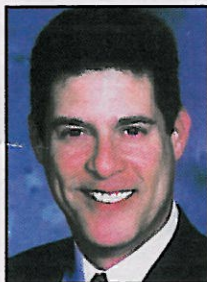


VIEWS & OPINION



Lose Research, Lose Perspective



By Neil Goldman

I'll admit it. I was surprised. The message—"Don't cut research"—didn't come from marketing. It didn't come from any research-affiliated department. It came from operations.

Let me back up. The billion-dollar credit union was losing money. Management decided to ask staff for input. After all, when it comes to spotting waste, cutting costs and/or identifying process inefficiencies, who would know better than those actually implementing policy? The credit union wanted a third-party to facilitate the conversation, to bring candor, openness, and the ability to probe without judgment.

Through survey responses and focus groups, the ideas poured in. Automation ideas. Meeting efficiencies. Headquarters relocation. Webinars instead of onsite training to save travel costs and branch down time. Flex staffing with part-timers. Department consolidation. Reductions in

Web-Based Auto Buying Is Like Airbags: No Longer Optional



By David Jacobson

It's hard to imagine that only 10 years ago, airbags were only available on a select number of new luxury vehicles. Today, most consumers wouldn't consider buying

a used or pre-owned vehicle without them.

This is one example of how products and services can go from unusual to universal in just a decade. Why? Because when a product or service is so relevant to the mass consumer, it takes on a life of its own.

This is also true for the online auto buying resource.

Nowadays, nearly all consumers use the Internet to extensively research their vehicle purchase. In fact, it's hard to imagine a time when this type of resource didn't exist.

Credit union members are no exception. Like any other consumer, members tackle the Internet to research, purchase and finance vehicles on a daily basis.

But the prevailing question for credit unions is, "how does the auto buying resource you provide to members compare to what they can find by Googling the words 'auto buying'?"

To properly gauge this and offer a relevant opinion, we canvassed more than 200 credit union websites from February to May 2009. Asset sizes varied as did the geographic dis-

person of the credit unions. What we found was alarming, but not surprising—20% of the credit unions surveyed had no auto resource information available whatsoever. Moreover, a number of these credit unions planned on implementing something within the next year, while smaller credit unions felt they were too small to be able to provide this service to members.

A larger number of credit unions (roughly 50%) took the easy road by simply placing links to automotive resources on their websites. These links direct members to general information sites, which provide no credit union branding. We also found that most CUs did not know that most, if not all, of the sites rely on advertising and offer information on credit union competitors such as banks, insurance companies, and the like. You can almost bet this was not the intent of the credit unions. Far from it.

The balance of the credit unions outsource to auto buying service products that charge a monthly fee. And, depending on the service, this can be an effective solution, yet like any other service product, it's important to know what you're getting.

For instance, most credit union indirect lending products offer some level of Internet buying support. But how much substance is behind the colorful homepage and what kind of auto buying service experience does the executive management have? Any creative web designer can dazzle with bells and

whistles, but how well does the company understand the auto and credit union industry. Remember the driver side airbag? Well, what about the passengers? Shouldn't they have airbags too? Is cheaper better?

Credit unions need to be educated on what's available and what works.

One effective way to assure you cover all bases is to create a checklist, samples of which can easily be gotten.

For example, when multiple credit unions participate in a car buying program in a specific market, what differentiates them? Are they lumped together in obscurity? What about seniors, those without computers, or members who simply prefer to speak to a live person? Does the provider have an auto buying call center? After all, an auto buying call center provides a level of service that not only epitomizes the credit union philosophy, but also gets results.

Members will not buy cars without airbags and they will not shop for a car without the Internet. You can't buy a new car today without an airbag. But, can you afford to have your members shop for a car without your credit union?

David Jacobson is founder and president of GrooveCar, Inc., Long Island, NY-based financial intermediary that provides auto buying services to credit unions nationally. Mr. Jacobson can be contacted at David@groovecar.com or 631 454 7500, extension 111.