Harland Clarke Webcast
10 Creative Best Practices to Accelerate Your Auto Lending Market

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Jeb: Good day, and welcome to Harland Clarke's webinar. Today's topic is "10 Creative Best Practices to Accelerate Your Auto Lending Marketing." This webinar is being recorded, and it will be provided to you along with the presentation recording and deck within a few days. If you have questions, please use the Chat box located in the webinar control panel. Your questions are private and are only seen by the presenters. I'd now like to turn the call over to Stephen Nikitas, Senior Strategy Director at Harland Clarke. Steve, you have the call.

Stephen: Great. Thank you very much, Jeb, and good afternoon to everybody on today's webinar. Thank you for attending our session on creative practices revolving around auto lending. Today, I will be one of the speakers. I am a Senior Strategy Director with Harland Clarke. I have 30+ years in the financial services industry, handling everything from operations to retail to marketing. My role at Harland Clarke is to help financial institutions continue to grow and prosper by utilizing marketing services programs offered by Harland Clarke. My colleague today and my co-presenter is Kris Niblett. Kris, would you be kind enough to introduce yourself to everybody?

Kris: Thank you, Steve. My name is Kris Niblett, and I'm the Creative Director for Harland Clarke Marketing Services. I've been at agencies and at Harland Clarke with over 20 years' experience doing direct marketing that wins awards and is very strategic for a variety of channels, and I have a lot of experience. A major part of my experience is really around major brands and around large financial institutions, community banks, and credit unions. I lead a team that has won hundreds of creative awards, which sounds outrageous. We've won 79 awards last year, and so far this year, we've won 36 awards. We specialize in helping guide our clients to use proven best practices to help their marketing communications work more effectively in market as they try to sell and promote their financial products and services.

Stephen: Great. Thank you very much, Kris. Why don't we go to the next slide? We're going to hear more from Kris later on. On our next slide, let's take a look at our agenda, and here are the topics that we're going to discuss today. You're going to hear from me talking about auto lending trends, and then from that, I'm going to hand things off over to Kris, and Kris is going to take it away. Because that's why you have all called in today, to hear Kris and not me.

Kris is going to talk about creative challenges when it comes to promoting auto loans. She'll then dive into the ten creative best practices. We'll talk a little bit about legal requirements, firm offer of credit, Fair Credit Reporting Act guidelines, and then Kris will wrap up by showing you some examples of creative pieces that focus in on auto lending. Of course, as time permits, at the end of this presentation we'll make sure that we address any questions that you all may have. In order to address your questions, there is a question box in your toolbar, your GoToMeeting toolbar. If you would be kind enough to type any questions you have in there, I will make sure that before the end of today's presentation we address all of your questions.

With that, why don't we get going, and let's take a look at auto lending trends on our next slide. Here's a chart showing new auto sales in the U.S. dating back to 2007. A couple of key points I'd like to make here. First off, auto lending is very brisk. If you go back all the way over to the right-hand side, you'll see what happened coming out of the 2008 recession. Auto sales in the U.S. and these are new cars only fell by roughly one-third, went from 7½ million units down to about 5½ million units. Then slowly but surely, since the end of the recession, you can see here that auto lending has really come roaring back to the point where, at the end of last year, we were pretty much back where we were pre-recession.

Let's go to our next slide. On our next slide, I want to show an example of why that is – among other reasons, why that's happening. This is a slide I love because it shows the average age of a car that's on the U.S. highway today. At the end of 2015, you can see all the way over to the right-hand side that the average age of a car in America today is 11½ years. It has never been that high, so there is a lot of pent up demand among American consumers when it comes to their need for an automobile.

Obviously, as cars have aged – and cars have aged for a number of reasons. Let's face it. Cars are just better today than they were just 10 or 15 years ago, and they last longer. At the same time, we're coming out of a struggling economy. Consumers have been sitting on their wallets. A little hesitant to go out there and plunk down money for new automobile. As you can see from the prior chart, things are slowly starting to turn around, and we're starting to see a whole lot more sales in the industry.

Let's go to our next slide. Okay. Here we go, a couple of interesting charts here. First off, chart on the left-hand side, the average monthly auto payment for a car loan. Down a little bit from where it was just a handful of years ago when the average monthly payment was $426. End of last year, the average monthly car payment was still well over $400, all the more reason for the consumer to borrow money in order to purchase an automobile.

On the slide on the right-hand side, here are the average amounts financed when it comes to new car purchases. You can see in 2015, at the end of the fourth quarter, consumers who bought a new car financed almost $30,000. Not including what they put down as a down payment. Consumers financed almost $30,000, up about $1200 from the end of the prior year. Even used cars are carrying a hefty financing tag along with it. You can see consumers who bought a used car off of the lot, almost $19,000 in the amount that they financed. Certainly, older cars on the road, lots of age to those cars that are on the highway today. The fact that consumers need to turn to financing options in order to afford those cars makes all the reason in the world why financial institutions should be out there really banging away, if you would, at consumers who show a propensity for a car loan, whether it's because of the way the bank with you, or whether it's because they simply happen to be driving a piece of iron out there that's 10, 11, 12, 13 years of age.

Let's go to our next slide. When it comes to financing, who has the share of financing out there? As you can see from this pie chart, you can see that banks look like they've got a pretty significant share along with credit unions, but those captives, all the way over to the left-hand side, coming in at almost 28%. Captives, Ford Motor Credit, that lender who more than likely a dealer is going to promote when somebody meets with the finance person at a dealership and talks about indirect lending, talks about financing options. You can see that better than one out of every four car loans that have been written on the lot today is coming from the dealers, and it's coming from the captives. Of course, banks with better than 35% and credit unions with a growing 17% share of the market, still really, really significant growth when it comes to auto lending.

Now with that, let's go to our next slide. Here I'm going to hand things over to Kris, but before I do, Kris, just three key points I want to make here. When we look at direct marketing, consider it to be a three-legged stool, if you would. These are the three key factors that we need to keep in mind when we conduct direct marketing programs, really, for any particular product or service. Not just auto lending. First off, we have to focus on target. We better make sure that we're reaching out to the right people. Again, where I mentioned earlier, that's where propensities can come in. Propensities based on the way people bank, maybe propensities knowing how old somebody's automobile is, maybe propensity knowing the age of the consumers within the household.

The second key leg in that stool is the offer. We want to make sure with whatever direct marketing program that we're conducting that there is an offer that we are putting in front of the consumer that will resonate loudly, an offer that will get the consumer to react. Then the third key piece is creative, and that's where Kris is going to come in in a moment. We want to make sure that our creative is attractive. We want to make sure that our creative is hard hitting. More or less, we want to make sure our creative is attention getting.

There is no key point out of those three legs on the stool, if you will. All of them are equally important, and all of them complement one another. With that, Kris, I'm going to hand the reins of this presentation over to you, and let you talk about the ten best creative steps when it comes to marketing auto lending products.

Kris: Thank you, Steve. We want to make sure today that you walk away with an increased knowledge of – we know that the lending market is brisk for auto purchases, and we want to make sure that you do everything you can with your creative so that creative holds up its end of the bargain in this triad here. Because if you have a great offer and you do great targeting, but your creative doesn't hit the mark, it's not going to perform as well. We're going to talk today about the best practices that are proven so that you can really make sure that you take advantage of all of them, and you incorporate them so that you can make your pieces as strong as possible.

Let's go to the next screen. First of all, let's start with the creative challenges. What are things that present a challenge when you're building a creative – like a mail piece or an email? What are the challenges? First of all, consumers truly dislike the auto purchase process. They don't like negotiating. They don't like talking face-to-face with somebody. They're uncomfortable with it. It's not fun. They don't like to do it. Anything that you can do to make the process easier and less – more hassle free, less painful, is going to be welcomed with open arms by consumers.

Number two, the competition is truly fierce. I mean, everybody, all kinds of entities are out there loaning money for auto purchases with great rates, and number three, consumers are shopping around actively. They're looking around for the best deal. They don't necessarily just want to go to their bank or credit union. They're going to look around. They may talk to the dealership, an auto refi company. There are all kinds of options, so it's up to the bank or the credit union to really put together the very best differentiated offer in communication so that you get chosen amid all those options.

Then number four, creative has to consider the legal requirements that are required. We're going to show you some examples later on about this. It's easier to talk about if we're looking at it, but there's quite a bit of text that has to go into a mail piece or an email where you have a firm offer of credit. They're actually legally required, and you just have to plan for it. Then number five, there's so many options for buying, leasing, financing, re-financing, and so how do we actually create that messaging that's going to be compelling?

Let's go to the next screen, and we're going to talk about system of the creative fundamentals. A lot of these are really direct marketing fundamentals, things that you just need. These aren't the ten best practices, but these are things in the background you just absolutely need to have in your mind as you're creating these pieces. You want to always stand out by cutting through the mailbox clutter or the inbox clutter because everybody gets lots of clutter these days. How do you stand out? How many auto lending offers are we getting in our mailboxes every week?

We want to make sure that we create the impression that the lending and approval process is going to be easy. It's not going to be onerous. It's not going to be a pain. We're going to make it easy for you because we want your business. We want to call out competitive rate offers because that's what they're shopping for. They're out there shopping. We want to preempt that shopping activity, and get them to focus on your offer. We're going to lead with a competitive rate offer.

We're going to make it urgent with an end date. Always include an end date if you possibly can. Because it assures that somebody will take action, and not file it away and never act on it. We want to emphasize the key benefits and product features in an easy, scannable way. I say keep it readable to keep people engaged. If the copy looks too dense, if there's too much to read, if it's too repetitive but not the right things are repeated in the right place, then you're going to lose somebody's engagement, and they'll move on to the next piece of paper or the next email.

You want to leverage your brand to strengthen the value proposition. Because your brand really is part of that value proposition, and it's part of what differentiates you. It's the offer, absolutely. It's how targeted you can be, absolutely, but it's also who is talking to me. As a consumer, do I know this entity? Do I have a relationship with them even? What do they stand for?

We want to make sure and use strong, clear call to action to create urgency. That's back to that having an end date for your offer. Also, make sure that you include tell me exactly what to do. How do I actually respond to take advantage of this offer? Where do I go? How do I get there? What are the steps? All these things, you're going to put your design and your copy together in the most relevant compelling way to really get somebody – to move them along in the decision making process.

Let's go to the next page. This next page we're going to talk a little bit about legal requirements, and Steve, you might want to chime in here. This just gives you the outline of the different things that are required, the short notice, the long notice, and we're going to look at some examples of that. Do you want to add something to this, Steve?

Stephen: I would, Kris, urge anyone on the phone who might be from a marketing department or a retail department at a bank or a credit union to get with your compliance department, and make sure that everybody is fully abreast of the Fair Credit Reporting Act or the firm offer of credit guidelines. Make sure that you fully understand where your roles and responsibilities are as a financial institution when it comes to conducting prescreen campaigns. One thing we know, as an aside, Kris, is that Congress, when the Fair Credit Reporting Act was established several years back, gave financial institutions a broad length of options that they can pursue when it comes to conducting prescreen campaigns. In no way, shape, manner, or form is a financial institution obligated to make a firm offer of credit or to grant credit if the consumer does not meet their underwriting guidelines. Again, just a quick heads up for everybody. Make sure that you get with your compliance departments before you embark on a prescreen campaign to make sure that everybody fully understands regulations.

Kris: Great insights. Thank you, Steve. Let's go on to the top ten creative best practices. These are really intended to be a guideline for you to make sure you think about these things and incorporate them as you build your programs. First of all, you're going to think about your format. For mail, a #10 envelope mailing is great for both account holders and prospects. The good thing about it is you have plenty of space to tell your story, to tell your offer, and we're going to talk about offers a little bit later.

Say you do a 14 inch letter. You've got a nice space at the bottom of the letter for a certificate or even a live check, and you have plenty of disclosure room. Because you don't want to have the disclosure – you want to put the line on the back if your compliance department will allow you to do that because that leaves the front of your letter for your marketing message. Then if you don't have a prescreened offer and you're not going to have so much disclosure, you could use something as simple as a postcard. A very promotional and an awareness raising approach to go out there and just let people know that you are indeed lending money for autos. Both of these are very cost-efficient formats.

Then, two, if you're not going to do a prescreened offer, do it "as low as" rate. Entice within competitive rates "as low as" just to tweak their interest. You can do this in the high-profile Johnson box or in the sidebar, and I'm going to show you some examples of that. Make sure you also start engaging them on the envelope too, especially if you have a good "as low as" rate.

Let's go to number three on the next screen. If you are able to do a prescreened offer, that's a great advantage, so that can be preselected, prequalified, preapproved. The whole part of this that is so wonderful for the consumer is that it tells them that the buying process is indeed going to be easier for them, and so they're very attracted. It's a big relief when you know that you're preapproved or you're prequalified. You just know that the whole process is going to be easy. If you remember in the very beginning, we talked about that's their number one hesitation is that nobody likes going out and having to buy a new car. They don't like having to go through the process.

Then number four, talking about offers, you can add in bonus offers to your rate offer or your prescreened offer. Because all of these are just little ways, little things you can add in to differentiate your offer. Because you're trying to get the very best offer you can that makes – it just tips them over the edge to choose you. It's not just apples to apples anymore because you, for example, may be able to offer delayed payments. No payment for 60 to 90 days. For some people, that's a great advantage because sometimes when you need a car, you're not quite ready to need a car and so that little buffer [around] is very convenient.

You may include a check made out to the deal. That's very empowering. It feels like I've got this check; I can go to the dealership and really make this happen. Messaging around savings, refinance your current loan at X% lower rate. You can do things like include savings charts, and we're going to look at some of those in some of the examples.

Cash bonus offer, $200 - who doesn't like cash? Then you can even do things like sweepstakes for things like free payments or free gifts. You can get really creative about the offer. The rate is still the most important thing. Then preapproved or prescreened is the most important thing but these are other things you can add in there. These are things that you can consider.

For number five, we're going to look at — back to the idea of we want to communicate and make them feel confident that the experience is going to be good. It's going to be fast and easy to apply and be approved. The way you build your creative can actually make it feel easy or feel complicated. That's just in the way you organize your information, the words you use to communicate, how you lay out the page. All these things can help.

If there's a little white space in there and it's not loaded up with copy, you've got key features and offer points called out with bullets, things like that. Organize it and make it scannable and make it feel like the whole experience. The way this institution communicates with me feels very easy and transparent and open. You can even, if possible, reassure the consumer. You can say, "We can give you approval in as little as X number of hours or days." Just knowing what to expect creates a lot of confidence.

Then of course direct marketing urgency. You want to tie offers to specific end dates. You want to restate the end date in the letter postscript, if you're going to have a letter. Key things like that. A letter is a long piece of paper. You want to talk about it up here and you also want to talk about it here. After this, we're going to dig into some real estate pointers. Let's go onto number seven right now.

Number seven is a clear call to action, direct marketing 101; you all know this. You want to tell the accountholder or prospect exactly how to apply. Don't make me guess. Make sure the language is very clear. Make it sound easy, not like there's lots of stuff and it's hard. Make it pop. You can use graphic treatments or white space around it so that that part — so I can find it easily and make sure I understand and how to get the offer.

Then number eight, easy to respond. Give me some options. Do I go to the dealer, the branch, call or go online? Give me some options that are easy because people have different ways that they prefer to engage. This should give them a few options.

Then the next page, number nine, the last two. When you're talking to an accountholder versus a prospect, it's a good idea to position an offer as this is for you as a customer, a special offer for you. If you can't do that, there are ways to do that. It makes them feel slightly exclusive and like they should choose you because they can get this with you but not somebody else. Then it's important with prospects to make sure the piece is promotional, to stand out. You don't already have a relationship with them so it needs to pop out of their mailbox or inbox.

Then finally, you want to leverage your brand. Like we mentioned before, your brand is very differentiating. If you have invested in your brand and you've developed a trustworthy brand, that your customers and members see you as a trustworthy and they do have a relationship with you, you want to make sure and leverage that. The trust factor is huge for accountholders. It's also just brand recognition. If you're talking to prospects, you want to make sure that they know who this piece is coming from.

Then there's a little recap on the next screen. We just want to talk about messaging hierarchy, elements to remember. Of all the things we've talked about, prescreened is very important or as low as APR. Accountholder exclusives, bonus offers such as the delayed payment, cash etc. Then the whole messaging, positioning around lower your monthly payments, savings. Empower accountholders to make a deal. Give them a check or a preselected certificate. Make it quick and easy to apply with faster approval. Then urgency and easy to respond, be sure and use your pre-approved offer.

Now, I'm going to show you as an example, this isn't an in-market piece; this is actually a Harland Clarke that I just want to show you because it is built — it's a template program that is built using best practices. It can be used for a variety of — it takes many different forms. You can use it to sell auto lending or mortgage or HELOC or home equity, or personal loan even. I'm going to use this template though to show you how we use the real estate. Then after that, I'm going to dig in and show you some actual in-market samples so you can see what people out there are doing.

Let's go to the next screen. This is Refi Genius; this is the name of this template product. You can see up here in the right-hand corner in the blue, that's the Johnson box. Lower your monthly payments. That's that key message. We get it right up there in your face as soon as you see it. Actually, this piece comes with the big window envelope so that shows through. You can actually have a customer envelope where you print a message on the outside but this happens to have a big window envelope.

Then you call out in the letter a great low rate. Then you also have this little chart in the body of the letter. Charts can look like a lot of different things, and I'm going to show you a variety of them. They can look any number of ways. Then you look at the personalized certificate. We call out that Susan Smith is preselected. We also have the different channels, how you can reply, how you can act. This little box down at the bottom is this short form opt-out box.

Let's go to the next page. This one shows you the back of a letter and the front of the letter with a few different things called out. The back of the letter is a long opt-out box, up at the top there. Then on the front of the letter, you can see in the sidebar, we've actually got, Act Now. We've got the call to action in the sidebar and an end date. We've also got a call to action in the PS and an end date. That's in the sidebar and the PS. Then we use the certificate that's personalized to call out that Susan Smith is preselected. The short form opt-out is down there at the bottom.

That just gives you an idea of how to use your real estate but we can keep going a little bit and talk about email. Let's go to the next page. This just shows you the same idea but for email. At the very top, there is a subject line and it's all about saving money, which of course is fascinating for everyone. Then we've got preselected message after the salutation. This is the savings chart that looks different here in the email than it did in the letter. Then we've got the call to action button. Down here in the blue, we've got the disclosure copy. That wraps it up there for real estate allocation, for mail and for email.

Now let's look at the samples in-market and these are all pulled out of compare media, so these that have been out in the market for a while and they're public domain. We've just pulled these out and [carved] in a little analysis for you and we're going to walk through that. You can see all the things that we've talked about coming to fruition in these pieces.

This first piece is Arizona State Credit Union for auto loan refinance. This is member cross-sell, and this one uses the $40,000 certificate down here at the bottom of the letter. The offer is 2.45% APR for new or used. Over here in the sidebar, you can see the two boxes: one is for new and one is for used. The rate pops out really nice. Then we have a nice end data, here at the end of the letter. This letter doesn't have a PS; you don't have to have one. This has it in bold. You see it right there before the sign-off. Then the call to action is call, go online, take this certificate to the branch or dealer.

This piece does a particularly good job of organizing and making it sound easy. If you look back in the letter it's got Step 1, Step 2, Step 3. It just lays it all out for you and makes it sound very easy. Then the bold rates popping out on the sidebar is really excellent. You've got a big preapproved offer at the top with the amount.

Then offer sweeteners. You've got three months with no payment, 0.25% APR discount, and skip two payment during the life of a loan. That's pretty rich and pretty differentiating, plus Arizona's done a really good job of branding this with the warmth of their brand. It's very appealing and I think this is really great. Then on the actual certificate too, you see the, you are preapproved message mentioned again. I think this is a really good piece so I just wanted to share that with you.

Let's go to the next one. The next one is Family Savings Credit Union. This is for a refi offer. This is done with their lending partner, Rate Genius. The offer sweetener on this one is delayed payment for 45 days. You see the Johnson box there, the blue? That is a promo code. The idea behind a promo code is exclusivity. Also the promo code is linked to an end date for urgency.

This one has a big savings focus, reduce your monthly payments, calls out prequalification. It's a fairly serious, not very graphic piece. It looks very straightforward, very serious and you can see the opt-out box down at the bottom, and the rest of it is on the back. Low rate call out is what this one's all about. Low rate over there on the sidebar, rates at low as 2.79%. Then the promo code is different, so I wanted to share that with you.

Let's go ahead and look at the next one. This one is Fleet Financial Auto Finance

Solutions. I wanted to show you what some banks are doing; credit unions are doing and then also some auto finance companies. Give you just a variety because you can learn from looking at all kinds of things. You don't have to just look at banks or just look at credit unions. This one is different. This one really could be for maybe less credit-worthy audience. It is a prospecting piece. The rate is as low as 5.8%.

Probably the strength of this piece really is the chart here with the current payment, your new payment and your annual savings. It's really demonstrating that savings benefit in the chart. Then the envelope is that official, urgent envelope with the red on it and everything. A bank or credit union wouldn't do that, I don't think, especially to a member. It's just more in the realm of auto finance companies, but I wanted to share that with you; I think it's interesting.

Let's go to the next one. This is Mission Federal Credit Union, another credit union. This one is all about the low monthly payment. Right there at the top, low monthly auto loan payments. Then you have, as low as the monthly payment instead of the rate up there. This one uses a promo code as well. This one is really all about low monthly payment and savings. It does have offer sweeteners in it. Deferring the first payment to 90 days is pretty great. Then a sweepstake to win a monthly payment is nice too. This is not a prescreened offer but I think it's a pretty good non-prescreened offer. It's got a nice end date and you can apply online or call or go to the branch. It's got a fairly simple envelope here. I don't know what the breakout of members to prospects was. If you got this and you're a member, you'd definitely open it, even though it's a very plain envelope because it comes from your credit union.

Let's go to the next one. Nationwide Bank, this one is cross-selling to customers who already have Nationwide home or auto insurance programs. Again, this is a different kind of entity. This one leads with the, as low as rate. Then the offer sweetener is pretty simple on this one, flexible terms and no application fees. It gives you two ways to save, refinance and pay off your car sooner, or refinance at a lower rate and lower your monthly payments. That's different and interesting. Maybe a little complicated. I don't know if I would recommend doing that. I wouldn't call that a best practice because it's a little complicated.

The interesting thing about this one is the graphics. Nationwide is [just] a company. Just look at the members, so we've got this nice little two-sided [bet slip] that has the savings chart. This piece shows the breakout, the savings chart. There's lots of branding, it's very clean, so it's very appealing and it's got a really simple savings chart and clear branding. Gets this into your brain really well, I think.

Let's go to the next one, which is Virginia Credit Union. I'm going through these as quickly as I can so I can get through all of them and we have time for Q&A. Virginia Credit Union, this is a postcard, and I wanted to show you a couple of postcards. This one I think is pretty good. It went out to members and prospects. The whole idea here is to get approved fast. The rate is important, as low as 1.99%. The key message is fast and easy approval. In other words, back to that good experience. They're encouraging you to move your existing loan from other providers.

It's got a spring seasonal message for you to make changes in your financial life, to save money and be smarter with your money, moving forward. This is just a small postcard and it's actually got a lot on it. It's got the fast easy approval. It's got the low as low as rate and it's got the savings chart so it's got a lot on there and it works pretty well, I think, for a postcard. Of course, it is not prescreened. As you know, there is no prescreened offer, no preapproval, but it says get a fast preapproval. That's different than actually going out with the preapproval.

Okay, let's go to the next one. This is another postcard. I'm showing you this one because I think this one is actually not best practices. I think the front of the postcard, two ways to transfer and save. That's fine. This, again, is trying to get money from competitors. Transfer your loan and you get a deal 3% below your current rate for a limited time. Again, limited time, it adds that urgency. I think that's good. I think using the entire back for a completely different offer, it's just a very inexpensive to get out marketing more than one piece. The back is credit card; the front is auto lending.

Talking about two totally different products on one piece is not really best practice. It can make you not do anything. I do like the clear, transfer your loan message and save money and the limited time offer. That's great.

Let's go to the next one and this is the last one. This one is another postcard, for Chartway Federal Credit Union. This is different. This one wants you to refer and you're going to enter and win a low as rate as 1.99%. The whole idea is no payment for 45 days plus entered to win free gas for a year. You get fast approval and they also promise to answer you in as little as two hours and there is urgency around it. It's very attention getting and promotional with the gas offer.

Of course, there are times when gas costs more than others, so this is something you might want to do when gas is really more expensive. Any kind of promotional tease like this is very exciting and it's a good thing to do, perhaps, when you don't have a prescreened offer.

Okay so those are all the compare media samples that we have for today. Then this next screen is just a little reminder about making sure that you think beyond the mailbox. Do you integrate multichannel campaigns? Consider what your messaging is for mail as well as email in your branch, on your website, even at the ATM, and perhaps consider mobile messaging and social media. Because the more synergies you can build through all these different channels, the more powerful it is, of course.

That's all the examples I have. Then the last screen there is – we've got a couple of screens here, just our brag sheet of awards that we've won, our credentials, if you will; that we do know what we're talking about. We know what works for financial, 79 awards in 2015 and 36 in 2016. I think that's it. I think we are ready for our Q&A and wrap up. I've enjoyed this very much. Thank you for letting me share what I know with you. Steve, I'm going to turn it back to you.

Steve: All right, Kris, all good stuff. Thank you very much and a couple of quick things before we get to the questions that have been asked. If you have a question you'd like to ask, feel free to type it into the question screen on your GoToMeeting toolbar. Also, someone asked if the slides will be available after the webinar, and absolutely, they will be distributed within a week or so of today's presentation. For everybody who has registered for this event, be on the lookout for a recording and the slides of today's presentation.

Kris, we've got a number of questions here. Let me take some here if I could from the top. First one was, Kris, postcard or letter? Do you prefer one over the other or does it matter, or does it relate to whether it's a prescreen or an invitation to apply type of offer?

Kris: Yeah. The answer is yes. It does relate to if it's prescreen. If it's prescreen, you want to use a letter. Because you can't possibly fit the terms and conditions that are legally required on the postcard. If you have a prescreen, use a letter format. A 14 inch letter, #10 envelope is great, and you can use that for prospects as well as customers or members. Usually, you're doing a mix of both, and so it's fine to use the same format. You get so much efficiency from doing that and not having two separate formats that it's really recommended just to stick with the letter. Because it really does – you can make a letter pretty promotional, but it depends on your mix of prospects.

Stephen: Okay. Kris, my financial institution is conducting auto lending campaigns quarter to quarter. Should the creative change up each quarter or should it pretty much be the same?

Kris: I don't think it needs to change unless you want to do testing or if you're not satisfied with the response rates. I don't think it needs to change just to make you happy. It depends on the frequency, I would say. How many times am I getting this piece in my mailbox? It takes a lot before you really fatigue a piece.

People use it when they're ready for it, so I would say it probably relates to how targeted you're able to be. Because you don't want – you can send me the same piece multiple times, and I'm just not ready to do it yet. Just like home equity marketing, right? I've just got to be – I need that right now, so I'm going to use it. It doesn't mean that every time you do it – because I would say equity is probably more of a seasonal sell than auto lending. What do you think, Steve?

Stephen: I would keep the pieces consistent. I think the message can be consistent throughout. If I were to change anything, maybe if there's a photo, I would change the photo to reflect the seasonality. That might be about it. I like the consistency. I don't think the creative needs to change that much.

Kris: Right. I agree.

Stephen: Kris, how far out – you talk about expiration with an offer. How far out should an expiration go?

Kris: Usually, not more than three months because it just – people will forget they even have it. Three months is probably about the max you would want to put on there. Would you agree with that, Steve?

Stephen: I do agree. I think a 90-day window is sufficient, no longer. I've seen some instances where financial institutions might go 45 days, but typically, I see a 90 day. A 90-day expiration seems to work the best.

Kris, do preselected, preapprove, prequalified terminologies require or trigger the same disclosure requirements?

Kris: Steve, you probably know the answer to that better than I do, but I think so, right?

Stephen: Yeah. They do. Regardless of what you're going to use, again, whether it's preselect, prequal, or preapproved, from an FCRA perspective, the requirements for disclosures are the same. Really, the terminologies are interchangeable. It's really whatever your financial institution is comfortable with, but when all is said and done, you've got to put the same disclosures in front of the consumer.

Kris: Right.

Stephen: Kris, when you talk about the long form opt-out, where does the long form opt-out direct the consumer? Maybe I can handle that one, Kris, if you don't mind.

Kris: Yeah. Why don't you, if you don't mind? Will you, please?

Stephen: With the long form opt-out that Kris showed earlier on the back of one of the letters, the consumer is directed to call a toll free 800 number that is monitored by the Credit Bureaus. The financial institution has nothing to do with the opt-out, and so if you're conducting prescreen campaigns for, let's say, your customers or your members, the Bureau is the one that maintains that information. Not the financial institution. With the long form opt-out, you're directing the consumer to a general 800 number. Then the Bureaus are the ones who monitor that number.

Kris, I've got a handful of others here, and I know we've only got about eight or nine minutes left, so let me make sure I do get through as many of these as we possibly can. What is the typical response rate for an auto refi offer? If you like, Kris, I can address that one.

Kris: Sure. Go ahead, Steve.

Stephen: It depends. If you are conducting a refi offer among prospects, your responses might range anywhere from 25 to maybe upwards of 100 basis points, so .25% from 1%, and that's for prospects. If you are conducting a refi campaign among existing customers or existing members, I see response rates typically in the 3 to sometimes as high as 6% range so, again, prospects, 25 to 100 basis points; customers, members, organic refi campaigns, 3%, sometimes as high as 6% on a refi campaign.

Another question, have you had success with email marketing versus print and mobile banking advertising versus print?

Kris: I would say, for example, with RefiGenius, there is – so you would be cross-selling to customers. You wouldn't be doing prospecting with email, but frequently, clients will do print and email.

Stephen: Yes. We would always espouse a multichannel approach to anything that we do.

Kris: Right. Mm-hmm.

Stephen: I would say my experience is I wouldn't conduct solely one type of campaign utilizing a single channel. In other words, I wouldn't go all email. I wouldn't go all postal mail. I would always espouse to a financial institution when conducting any direct marketing campaign to incorporate as many channels as possible, postal mail, email, outbound telephone calling. As Kris mentioned earlier on, make sure that you've got a message on your ATM machine when your consumers go to get cash or make a deposit. Make sure you've got a presentation on online banking if you can do that, but I would always say go multichannel whenever you can rather than single channel.

Then the next question, Kris, is I think hand in hand with that. Do you have results of a single channel campaign versus multichannel campaign, and are the results significantly different? I was recently looking at the *Direct Marketing Association Fact Book* for 2016. In that publication, it looked at direct mail campaigns conducted among prospects and conducted among existing account holders, and prospect campaigns generated a 1% response rate. Now, this is only mail. This is only mail. Prospects generated about a 1% response rate. Existing account holders generated on average about a 3.7% response rate.

Now, that 1% and 3% could be a wide variety of products. It would incorporate, let's say, auto campaigns. It might incorporate checking account campaigns. It might incorporate campaigns focused on promoting direct deposit or debit cards. What we also know is that – and unfortunately, I don't have the figures in front of me, but we know that when multiple channels are utilized, particularly when we're utilizing email and telephone, the list is significantly higher. One compliments the other, and again, that's where I go back and say, if you're looking at a direct marketing campaign, don't rely solely on one particular channel. Whenever possible, incorporate as many channels as you can.

Kris: Yeah. That's a great answer, Steve.

Stephen: Kris, here's another one. We've been told we can't discriminate in lending and must send to all eligible members, as long as they're at least 21 but no top age. Do you recommend different strategies to different audience such as car color, type of car, etc.? Let me take a stab at this.

Kris: I think it's critical math is the question.

Stephen: Yes. I agree. It's a numbers game, and we want to reach out to as many people as we possibly can. Now, let me just share this. With a prescreen campaign, you are basing the prescreen campaign on credit attributes that you are pursuing. For example, at the very outset of a prescreen campaign, you as the financial institution are going to set the parameters for who you would preapprove, or prequal, or preselect to that particular campaign.

Now, what are those attributes? Typically, their FICO, their days past due, their foreclosure, their bankruptcy, with the dozens and dozens of prescreened campaigns with which we're involved, those are typically the handful of attributes that financial institutions will eventually land on when they conduct these campaigns. If you are conducting your campaign looking at those credit attributes, there is no discrimination involved. Because you are looking at the credit worthiness of your particular account holders or if it's a prospecting campaign, the same thing. With a prescreen campaign, at the outset, you establish your credit attributes that you're going to look at. Then your pool to whom you are going to reach out will have to have those credit attributes that you're looking at, and in order to identify that, obviously, you're looking at credit reports. That approach keeps the financial institution basically out of any hot water, if you would, with federal regulators.

Another question, Kris, how close to the lowest advertised market rate must an offer be to be considered competitive?

Kris: Hmm. What do you think, Steve? I do think it's the whole package too, if you're doing offer sweeteners, who your brand is, who you're marketing to, all those things.

Stephen: Right. Here's what we do with prescreen campaigns. Kris mentioned the word Compare Media many times. As a senior strategist, one of the things that I do with financial institutions with whom I am consulting is I will go out to Compare Media, and I will take a look at who within your market footprint is out there conducting prescreen campaigns for whatever product you want to pursue. With that information, we meet with the financial institution, and review the rates that competitors are putting in front of consumers. We want to be close to what's out there, right?

If somebody's out there promoting a 1% auto loan and we're thinking, gee, maybe our 5% rate will fly, we might not get the response that we're looking for. All of that being said, however, when we're conducting organic campaigns and we're targeting our existing account holders, remember, convenience counts for a lot. In our world, I often like to say convenience is 75% of the game, right? Whether we like it or not, we are an errand on a Saturday morning, right? We are an errand on the way home from work. If the consumer deems us to be convenient, convenient because we are in proximity of where the consumer lives, or works, or runs their errands, or our mobile and digital banking platforms are considered to be robust enough that the consumer can do pretty much anything and everything digitally and mobily, then the consumer will consider us convenient. That will account for a lot, and in many ways, that can help to overcome a difference in rate.

I would sum up by saying the rates should be close. If the rate is out of the ballpark, that's certainly – if there's a real dichotomy between our rate and the lowest rate out there, that's not going to help, but we can tug on the convenience heartstrings. Often times, if you're a credit union and you're on the phone, legacy membership has a lot going for it. Often times, it's a real high level of faith and allegiance to a credit union, particularly if its roots are fedbased.

Kris, we've got one more question, and I think I'm going to be the one to handle this.

Kris: Okay.

Stephen: Earlier on I showed some monthly payments on one of the slides. The question came in what was the term of the monthly payments based on? That was 4-year, 48-month term.

Kris, that brings us up to 2:02 here in the East Coast, so we've gone a couple minutes over. Kris, I want to thank everybody for attending, and I'm going to kick it to you. Any last words, Kris, before we sign off?

Kris: No. Just make sure you make your creative work really hard, and you'll be more successful. Thank you for letting us share our knowledge with you today, and please let us know if you have any further questions.

Stephen: Great. Thanks, everybody. Thank you, Kris.

Kris: Thank you. Bye.

Jeb: This concludes today's webcast. As a reminder, we'll be sending out a copy of the webcast deck as well as a replay early next week. Thank you again.

