

On the Mark

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Three Things CUs Can Learn from REI

Credit unions have a lot to learn by looking outside the industry for ideas on branding and differentiation. With credit unions competing more frequently as retailers, it pays to study retailers who epitomize success and adopt the attributes that translate well to the financial services industry.

REI – a leading retailer of outdoor gear - is an organization that does many things well. What makes it particularly appealing as a business to model is its similarities to credit unions. REI is a retail cooperative – the largest consumer cooperative, in fact. It was founded by a group of mountain climbing buddies looking for the best mountain climbing tools at the most reasonable prices. Like a credit union, its business model is member-centric. It has members. It pays dividends. It educates its customers. And, it does many things successfully. Here are three things credit unions can learn from REI.

1. Strategic Positioning

REI positions itself as an organization that “inspires, educates and outfits for a lifetime of outdoor adventure and stewardship.” REI doesn’t just sell outdoor gear. The company is passionate about outdoor adventure and has many programs in place to promote it and support it. There are store-hosted volunteer events and outdoor family fun activities. There are partnerships between REI and non-profits to protect the outdoors and promote outdoor recreation. Plus, every year, REI mobilizes thousands of volunteers to help protect natural places. The company even has a giving philosophy:

“REI dedicates 3 percent of the previous year's operating profit to our annual giving budget. Our aim: to help conserve natural spaces in order to create opportunities for outdoor recreation”

In 2010, REI donated \$3.7 million in grants to non-profits, hosted 541 outdoor volunteer projects and engaged 315,000 people with 2.2 million man hours on volunteer projects.

Credit unions were founded on the philosophy of people helping people, and they do help in their

communities. How many of them have a “helping philosophy?” Imagine the impact credit unions would make if they partnered with homeless shelters to get people cleaned up, educated and employed. What if, instead of just teaching money management, they started mentoring programs at women’s shelters to truly help women get back on their feet? What if they gave three percent of their operating profits to a special giving budget that gave money to organizations trying to help people get back on their feet financially? Credit unions could quantify that information on their website and in their annual reports.

2. Membership as a Benefit

Membership with REI is not mandatory, but it comes with tangible benefits, starting with the cost. A lifetime membership is only \$20. A frequent shopper probably makes up that cost in a matter of months, because members get product discounts not available to non-members.

REI also pays an annual dividend to members – typically 10 percent of their qualifying annual purchases. The more they spend, the more they get back in dividends and discounts. It’s not uncommon for members to go to the register and get some of their items absolutely free because of discounts, dividends and rewards.

This is a little different from credit unions, where membership is mandatory, but membership can still be turned into a benefit and not just a requirement to open an account. For starters, do what so many credit unions have gotten away from (possibly because of the economy) and pay members an annual dividend. REI probably gets a good portion of its dividend money back in sales. Why couldn’t credit unions? Offer a special high deposit rate for members who put their dividend check into a new or existing CD. For members who use more products and services, give them tangible value, like a free upgrade to a checking account that usually costs money or has a mandatory high deposit requirement, if they have a mortgage at the credit union. Encourage members to use more by giving them more. But don’t just give them free travelers cheques. Give them something they will use that provides tangible value.

3. Staffing

This quote by a real employee on the REI website says it all. “REI employees care about the products we sell. We’re not just peddling widgets. Our people are invested in our products because their passions revolve around them.”

REI hires people who not only love the outdoors, but are outdoor enthusiasts. The company is so passionate about hiring employees that match its core principles that it offers a challenge grant program, which pays them to achieve a personal outdoor challenge, like a 50-mile bike ride, a Mt. Everest expedition and the like.

As a result, REI doesn’t have to compete on price or service. It competes on knowledge – of the outdoors, its products and how the two work together for the customer’s maximum outdoor experience. New employees are oriented through a specially designed on-boarding program. It gives them the chance to participate in a stewardship project or outing where they get to have fun outdoors while bonding with teammates and managers. REI has been recognized as one of *Fortune*

magazine's Top 100 Companies to Work For every year for 14 years. This year it achieved its highest ranking ever – number nine.

Do credit unions hire employees passionate about the organization's purpose? Does the organization have clear purpose? Do credit unions hire employees who understand effective money management and can explain it to people during a typical transaction? Members know when the organization cares about its employees, because those employees care about the members.

REI did not become the leading consumer cooperative by accident. It has stayed true to its values, its employees and customers and its roots since 1938. Credit unions have much to gain from REI's success story.

Blog Updates

Follow Mark's blogs for frequent and timely information on topics like marketing, branding, generations, leadership, Think Huge and more. Blog posts are updated weekly. Here are links and summaries from some recent posts.

[Who Cares What Your Branches Look Like? You Should](#)

There's a reason why successful companies spend hundreds of thousands of dollars on retail marketing. Plain and simple, image sells. Learn how your retail environment contributes to the overall member experience and discover what questions your credit union management team should be asking themselves.

[Five Key Gen Y Traits Credit Unions Should Know](#)

The average credit union member age is 48. What happens in five or 10 years if your credit union hasn't started attracting a younger generation of people? You have to do something to get Gen Y's attention. Start with these five traits every credit union should know about this generation of future members.

[Think Huge Lesson from the Dallas Mavericks](#)

The Dallas Mavericks are the recent winners of the NBA Championship, but it hasn't come without a lot of perseverance and a lot of teamwork - two principles of thinking huge. When many in the world doubted the ability of this team to ever win a championship, they thought huge and brought home the trophy. See how thinking huge got this team their ultimate prize.

Online Buzz

Comments and Ideas from Mark's Blog Readers

Three Reasons CUs Should Still Have SEGs

"Community charters are NOT the only way to grow. But restricting membership based on an employer does not make sense. There is nothing unique to the banking needs of fire and police officers, pilots and cabin-crew, military, government workers, insurance company staff and the general public. If we were to compare the product and services "menu" at the SEG only CUs and other CUs and Banks I am willing to wager that the difference would be inconsequential.."

-Serge Milman

Who Cares What Your Branches Look Like? You Should

"I'm glad that we're starting to see more and more conversation about FIs truly being a retail environment. In my opinion, the environment matters even more because few customers/members see visiting their bank/CU as anything more than an errand or chore. It's a different mindset than shopping in a retail store."

-Mike Bartoo

"You make some great references about ROI and how expense savings can ramp this up. I would also suggest adding a tip to work up a projected ROI based on sales goals and resulting revenue. Then afterwards as a part of post-promotion review work up a final ROI based on the actual results. It helps in evaluating bottom line results and keeps the finance folks happy!"

- Carolyn Jordan -

We want to hear from you. If you have used an idea or learned something of value from one of Mark's blog posts, be sure to leave a comment on the blog so others can benefit from your experiences, as well.

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