. Credit union members also cited at 14 percent that they were recommended by a friend. The biggest challenge for credit unions is the convenience to home and work. The radio spot could be geared around convenience for 2011.

Respondents were asked what type of institution would come to mind if they wanted to open a new deposit account. Over 49 percent said credit union (credit union members said it 89 percent compared to 26 percent of bank customers). In 2009 this same question netted an answer of 37 percent for credit unions.

The results netted that the most popular way to conduct business is with in-person transactions with the Gen Y and Gen X embracing modern banking technology.

Of the respondents, 62 percent agree that everyone is eligible to join a credit union. This has been a steady increase beginning at 29 percent in 2004 to 55 percent in 2009.

Of the Invest in America GM discounts, 29 percent of the 2010 respondents had heard of them where in the 2009 survey 36 percent had heard about the Chrysler and GM discounts. There were 9 percent of those respondents who used the discount to buy a vehicle and of those 9 percent, 88 percent financed their new vehicle through a credit union.

Overall the research indicates that the CU Difference Campaign is effective and is meeting its defined objects (awareness, deposit or loan consideration, and everyone is eligible).

Credit union members are already extremely positive about credit unions and bank customers are our best opportunity since 60 percent already would think of a credit union for a new loan, credit card or other financial product. Many are willing to switch institutions this year. Their main complaint about credit unions is that they think banks are more convenient. Mass advertising is crucial to reach these consumers.

Lee Ann Mares shared we should be pleased with the results. With our campaign and advertising spend we have made lots of progress. The key is to talk to people about funding for 2011. It takes money to build a brand and reputation. We are still up there in the top three which is significant compared to the different levels of spending.

It was noted that it would be good to contact members and get quotes/stories from them. Create videos and send to credit unions for their web sites.

It continues to make sense to invest in the CU Difference Campaign. We are making progress each year on consumer awareness, consumers are still unhappy with banks, and credit unions saw the first real growth in members in 2010 at 15,000. We had the largest ever media buy (\$2 million) and new Own Your Money message which is partly responsible for the positive results we saw this year. With banks having more money to spend on advertising they will work harder to rebuild their reputations.

VI. 2011 MEETING DATES

The Committee meetings scheduled for 2011 are on Tuesdays at 10:00 a.m. on the following dates: March 22, June 21, September 27, and November 8.

VII. ADJOURNMENT

IT WAS MOVED, SUPPORTED AND CARRIED by consensus to adjourn the meeting.