



# Money Market

## CD Acquisition Case Study

# 200+%

RETURN ON INVESTMENT

## Background

**\$900M asset credit union in the northeast with a multiple county community charter. Potential membership of several million households.**

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## Premise

Low-income households do not have extra disposable income to invest in CDs and Money Market accounts. Focusing on higher-income households will provide better responses and deposit growth. Targeting these higher-income consumers with multiple messaging will increase new account growth. Marketing to high-income neighborhoods (at the carrier route level) will reduce mailing costs to less than a third of the cost of first-class postage, helping reduce marketing costs and increase overall ROI.

## Strategy

- Select high-income neighborhoods with more disposable income.
- Market households with proximity to branches to increase responses.
- Maximize postal discounts to reduce acquisition costs.
- Execute multiple touchpoints to increase overall deposits.
- Minimize production costs to maximize ROI.

## Implementation

Using the CU's standard rates, 25,000 potential members and current members that reside in high-income neighborhoods with a minimum of \$75,000 medium income were targeted. Stellar suppressed current members with CDs and/or money market accounts from the direct marketing campaign. Multiple follow-up outbound calling helped increase product benefits. Roughly, 6,000 households were targeted each week, for 4 weeks. Stellar's call center made outbound calls, as well as received inbound calls.

## Results

**First 5 Weeks** - \$2.25MM in new deposits matched back to the households targeted. 166 new accounts were opened by new and existing members.

**Spread Income** - These deposits being loaned out at current market rates will have between 200 to 300 basis points spread.

**New Deposits Generated** - The \$2.25MM in new deposits had roughly \$1.49MM in CDs and \$729K in high-interest checking and money markets. These accounts were fairly evenly split between new and existing members, with 87 & 79 respectively.

**ROI** - At a 200 basis point spread, the CU achieved a **200% ROI** in just the first 5 weeks of the program. The next four weeks of new accounts will only increase this dramatically since there are no further production costs.