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Coupons Offer Auto Dealer Connections and Member Incentives

New Firm's Founder Hopes to Connect Dealerships, Credit Unions

BY MICHELLE A. SAMAAD

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More than 300 dealerships are currently accepting the cuautocoupon, according to the company.

With the decline in vehicle loans expected to be a drag on overall loan growth well into 2012, credit unions may be searching for even more ways to boost revenue.

The founder of a new firm, cuautocoupons Inc., is hoping to offer another solution by connecting the industry with more dealerships while offering financing incentives to members.

Launched Nov. 14, through cuautocoupon, members are paired with their credit union's lending departments. After filing out an online form, they are given access to a coupon that can be redeemed at a local participating dealership that entitles them to receive special discounts off the

vehicle purchase price.

Members can also redeem a coupon at any local participating dealership to receive 10% off their next service, parts or accessories' purchase. The company said it will also provide credit unions with the ability to solicit or educate their members in the market to refinance their existing auto loan currently with another financial institution.

"It is becoming more fiscally challenging for credit unions to remain rate competitive in the auto lending arena while offering attractive and effective incentives," said Robert O'Hara, president of cuautocoupon. "When it comes to capturing a greater market share of auto loans, credit unions continue to face a challenge."

O'Hara is familiar with the industry's lending challenges having previously served as a senior executive for 10 years at the \$316 million Sperry Associates Federal Credit Union in Garden City Park, N.Y. His career experience also includes positions at several mortgage and financing companies.

The \$500 coupons are free to members. O'Hara said credit unions pay to participate in the program, but he did not disclose the cost. There are more than 300 dealerships currently accepting the coupons, he

added.

O'Hara said getting dealerships to sign on is not as difficult as it seems because the coupons help to drive qualified shoppers in.

"Marketing directly to credit union members with these valuable coupons will give dealerships a competitive edge by penetrating the largest local consumer group in most regions throughout the nation," O'Hara pointed out.

Thirty credit unions are expected to sign up with cuautocoupon by the end of the year and more than 100 are projected to offer the coupons by the end of 2012, O'Hara said.

Prior to the company's launch, a beta test took place over the past 12 months across more than 10 credit unions and over 300 dealerships in the New York metropolitan area. During that time, O'Hara said they were able to capture some valuable information including what methods worked best to promote the coupon, how credit unions tracked the coupon activity performance and what additional automotive coupons members would be interested in.

The coupons are available to credit unions nationwide. O'Hara said the company has teams on the East and West coasts to promote them.

For the \$778 million Island Federal Credit Union in Hauppauge, N.Y., cuautocoupon is one way the cooperative is looking to build its loan portfolio.

"We are very pleased with the discount coupon that we are offering our members. This gives us a great tangible benefit to offer," said Mary Wyman, director of sales and marketing at Island FCU. "Not only has it brought in new loan business, but it gives us an incentive that we can track on a daily basis."

While there are several other financing options available to credit unions to connect their members with dealerships, O'Hara said its cuautocoupon's reverse marketing approach makes its offering different.

Reverse marketing is the concept of making the member seek the credit union rather than the credit union seeking the member, he explained, adding the method allows the credit union to help a member achieve a goal. Since the credit union was the one that offered the member valuable advice to achieve this goal, they will be more tempted to use the credit union's product [or] service when finalizing their purchase, O'Hara said.

"Credit unions have never been in the driver's seat when it comes to where their members will ultimately finance their vehicles," O'Hara said. "Connecting members to their credit union prior to the point of sale is where cuautocoupon is able to put credit unions in the driver's seat."

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