

CU Difference Study

An Online Tracking Study Among Michigan
Household Financial Decision-Makers

October 2015



- Between July 20 and August 1, 2015, a total of 1,896 surveys were completed by online panelists living in Michigan. This study is the fifth measuring the impact of the CU Difference Campaign, beginning in September 2011.
- The invitations sent out to participate in the survey were balanced by region¹ of Michigan, gender, and age, and the final data was weighted to be representative of the target population².

1. Note that since qualified respondents had to meet the qualifications above, the demographic mix of the final respondents does not necessarily match the demographic mix of the Michigan population as a whole. That is, household financial decision-makers who have an account at a financial institution are a subset of the total Michigan adult population.
2. Statistical testing was conducted at the 95% confidence level. Significant differences indicated only for credit unions and banks.



Methodology

- Quotas were set to obtain half of the completes with credit union members¹. Respondents had to meet the following qualifications:
 - Age 18 and over Michigan residents
 - Members and non-members
 - Primary or shared financial decision-maker
 - Not employed in a sensitive industry
 - Have an account with a financial institution

Respondents	2015	2014	2013	2012	2011
Total Sample	1,896	1,315	800	824	839
Age 34 and Younger	501	606	256	161	119
Age 35 and Over	1,395	709	544	663	720

1. However, before quotas were met, the incoming "mix" of members and non-members was examined, and the final data was "weighted" to ensure the final data was representative of Michigan households.



Respondent Characteristics



Respondent Characteristics

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Note that respondents must be household financial decision-makers to qualify. Thus, the demographic mix of the survey respondents is not expected to match the general population. Over the years, between 10% and 23% have refused to answer the question about household income. The percentages shown in the table are based only on those who answered.

	2015	2014	2013	2012	2011
Female	52%	53%	53%	55%	52%
Male	48%	47%	47%	45%	48%
34 and Younger	20%	19%	19%	19%	14%
35-44	18%	18%	18%	16%	13%
45-54	21%	20%	20%	30%	20%
55-64	20%	21%	21%	26%	24%
65 and Older	21%	22%	22%	26%	29%
COLLEGE GRADUATE	51%	54%	43%	29%	36%
CONSIDER CREDIT UNION PRIMARY FINANCIAL INSTITUTION	36%	36%	38%	35%	35%
HOUSEHOLD INCOME					
\$34,999 or Less	24%	21%	24%	25%	20%
\$35,000–\$49,999	18%	16%	17%	18%	20%
\$50,000–\$74,999	21%	26%	22%	24%	25%
\$75,000–\$99,999	16%	19%	16%	16%	18%
\$100,000 or More	21%	18%	21%	17%	17%

Respondent Characteristics

Social Media Usage

The tables here show the proportion using each of a number of social media applications.

- **82%** indicated that they use at least one social media application once a week or more often.
- **96%** of those 34 and younger used at least one application weekly compared to **78%** of those age 35 and older.

	2015 Total	2014 Total	2015 34 and Younger	2014 34 and Younger	2015 35 and Over	2014 35 and Over
Facebook	71%	69%	88%	83%	67%	65%
YouTube	35%	33%	52%	52%	30%	29%
LinkedIn	22%	24%	26%	30%	21%	23%
Pinterest	22%	21%	41%	32%	17%	18%
Twitter	18%	16%	35%	27%	14%	13%
Google +	17%	19%	19%	22%	16%	19%
Instagram	14%	14%	37%	32%	8%	9%
Not on Social Media	18%	21%	4%	7%	22%	24%

D1. Which social media applications do you use, if any? Please check all that you use at least once a week.

Note that these results could be skewed based on the survey methodology (online survey). A 2015 study indicated that 73% of adults have a social media profile.

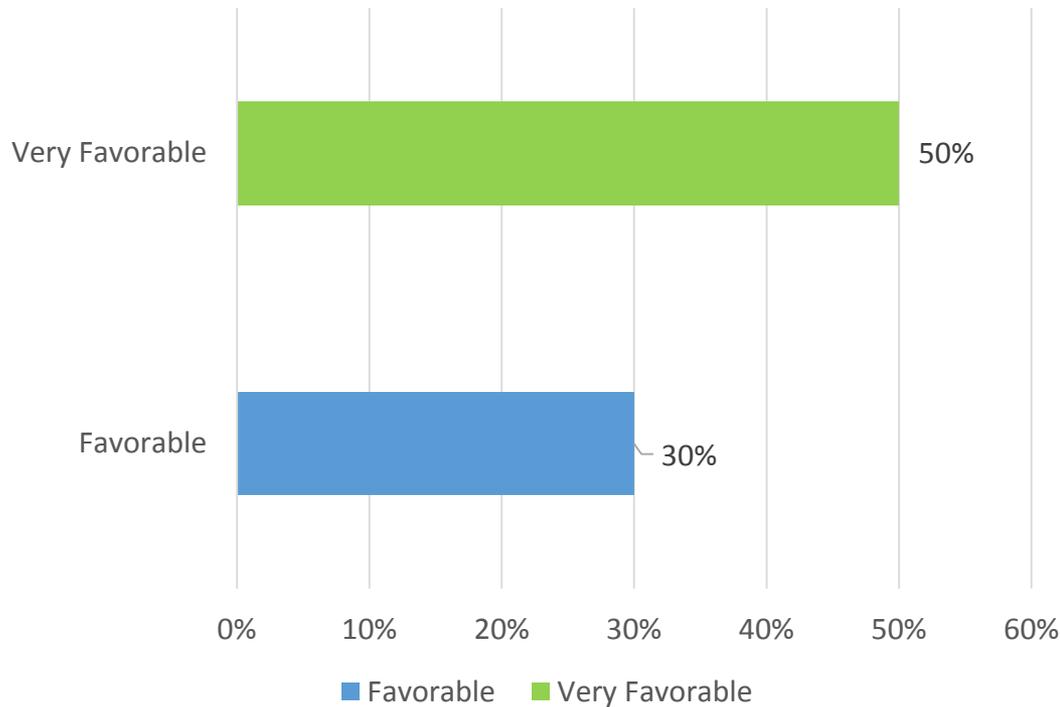
Current Perceptions



Consumer Perceptions

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Overall Credit Union Perception



Overall Perception

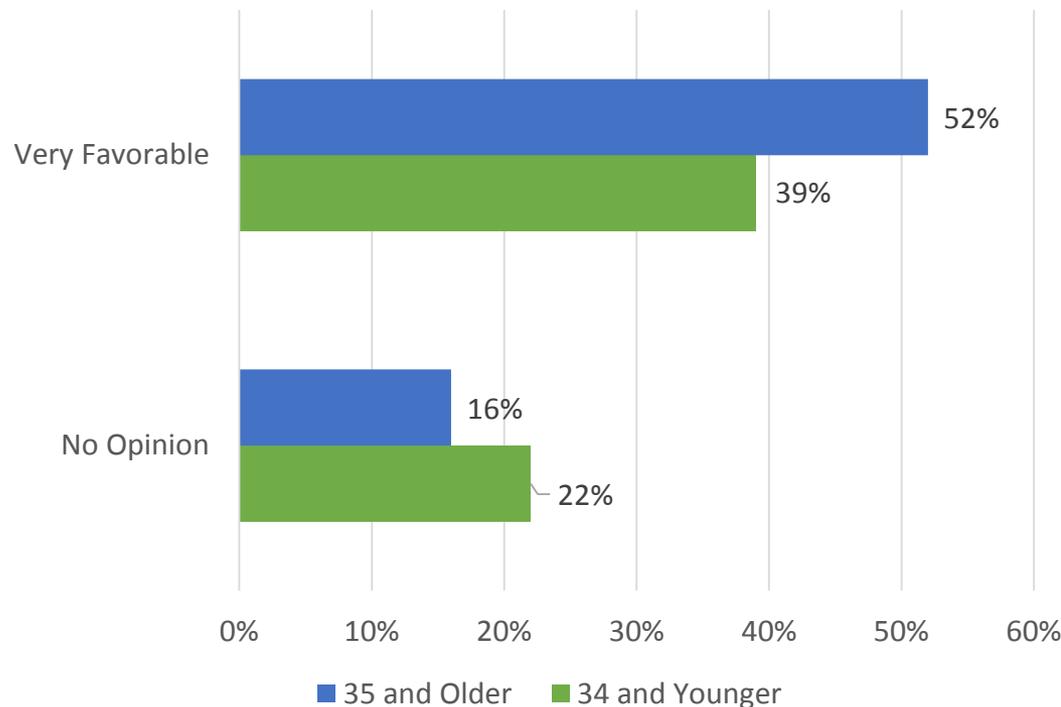
- **50%** of respondents gave a rating of “*Very favorable*” for credit unions (similar to 48% in 2014)
- **30%** gave a rating of “*Somewhat favorable*”
- Credit union favorability has remained steady over time
- Between 48% and 55% “*Very favorable*” since 2004



Consumer Perceptions

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Overall Credit Union Perception



Perceptions Based on Age

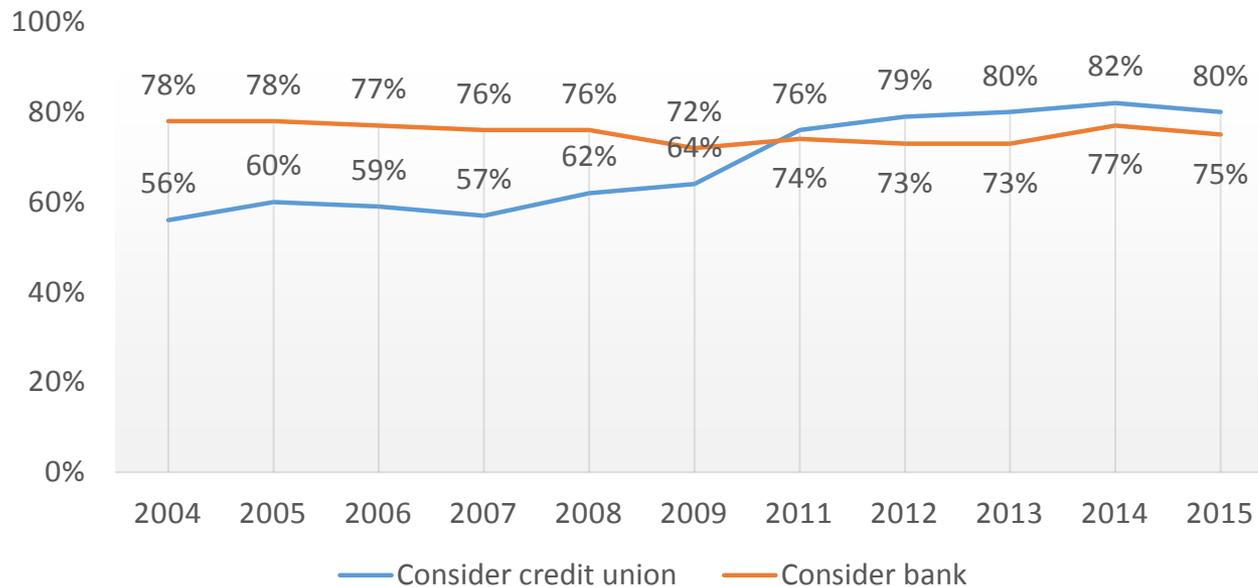
- The 34 and younger population was significantly less likely than those age 35 and Older to have a “*Very favorable*” perception of credit unions (39% vs 52%)
- However, the proportion with no opinion was significantly higher among those 34 and younger vs those age 35 and older (22% vs 16%)
- This notes an opportunity for expansion and defining the credit union difference to those without a preconceived bias



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Credit Union vs. Bank Consideration Tracking



- For many years, bank consideration exceeded credit union consideration, but this was significantly reversed in 2012, and credit unions have maintained a slight advantage since then.
- The gap between total consideration for a credit union and bank (five percentage points) was the same in 2015 and 2014.

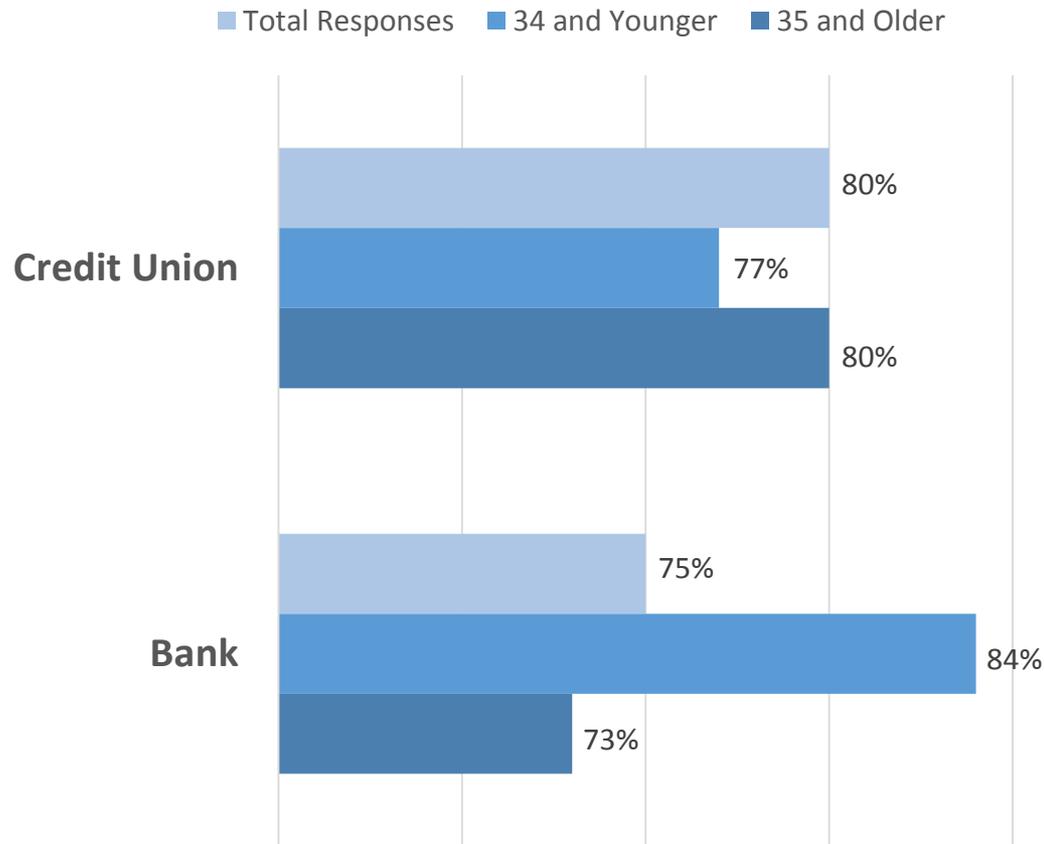
Q3. What types of financial institutions would you consider if you were looking for a new savings account, loan, credit card or other financial product today?

NOTE: Since qualifications to participate in the survey differed somewhat in 2010, the results for that year are not shown here.



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Customers' Willingness to Consider a Primary Financial Institution

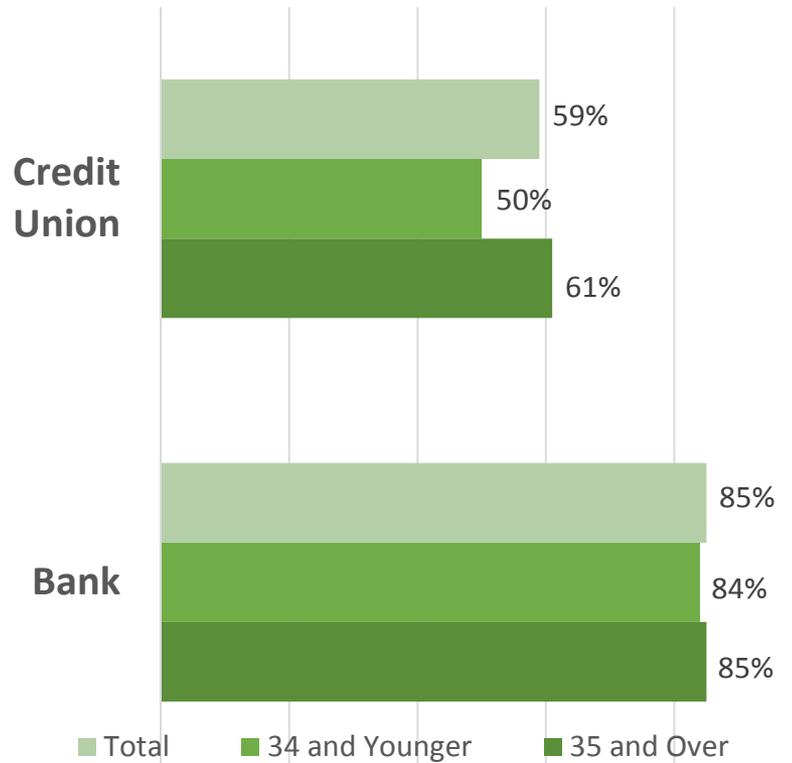
When asked (on an “unprompted” basis) which type of financial institution first comes to mind when looking for a new account, 40% mentioned credit union in 2015 (similar to 41% in 2014), while 50% mentioned bank (similar to 52% in 2014).



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Current Customer Accounts (2015)



- **85%** currently have at least one account with a bank
- **59%** currently have at least one account with a credit union
- Proportions with an account at a bank and credit union have been stable over the past 5 years

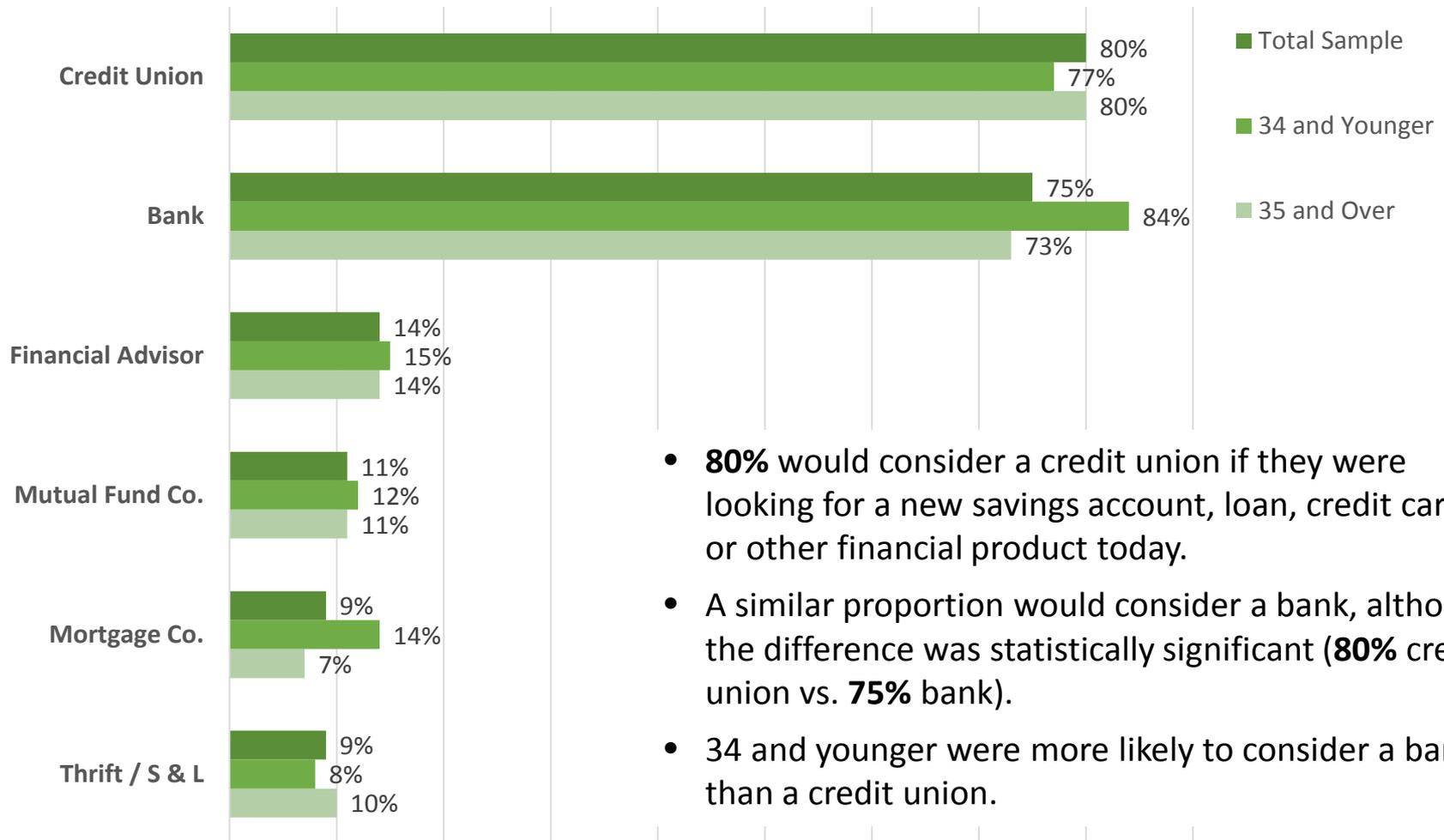
When asking decision-makers about all types of institutions they would consider (unprompted):

- **80%** mentioned credit union (*82% in 2014*)
- **75%** mentioned bank (*77% in 2014*)
- The proportion willing to consider a credit union (80%) was substantially higher than the proportion who are currently members of a credit union (59%).
- *This implies an opportunity for growth.*
- The proportion willing to consider a bank for a new account in the future (75%) was lower than the proportion who currently have a bank account (85%)



Respondent Characteristics

Institution Types Respondents Would Consider *(if Needed)*

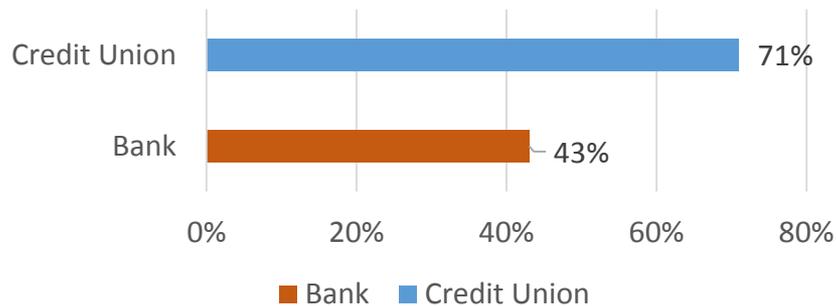


- **80%** would consider a credit union if they were looking for a new savings account, loan, credit card, or other financial product today.
- A similar proportion would consider a bank, although the difference was statistically significant (**80%** credit union vs. **75%** bank).
- 34 and younger were more likely to consider a bank than a credit union.

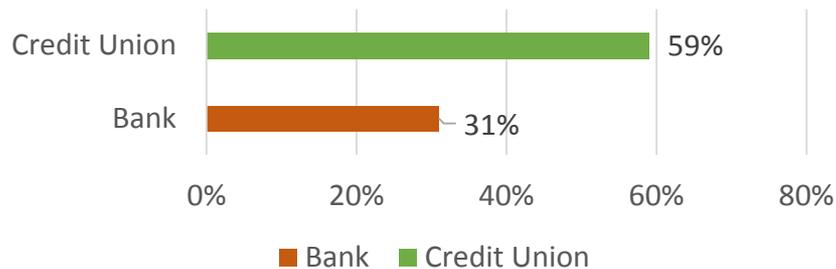
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Favorability



Trust



Primary Financial Institution (PFI) Rankings

Credit Union vs Bank: Favorability Ranking

- **36%** consider a credit union to be their PFI
- Among those, 71% in 2015 were “*Very confident*” that their credit union is the best place for their financial needs
- In contrast, *only* 43% were “*Very confident*” that their bank is the best place for their financial needs

Credit Union vs Bank: Trust Ranking

- 59% “*Trust entirely*” that their credit union is doing what is in their best interest
- In contrast, *only* 31% entirely trust their bank



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How are Credit Unions Different from Banks?

Respondents wrote in a description¹ *“in their own words.”* Being “member owned” remains the most commonly mentioned difference between a credit union and a bank. Credit unions having better rates and lower fees were the next most often mentioned differences.

Top 10 Differences Between Credit Unions and Banks. Credit unions are...	2015	2014	2013
Member owned	40%	42%	49%
Have better interest rates	17%	14%	12%
Have lower fees and charges	10%	13%	12%
Are more personal or friendlier	7%	8%	5%
Are non-for-profit	7%	5%	7%
Have restricted membership or are private	5%	6%	6%
Not subject to the same regulations as a bank	5%	6%	4%
Are local / do not offer as many branches and limited ATMs	5%	5%	4%
Vote for directors or members have a “say”	3%	3%	2%
Are more likely to offer loans or easier credit	3%	2%	3%

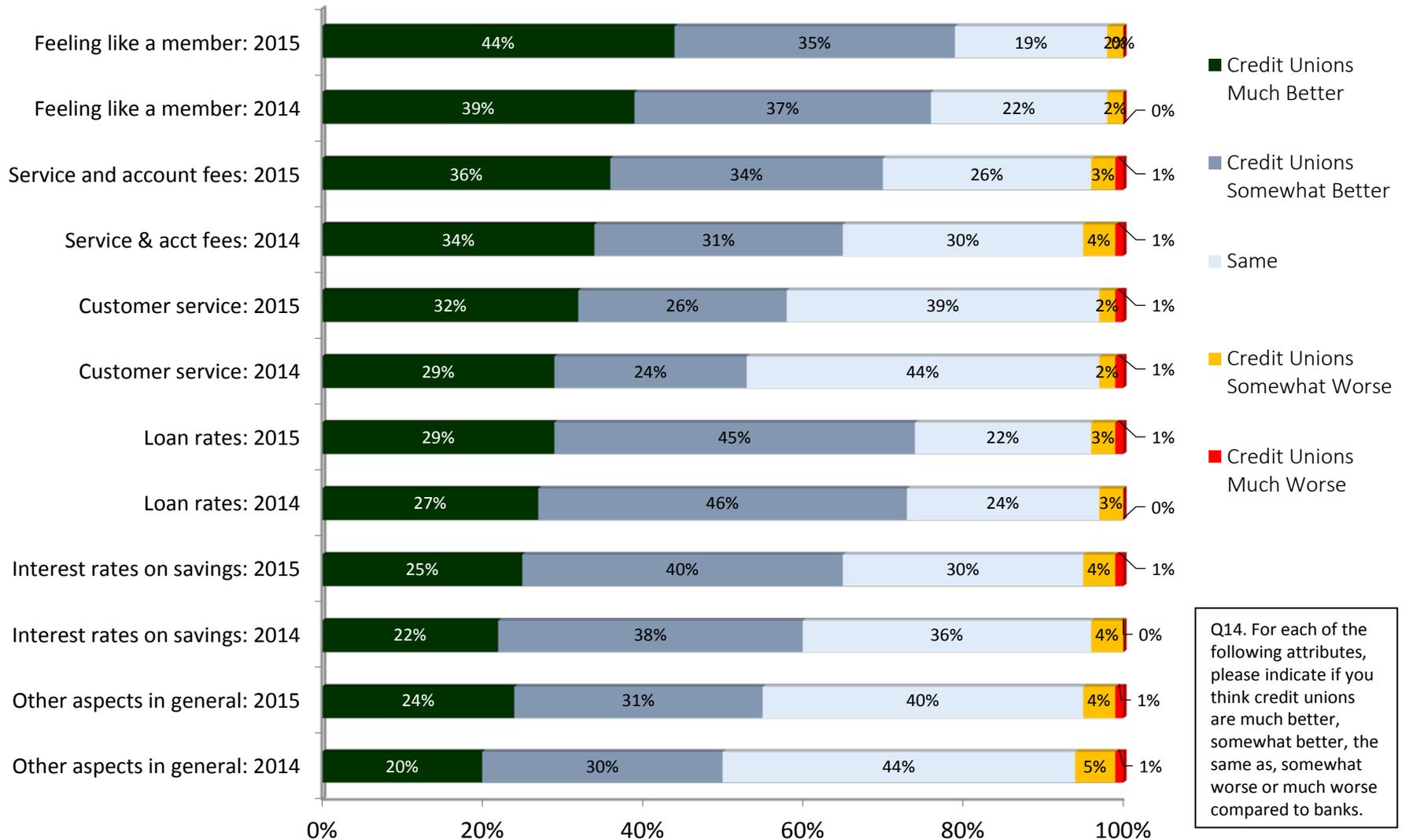
¹ Later the comments were read and “coded” according to common themes. The table below shows the “coded” results.



Consumer Perceptions

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Credit Unions Compared to Banks – 2015 vs. 2014



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Obstacles to Considering Opening New Account at a Credit Union

Among those less than “*Somewhat Likely*” to consider a credit union, inconvenient branch and ATM locations, along with the number of branches, were the most common obstacles to credit union consideration. Many of those who selected “*Other*” explained that they did not have a need, they were not interested or they were happy with their current institution.

Top 10 Obstacles to Joining a Credit Unions Are...	2015	2014	2013
Inconvenient branch locations	38%	35%	44%
Not enough branches	33%	31%	44%
ATMs are inconvenient	25%	30%	31%
Don't have the type(s) of accounts I need	19%	15%	12%
Not eligible to join	16%	16%	19%
Don't know where the credit union is located	16%	11%	25%
Don't have the types of services I need to access my account	12%	16%	15%
Rates are not competitive	12%	10%	8%
Other	22%	24%	12%

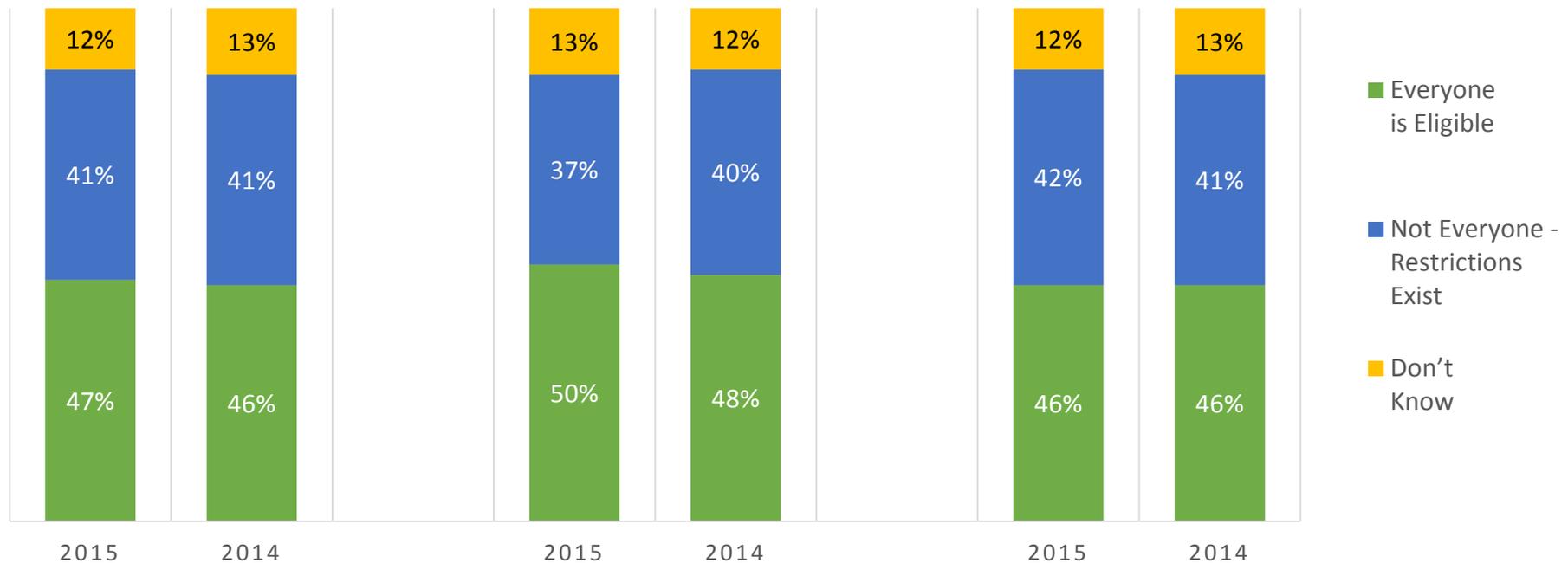


¹ Later the comments were read and “coded” according to common themes. The table below shows the “cod

Consumer Perceptions

Eligibility to Join a Credit Union

- **47%** felt everyone is eligible to join a credit union
- Based on a separate analysis (not shown in chart), more than half (56%) of Grand Rapids DMA consumers think everyone is eligible to join, significantly higher than the Detroit DMA (43%) and other parts of Michigan (48%)
- Credit union members were more likely to feel everyone is eligible compared to non-members (52% vs. 40%, – not shown in chart)



Q.9 To the best of your knowledge, is everyone eligible to join a credit union, or are there restrictions regarding who can join?

Advertising Awareness



Advertising Awareness

Where do you recall seeing or hearing any advertising about credit unions within the past six months?

- Advertising source recall was highest for television and radio. Although the 2015 MCUL campaign did not include television advertising, respondents may have seen advertising for specific credit unions on television.
- Recall of credit union radio advertising declined in 2015 compared to 2014. Even though a higher proportion of the CU Link advertising budget was allocated to radio in 2015 than in 2014, the results here are likely impacted by the actions of individual credit unions.
- Those who use social media were more likely than others to recall digital ad or digital video as a source. For example, among Instagram users, 20% recalled digital ads and 7% digital videos about credit unions.



Messaging Consistency Pays Off

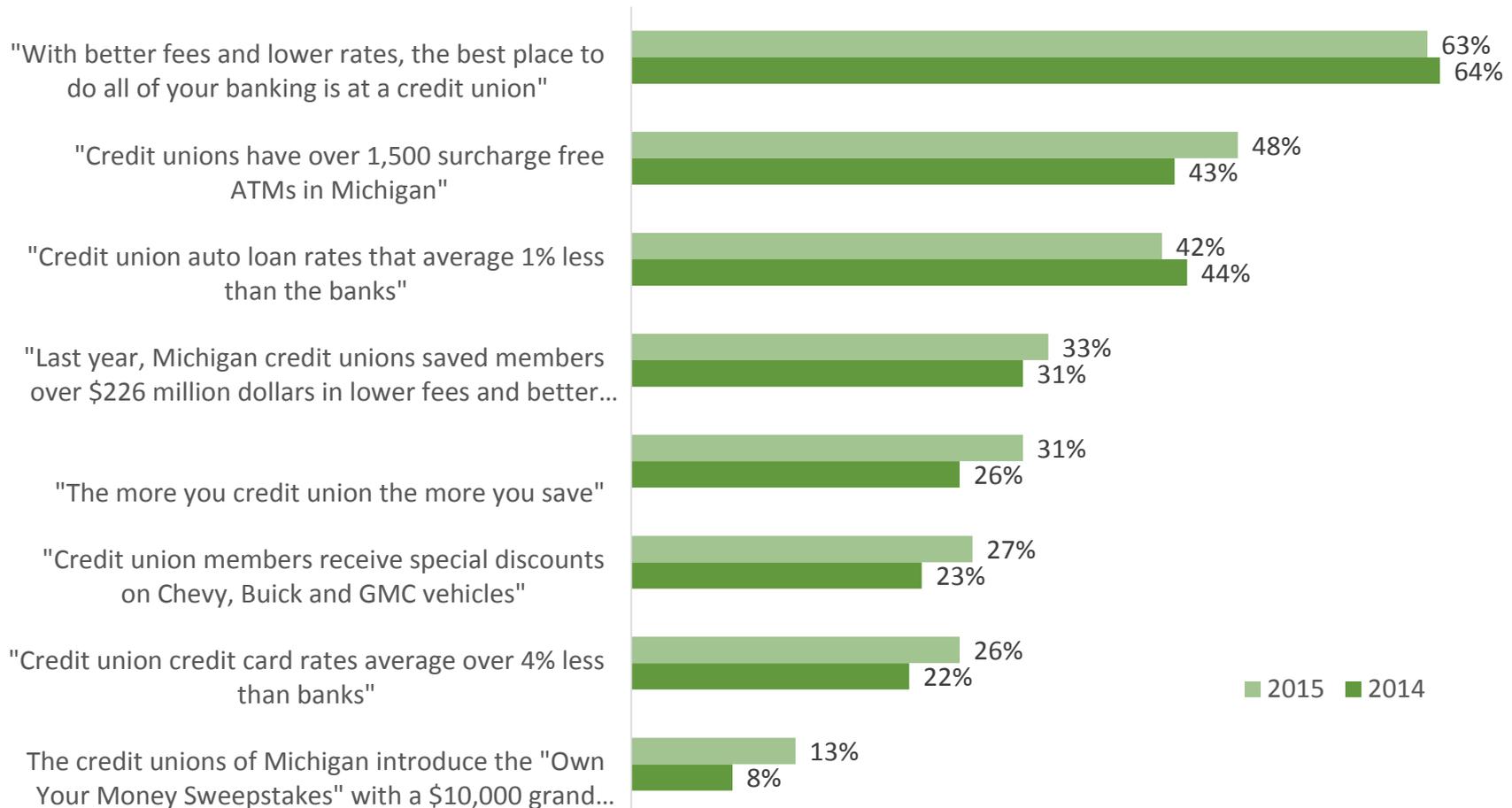
- **86%** felt that credit unions are different from banks in 2015 (83% in 2014)
- Key areas on which credit unions were often perceived as better than banks were:
 - **79%** Feeling like a member
 - **74%** Lower interest rates charged for loans
 - **70%** Fewer service/account fees
 - **65%** Higher interest rates on savings and investments
 - **58%** Customer service
- Among 8 campaign messages tested, the one recalled most often was *“With better fees and lower rates, the best place to do all of your banking is at a credit union.”*
 - **63%** Response rate in past 6 months of 2015 (64% in 2014)
- Other messages recalled include:
 - **48%** Response rate “Credit unions have over 1,500 surcharge-free ATMs in Michigan”
 - **42%** Response rate “Credit union auto loan rates that average 1% less than the banks”



Advertising Awareness

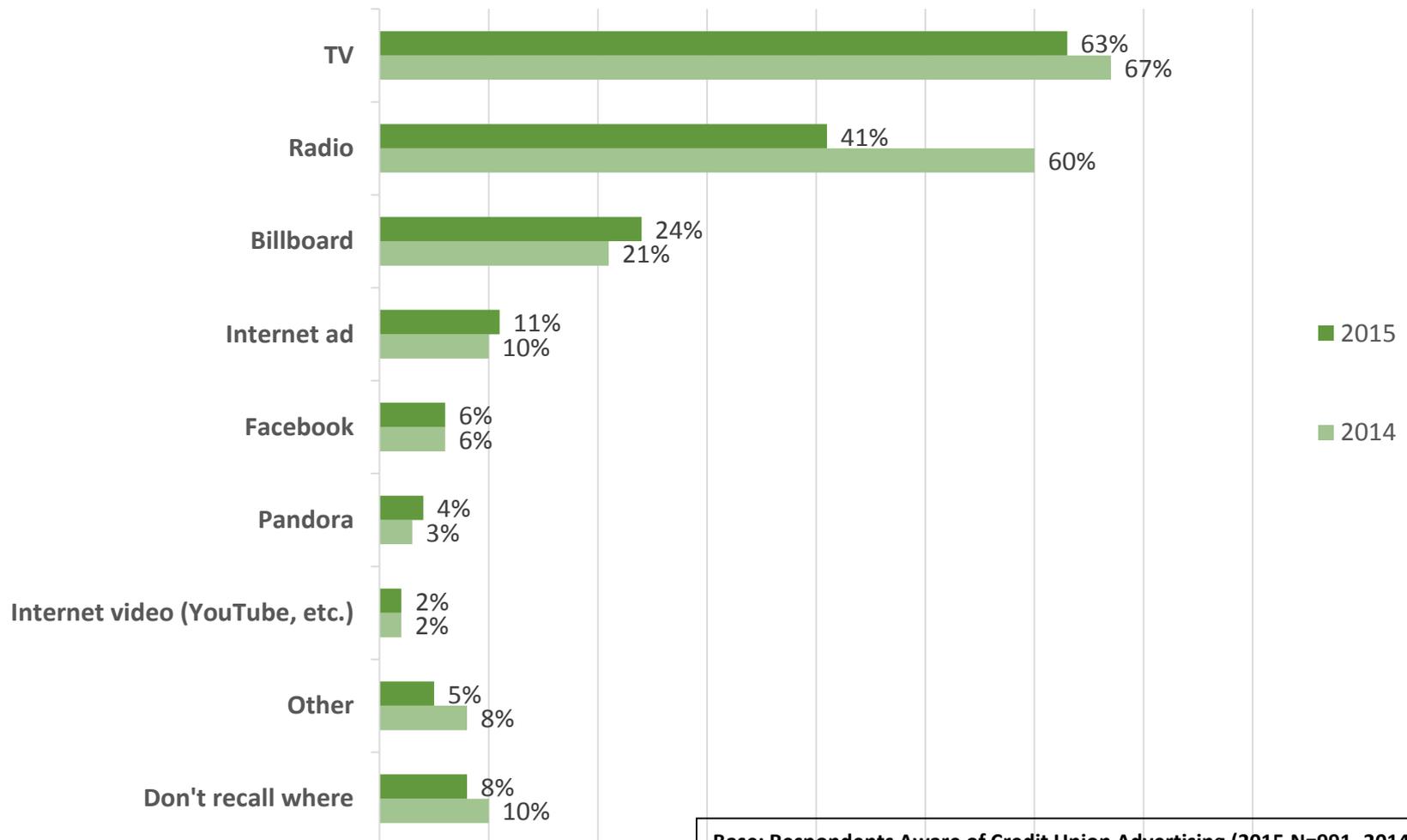
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Messages Seen / Heard (If Aware of Credit Union Advertising)



Advertising Awareness

Source of Credit Union Advertising

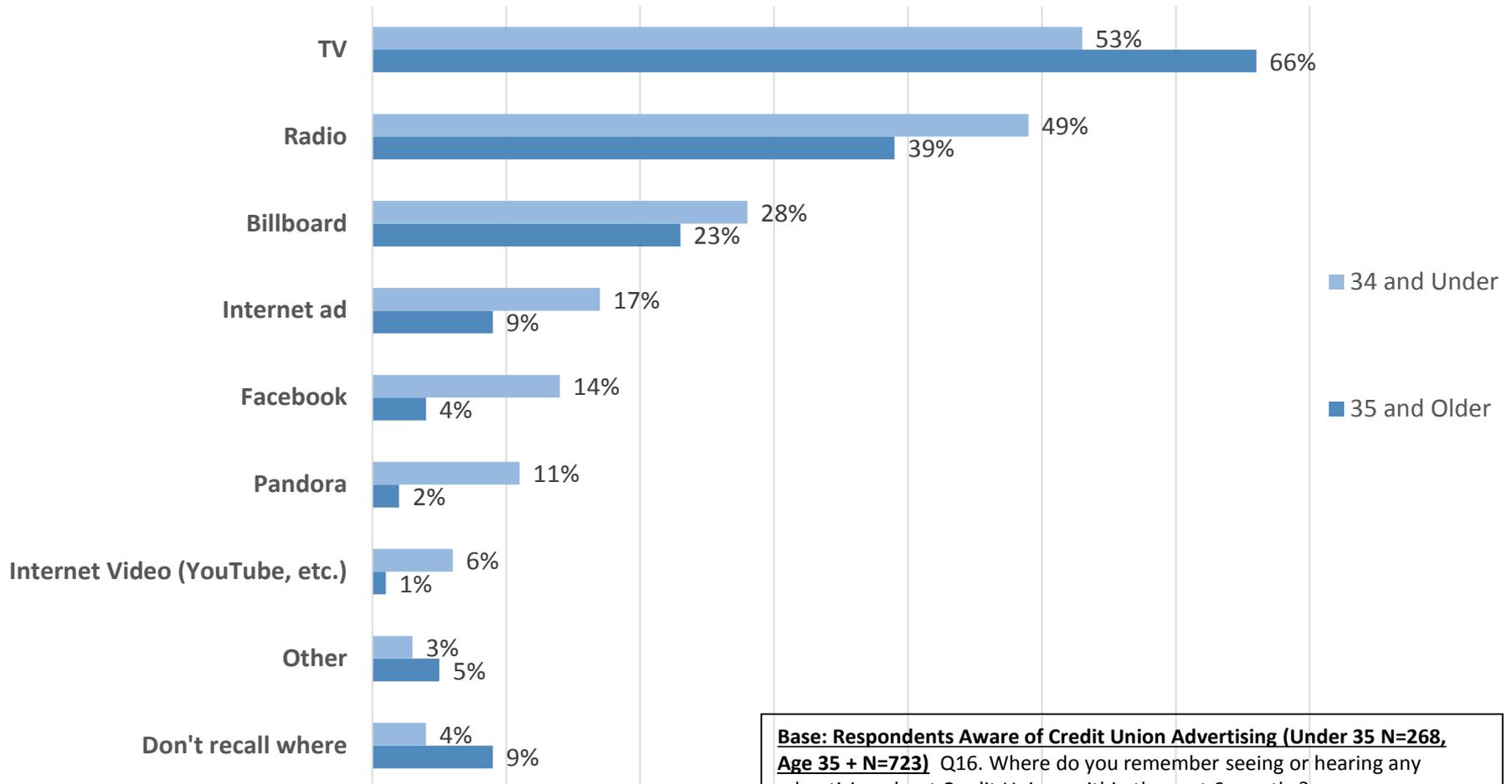


Base: Respondents Aware of Credit Union Advertising (2015 N=991, 2014 N=800) Q16. Where do you remember seeing or hearing any advertising about Credit Unions within the past 6 months?

Advertising Awareness

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2015 Ad Source By Age Group



Base: Respondents Aware of Credit Union Advertising (Under 35 N=268, Age 35 + N=723) Q16. Where do you remember seeing or hearing any advertising about Credit Unions within the past 6 months?

Opportunities with Consistent Messaging and Advertising

- The proportion “*Very Likely*” was significantly higher among those who recalled credit union advertising in the past 6 months (53% if recalled vs 34% if not).
 - Although this does not definitively prove a cause and effect relationship between advertising and consideration likelihood, it is encouraging because one would expect a relationship
 - However, the proportion rating less than “*Somewhat Likely*” declined 4% when the likelihood question was re-asked after the respondent viewed and heard the video and radio spot during the survey

Among the campaign proof points tested, the following had nearly 33% giving a rating of 5 on a five-point scale, where “5” meant: “*Really makes me consider joining a credit union.*” ★★★★★

- **34%** “With better fees and lower rates, the best place to do all your banking is at a credit union”
- **33%** “Last year, Michigan credit unions saved members over \$226 million in lower fees and better rates”
- **33%** “Credit unions have over 1,500 surcharge-free ATMs in Michigan”
- **33%** “Credit unions credit card rates average over 4% less than banks”
- **32%** “Credit unions auto loan rates average 1% less than banks”

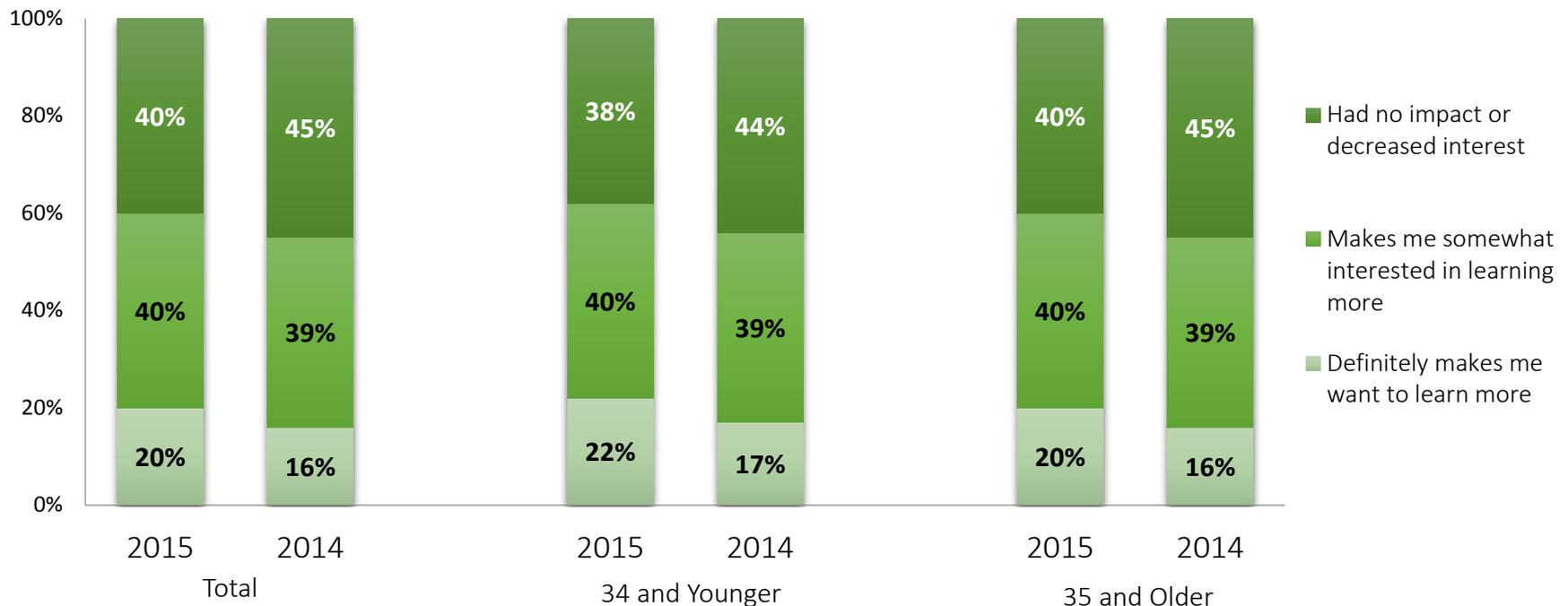


Advertising Awareness

Impact Video Played on a Respondent's Interest to Learn More

An opportunity worth exploring exists in the proportion of respondents wanting to learn more after previewing a CU Link video.

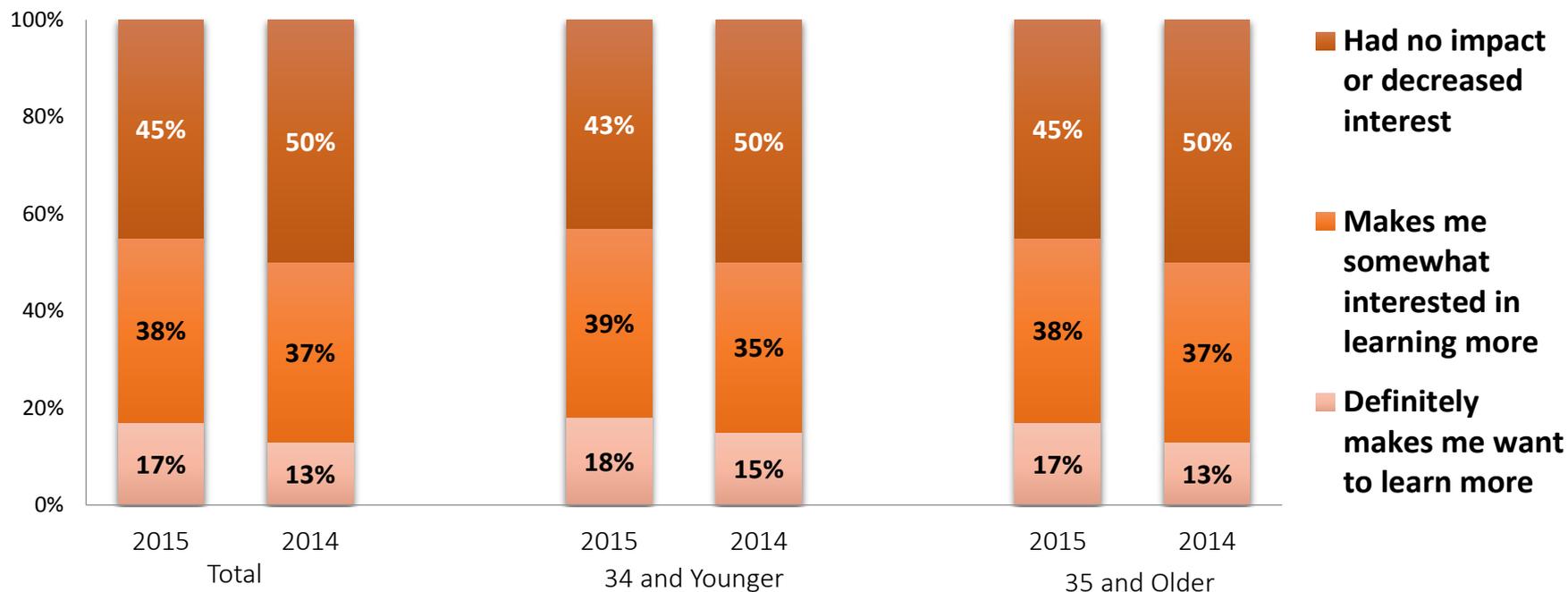
The proportion of respondents saying the video *"Definitely makes me want to learn more"* was significantly higher in 2015 than in 2014 among both age 34 and younger and age 35 and older.



Advertising Awareness

Radio Impressions and Recall Rates

- Financial decision makers in the 25–54 age category (20%) were significantly more likely to recall hearing the spot than those in other age categories (16%). The proportion who recalled the radio spot after listening to it during the survey was similar in 2015 and 2014.
- The proportion who felt that the radio spot *“Definitely makes me want to learn more”* increased significantly in 2015 vs. 2014 based on the total sample and based on those age 35 and older.

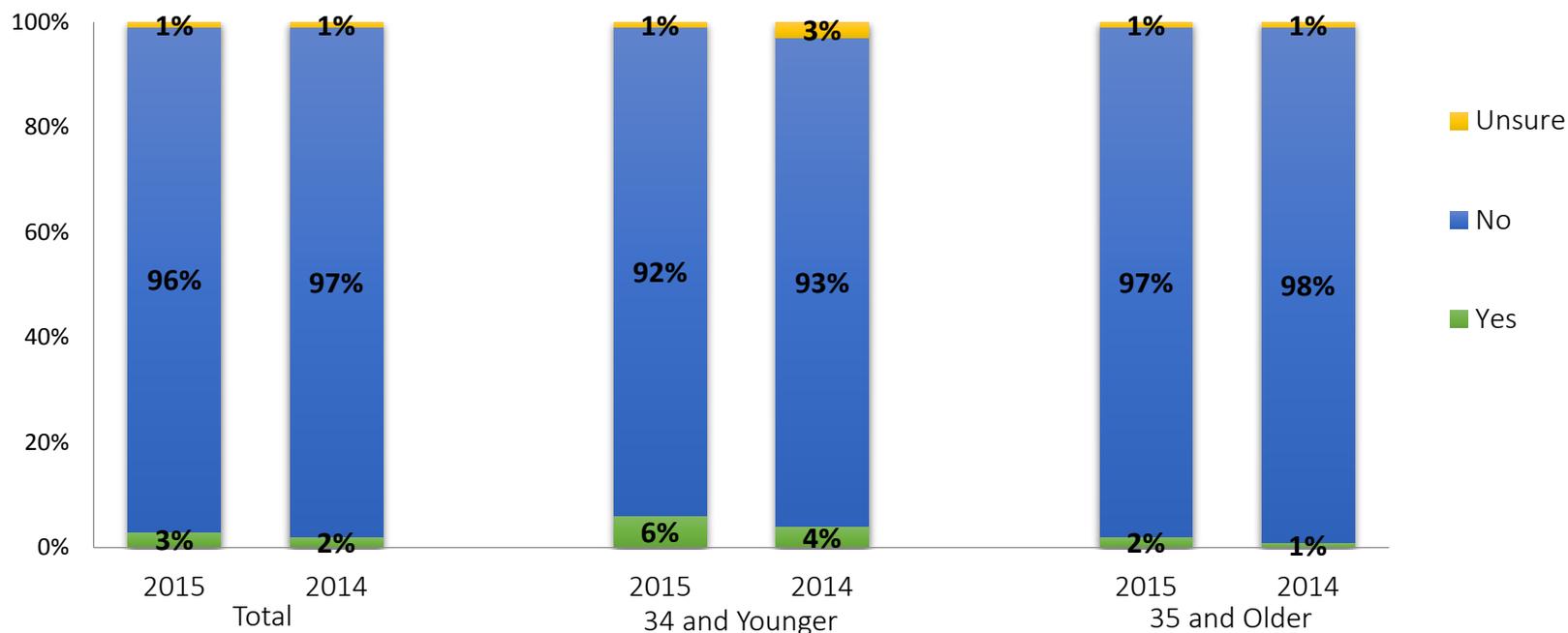


Base: Respondents able to hear the radio clip during the survey (2015 N=1791, 2014 N=1191) Q25. How much impact, if any, does the radio spot you just watched have on your interest in learning more about credit unions?

Advertising Awareness

CULinkMichigan.com

- A small proportion in 2015 (3%) and 2014 (2%) reported that they have visited the CU Link Michigan website in the past 12 months
- Among only those who visited the website, 38% will be “*Much more likely*” and 37% will be “*Somewhat more likely*” to do more business with a credit union or open an account at a credit union based on information they saw on the website.



Base: Respondents able to hear the radio clip during the survey (2015 N=1791, 2014 N=1191) Q25. How much impact, if any, does the radio spot you just watched have on your interest in learning more about credit unions?

Summary



Summary

- When asked which type of financial institution first comes to mind when looking for a new account (on an “unprompted” basis)
 - 40% mentioned credit union in 2015 (similar to 41% in 2014)
 - 50% mentioned bank (similar to 52% in 2014)
- In addition, when asked about all types of institutions they would consider (unprompted)
 - 80% of all decision-makers in 2015 mentioned credit union (similar to 82% in 2014)
 - Bank consideration was 75% in 2015 (similar to 77% in 2014)
- The proportion willing to consider a credit union (80%) was substantially higher than the proportion who are currently members of a credit union (59%). This implies opportunity for growth
- In contrast, the proportion willing to consider a bank for a new account in the future (75%) was lower than the proportion who currently have a bank account (85%)
- 36% consider a credit union to be their primary financial institution (PFI). Among those with a credit union PFI,
 - 71% in 2015 were “*Very confident*” that their credit union is the best place for their financial needsIn contrast, among those with a bank PFI, 43% were “*Very confident*” that their bank is the best place for their financial needs
- Among those with a Credit Union PFI, 59% in 2015 “*Trust entirely*” that their PFI is doing what is in their best interest, compared to 31% among those with a bank PFI (similar to 60% in 2014)



Summary

- 86% in 2015 felt that credit unions are different from banks (*similar to 83% in 2014*)
- Key areas on which Credit Unions were often perceived as better than banks were:
 - Feeling like a member (79%)
 - Lower interest rates charged for loans (74%)
 - Fewer service/account fees (70%)
 - Higher interest rates on savings and investments (65%)
 - Customer service (58%)
- After “prompting” (i.e., asking specifically if they had seen or heard advertising for credit unions in the past 6 months), 53% of all household financial decision-makers in 2015 indicated that they were aware of credit union advertising, but this was down significantly from 60% in 2014.
- The drop in both aided and unaided advertising awareness confirms that there is a reliable difference between the 2015 study and the 2014 study (*i.e., not a fluke in one particular measurement*)
- Notably, those 34 and younger were significantly more likely than those age 35 and older to have heard or seen credit union advertising on the radio and/or Internet sources

