

Case study:

Franklin Mint Federal Credit Union

Experian helps client exceed its ROI target by almost 200 percent



Franklin Mint Federal Credit Union (FMFCU) implemented an auto prescreen campaign using Experian's Auto In the Market ModelSM as a way to make its prospecting process more efficient. By using Auto In the Market ModelSM, the company reduced its overall mail volume by targeting individuals who were most likely to respond to its offer. With a single campaign, FMFCU experienced a 10 percent lift in its overall conversion rate and increased its one-year net profit by 60 percent. By adding this intelligence to its marketing efforts, FMFCU exceeded its return on investment (ROI) goal by almost 200 percent.

Client

Since 1970, FMFCU has provided financial products and services to residents and organizations throughout the Delaware Valley. FMFCU currently has:

- More than 60,000 members serving more than 1,200 employee groups
- \$600 million in assets
- Twenty-eight branch locations, including a full-service call center and an online branch

Known as "The Credit Union of ChoiceSM" for its service and expertise, FMFCU is committed to understanding and providing its members with valuable products and services — addressing its members' personal and business finances.

FMFCU was voted "Best Bank" in the 2008, 2009 and 2010, Delaware County Daily Times Best of Delco Readers' Choice Awards. It was also named Federal Credit Union of the Year in 2008 by the National Association of Federal Credit Unions (NAFCU).

Challenge/Objective

As the economy contracted, lenders tightened their lending criteria, limiting the amount of resources dedicated to acquiring new loans. FMFCU wanted to continue growing its loan portfolio. To achieve this goal, the company targeted credit-qualified members who were in the market for an auto loan.

In the Market ModelsSM is a suite of seven scores by industry that predict the likelihood that a consumer will open a specific product type within 30 to

“By utilizing Experian’s In the Market score coupled with their credit criteria attributes, Franklin Mint Federal Credit Union has improved our direct-mail response rate from 0.90 percent in to 1.3 percent (~ 50 percent increase) and reduced our costs at the same time.”

— Dan D’Imperio, AVP — Lending

120 days from the observation point. Product types include auto loans and leases, bankcards, mortgages, home equity, personal finance, retail and student lending. The score ranges from 301 to 900, with the higher score representing those consumers who are more likely to open an account.

As a first step, FMFCU ran a standard auto prescreen campaign, appending Experian’s Auto In the Market Model to validate that the model targets members who are both qualified and likely to respond.

Resolution

Based on the validation analysis, FMFCU ran a subsequent campaign, “The Wheel Deal Campaign,” using Auto In the Market Model in the selection process. Its overall objective was to develop a smaller, more targeted campaign while still maintaining high response and improved conversion rates.

Running for two months, the subsequent campaign, the FMFCU Wheel Deal Campaign, promoted auto loans to more than 15,500 prescreened members. Members were offered the following:

- A \$100 FMFCU VISA® gift card promotion
- Rates as low as 4.99 percent annual percentage rate with a 36-month term
- Five tiers ranging from \$20,000 to \$40,000

Based on the member profile, each mail piece was targeted to a specific audience segment. As a result of the analysis, 70 percent received a mail piece focused on vehicle purchases, while 30 percent received a piece on vehicle refinancing. Mail pieces included member testimonials, along with a follow-up reminder stating the offer details. Approved members received an email. Additionally, two to three weeks following the initial mailing, Sales initiated a targeted call directly to this audience. The call list was sorted by the In the Market ModelSM scores, with higher scores receiving greatest priority.

Figure 1

| | Spring 2008 (member cross-sell) | Spring 2009 (member cross-sell) | Goal | Cross-sell to goal |
|-----------------------|------------------------------------|------------------------------------|-------------------|--------------------|
| Account open rate | 1.2% | 1.3% | 1.2% | 111.7% |
| Number of mail pieces | 17,774 | 15,693 | | |
| One-year net profit | \$53,000 | \$85,000 | | |
| ROI | 176% | 296% | Greater than 100% | |
| Total loans booked | \$3.965M | \$3.387M | \$3.060M | 110.7% |
| Average loan | \$16,800 | \$16,900 | \$17,000 | 99.1% |

Results

FMFCU evaluated the use of Auto In the Market Model over two campaigns. Results indicate that the company mailed 10 percent fewer pieces. However, the company increased both its account open rate and its one-year net profit by 60 percent over its previous campaign. Specific comparisons are listed in Figure 1 on page 2.

Wheel Deal Campaign, FMFCU selected members who had a risk score of 620 or higher and an In the Market Model score of 694 or greater. The overall conversion rate had a 10 percent lift over the previous auto campaign.

For actual results from FMFCU's spring 2009 Wheel Deal Campaign, refer to Figure 2.

FMFCU believes Experian has the ideal combination of tools, data, insight and client support needed to help it make smarter decisions and attain continued marketing success.

With its recent success with Auto In the Market Model, FMFCU looks forward to implementing other industry models to help sustain its success.

“In Marketing we are continually striving to improve results without increasing our overall budget. By targeting more effectively, we keep the costs of our campaigns down, allowing us to shift those excess dollars to other programs. Experian has enabled us to achieve this goal.”

— Drew Stanley, Vice President,
Marketing Development and
Strategic Planning

Figure 2

| | Risk score | | | | | | | | | | | |
|--------------------------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|
| | 620–695 | | 696–756 | | 757–820 | | 821–871 | | 872–950 | | Total | |
| Auto In the Market Model score | Number opened | Conversion rate | Number opened | Conversion rate | Number opened | Conversion rate | Number opened | Conversion rate | Number opened | Conversion rate | Number opened | Conversion rate |
| | Number mailed | | Number mailed | | Number mailed | | Number mailed | | Number mailed | | Number mailed | |
| 787–900 | 20 | 4.0% | 12 | 3.0% | 7 | 2.1% | 4 | 1.8% | 3 | 2.6% | 46 | 2.9% |
| | 499 | | 394 | | 336 | | 225 | | 117 | | 1,571 | |
| 758–786 | 13 | 2.9% | 10 | 2.5% | 7 | 1.8% | 2 | 0.8% | 2 | 1.4% | 34 | 2.1% |
| | 451 | | 398 | | 379 | | 251 | | 143 | | 1,622 | |
| 740–757 | 9 | 2.5% | 9 | 2.3% | 5 | 1.4% | 6 | 2.1% | 2 | 1.2% | 31 | 2.0% |
| | 357 | | 395 | | 356 | | 285 | | 164 | | 1,557 | |
| 725–739 | 8 | 2.4% | 3 | 0.9% | 5 | 1.6% | 2 | 0.6% | 2 | 0.9% | 20 | 1.3% |
| | 329 | | 344 | | 322 | | 308 | | 211 | | 1,514 | |
| 710–724 | 3 | 0.9% | 5 | 1.4% | 7 | 2.1% | 1 | 0.3% | 0 | 0.0% | 16 | 1.0% |
| | 316 | | 361 | | 335 | | 330 | | 243 | | 1,585 | |
| 694–709 | 5 | 1.7% | 1 | 0.3% | 3 | 0.9% | 3 | 0.8% | 1 | 0.3% | 13 | 0.8% |
| | 299 | | 315 | | 329 | | 359 | | 359 | | 1,661 | |
| Total | 62 | 2.0% | 49 | 1.6% | 46 | 1.5% | 28 | 0.9% | 16 | 0.5% | 201 | 1.3% |
| | 3,129 | | 3,101 | | 3,123 | | 3,163 | | 3,177 | | 15,694 | |

Experian
475 Anton Blvd.
Costa Mesa, CA 92626
T: 1 888 414 1120
www.experian.com

© 2015 Experian Information Solutions, Inc. • All rights reserved

Experian and the Experian marks used herein are trademarks or registered trademarks of Experian Information Solutions, Inc.

Other product and company names mentioned herein are the property of their respective owners.

03/15 • 1224/2752 • 7337-CS