AI Enabled: Next Best Product Overview

BlastPoint

Understanding Segmentation & Propensity

Segments and propensity scores play pivotal and complementary roles in refining a member-owned, not-for-profit credit union's Next Best Product outreach strategies.

Segments: In the context of the Credit Union Next Best Product evaluation, segmentation involves dividing the member base into 5 distinct groups based on their assigned next best product, excluding those who already have that particular product. This segmentation allows for the creation of specialized marketing strategies that are specifically designed to appeal to the unique needs and preferences of each product group. Tailoring the approach in this way enhances the relevance and effectiveness of the credit union's communication with different member segments.

Propensity Scores: Complementing segmentation, propensity scores offer a numerical estimate of the likelihood that an individual member within these segments will engage with the Next Best Product. This level of detailed targeting assists in identifying not only which segments are generally more inclined to convert on a particular product but also pinpointing specific individuals within those segments who are most likely to take action. By integrating these scores into their strategy, the credit union can allocate resources and tailor messaging more efficiently, focusing on members with the highest propensity to engage with their next best product.

High Propensity Member Segmentation

Credit Card
Propensity ≥ 6
Percent of Audience: 35.7 %

Members
19.5K

Personal Loan
Propensity ≥ 6
Percent of Audience: 30.4%

Members
16.5K

Certificate of Deposit
Propensity ≥ 6
Percent of Audience: 20.2%

Members
11K

Auto Loan
Propensity ≥ 6
Percent of Audience: 8.2%

Members
4.4K

Mortgage
Propensity ≥ 6
Percent of Audience: 5.5%

Members
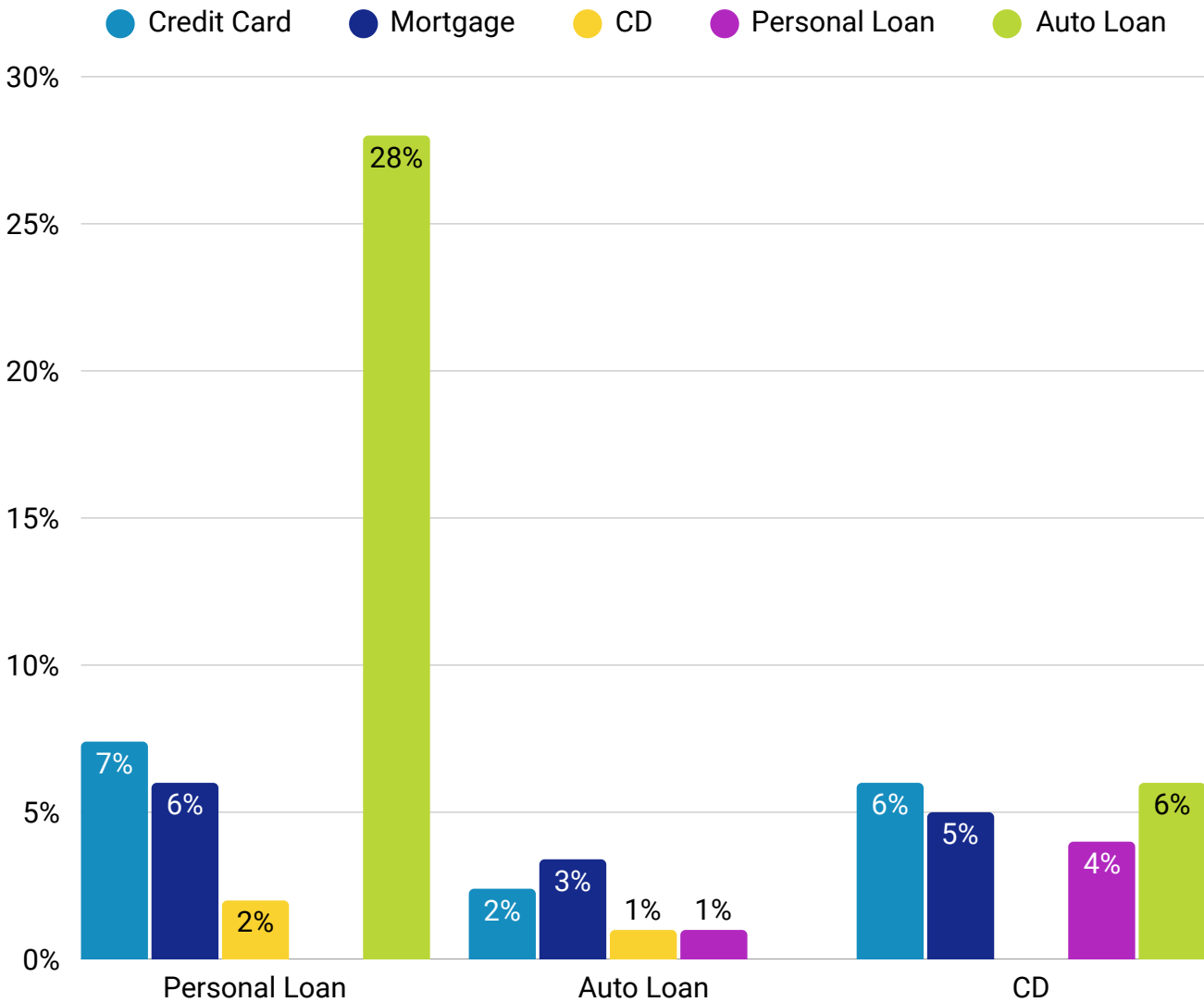**3K**

Current Product Adoption

If member has a Credit Card...

Probability Percentage

- Personal Loan: 26%
- Auto Loan: 25%
- Certificate of Deposit: 9%
- Mortgage: 6%

If member has a Mortgage...

Probability Percentage

- Auto Loan: 24%
- Personal Loan: 15%
- Certificate of Deposit: 5%
- Credit Card: 4%
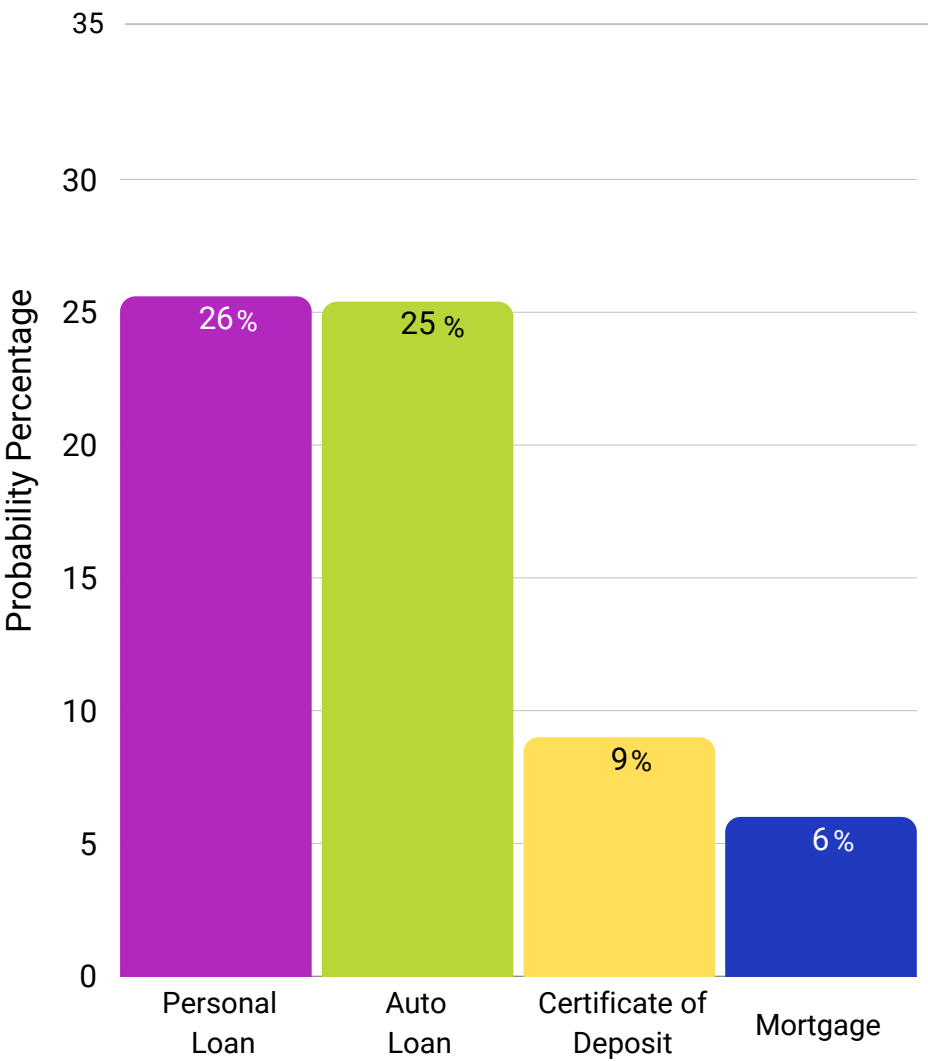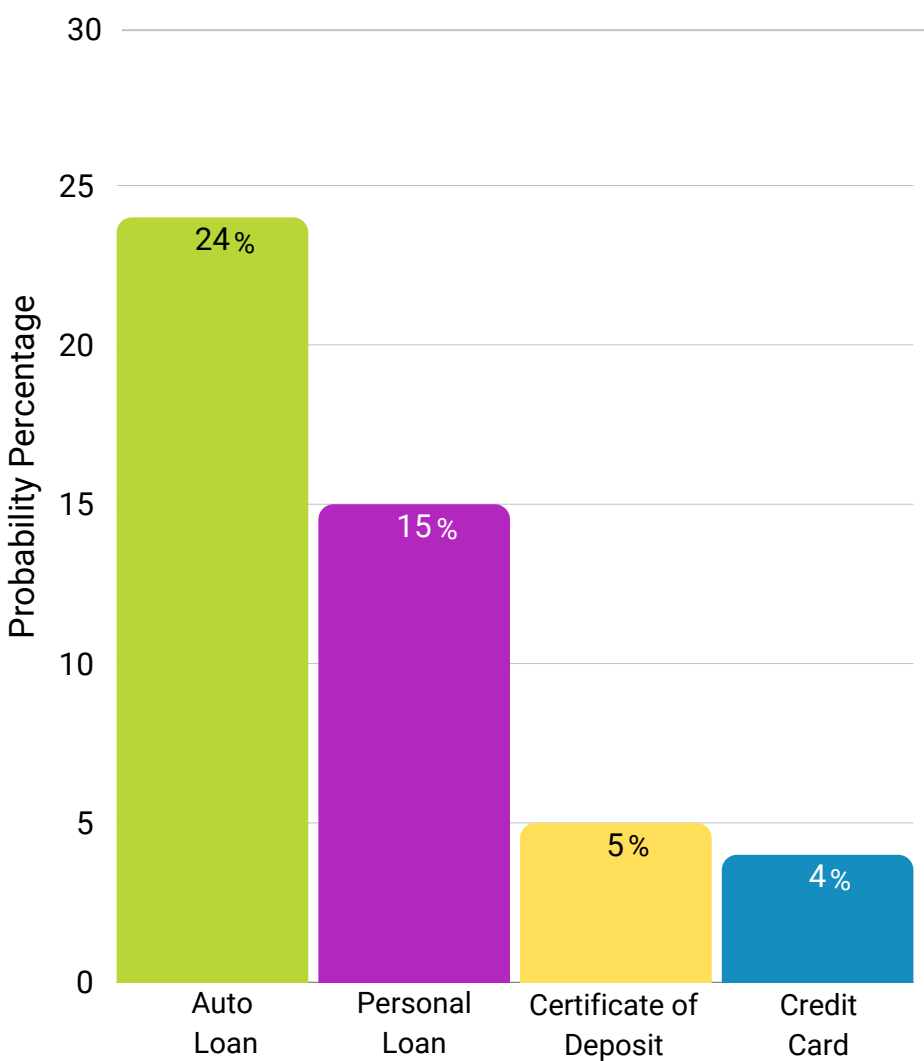
If member has a Personal Loan, Auto Loan, or CD...

Legend: Credit Card | Mortgage | CD | Personal Loan | Auto Loan

Personal Loan:
- Credit Card: 7%
- Mortgage: 6%
- CD: 2%
- Auto Loan: 28%

Auto Loan:
- Credit Card: 2%
- Mortgage: 3%
- CD: 1%
- Personal Loan: 1%

CD:
- Credit Card: 6%
- Mortgage: 5%
- Personal Loan: 4%
- Auto Loan: 6%

If member has Credit Card...

Members who currently possess a Credit Card have a 26% likelihood of having an open Personal Loan, a 25% likelihood of having an Open Auto Loan, a 9% likelihood of having an open Certificate of Deposit, and a 6% likelihood of having an open Mortgage. Overall, members with a credit card have a 16% likelihood of having additional target products.

If member has a Mortgage...

Conversely, members who already hold a Mortgage have a less diverse target product portfolio, with less than a 12% chance of having any additional financial products or services from the credit union within the Next Best Product target variables.

BlastPoint identified current product adoption across target product categories.

Outside of Credit Cards and Mortgages, which show higher scores for members having more than 1 product, the next most common combination of products was found to be 28% of **Personal Loan holders** also holding **Auto Loans.**

Demographics & Life Stages

Estimated Net Worth

- $281,000
- $244,000
- $402,000
- $320,000
- $273,000
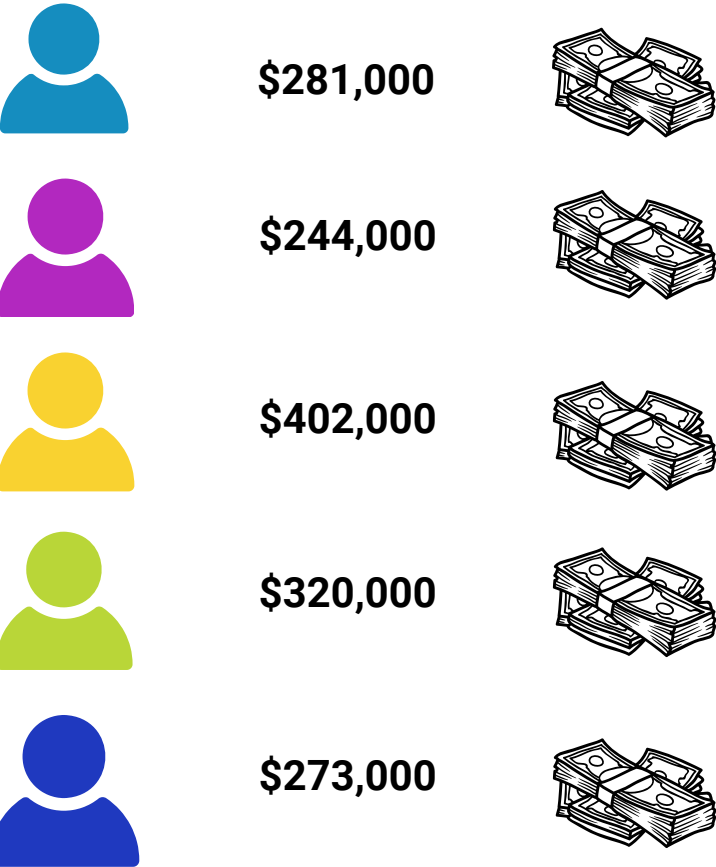
Primary Householder Age

61	47	71	43	39

Household Income Range

Credit Card
- $150K+ (7.5%)
- $100K-$149K (8.4%)
- $50K-$99K (35.1%)
- <$50K (49.1%)

Personal Loan
- $150K+ (5.2%)
- $100K-$149K (6%)
- $50K-$99K (31.6%)
- <$50K (57.3%)

Certificates
- $150K+ (10.4%)
- $100K-$149K (11.9%)
- $50K-$99K (41%)
- <$50K (36.7%)

Auto Loan
- $150K+ (11.1%)
- $100K-$149K 11.8%
- $50K-$99K 36.9%
- <$50K (40.1%)

Mortgage
- $100K-$149K (9.7%)
- $100K-$149K 10.5%
- $50K-$99K (34.4)
- <$50K (45.4%)

Owns Household

- 77.8%
- 70.1%
- 92.3%
- 81.2%
- 76.6%

Length of Residence

7	7	10	7	6

Education Level

Credit Card
- Vocational (0.8%)
- Grad School (9.5%)
- College (23.8%)
- High School (65.8%)

Personal Loan
- Vocational (0.7%)
- Grad School (4.6%)
- College (19%)
- High School (75.7%)

Certificates
- Vocational (0.9%)
- Grad School (17.5%)
- College (30.9%)
- High School (50.7%)

Auto Loan
- Vocational (0.3%)
- Grad School (5.4%)
- College (19%)
- High School (75.2%)

Mortgage
- Vocational (0.2%)
- Grad School (3.1%)
- College (12.5%)
- High School (80.4%)

Communications Channels

Channel Preferences

	1	2	3	4	5	6	7	8	9	10

Magazine
4.5 · 5.7 · 6.5 · 5.2 · 8

Streaming
2.2 · 3.9 · 5 · 6.7 · 5.2

Daytime TV
4.3 · 5.6 · 6.7 · 4.5 · 8.1

Mail
5.2 · 4.6 · 6.1 · 5.1 · 7.3

Internet
3.3 · 5.2 · 4.5 · 5.6 · 5.1

Cell Phone
5.1 · 5 · 6.3 · 4.7 · 5.8

Social Media Preferences

	1	2	3	4	5	6	7	8	9	10

Facebook

LinkedIn

Instagram

YouTube
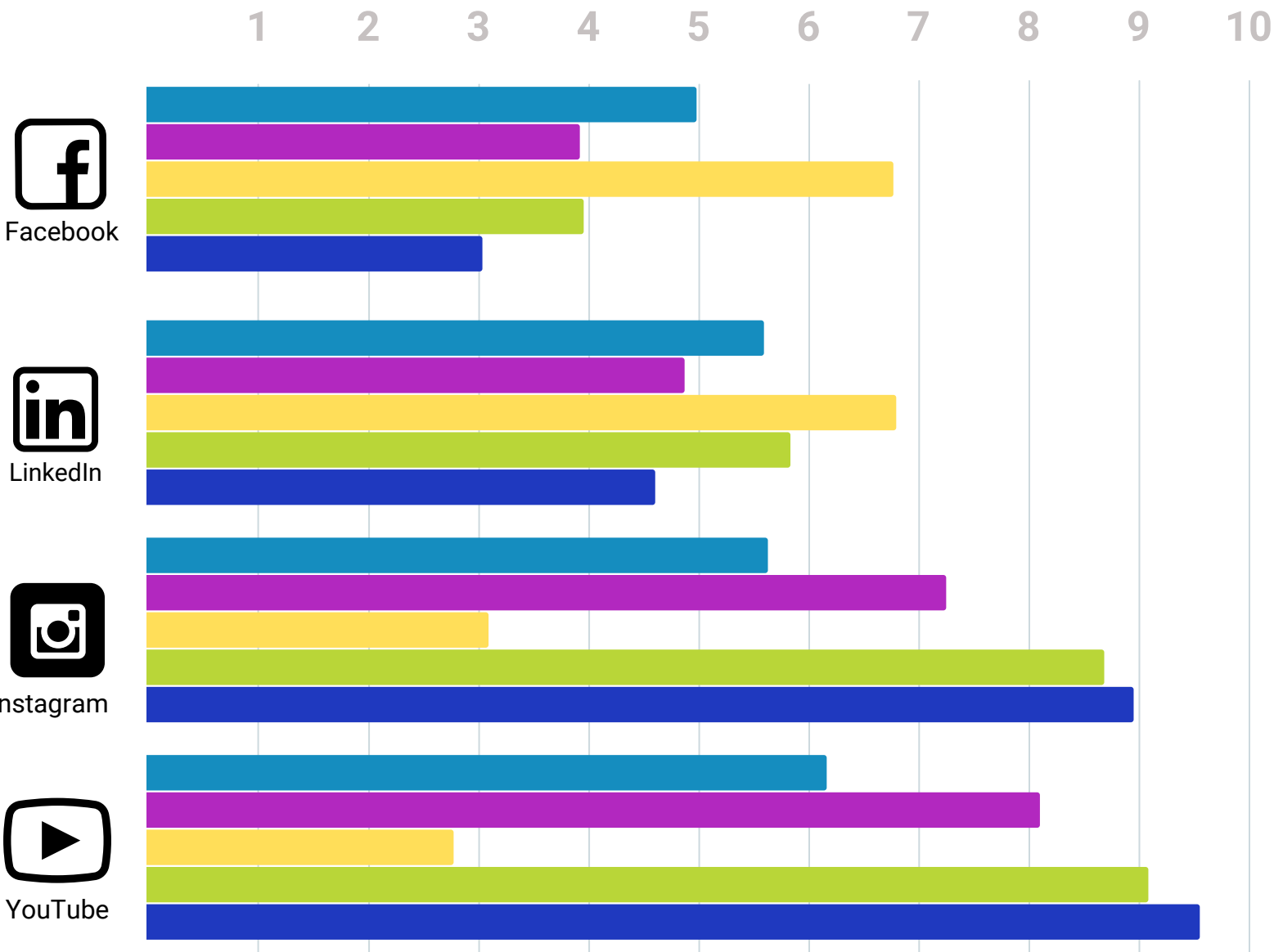
Key Observations

Target the credit union members exhibit the **highest preference for Daytime TV, Magazines, and Mail** among traditional communication channels. While Internet and Streaming have lower average scores, they remain relevant, particularly for younger or more digitally engaged segments.

In fact, segments with high propensities for **Mortgages** and **Auto Loans** skew fairly **younger than the other segments** and tend have **higher preferences for modern communications channels.**

Campaign Recommendations

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Recommended Member Segments
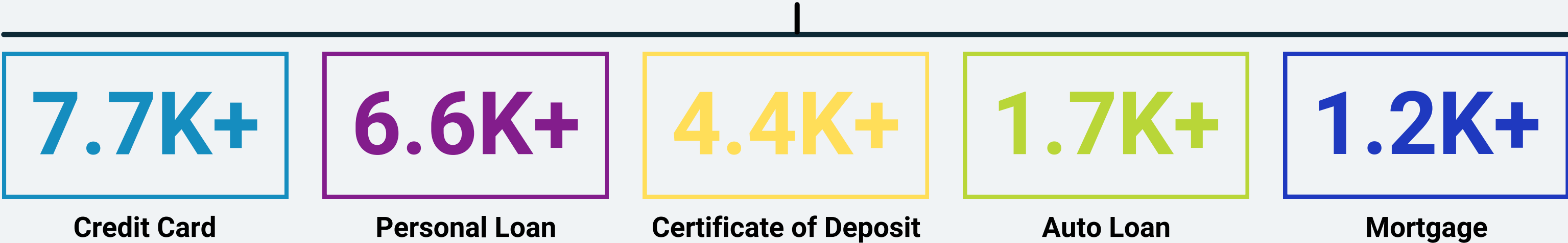
Next Best Product ≥ 9

- To maximize a new account growth, approach members via the channels they strongly prefer. Segmenting further within age groups within each product type can also help drive more personalized strategies to reroute members to self-service channels (~79% of members in this segment are enrolled in online banking)

- **Mortgages** and **Personal Loans** have the highest average balance of the selected loan products. Converting high propensity members to these products may yield significant financial returns for the credit union

Low-Hanging Fruit

By isolating and targeting members with a **Next Best Product propensity ≥ 9**, the credit union can target members who are highly likely to open a new product

21,000+

Members with Next Best Product propensity ≥ 9

7.7K+	6.6K+	4.4K+	1.7K+	1.2K+
Credit Card	**Personal Loan**	**Certificate of Deposit**	**Auto Loan**	**Mortgage**

Playbook: Next Best Product

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» Where to Next?

Step 1: Create Segments & Campaign Lists
Analyze the relationships between targeted products to identify highly correlated combinations

Step 2: Explore & Automate Your Lists
Use the Subscribe feature in the platform to automate list generation for email & direct mail campaigns

Step 3: Develop Campaign Content
Utilize BlastPoint's AI-Driven Next Best Product Segments to create targeted messaging based on channel preferences

Step 4: Plan & Execute Campaign
Set cadence and timeline; best practice is to activate campaign lists through automated email campaigns

Step 5: Set Metrics
Establish benchmarks & conversion metrics; use the Campaigns feature to measure objectives over time

Track Your Progress

• • • • • • • **Industry Benchmarks** • • • • • • •

- **2.5% average annual loan growth**
- **88% of Credit Cards originate online**
- **$15-24 saved per Paperless Billing Enrollment**

Let's Collaborate

Work with your Customer Success Manager (CSM)
to dive deeper into these insights and transform them into ROI

Some Ideas
- **Create Ideal Member Look Alike Segments**
- **Create & Automate Conversion Opportunity Lists**
- **Set up a Campaign to measure progress over time**

Recipes for Success

Explore the resources and how-to-guides in the BlastPoint **Knowledge Base** to level up your platform skills

CLICK HERE!

Knowledge Base