



In this issue

Statistics show that BC credit unions must get serious about serving the youth market.

Market smarts

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Youth – Is Your Credit Union “Hooked Up”?

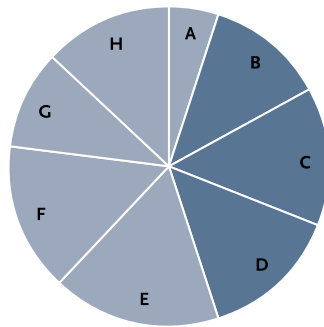
IN RECENT YEARS, “youth” has emerged as the “next big thing” in target marketing. Like many other businesses, credit unions are taking a hard look at the potential value of this segment and the critical need to attract younger members.

This issue of *Market Smarts* does not attempt to provide the ideal marketing plan or tactical campaign but, rather, an insight to what today’s youth market looks like. We identify issues facing young Canadians and examine programs being employed by financial institutions and other industries attempting to attract young customers. Knowledge of existing market conditions is the base on which credit unions can build effective strategies for reaching youth in their communities. □

Demographics

Figure 1 BC Population by Age

A	0-4	5%
B	5-14	12%
C	15-24	14%
D	25-34	14%
E	35-44	17%
F	45-54	15%
G	55-64	10%
H	65+	13%



Analysis of the youth market should begin with a survey of local demographics. Figure 1 shows the distribution of British Columbians by age group. If the membership of your credit union mirrors this, it indicates good positioning for sustained growth in the future. However, if your membership skews older – which many do – then replacing existing members becomes an issue.

It is important for a credit union to identify age gaps in its membership that are out of synch with the age balance of the local population. In many cases, this analysis will

indicate a need for regeneration of membership. The question is: If membership is aging and there are not enough younger members to fill the void, how does the credit union attract new young consumers? For some rural credit unions the dilemma may be two-fold – an aging membership combined with young members migrating to larger urban centres and closing their accounts when they leave town.

BC’s credit unions – and even branches of the same credit union – operate in market areas with varying demographic characteristics. Figure 2 shows the provincial distribution of people aged 20 to 24 – a segment of the youth population that’s particularly attractive to credit unions. This emphasizes that rural credit unions face a more difficult challenge because there are fewer consumers in this group feeding into local markets for financial services.

According to BC Stats, 20 to 24 year olds represent 7 percent of the BC population. While the Lower Mainland and Vancouver Island claim 75 percent of the people in this age group, they actually form a slightly higher proportion of the population in the north and eastern regions, despite their significantly lower numbers.

Figure 2

AREA	TOTAL 20-24 YEAR OLDS	TOTAL REGION POPULATION	20-24 YEAR OLDS AS % OF REGION	% OF BC 20-24 YEAR OLDS
Mainland / SW	168,207	2,445,508	6.9	59.0
Island / Coast	47,531	719,892	6.6	16.7
Thompson / Okanagan	33,486	490,741	6.8	11.7
Cariboo	12,525	166,928	7.5	4.4
Kootenay	11,196	151,948	7.4	3.9
North East	4,651	63,947	7.3	1.6
North Coast	4,543	64,098	7.1	1.6
Nechako	3,115	43,518	7.2	1.1
Total BC	285,254	4,146,580	6.9	100

What Matters to Youth?

After compiling a demographic profile of a credit union’s membership and local population, the next step in analyzing the youth market is to gain an understanding of the “environmental” issues that concern young people.

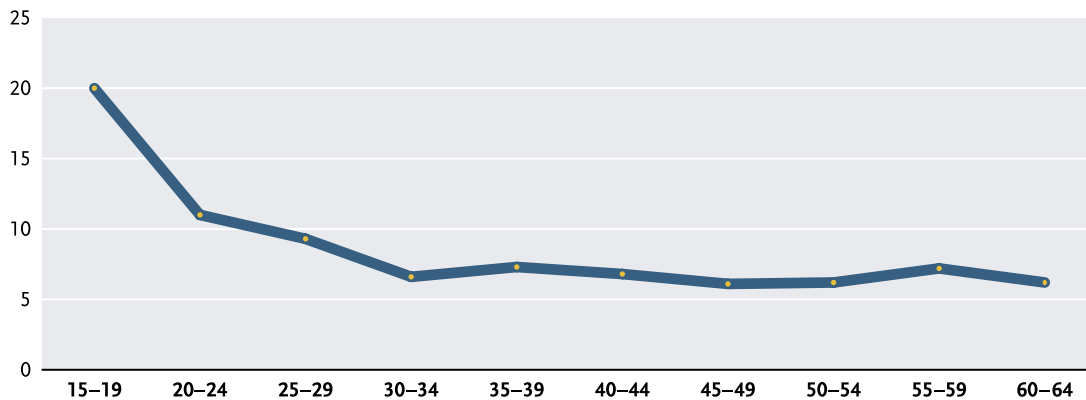
High Cost of Education

Education ranks near or at the top of young people’s

concerns – specifically, the lack of opportunity to access education due to the increasing cost of higher learning.

While regional colleges, satellite campuses and a new university in northern BC provide choices in addition to Vancouver and Victoria for those pursuing post-secondary education, the critical issue of cost remains no matter where the school is located.

Figure 3 BC Unemployment Rate by Age (%)



According to the Canadian Federation of Students, in the past two years, tuition fees have increased by over 80 percent at BC universities and have more than doubled at BC colleges, such as OUC and College of the Rockies. Administrators at Simon Fraser University have proposed additional increases of up to 35 percent for the coming year, bringing them up to almost \$5,000 per annum. Students at the University of Victoria will face another 30 percent increase. This obviously does not bode well for students, who are generally strapped for cash in the first place. And, as the cost rises, more and more debt is generated for those who choose to continue their studies under current conditions.

Data provided by Statistics Canada and reprinted in the *Vancouver Sun* highlight the consequences of rising tuition: In the year 2000, about half of Canada's post-secondary grads completed school owing money for their education. The good news is that at least one-fifth of graduates who owed money were debt-free two years later. The average bachelor program graduate leaves university with debt of about \$20,000, while college grads owe almost \$13,000.

For some, this debt can become crippling. About 14 percent of students owed \$25,000 or more in government loans upon graduating and some 24 percent of bachelor program grads and 30 percent of college grads reported difficulties with repayment. What are the chances of these people contributing to the economy by purchasing a car or home furnishings with a personal loan, or saving for retirement with an RRSP once they leave school and find employment?

And the situation is only getting worse according to Statistics Canada. Students in bachelor programs who graduated in 2000 owed about 30 percent more than the class of 1995 and 76 percent more than the class of 1990 (in 2000 constant dollars).

A study completed by the Canada Millennium Scholarship Foundation in 2002 found that two-thirds of

students worked an average of 19 hours per week during the school year to help pay bills. The study also found that increased pressure to work while attending school meant that 4 out of 10 university students were unable to graduate on time, which ultimately delayed their entry into the work force on a full-time basis after graduation.

Unemployment

After the student graduates, difficulty in finding a job may become apparent. While a recent article in *The Province* shouted that some graduates are receiving multiple job offers, this is not the reality for everyone. Unemployment rates in 2003 did decline for youth and young adults but, nevertheless, remain twice as high among workers aged 15 to 24 years as for those 25 years and older. Statistics Canada data paint a bleak picture for some young graduates, who may be heavily burdened by student debt and find it difficult to secure meaningful employment.

In addition to the unemployment and rising student debt that face many young British Columbians, there are other needs and concerns that must be acknowledged by governments and society in general. A study conducted by the Canadian Rural Partnership Program documented the concerns of youth living in rural areas throughout the province (see page 4). Clearly, it can be assumed that some or all of these issues also relate to youth in larger urban centres.

CONCERNS OF
YOUTH LIVING
IN RURAL BC

In June 2000, the Canadian Rural Partnership Program and its partners organized and conducted eight Rural Youth Dialogue sessions that involved approximately 250 young participants (ages 15–26) from rural communities across British Columbia. In these discussions the following issues were identified.

Vernon

- More local education opportunities
- More business and job opportunities
- More recreational, culture and entertainment activities
- More awareness and access to government programs, services and activities
- Equitable government funding for rural areas
- The need to improve the youth image
- The need to increase awareness and pride in the local community and environment

Castlegar

- Lack of employment opportunities
- Lack of post-secondary educational opportunities
- Lack awareness (education) on how to make communities stronger
- Prejudice
- Lack of funding

Port McNeill/Port Hardy

- Lack of employment
- Lack of education and training
- Lack of recreational facilities
- Social issues
- Lack of transportation

Quesnel

- Improve local post-secondary education
- Provide more job opportunities
- Diversify the local industry to stabilize the economy
- Organize more social and recreational activities within the community

Port Hardy

- Education and jobs
- Transportation
- Police and connecting communities
- More activities
- Health awareness
- Diversity of services
- Access to land

Prince Rupert

- Improving post-secondary education
- Increasing local job opportunities
- Improving recreational and social activities
- Addressing the problems of drugs and police brutality
- Lowering housing costs

Fort St. John

- Poor community attitude and morale
- Keeping resources local
- Lack of local leadership
- Education
- Workers Compensation Board Regulations
- Year-round, career-based employment through Youth Options

Salt Spring Island

- Personal safety of young women
- Public transportation
- Safe and healthy recreation
- Employment and training opportunities
- Improved access to education

The report also suggested actions, which the communities could take to begin addressing these concerns. The actions suggested included:

- Foster a positive attitude toward youth
- Ask educational institutions to offer a wider diversity of full-time programs
- Create more recreational activities for youth
- Create more work experience opportunities for youth
- Create a mentoring program

- Set up projects run by youth
- Hire from within the community
- Host more career fairs and educational forums for youth
- Create more focused career and personal planning classes that teach employable skills
- Create a career resource centre in teaching institutions
- Create outreach and counselling centres for youth who are confused about drugs and life
- Provide self-defense courses for women
- Provide support groups for distance education

For rural credit unions looking for opportunities to contribute to social change or be involved in youth development of their communities, the above issues and suggestions provide insight into what local young people say is important.

Family and Socio-Economic Disparities

The quality of life and future prospects for youth are influenced by family structure, living arrangements and related socio-economic factors. Recent statistics offer a stark reminder that an increasing number of young Canadians are growing up in environments that put them at a disadvantage.

- In 2001, 16 percent of all families were headed by a single parent (compared to 11 percent in 1981) and about 19 percent of all children were living with only one parent.

SOURCE: Stats Canada

- Children living in lone-parent families are 50 percent less likely to have computer or Internet access at home, which can diminish educational potential, future employment and other developmental opportunities. (In contrast, among the general population, 50 percent of students use home computers almost daily and 88 percent of 15-year olds have home computer access.)

SOURCE: Canadian Social Trends, Summer 2003

Among older youth, economic constraints may also influence lifestyles and prospects.

- In 2001, 41 percent of 20-29 year olds were still living with their parents. This is in contrast to 1981, when only 27 percent reported this arrangement, and suggests that housing and other living costs are becoming out of reach for many young people. Young men age 20 to 24 are more likely to live under the parental roof than are women in this age group (64 percent vs. 52 percent).

SOURCE: Stats Canada

These data illustrate some of the disparities that exist among the age groups that constitute the “youth market.” And these differences in economic circumstance and opportunities will be reflected in their requirements for financial services.

Some youth may find themselves burdened by debt or unemployment; some are handicapped by lack of access to technology and education. On the positive side, many students are graduating and finding immediate employment opportunities. Depending on the unique characteristics of the regions they serve, each credit union may face its own set of challenges when trying to attract new young members and require different methods to retain their loyalty.

Youth Use Spectrum of Services

Despite the problems briefly outlined in the previous section, most young people, by the time they turn 19, have already become financial services consumers.

Figure 4 provides statistics showing that young adults need and use products ranging from chequing accounts to mortgages.

Figure 4

PRODUCTS HELD BY FINANCIAL CONSUMERS	AGES 19 - 24	AGES 25 - 34	AGES 35 - 54	AGES 55+
Chequing Account	82%	94%	94%	93%
Savings only/Investment Account	64%	64%	65%	67%
Residential Mortgage	10%	37%	52%	23%
Student Loan	29%	22%	5%	1%
Personal Line of Credit	17%	28%	45%	50%
Home Insurance	22%	66%	79%	90%
Number of credit cards	2.1	2.1	2.2	2.1
Have investments in RRSPs	25%	51%	62%	65%

SOURCE: Stats provided by Ipsos-ASI and reported in the CUCBC Products & Services 2003 Study

Youth are Tech Savvy Customers

A consequence of growing up in the 21st century is that the majority of youth will be comfortable with technology.

Those youth that have access to the Internet and other technologies such as cell phones know how to use them. Marketing Magazine (April 26, 2004) reported that 32 million text messages are sent every month and that 72 percent of 16 – 24 year olds are text messaging.

With young people being inclined to use technology in everyday life, they are a key target for alternative channels (Figure 5). But having face-to-face interaction in a branch is also important to this segment.



Figure 5

	AGES 19–24	AGES 25+
Internet Banking	64%	58% TO 33% – declines with age
Average use of ATM/month	16.75 TIMES	5.2 TIMES
Average use of ATM/month at Financial Institutions other than their primary one	2.3 TIMES	1.5 TIMES
Average visits to branch/month	1.2 TIMES	1.9 TIMES

SOURCE: Ipsos-ASI CUCBC Products & Services 2003 Study

Youth Trends Right Now

A poll taken in the Lower Mainland by Alias Urban Marketing in spring 2004 surveyed 843 young people, ages 13 to 25, about their habits and attitudes on a variety of subjects. Here are some of the findings.

- Two-fifths of the sample speak an Asian language fluently
- Ninety percent list music as an interest, sports was only listed by 52 percent
- Fifty-three percent of youth own a cell phone
- Ninety-five percent spend more than an hour online per week with 18 percent spending more than 20 hours
- Email is the most frequent activity conducted online
- TV is the primary source of entertainment followed by radio

- Fourteen percent already have a credit card
- Sixty-four percent pay attention to trends; 36 percent are disinterested
- Sixty percent consider name brands important
- Two-thirds play a team sport

Perhaps the most interesting finding is that TV and radio are still the most important sources of entertainment and about two-thirds are, to varying degrees, trend-watchers. Also noteworthy is that email – not surfing – is the most frequent online activity.

Knowledge of trends is crucial in developing programs to promote products and services to youth, or for the credit union in general.

Taking the Trends to Market

There are several ways to segment the youth market – i.e. by age, employment, income, or academic status – and several ways to measure the results of your marketing effort. The first is to determine if the relationship is to be treated as a one-off account with profitability based solely on its individual value, or on a more holistic basis where the youth account may be included in the value and profitability of an entire household relationship.

Many financial institutions market directly to youth by offering specialized services such as credit cards for students or chequing accounts with discounted pricing for teenagers. Some banks also offer specific accounts and packages for postgraduate students in such fields as dentistry and medicine. Others direct their product appeals to parents. Here are some examples.

Marketing to Mom & Pop

Citibank

Launched in May 2004, the CitiKids Futures MasterCard is geared to attract consumers who like the idea of rewards that will help pay for their child's education. With this plan, Citibank rebates two percent of the value of purchases on the card into a special account held at TD Canada Trust, where the funds accumulate as RESP deposits.

Deposits build up through use of the card until the value reaches \$100. At that point, the funds can be transferred to the cardholder's own RESP at a sponsoring bank or any other financial institution.

Laurentian Bank

In another appeal targeted to parents, card users at Laurentian Bank have an opportunity to build rewards that help send their kids to summer camp. The Bank's rationale is that parents "will appreciate the possibility of reducing the cost of summer camp for their kids, not to mention the leisure time made available to them thanks to this offer."

Reaching out to students

TD Bank

In a direct appeal to the student market, the TD Bank offers two credit cards with features tailored to this segment: the TD Green VISA Card and the TD GM Card. Neither card has an annual fee. The GM card allows holders to redeem \$1,500 to \$3,500 in GM card earnings toward the total purchase price or lease down payment on eligible new GM vehicles.

Kootenay Savings

According to the Kootenay Savings web site, "post secondary education shouldn't cause you post-traumatic-

educational-fundage-stress." The credit union backs up this statement by providing students with low cost banking and a variety of credit alternatives at reasonable prices and repayment terms. Highlights include:

- MasterPlan account with a monthly fee of \$2.50
- MasterCard payment card with an line of credit up to \$5,000 limit
- MasterCard student credit card with a \$1,000 limit
- Interac direct payment card
- Free telephone and Internet banking

Students enrolled in full time higher education may also borrow up to \$7,000 annually, to a maximum of \$28,000. An additional \$12,000 is available to graduate students. While attending school, students are required to pay only interest on their loans – a benefit that they can extend for six months following graduation. Full-time students are also eligible for a line of credit of up to \$5,000, while part-time students can receive up to \$3,000. A slate of services like these can build relationships with students before they leave town for higher education – and the resulting relationships can be maintained by offering electronic services and low cost banking. KSCU's program exemplifies the targeted, multi-layer products credit unions need to capture youth or student markets in their communities.

Royal Bank

Royal Bank's Professional Program targets future high-income earners by encouraging students in professional faculties to "enjoy convenience and flexibility, and save money too" with a special package of financial services. For \$3.50 monthly, these students receive:

- Daily Interest Bank Account, providing 25 debit transactions every month
- RBC Royal Bank Client Card, including enrolment in the Student Price Card program, which offers special savings and discounts at participating retailers across Canada.
- Online and telephone banking
- Credit options with this program include the Royal Credit Line for Students – Professional Designation, available to those pursuing degrees in select fields such as optometry, veterinary medicine, pharmacology, chiropractic, law, engineering, MBA/EMBA and accountancy. Depending on the degree, students may qualify for a credit limit of \$55,000 to \$125,000. A no-fee Student Visa Classic II credit card is also available.

Youth Awards and Scholarships

Developing products that appeal to students and young customers in general will help round out a credit union's product menu. Yet another way to attract young members and build goodwill is through targeted community-based initiatives.

BDC boosts young business operators

Annually, since 1988, the Business Development Bank of Canada has presented its Young Entrepreneur Awards – one in each province and territory – to recognize outstanding entrepreneurs between the ages of 19 and 35 for their innovative spirit and business acumen.

This year's award ceremony is scheduled for October in London, Ontario. It is mentioned here as an event that a credit union – or group of credit unions – might possibly develop into an image-building opportunity in their trade areas.

For example, Laurentian Bank has positioned itself as part of the BDC competition with the Laurentian Bank Export Achievement Award – a \$15,000 grant presented to the winner. Similarly, credit unions could identify with a high-profile national or regional competition, and, at the same time, strengthen their local reputations by recognizing and rewarding young candidates for an award in their own communities and regions.



Among recipients of BDC's Young Entrepreneur Awards in 2003 was Kicking Horse Coffee Co. Ltd. of Invermere, BC. The small company has been in operation for seven years and provides jobs for 10 employees. After building a solid local client base, it began to pursue broader markets. Currently, 20 percent of the company's revenue comes from the US, and its market presence in Europe is expanding. This success story shows how young entrepreneurs in small, rural communities can contribute to the local economy, just as they do in urban centres.

CIBC showcases student enterprise

CIBC also sponsors an award for young entrepreneurs. The annual CIBC Student Entrepreneur of the Year Award, presented by CIBC and ACE (Advancing Canadian Entrepreneurship Inc), celebrates the accomplishments of Canadian student entrepreneurs, and is open to full-time university and college students who also run their own businesses. Last year, in a two-month period, more than 100 nominations for the award were submitted through the ACE website. The winner was chosen from three finalists and received a prize of \$2,000.

Community-Centered Youth Connections

While, the BDC and CIBC Young Entrepreneur Awards provide exposure and funding to young people already in the work force, other organizations, including credit unions, reach out to youth through promoting community voluntarism, job experience and education.

Coast Capital Savings sows seeds of success

Coast Capital Savings offers opportunities for a year's part-time employment, combining community involvement and financial services, to Grade 11 and Grade 12 students in its market areas. Rolled-out in Richmond last year, the program extends from one initiated in Victoria in 1993 by Pacific Coast Savings, prior to the merger that created Coast Capital Savings. According to Coast Capital's website, the program will expand this year to include students in Surrey, Langley, Delta and White Rock.

Along with providing job experience at the credit union, Coast Capital also supports education through funding scholarships. The credit union's website promotes its "long history of helping set students on the path to success" and reports awarding more than \$500,000 in educational

scholarships since 2000, with selection based on community service, school activities and leadership, as well as academic performance.

Westminster Savings supports student volunteers

Westminster Savings created its Youth In Action Awards "to recognize the achievements of outstanding young people who have contributed to their community through their volunteer efforts." Under this program, Westminster Savings annually provides eight awards of \$2,000 each to high school grads who are planning to pursue full-time post-secondary education. While all students in the credit union's service areas (New Westminster, Ridge Meadows, TriCities, Surrey and White Rock) are eligible, as are credit union members living in other communities, the awards are specifically targeted to reward exceptional young "doers" – volunteers who've gone the extra mile to serve the needs of others and improve the quality of life in their communities.

Coast Capital Savings and Westminster Savings are offering support to young people whose educational and



employment prospects indicate they will become part of the upwardly mobile adult market targeted by most financial institutions. Ideally, their early association with credit unions will have a positive impact in attracting and retaining them as members.

Nelson & District garners national kudos

It's not only BC's multi-billion dollar credit unions that are positioning themselves as youth-friendly financial institutions. Nelson & District Credit Union, with assets under \$130 million and three branches in BC's rural Kootenay region, earned CUCC's National Credit Union Innovation Award for its cost-effective approach to building ties with local young people. Under its Youth Liaison Project, the credit union has cultivated reciprocal relationships with service organizations and other groups that deliver popular community-based youth activities and programs. To show further commitment to the region's young people, Nelson & District created a new position to serve their needs – Student & Youth Services Representative – and introduced two new accounts that specifically cater to their preferences.

Desjardins Youth Focus

The Quebec-based Desjardins Group realizes the importance of youth as members of the future. The powerful co-op has launched a multi-level initiative targeted to consumers ages 15 to 30 based on the premise that young people “need the support and consideration of their financial services cooperative to successfully take the first steps of their financial lives and enter the workforce with confidence.”

The old ways of serving youth did not work, according to Desjardins CEO, Alban D'Amours. He explains, “Our way of welcoming and serving youth has not always been well adapted to their reality and needs. I am thinking in particular of the needs they express at a time when they are just beginning to fly with their own wings. To respond, we

must be willing to take a certain risk. Our young members are all too often put off by an attitude that they read as mistrust, or lack of flexibility, and they soon leave to find an answer to their needs more quickly elsewhere than at Desjardins.”

With the stated intention to “pay particular attention to people at the early stages of their active lives,” Desjardins has devised a four-part plan to forge bonds with the target group; the four parts are referred to as “bridges.”

The first bridge deals with products and services. In this case, caisses and subsidiaries will connect their commercial practices to the needs of youth through adapting services – such as loans, car insurance or credit cards – specifically to market requirements.

The second bridge showcases democracy. Here, Desjardins will encourage young people to become actively involved in its democratic structures and control, for example, by serving on caisse boards of directors.

The third bridge emphasizes fiscal knowledge. Desjardins will strengthen its position as a prime source of information through delivery of educational financial products and guidance to young people about the sensible management of their credit and assets.

The last bridge promotes education and employment opportunities. Desjardins offers outreach programs ranging from academic scholarships and work experience to financial support for young people moving to live and work in non-urban areas. It maintains hiring practices that favour youth, including university recruitment programs, internships and seasonal student employment. And, like BDC and others, Desjardins also provides ongoing support for activities that reward collective and individual entrepreneurship among young people.

Desjardins' youth program – a work in progress – represents a serious response to trends that strongly suggest the long-term health of the organization requires a new commitment to the new generation.

Youth Web Sites

Web sites can be an extremely effective way to tell children, students, young adults and parents about the products and services the credit union offers them, as well as to get their feedback. Developing the site is only the beginning. It is equally important to develop a strategy that will attract visitors. Some sites are built for entertainment and education; others are built to sell. Whatever the purpose, web sites for youth are useless if no one is visiting them.

Desjardin Teen Portal

Credit unions considering a youth portal – i.e., a section of their web site designed specifically for youth – might look to the Desjardins site for inspiration. The portal has entrances for two age groups, teenagers and young adults ages 18 to 24, with content and tone geared to each audience. The teen site includes *Chrome* for contests, perks and discounts, *My Finances* for advice on how to manage money, *My Future* for education and employment and other links to health, style trends and social life.

For young adults, the site offers similar topics – but clearly aimed toward the older age group. Both sites are graphically sophisticated, easy to navigate and deliver solid information as well as an element of fun. Contests are featured prominently to generate return visits.

Nelson & District's Zippitydodog.com

Nelson & District Credit Union's award-winning Youth Liaison Project, described above, is augmented by a website with a memorable address: www.zippitydodog.com.

The site delivers practical financial information, geared to the interests and needs of its young audience, plus interviews with community youth who've made newsworthy achievements. The site even features its own online radio station – *Zippitydodog Radio*. Nelson & District has designated staff with the responsibility of keeping the site up to date and maintaining its appeal to youth in its market areas.

Metro Credit Union's site for students

Metro Credit Union in Toronto has developed its web site as an online resource specifically for students. In addition to information on products for this sub-group, it delivers messages targeted to their broader interests, including how to pay for school, tips on budgeting and saving, credit card advice and employment opportunities at Metro Credit Union.

Telus site sets sales records

Telus has a keen interest in the youth market and offers a prime example of a successful web site built with the goal of selling.

Armed with the knowledge that today's students are "wired" and consider telecommunications to be one of life's essentials, Telus targets them as tomorrow's high-value, lifetime customers. Thus, it's good business strategy for the company to reach them as soon as possible to build brand recognition and customer loyalty.

In a recent campaign aimed at university students, Telus surpassed all expectations – succeeding in turning 35 percent of its online visitors into paying customers.

The promotion had two main components. First, using the tagline, *Being a student is hard. Getting connected isn't*, Telus developed a special-purpose web site, referred to as a "sitelet." The sitelet was designed to engage students with unusual creative and featured contests that offered prizes ranging from pizza to hockey tickets. Secondly, to drive traffic to the site, Palmer Jarvis DDB simultaneously staged a more traditional campaign featuring radio and print advertising in student and alternative newspapers. The only contact information provided in these ads was the URL for the sitelet. The website featured only those products Telus considered relevant to students.

According to Telus, it succeeded by delivering a balanced mix of enticement, brand and product, so that visitors were not overwhelmed by any one element. Ultimately, the 35 percent conversion rate exceeded corporate goals by a factor of ten – a result made more noteworthy by the fact that it was accomplished without reduced price or discounts.

Through using contests, Telus obtained normally hard-to-gather consumer information, which gives the company the means to contact site visitors at a later date to pursue further sales opportunities.

Lessons learned from Telus can serve credit unions well. Not only was it important to build a site that sells – but equally important to attract customers to the site through traditional media such as radio and newspaper.

Alternative Media May Attract



Webisodes

A new form of online advertising is working its way into marketing. “Webisodes” are infomercials designed to be more engaging and interactive than traditional banner ads and web pages. Although not yet specifically exploited by companies to reach the youth market, the medium has obvious potential for a segment so comfortable with online technologies.

If successful, a webisode can create a cult following, where fans will send the link to their friends. One of the most effective was developed for Burger King to promote its Tendercrisp chicken sandwich:

www.subservientchicken.com takes the visitor to a windowless room where a robotic chicken responds to typed-in commands – such as, “jump,” “fly,” “lay an egg”, etc. After just one week, 407,000 individual computers hit the site. Other corporations running webisodes include Schick Canada, Ford, BMW and American Express.

Unlike TV and radio commercials, which are forced upon the audience, webisodes can generate a buzz about a company or product by delivering entertainment that the viewer seeks voluntarily. With regard to the youth market, the key would be to capture its interest without being offensive. So far, advertisers have found that the more risqué or slightly controversial webisodes are getting the most attention. Webisodes, used in tandem with traditional media, may become more common as advertisers look for innovative ways to reach consumers who are tired of conventional promotions.

Children’s TV

Advertising to kids on television is as old as the medium itself, but now companies are looking at programming they

may not have considered earlier. YTV is courting advertisers with a convincing argument. Quoting BBM Canada statistics, Corus, a network that airs shows aimed at children ages 6 to 11, says the “average minute audience among adults 18-49 for YTV’s prime time rotation increased 85 percent from fall 2001 to fall 2002, while the audiences for its family rotation increased by 65 percent during the same period.”

Corus calls the growth in older viewers “co-viewing” – meaning parents are watching more kids’ programs with their children. They are not just switching on the TV and walking out of the room, rather, they’re staying and viewing.

YTV points to other statistics indicating that by the time a child is 10, he or she will be familiar with 300 to 400 brand names. (This is cause for debate among some marketers, who feel advertising to young children is inappropriate.)

For a financial institution wanting to reach the parents of young children and promote, for instance, the benefits of RESPs, this could be an option. While a six-year old will not understand the benefits of saving for higher education, his or her parents will.

Even if a company does not want to market a product on YTV or does not condone direct advertising to children, the medium provides an opportunity to deliver socially significant messages. YTV promotes this concept with the statement, “We think there’s a great opportunity to reach kids and youth at an early age with messages that are important to their health and well-being.”

At present, advertising to youth (or any audience) on national TV is not a realistic option for provincially based credit unions. Nevertheless, trends in retail marketing indicate this may be gaining acceptance as a way to attract consumers to a widely varied range of services and products.

Mining for Market Information



Youthography

A number of research and consulting companies have sprung up to advise marketers on how to communicate with the youth market. Among them is Youthography, which specializes in marketing to people aged 13 to 29.

Rejecting the now-shunned “stealth-marketing” practices that were employed in the past, Youthography emphasizes that if you want to find out “how to market to youth, ask them.” Participants in Youthography focus groups and panels say they hate stupid, irrelevant marketing. Research indicates that young adults are more sophisticated than ever before and they do not want to be patronized.

There are five top Don'ts and Dos in youth marketing, according to Youthography:

- Don't patronize them
- Get to know them
- Make it obvious you are marketing to them
- Assume they are marketing savvy
- Listen to them

Youth Advisory Committees

By involving youth in their marketing efforts, organizations can test ideas, and get advice, feedback and, ideally, support from very group to which product or service is intended.

In BC, some credit unions have created Youth Advisory Committees to gather information about this market. Powell River Credit Union Financial Group has recently introduced this concept.

Powell River Credit Union Program

Powell River's CU FLY (Credit Union Financial Leaders of Youth) is a community relations program for students in grades 11 and 12. In its inaugural year, seven enthusiastic students were chosen to receive practical work experience in marketing, community relations and event planning, plus a \$500 bursary on completion of the seven-month program.

Following a model developed by Coast Capital Savings, (see *Community-Centered Youth Connections*, page 8), students in PRCU's program are receiving training in communication, public speaking, business etiquette, project planning, and customer service. Each participant has also spent 40 to 50 hours on the design, development, promotion and delivery of a presentation titled *How To Manage Your Money*, which is targeted to a younger group of local Grade 9 and 10 students. Credit union employees were brought in for the actual presentations to the younger audience. Along with this major project, the students will take part in the credit union's AGM and 65th Anniversary celebrations and represent the Financial Group at community events and festivals.

Students in the program also attend two-hour meetings every two weeks. These sessions are divided between work on new projects and education, with particular focus on marketing and community relations.

Sandra Phillips, PRCU Financial Group's Manager of Marketing & Sales says “the program has been an excellent addition to our existing community relations program and gives the youth in our community an opportunity for personal and professional growth”. When initial applications were sought to fill the seven positions, the credit union received fifty responses – proving youth do want to be involved if given the opportunity.

Statistics Show Need for Shakeup

Statistics from the 2003 *Products and Services Study* emphasize the need for credit unions to become more relevant in the lives and consciousness of younger British Columbians.

One finds shocking evidence of this need in Figure 6, which shows that only 9 percent of BC consumers ages 19 to 24 use credit unions as their primary financial institution.

Figure 6

PRIMARY FINANCIAL INSTITUTION	BANK	CREDIT UNION
19 to 24 year old	91%	9%
25 to 34 year old	80%	20%
35 to 54 year old	75%	25%
55+	71%	29%

SOURCE: Ipsos-ASI CUCBC Products & Services 2003 Study

These less than encouraging statistics can be used as a benchmark both provincially and locally. They give credit unions a starting point on which to build their youth membership – and a baseline for measuring success in this market. But the question remains: what's the most effective way to approach building market share after all the research has been completed.

Attracting Youth – case studies

A report by the Council on Financial Competition, issued in April 2004, presents case studies dealing with different approaches to the youth market, including strategies aimed at long-term customer growth as well as tactics based on short-term customer value.

Two of these studies are highlighted here as examples of programs that credit unions may want to investigate to generate ideas for their own youth strategy.

Case #1 – building long-term awareness

Study #1 summarizes a program aimed at ages 12 to 18, focused on long-term customer growth and retention through institution of a “Holistic Youth Market Focus.” This bank recognized that financial services are not a primary interest of kids in this age group, but, nevertheless, they must be engaged and encouraged to communicate. The bank's objective is to remain top-of-mind until financial services become a priority. At that time, the institution will use its skills to cross sell appropriate services.

Two young communications analysts were hired to drive the program. Their solution was aimed at “creating a value proposition based on issues of interest to young people.”

They chose to talk to the audience in its own language and avoid the “cool” factor.

The program created a bank “sub-brand,” facilitated primarily by a dedicated web site. Designed by young communicators for a young audience and regularly updated, the site conveys humour, rebelliousness and self-deprecation in covering topics that matter to the target group – music, studying, online services, employment, etc.

Partnerships with outside suppliers of services and products that interest young people were also developed and promoted on the site. These non-banking activities help generate regular return traffic, which, in turn, helps develop brand awareness. While the site does have a link to online banking, this is not the main focus.

In addition to its dedicated youth communications team and non-banking customer proposition, the third strategy in this program was to provide sales incentives to bank staff “to support the acquisition and retention of youth customers”. Each branch has dedicated employees who act as “champions of youth” and encourage fellow employees to attract young customers. The bank pays commission for new youth accounts and bonuses for cross selling youth services. Sales meetings and seminars are regularly focused on this market and a convention of youth reps is held annually.

The bank involved in this case study succeeded in rebuilding its youth market share to a level it formerly enjoyed prior to shifting its focus to affluent customers for short-term revenue potential. The bank also reports it is winning over the parents of its young customers.

Case #2 – Family Values

Study #2 is focused on short-term customer value, described here as the “Parent-Centered Value Proposition”.

In this case, the bank created a youth package that caters to the basic needs of young people, while being primarily aimed at strengthening valuable relationships with their parents. The key insight to this proposal is that a strong relationship with an entire family and household can offset the additional costs involved in developing and delivering youth-oriented products

The rationale for this US bank is that 93 percent of its young customers live in the same household as a profitable adult, who also banks at the institution. And, by serving the youth market as an extension of the household relationship, loyalty is generated. This strategy reflects the bank's premise that parents appreciate the fact that low cost accounts are available to their kids, particularly those who are students. The end result is that parents whose children have accounts at the bank stay with the bank longer.

2005 Youth Program for BC Credit Unions

Central, on behalf of its member credit unions, is leading an exploration of the BC youth market. The investigation, to be completed at the end of 2004, involves three phases: conducting youth research, gaining system commitment and developing a Youth Program.

The first phase will determine the course of action needed to reach BC consumers, age 18 to 24, as a basis for moving forward.

Existing secondary data will be reviewed to create an inventory of available information on this target group and identify gaps that need further exploration. Previous system-funded research, such as the *Credit Union Motivators and Barriers Research Study* undertaken in 2003, and the annual *Products and Services Study* will be re-examined with specific reference to the target. In addition, primary research is included in the proposal.

Next, a sample of 250 youths across the province, including credit union members and non-members, will be asked to respond to an online survey to quantify the behaviours and perceptions among youth regarding financial institutions and services.

The exploration will continue with in-depth probing to document youth perceptions, opinions, beliefs and attitudes toward financial institutions and to gain understanding of how credit unions can best meet their preferences. At this stage, the sample will include non-

member youths from the Interior, Lower Mainland/Fraser Valley, Vancouver Island, Northline and the Kootenays.

They will be questioned in one-on-one interviews, and asked to personally investigate three financial institutions and document the experience by reporting on what they liked or disliked and what the institution did to win (or lose) their business. This research, along with recommendations on how BC credit unions might improve access to the youth market will be available in August 2004.

The next step is to gain commitment from a sufficient number of BC credit unions that they will deliver what this market niche has identified as necessary to meet the needs of this market.

Once the requisite system participation is confirmed, a Youth Program will be developed for roll-out in 2005. During this third phase, specific strategies will evolve after a full planning exercise and review of all available research. The Province-Wide Communications Committee will devote a full day this fall to producing a Youth Project Brief, incorporating purpose, objectives, communication strategies, media and creative considerations, success criteria, standards for evaluation and a time-line.

For more information on the 2005 Youth Program, contact Connie Hart in Central's Marketing & Research Department at (604) 730-5155.



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Summing Up the Market

It's been said that servicing youth is an expensive endeavor with a questionable payoff as the customer ages. While the record indicates that many young people do drift away from their first financial institutions, this trend should not deter credit unions from seeking and serving this market. In fact, if young members are leaving, it should set off an alarm that the credit union must reexamine its services to youth and make concerted effort to maintain these relationships.

A recent quote in *Marketing Magazine* from Pentamark Media Group, consultants to DaimlerChrysler, emphasizes the importance of youth marketing. "It's good to have a youth strategy, because 13 to 17 year-olds who are out there right now are going to be our first time buyers at some point down the road. You want to have your name plate on their consideration list." Be it cars or financial services, there's an obvious connection. If the buyer has never heard of your credit union or experienced its service, chances are you won't be considered when the time comes to make a purchasing decision.

A quote from an Ipsos-Reid e-newsletter published in May 2004 sums up the difficulty credit unions face every day in attracting and keeping the young customers they covet. "Customers' needs and requirements constantly evolve. They are influenced not only by your competitors, but also by practice leaders in other categories as well. Needs and requirements also change with your customers' ever-fluid lifestyles and demographics. The competition in your markets is also a moving target. To formulate appropriate customer-centric practices, businesses need a sound understanding of their category consumer and the nature of the competition they face."

While this quote is geared toward consumers in general, it does stress the importance of research and a sound knowledge of the market environment. It is not enough to develop products and services and hope they meet the demands of the consumer. Credit unions must develop products and services in consultation with the customers or groups that represent their current and future markets.



Developing loyalty among any customer segment is challenging. Developing loyalty among youth may be the most challenging segment of all. At an age when they are being exposed to many new and unfamiliar services – e.g. credit cards, loans, mortgages and wealth management products such as mutual funds and RRSPs – young people will be influenced by parents, friends and colleagues at work when seeking a trustworthy supplier. By delivering outstanding service and exceptional products to your existing members, your credit union can encourage positive comments and referrals to these young non-customers. Put first things first. Understand your customers; develop the products they need by taking the time “to discover what is important.” When it comes to youth, in particular, they just may appreciate the fact that you listened. □

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