

ARTICLE SERIES

Marketing Your Credit Union:

Understanding Generations

MARKETING YOUR CREDIT UNION:
UNDERSTANDING GENERATIONS

Part I

How Your Credit Union Can Market to Gen Z



The oldest among the rising generation known as Gen Z is turning 22 this year, which means this demographic has never known a world without cell phones and the Internet. Pew Research Center defines Gen Zers as anyone born after 1997, and Millennials as persons born between 1981 and 1996.¹ While Millennials grew up with landlines and dial-up Internet, Gen Zers are true digital natives whose instinctual relationship to technology leads them to expect instant and convenient everything.

UNDERSTANDING GEN ZERS

This generation's preferred mode of communication is digital, primarily through social media and texting – a trend that's forcing credit unions to rethink and redefine their approaches when it comes to traditional banking, technology, and communication.

Credit Union Journal recently reported on a research study that surveyed approximately 2,500 Gen Zers between the ages of 16 and 18.² Fifty-seven percent of respondents said they use their smart phones several times an hour, 55% base product purchasing decisions on information they found on a social networking site like Instagram or Snapchat, and 44% plan on augmenting their banking services with technology solutions from fintechs (compared to 28% of Millennials).

MARKETING TO GEN ZERS

With it looking like Gen Zers will be more open to non-traditional financial tools and programs than Millennials, Gen Xers, and Baby Boomers, credit unions need to make sure they don't lose out to fintechs. Part of your approach in marketing to Gen Z should be meeting potential members on their own turf, which means communicating via text, live chat, and social media.

Specific ways to market to Gen Zers could include:

- » Offering digital capabilities like remote deposit capture and mobile banking.
- » Offering loyalty rewards. Gen Zers are used to rewards programs, thanks to companies like Starbucks and Sephora, who reward customers with points for their patronage.
- » Sending targeted messages to their mobile devices.
- » Emphasizing budgeting tools and automatic savings options. Because a lot of Gen Zers witnessed their parents taking financial hits during the Great Recession, they tend to be more financially conservative.
- » Using social media to build your brand (rather than selling a product).
- » Pushing to get your credit and debit cards loaded onto their Apple Pay or Samsung Pay platforms so you stay top-of-wallet.
- » Offering automatic deposits to savings accounts and allowing Gen Zers to direct savings into self-defined buckets like college and cars.

Gen Zers are the first frontier of truly digital native members. If you want your credit union to appeal to this tech-savvy and mobile-centric generation, you need to offer technology that allows for quick and convenient communication across all your channels.

SOURCES

¹ Pew Research Center: [*Defining generations: Where Millennials end and Generation Z begins*](#). January 17, 2019.

² Credit Union Journal: [*How some credit unions are working to attract and retain Gen Z members*](#). April 4, 2018.

MARKETING YOUR CREDIT UNION:
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Part II

How Your Credit Union Can Attract Millennials



Fact #1: Millennials (persons born between 1981 and 1996)¹ make up the fastest-growing segment of today's population and are on the cusp of surpassing Baby Boomers as the nation's largest living adult generation.²

Fact #2: In 2016, Millennials officially became the largest generation in the American workforce.³

Fact #3: Millennials currently have more spending power in the United States than any other generation.⁴

The bottom line? Millennials may very well represent the single greatest opportunity for growth for your credit union.

UNDERSTANDING MILLENNIALS

To understand how to attract Millennials, you first need to understand the generation's characteristics. For instance, while Millennials grew up with the rise of smartphones and the Internet, they still remember landlines and dial-up. They've seen first-hand that progress takes time, but the speed at which technology has advanced affects their expectations and what is possible. One example is the smartphone. As it relates to banking, Millennials look at smartphones as the new wallets – they use them for everything from buying movie tickets to bookmarking boarding passes to accessing bank accounts. Millennials are three times more likely than any other generation to open a new account using a mobile phone.⁵

Another characteristic of the Millennial is that thanks to student loans, a good portion of this generation is in debt – almost two-thirds of respondents to an ORC International survey (which surveyed 1,000 Millennials) reported owing at least \$10,000 in student debt, and more than a third owes more than \$30,000.⁶ So, even though they have the most spending power, they're not spending it on large investments like home ownership. They're spending it on student loan repayment plans.

MARKETING TO MILLENNIALS

Here are some strategies you might want to consider when trying to attract new Millennial members:

- » Market student loan consolidation programs or offer consolidation assistance.
- » Create an easy-to-navigate mobile banking experience. Attention spans are shrinking, which means if your mobile experience is confusing or incomplete, you might lose that potential member forever.
- » Offer easy digital lending and loan processes. The rise of powerhouse online mortgage brokers like QuickenLoans and aggregators like LendingTree has proven that a face-to-face transaction is no longer a given for most households' biggest loan. In the United States in 2012, about half of lenders took more than 25% of their mortgage applications online, and 61% of applications submitted through third-party underwriting systems were approved online.⁷
- » Represent Millennials in your boardroom. A Filene Research Institute study found that only 6% of credit union board members were under 40, while 42% were 60 or older.⁸

As new technology continues to evolve, Millennials are keeping pace. To successfully market to this generation, you need to offer the right balance of digital banking features and services (like lending and loan consolidation) that speak to what Millennials need and desire most.

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³ Pew Research Center: [Millennials are the largest generation in the U.S. labor force](#). April 11, 2018.

⁴ Forbes: [How To Tap Into the Millennial \\$200 Billion Buying Power With Social Media](#). October 31, 2017.

⁵ American Bankers Association: [Millennials and Banking Infographic Sources](#).

⁶ Inc.: [63 Percent of Millennials Have More than \\$10,000 in Student Debt. They'll Be Paying for Decades](#). January 11, 2017.

⁷ Filene Research Institute: [Trending: Credit Unions in 2025](#).

⁸ Filene Research Institute: [Trending: Credit Unions in 2025](#).

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Part III

How Your Credit Union Can Retain Boomers



Millennials and Gen Zers may be nipping at the heels of Baby Boomers (born between 1946 and 1964)¹ ... but they haven't caught up yet. While developing strategies to attract and retain younger generations of members remains paramount to the future success of credit unions, it would be careless to exclude today's most lucrative group from your marketing efforts.

The Boomer generation still controls 70% of the nation's disposable income, and over the next two decades, spending by Americans over age 50 is projected to increase by 58% – whereas ages 25-50 will only grow by 24%.² And yet, organizations are spending 500% more on marketing to Millennials than to any other demographic group.³ Unfortunately for community banks and credit unions, this oversight has led to nearly 25% of all Boomers being unhappy with the banking industry and 12% being actively disengaged with their primary institutions.⁴

So, what can credit unions do to make their Baby Boomer members happy and increase retention rates?

UNDERSTANDING BABY BOOMERS

First, it's important to understand that Boomers are not technophobes. They may not have grown up with the rise of the Internet like Millennials or been born into the land of Wi-Fi like Gen Zers, but this generation of Americans is, in fact, getting online – and they're doing it at an increasingly rapid rate. Sixty-six percent of Americans ages 65 and older used the Internet in 2018, a figure that's more than quadrupled since 2000.⁵ Seventy-one percent of Boomers bank online once a week or more,⁶ and at least 40% regularly use a mobile banking app,⁷ which means creating a seamless online and mobile experience for everyday financial needs should be a priority for your credit union. Make sure your systems are intuitive, match your mobile and online services, consider increasing font sizes, and keep notifications simple and clear.

Another avenue for engaging with Boomers is perhaps a more obvious one: offering retirement support. Sixteen percent of Baby Boomer respondents to a Schwab Retirement Services survey say they expect to work during retirement because they think they'll need the money. Thirty-six percent don't know how much they need to save for retirement and 20% don't know how to get the money out of their plans.⁸ Providing resources for continued retirement planning and asset management is a key opportunity for your credit union to connect with this generation.

MARKETING TO BABY BOOMERS

When it comes to marketing to Baby Boomers, consider:

- » Offering retirement support. You can proactively offer wealth management resources at your credit union or have retirement experts on-site.
- » Prioritizing a streamlined, mobile-optimized experience that's easy to use. As more Boomers leave the workplace and lose the everyday connection to emerging technologies, it's essential to keep systems simple.
- » Offering cash-back programs. Gen Zers may be used to points-based rewards systems, but Boomers aren't. Sixty percent of Boomers participate in cash-back credit card rewards programs, with a mere 36% participating in points programs.⁹
- » Connecting them with the right products and services for their evolving financial needs. On top of retirement support, Boomers are looking for wealth management, wealth transfer, housing finance, parental financial security.¹⁰

As you start planning your digital transformation strategy, don't make the mistake of overlooking the very lucrative Baby Boomer generation. Helping these members adapt to your digital culture could mean big things to your bottom line.

SOURCES

¹ Pew Research Center: [Defining generations: Where Millennials end and Generation Z begins](#). January 17, 2019.

² Gonnella, Lauren. Credit Union Journal: [Millennials are the future, but CUs shouldn't write off baby boomers](#). July 20, 2017.

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⁴ Sullivan, Joe. The Financial Brand: [How Banks Can Better Connect With Boomers](#).

⁵ Pew Research Center: [Internet/Broadband Fact Sheet](#). February 5, 2018.

⁶ Ray, Julie. Yu, Daniela. Gallup: [Baby Boomers Put More Money Than Trust in Banks](#). 2014.

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⁸ Satter, Marlene. Credit Union Times: [After 20 Years in 401\(k\)s, How Are Boomers Doing?](#) October 18, 2018.

⁹ Gonnella, Lauren. Credit Union Journal: [Millennials are the future, but CUs shouldn't write off baby boomers](#). July 20, 2017.

¹⁰ Callahan & Associates: [The Credit Union Guide to Baby Boomers](#).

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