

# Increased Member Share Begins with Being 'Borrower-Obsessed'

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Customer acquisition is one of the top five challenges for consumer lenders, according to Accenture Research. This comes as no surprise in today's competitive lending environment, as refinances are at the lowest level in years. The shift to a purchase market demands a renewed focus on increased mortgage production, or put another way, increasing your member share and becoming "borrower-obsessed."

Member share—the ratio of applications taken to total member base in the same calendar year—is one of the five key performance indicators of high performance lending. The recent Mortgage Cadence Benchmarking Study indicates that credit unions have room to expand member share, which can be the key to success in a competitive market.

## THE FIRST-TIME HOMEBUYER FOCUS

First-time homebuyers make up the largest opportunity to increase your member share, as these buyers are largely made up of the Millennial generation, the largest generation by population in U.S. history. It is so large, in fact, that according to U.S. Census Bureau and First American Financial Corp., Millennials are expected to purchase 10 mil-

lion new homes over the next 10 years, and, by 2060, it's estimated that 20 million Millennials will become first-time homebuyers.

By attracting (and nurturing) these first-time homebuyers, credit unions could be looking at millions of new mortgages. Talk about increasing your member share! And credit unions must get their share.

Before we discuss the specifics of how to attract these up-and-coming borrowers, let's take a look at how your member share compares to your peers in the larger CU network.

## MEMBER SHARE PEER COMPARISON

According to the National Credit Union Administration (NCUA),



first mortgage production for credit unions has increased by 0.1% over the past four quarters. Extend that period to the past seven years, and the increase jumps to 1.95%.

As for membership trends, there was a 4.5% increase in number of members over the last four quarters. For the past seven years, that increase has been 22.9%.

So what does this mean for member share trends? Since 2012, member share (the ratio of applications taken to total member base) has been on the rise. In 2017, the average member share was 1.31%, which was up 0.45% from the same measure in 2012. Although this measure is trending upward, there is still much room for growth beyond the 1% range.

## INCREASING MEMBER SHARE

To find out where you stand as compared to your peer credit unions, be sure to calculate your own member share and compare to the averages detailed above.

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Once you've got the results, it's time to take action.

Above average? Continue to perfect the people, process, technology equation that unlocks high performance lending to attract even more borrowers and watch your member share skyrocket. Another task if your share is above average: grow your membership, or in other words, expand your potential borrower pool.

At or below average? It's time to hone in on the process variable in your people/process/technology equation. More specifically, hone in on your marketing process. Marketing as it relates to member share consists of three important considerations:

### 1. Product

What's your credit union's competitive advantage when it comes to your product offering? If there are specific loan programs that no one else in your market offers, this becomes your differentiator, giving you strong go-to-market positioning.

### 2. Pricing

If you're selling mortgages on price, you're doing it wrong. Unless you want to turn your product into a commodity in the minds of your prospects, you should not be selling on mortgage interest rate. But this does not mean that your pricing isn't important.

Instead, spend some time making sure that your mortgage offerings are priced appropriately versus your competition. This is important because, according to the Accenture and Mortgage Cadence 2018 Borrower Survey, more than 49% of borrowers will shop around and apply to more than one lender. Make sure you know what they're going to find when they reach out to your competitor.

### 3. Targeted Awareness

Once your products and pricing are fine-tuned, the

next step is targeted awareness. In a first-time homebuyer purchase market, it's not enough to simply target borrowers. You have to target them at the right time.

### RIGHT PLACE, RIGHT TIME

Let's face it, mortgages aren't an important aspect of everyday life. Unlike coffee and cell phones, mortgages don't come up every day or every year. Instead, they're only important in the particular life stage when a mortgage is needed. After this particular moment passes, people shift their focus to the things that consistently matter.

If borrowers don't think about a mortgage until they need one, it only makes the timing of your marketing increasingly important. Millennials (and by nature, first-time homebuyers) are digitally native; they almost always start their homebuying search online. You have to pinpoint when these borrowers are starting to look for a home and educate them about your mortgage products.

You'll only make the mortgage if you reach your member at the opportune time.

This is where trigger marketing comes in handy. It involves setting up a marketing automation system to track consumer behaviors and then automatically sending targeted messages to prospects that exhibit certain behaviors,

such as visiting a web page that lists mortgage interest rates. This strategy ensures that mortgage prospects are getting the right messaging at the right time.

Additionally, many online advertising platforms now offer re-targeting services, which allows you to "follow" targeted prospects around the internet. So, as soon as a member visits Zillow, you can track this activity and send them a targeted email detailing your mortgage offerings.

Your efforts are much better spent on this type of targeted marketing than on mass



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emails or general awareness campaigns, because you're not paying to market to an audience that isn't already interested in obtaining a mortgage.

Targeting Millennials who are considering buying their first home at the right time, within the digital platforms they're already using, not only allows you to tap into the growing purchasing power of this generation, but also increase your member share.

### BEYOND FIRST-TIME HOMEBUYERS

But why limit targeted marketing strategies to first-time homebuyers? In a purchase market, where people are refinancing at some of the lowest levels in years, we need to care about all borrowers.

Focusing on first-time homebuyers is a fine (and likely rewarding) strategy, but don't let that focus pull you away from other lucrative demographics. The type of "right time, right place" marketing that works with first-time homebuyers will also work with second-, third-, and fourth-time buyers.

Being borrower-obsessed will help you find new mortgage members, as well as target existing members who are in the market for a mortgage. Finding, targeting, and nurturing these borrowers will push your member share higher while keeping the size of your team constant, ultimately resulting in long-term profitability and success. 

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