

# Finding Growth Opportunities Through Effective Marketing

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by Jeanne Murphy, Growth Strategist

Conducting effective marketing requires a combination of data, brains and creativity. Too often, however, creativity rules the day and results suffer. Rather than rely solely on your gut, you can eliminate much of the guesswork associated with identifying the best growth opportunities simply by using data that you already have.

You can obtain most of the data you need through a combination of financial analyses, tracking and trending product growth and market share data, and projecting the return on marketing investment for a particular strategy or promotional campaign you are considering – before you spend the resources on launching that initiative.

## Using Research to Identify Opportunities

Comparing your credit union's portfolio with your peer group or your own member research can suggest how well you're capturing your members' business. For example, you might find that 15% of your loan portfolio is in real estate and that it's 21% for your peer group. That indicates that there might be an opportunity for your credit union to grow your real estate products. However, member research, which tells you what percentage of your members are using the product at your credit union verses using it elsewhere, is a much better indicator of growth potential.

Making peer comparisons regarding how dollars in your savings or loan portfolio are distributed among your various products can also help you to head off a potential problem or correct an existing one. For example, 37% of your total loan portfolio might be in new car loans compared with 24% for the peer group. The question to ask is whether or not having this many dollars outstanding in low rate vehicle loans helps you to achieve your credit union's financial goals or whether there are growth opportunities in other loan products which might be more beneficial.

## Prioritizing Marketing Strategies

Tracking your credit union's financial performance ratios, such as your spread analysis and loan-to-share ratio, will also help you to determine the most effective marketing strategies to deploy for a given situation. Suppose, through tracking, you see that your credit union's overall profitability ratio (return on assets) is declining. It might be easy to assume that you should conduct more loan promotions in order to generate more revenue. However, if your loan-to-share ratio (the amount of your savings dollars that are already loaned out) is already very high (above 90%), additional loan marketing promotions would likely not be the best solution.

In order to determine what the best solution is, you would need to take a deeper look at all the ratios in the spread analysis to determine what was causing the declining

profitability. You might find that you are paying too much overall in dividends on your various savings products. This would indicate that a change in your pricing strategy may be needed. The key is to spend a little time identifying what is underlying your current situation *before* you spend time and money taking action that may not be the most cost-effective solution for your situation.

## Identify Potential Profit From a Promotion

Should you decide that a promotion is the best route to go, it will save you time in the long run to determine which product will give you the best profit return on your promotion – *before* you conduct the promotion!

You can determine this by running a quick “viability analysis” on several of the products that you are considering. Such a promotion would use an anticipated response rate from the market you are targeting to determine how many new accounts you might open and what the total dollar amount would be from those accounts (in loans or savings). Then it is simply a matter of determining how much revenue those new accounts (and dollars) will generate. Subtract the credit union’s expenses involved in acquiring and maintaining those accounts, add in fee income related to that product, and you’ll arrive at the anticipated profit from that promotion. That will quickly show you which promotion would be the best one to spend your time and money on.

## Extra Resources

For more information on how to project (or calculate) the profitability on marketing promotions, [click here](#). This link will take you to information about ***ProfitMaker+Plus***, software created by Strategic Solutions that calculates these profitability and viability analyses for you!

If you would like to learn more about how to use financial data to identify your credit union’s best growth opportunities, along with how to identify the most productive marketing strategies, [give us a call](#). Or ask your state League to bring ***Jeanne Murphy*** in as a speaker for your next marketing conference. Her ***Bottom-Line Marketing seminar*** makes it fun to learn these essential skills!