

CUNA MUTUAL GROUP REPORT

Winter 2019

Evolve to Satisfy Changing Consumer Tastes



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Think about it this way: At CUNA Mutual Group, we recognize that we're doing something more meaningful than simply selling people TruStage insurance and AD&D policies. We're helping our more than 28 million customers attain peace of mind that they will weather life's unexpected storms.

Likewise, as credit unions, you're not just a transactional hub for your members; you're their trusted financial partner. To deepen that relationship, you need to evolve with ever-changing behaviors and tastes.

Having marketed everything from hiking boots to lingerie to insurance in my career, keeping my finger on the pulse of these trends is in my blood. Four themes have emerged.

Theme #1: Have it my way: Think how far consumers have pushed the envelope since the days when Burger King promoted the ability to "hold the pickles" as something revolutionary. Now, we build our meal item by item at a Subway assembly line. At Starbucks, you design the type of liquid, the taste, the temperature. Design your products and services so consumers are part of the creation experience.

Theme #2: Do it my way: Best Buy has battled back from the brink by adopting a consultative approach and operationalizing an array of purchase and delivery options that accommodate every consumer preference. How can your branches go the route of Best Buy? In an era when the biggest auto lender is Ally Bank – which has no physical locations – you must focus personal interactions around high-level functions while steering transactional activity to intuitive digital platforms.

Theme #3: Don't take me for granted: Often, it's not that companies forget to deliver on their model. Instead, they need to deliver a model consumers crave.

Despite incredible hotels and high customer satisfaction, Hilton fell to No. 3 this year in consumer travel industry spending behind Airbnb, which owns zero properties and inherently delivers inconsistent experiences. What's happening is, consumers want a different level of flexibility. This dynamic occurs in payments, with PayPal and Venmo taking market share from checks, cash and cards. And Starbucks carries more than \$1 billion in customer gift card balances. We're loaning our money to them for free.

Give members good reasons to use your debit and credit cards, as well as other payment methods you offer.



Theme #4: Protect me: Today, we proactively share a tremendous amount of data about ourselves.

When you buy a car, you agree to send vehicle reports to the manufacturer that include the driver's weight. When you go to Disney World, you offer up your fingerprint. Generally, consumers accept that companies capture this information to enable more vivid, personalized experiences. But more than ever, people want to know what you know, understand how you're using it, and decide which information you control.

Transparency is key. Develop clear policies that include filters on what information you gather, when and why – and broadcast this loudly and proudly.



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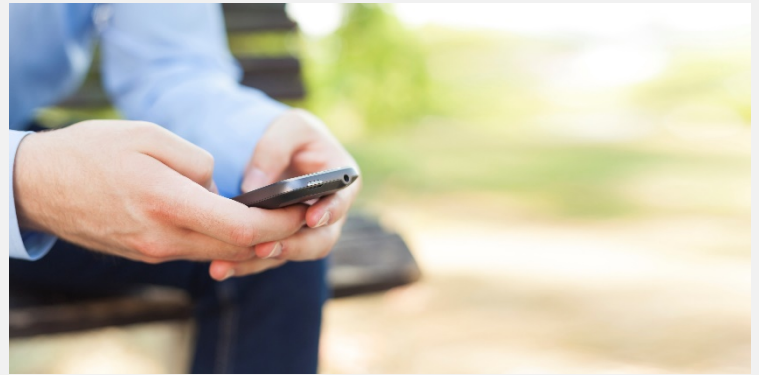
ON-DEMAND THROUGH FEB 2020

It's A Brave New Digital World

The marketplace is changing rapidly, and a true digital strategy requires a move beyond technology that encompasses a credit union's entire approach to doing business. Not sure where to start? [Start here.](#) Digital-First is Trending to Digital-Only. Consumers- especially digital natives- expect and demand a seamless digital experience to manage every aspect of their lives.

- **78%** of Americans now own smartphones¹
- **60%** of all smartphone owners use mobile banking²
- **82%** of millennials use mobile banking³
- **41%** of U.S consumers own a voice-activated device⁴
- **77%** of Virtual Assistant owners connect their devices to their smartphone⁵

To learn more about digital trends impacting the financial services industry, visit cunamutual.com/digital-trends. For up-to-the-minute insights to help in crafting your credit union's digital strategy, visit the Digital Trends Hub at [#cudigitaltrends](#).



Investing In The Right Solutions



Are You an Effective DEI Champion? Answer these 3 Questions



As we continue to drive awareness and learning around Diversity, Equity & Inclusion (DEI) initiatives, it's important to put that learning into action.

In a [recent podcast](#) (26:16) with **Angela Russell**, CUNA Mutual Group's VP of Diversity, Equity and Inclusion, national speaker and author [Shakil Choudhury](#) shared three questions you can ask yourself to measure where you are on your journey:

- 1. Am I showing my personal commitment to learning and unlearning?** Organizations that have been the most successful with DEI initiatives are the ones that start with leaders role modeling that personal learning is ongoing. Talking about what you're learning and owning your mistakes is key to culture change.
- 2. Do my actions reflect my words?** How are you working to create an atmosphere where all feel heard and included?
- 3. Am I willing to do the hard work?** There are no shortcuts. Once you get past the education stage, you must commit to working through the difficult issues that sometimes arise. Your leadership is critical to ongoing improvements and success.

USA Today Foolish Take: Nearly 80% of Americans own smartphones Feb. 24, 2018.¹ The Financial Brand The Rise of the Digital-Only Banking Customer June 6, 2017.² The Financial Brand The Rise of the Digital-Only Banking Customer June 6, 2017.³ RBC Capital Markets: http://www.insideradio.com/free/smart-speakers-reach-critical-mass-with-penetration/article_e18576c4-124c-11e9-85b9-2bd2f048ecc9.html.⁴ Clutch – Virtual Assistants and Consumer AI Feb. 11, 2019.⁵ CUNA Mutual Group is the marketing name for CUNA Mutual Holding Company, a mutual insurance holding company, its subsidiaries and affiliates. Proprietary insurance is underwritten by CMFG Life Insurance Company. This insurance is not a deposit and is not federally insured or guaranteed by your credit union. Corporate headquarters are located in Madison, Wis. © 2019 CUNA Mutual Group; © 2019 CUNA Mutual Group; CORP-2818988.1-1119-1221