

Boost Your Loan Portfolio with Targeted Student Loan Marketing

Roughly \$150 billion in student loans is sitting out there waiting to be refinanced, according to credit rating agency DBRS. Is your credit union ready to grab your slice of the pie? The first question a credit union marketing professional must ask is what markets the credit union should target. Students with existing high-interest loans, loans that are already beginning repayment and the family members of students who also have taken out loans to help pay for college.

These segments tend to be:

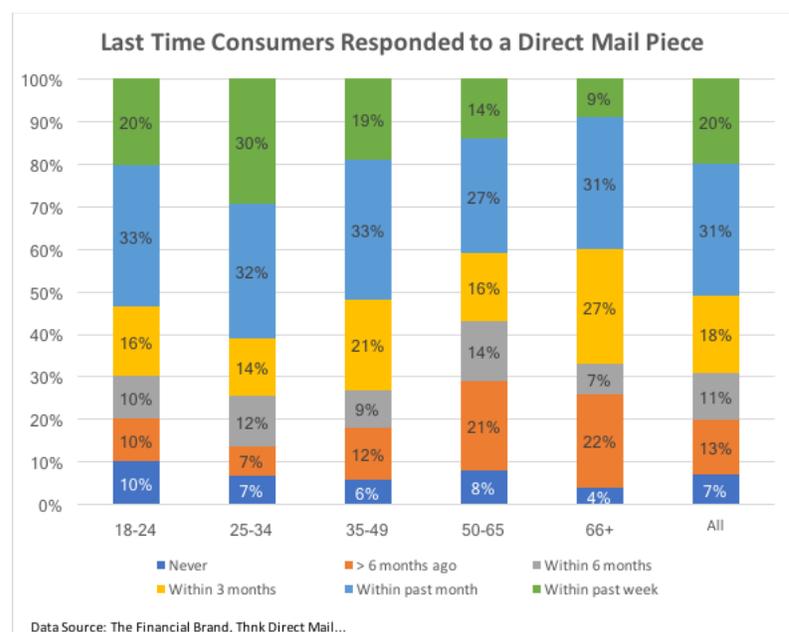
- Younger baby boomer parents of millennial students and graduates
- Gen X parents of millennial students and graduates
- Gen X and millennial graduate students and recent graduates
- Millennial undergraduate students and recent graduates

Some may be surprised that the fastest growing segment of student borrowers are the baby boomers. The number of student loan borrowers older than 60 increased from 700,000 in 2005 to 2.8 million in 2015, [according to MarketWatch](#). More than 4 million completed foreclosures occurred between 2007 and 2011 due to parents borrowing against their homes to pay for their children’s college, an article from [U.S. News & World Report](#) read. Help them protect their homes by offering student loans instead!

It’s not too late to register to attend Ser Tech’s April 12 webcast, [Credit Unions Examine Student Loans, by clicking here.](#)

Thanks to continuous refinement of targeted marketing, direct mail is an option that works across all demographics. People who regularly delete unopened emails still feel the need to review items that come in their real mailbox, [The Financial Brand](#) reported. About 75% of households at least scan direct mail advertisements, per the U.S. Postal Service, and, as illustrated in the chart at right, millennials are particularly responsive!

Better targeting has helped keep direct mail response rates high, and even growing as opposed to many digital media, according to



[IWCO Direct](#). In 2016, direct mail response rates were up to 5.3% for house lists and 2.9% for prospect lists versus in 2010 when the rates were 3.4% and 1.4%, respectively. By comparison, online display ads achieved a 0.9% response rate, email was 0.6% for house list and 0.3% for prospects, social media was 0.6% and paid search was 0.5%.

Financial services companies are the highest users of direct mail, with 71% of banks and credit unions using this method. Nearly half of companies (46%) plan to maintain their direct mailing levels, while another 35% plan to increase this activity. Creative direct marketing ideas abound, and considering peoples' volume of email vs. snail mail, they're more likely to stand out in consumers' minds.

Messaging to each of these targets for student loan recapture, however, must be carefully crafted.

[Ser Tech can help with your student loan refi needs! Click here to contact us for more information.](#)

Millennials (born between 1982 and 2002) will not give your company the time of day if your product and message are not aligned. Being trustworthy and honest is particularly important to millennials so determine the story your product tells and stick with it, [Entrepreneur](#) suggests. [Vancity Credit Union](#) in Vancouver, British Columbia, Canada is an excellent example of product-message alignment, including funding the building of hundreds of new, affordable homes, many products and services targeting the low-income and immigrant markets, community impact loans and grants, and much more. It's tag line: Make Good Money. Gen Y values social issues well above economics and would prefer a lower paying job they love and believe in (64%) to making more money, according to [The Wordstream Blog](#).

Creative marketing ideas abound when it comes to student loans. Use a direct mail piece to invite members to apply online or in person for a credit union-funded scholarship or grant while they apply for a student loan from the credit union.

Messaging:

- Be casual and human
- Focus on convenience or pricing
- Portray how you credit union is creating a better world
- Demonstrate that you're listening by implementing solutions to the challenges they've expressed, such as paying back their student loans!

Gen X (born between 1965 and 1981) is the product of the first Gulf War that has watched technology evolve and job security thrown out the window, [AdWeek](#) explained. It's the quintessential middle child that works hard for attention despite being a latchkey kid but ends up ignored, and divorce rates peaked in 1980 when Gen Xers were barely teenagers. Gen X is in its prime earning years and work hard to keep it that way. American Express has found that they have more spending power currently than any other generation, so this is an

excellent demographic for credit unions to attract. While Gen X is often stereotyped as pessimistic, they do like socially responsible brands, but they're skeptical so don't do it as a trend.

Messaging:

- Can't be demanding (we have issues with authority) but once respect is earned they appreciate reliability, safety and security
- Prioritize family (like borrowing a chunk of change for their children's education!) and freedom
- Be transparent and then let them make up their own minds
- Love technology but 86% of this generation still brings in the mail every day and 68% have used coupons they received in the mail (imagery to consider in your design)

Baby Boomers (born between 1946 and 1964) definitely like to speak with someone before buying a product or service, and they're willing to pay for it, according to Wordstream. They're susceptible to brand loyalty and upselling, so you can keep them once you get them. Language should sell them on the value of a product or service, including a little upsell. Most feel marketing targets younger consumers, so make them feel special.

The number of student loan borrowers older than 60 increased from 700,000 in 2005 to 2.8 million in 2015.

Messaging:

- Use active images of people about 10 years younger than them to make them optimistic for their future
- Family is important and it's simple to incorporate that with student loan offers
- Use a serif font, which is easier on the eyes, and avoid knock-out writing

Creative marketing ideas abound when it comes to student loans. Use a direct mail piece to invite members to apply online or in person for a credit union-funded scholarship or grant while they apply for a student loan from the credit union. Or make a friendly wager with another local financial institution, documented in a variety of marketing media. Bet between local universities' sports teams or which credit union or community bank can fund more student loans to help customers/members pay for school. The losing institution gives money to the school, the school's favorite charity, or even a scholarship pool for the winners' members. Now go out there and grab your credit union's slice of the \$150 billion pie! And if you would like assistance growing your credit union's piece of the student loan pie, [please click here to contact Ser Tech](#).