

# THE *BLUE* PAPER

◆ July 2010 ◆

## THE MOST CRITICAL ELEMENT FOR COMMUNICATING OR MARKETING TO MEMBERS

Many Members Will Never  
Even Know They Have To Make  
A Decision On  
“Reg E” Overdraft Protection

Route to:

- EVP
- VP Operations
  
- VP Finance
- VP Marketing
- VP Lending
- Newsletter Editor
- E-Coordinator
- Marketing Manager



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*Study after study has shown that the average person gets bombarded with thousands of messages a day.*

The theory sounds simple enough:

- Credit Unions have to comply with the new Reg E.
- Members have to opt-in to overdraft protection if they want to continue having this service.
- So your Credit Union sends out a letter explaining the option to Members.
- To play it safe, the CU puts the notification on its website or in its printed newsletter or other communications to Members.

There's one small flaw in the theory: In spite of all this, most of your Members still won't know about the option.

And if they don't have overdraft protection and a retail purchase is denied, the Credit Union will certainly be blamed. A recent study by Action Marketing of Lincoln, Nebraska, found that up to 30% of good accounts will most likely “cut and run” if they have a purchase refused when they think they have overdraft protection. That's “cut and run” to another financial institution.

#### HOW COULD THE MEMBER NOT KNOW?

The only thing a Credit Union CEO, marketing director, or other CU officer needs to do is to think of his or her own mail at home.

The gas bill arrives and in the envelope with it are three flyers. The flyers tell you that you can reduce your gas consumption by ... Another explains that the billing cycles will change next month to ... You probably won't even glance at the third one.

And then you see the inserts in the envelope from the electric company. One compares your usage with the average for your neighbors. Another shows projections for high usage in your neighborhood ....

And so you have two options: throw all these messages away, or put them aside to read later (which really means they lie around and get thrown away — unread — at a later date). You also assume that even that official-looking envelope from your mutual funds company or the local library is only going to tell you something just as unimportant. (Maybe they're going to change the hours that they are open.) So you glance at it and toss it.

#### WHY DO WE DO THAT?

Study after study has shown that the average person gets bombarded with thousands of messages a day.

Your mail is filled with messages. Television gives you 32 to 60 messages every hour. Opening your email slaps you with a few hundred more. Add all those to newspaper ads, billboards, signs on trucks, and those cute messages on your computer screen. (“Do you want to backup your information now?” it asks.)

And so we learn to barely scan, or worse, we ignore the messages.

## ABOUT 37% OF YOUR MEMBERS WILL TOSS AWAY ANY MESSAGE YOU SEND THEM

The abovementioned study by Action Research was based on surveys of 20,000 adult heads of household last March. It estimates that 37% of your Members will not even be aware of the option to continue overdraft protection in spite of your notification.

According to Brian Beach, Action Research CEO, “More overdraft users will be opted out due to not responding than overdraft users who will opt out because of fees.”

Consequently, some Credit Unions, like One CU of Iowa City, Iowa, have decided that talking face to face with Members when they walk into a CU office is the only sure way to know whether they understand the option. CEO Jeff Disterhoft stated, “I think it’s the only way.”

But that doesn’t solve the problem of how best to communicate with Members the rest of the time — and that includes notifying and marketing to them day by day.

## THE KEY ELEMENT IN COMMUNICATING, NOTIFYING, AND MARKETING

Consequently, this has become a critical issue with Credit Unions.

The solution lies in knowing how to use the key element connected with communications and marketing. That key element, of course, is getting the reader’s/listener’s attention.

Consider these examples. TV advertisers have learned to kick up the volume on commercials to get your attention. (That’s why those commercials always seem so loud.)

Newspaper advertisers are now buying space on the front page of the paper — or in the middle of an inside page — with stories above and below the ad. This, of course, is done just to get the reader’s attention.

And researchers have found that the “grabber” (or headline) of an average printed message has between 2 and 5 seconds to make its point — or the content is lost. Since almost all CU materials have to be read, this applies to the majority of your Credit Union marketing materials: brochures, email announcements, website notifications, newsletter features, and even posters or signs around the CU. That’s 2 to 5 seconds or the message is lost.

## THE FIVE ELEMENTS TO MAKE THE MESSAGE EFFECTIVE

With only 2 to 5 seconds, the headline message (lead sentence in a letter, title of an ad, “grabber” in a flyer, etc.) has to be effective. Let’s use the term “headline” to refer to all such “grabbers.” Here are the Five Rules of Effectiveness for getting the Member’s attention:

**1. The Product.** As simple as this may sound, the first rule is that the “grabber” must mention the product. Rule one is the most frequently

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*The Five Elements of Effectiveness listed above will give you an advantage.*

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abused. The only reason your Member will continue reading the ad, flyer, letter, etc. is because he/she is interested in that particular product or issue.

Clever headlines like “This Is the Highest We’ve Ever Offered” (mortgage rates?) or “Santa’s Filled His Sleigh for Our Members,” or “Finally — At Last — Just for Our Members” will offer readers nothing in that precious 2 to 5 seconds. If it’s a flyer about a CD, say it’s a CD. If it’s an email notice about an auto loan, say it’s an auto loan. There are no exceptions to this rule.

**2. The Benefit to the Member.** If the pitch concerns longer hours at your main office, you have to tell the Member about the benefits for him/her. A CU should avoid “Now the Credit Union Is Open Later.” The better headline is “Now, You Have an Extra Hour to Use Your Credit Union Every Day.”

Avoid “Recent Government Regulations Have Made Changes.” Instead, try “New Laws Require You to Sign Up in Order to Keep Your Overdraft Protection.” Remember: the grabber is the benefit to the Member.

**3. Stated or Implied Action.** You have to either state or imply the action you want the Member to take. “Open Your New Spring Special CD at 3.5%.” Or by implication, “Mortgage Rates At 5.7%.”

**4. Keep It as Concise as Possible.** You’ve got just seconds. So state the big-three topics — product, benefits, and action — as succinctly as possible. The shorter, the better.

**5. Keep it Clear.** A major flaw in many communications is lack of clarity. The “grabber” is not the place to use inside terms, like “silver double-entry checking,” “suffix numbers,” or “group one options.” It’s the place to be crystal clear to any reader.

## CONCLUSION

Because your Members get bombarded with messages all day long, your Credit Union has to be able to get their attention, communicate the benefits, and tell them what action to take — all within 2 to 5 seconds. Otherwise, your communication is probably wasted.

You can achieve this if you keep in mind that your Member receives an avalanche of messages each day and yours must stand out. The Five Elements of Effectiveness listed above will give you an advantage every Credit Union needs when communicating with Members. ◆

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