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10 Creative Best Practices to Boost Your Equity Lending Marketing
TRANSCRIPT

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Matt: Good day and welcome to the webinar. Today's topic is Ten Creative Best Practices to Boost Your Equity Lending Marketing. This webinar is being recorded, and will be provided to you along with the presentation deck in a few days. I will now turn the call over to Stephen Nikitas, Senior Strategy Director with Harland Clarke. Mr. Nikitas you have the call.

Stephen: Thank you very much Matt, and good afternoon everybody. Welcome to our webinar today titled, Ten Creative Best Practices to Boost Your Equity Lending Marketing. This is a very opportune time to talk about home equity, it seems like no matter where you are in the U.S. these days, the home owner philosophy seems to be if you've got it you might as well tap it. Homeowners across the country have begun taking out home equity lines of credit again, at a rapidly accelerating pace. In fact when we look back over the course of the last 12 months or so, homeowners across the county have pulled out better than 120 billion dollars in home equity lines. In a word, the home equity market is exploding.

So today during our presentation, I am going to talk a little bit about what's going on in the home equity market, and I'm going to also ask my colleague to really take the controls of today's webinar. A little bit of background about me, I am a senior strategy director with Harland Clarke. I have more than 30 years of financial industry experience in marketing, retail, and operations. In my current role with Harland Clarke, I provide consultative services to financial institutions—both banks and credit unions—that focus on helping them develop marketing and retail strategies, all targeted toward helping them grow their deposit loan portfolios. Kris, welcome aboard. And if you could give our audience today a little bit of your background, that would be great.

Kris: Sure, thanks Steve. My name is Kris Niblett, and I'm the creative director at Harland Clarke. I've been a creative director and creative strategist for 20- plus years, and specialize in the financial arena. I've worked with major clients like PNC, KeyBank, Wells and HSBC as well as a broad range of community banks and credit unions. Our team at Harland Clarke has won 70-plus awards for creative in just the last year and a half. One of my specialties is credit marketing, and today we're going to talk about equity.

Stephen: Thank you, Kris. And just as an aside, Kris and I have conducted a number of these webinars over the past several months. Kris, if I recall correctly, we've talked about the creative approach for auto marketing and mortgages.

Kris: That's right.

Stephen: So now we're going to tackle home equity. As I mentioned, I've got a handful of slides I want to show everybody that talks about the equity market, and again I use the word "exploding." I'll share a little about what's happening nationally when it comes to home equity and home prices. And then I'm going to hand it over to Kris, who will talk about the power of creative. She'll also address the bullet points that you see, then talk about the creative awards that have been bestowed upon Harland Clarke in recognition of the great creative that we produce. We will leave time at the end of this presentation for a Q&A. In the meantime, if Kris or I say something that strikes a thought, or raises some curiosity, you can type your question in the chat window on the right hand side of your webinar screen.

So fire away with any questions you may have in that chat screen, and we'll make sure at the end of the presentation that we address them. So with that being said, let's get a little bit into what's going on in the homeowner market these days. This particular chart shows median home prices across the U.S. The blue bar on the bottom represents home prices for existing structures, and the green line at the top represents home prices for new homes. Through the end of Q2 all the way over to the right hand side, you can see that existing home prices were around $207K, new home prices coming in at a little over $294K. The media over the last couple of days has talked a lot about home prices, telling us that in the month of May home prices were up about almost 8% after a little bit of a drop in April. And home sales in the month of May rose 5.1% from the prior month.

So certainly people are back in the market for homes, a bullet point—or actually a break-out at the bottom of this chart—that I wanted to draw everybody's attention to: 76% of homeowners across the U.S. now have loan values of less than 80%, and we haven't seen that kind of LTV in quite some time. As I mentioned earlier, and I've mentioned a couple of times now, the home equity market is exploding regardless of where you are. Just throwing some states out there—in Wyoming, new home equity line borrowing is up 169% year-over-year. It's up 85% in Oklahoma, and even in the sand states that got hit particularly hard during the 2008 recession, equity borrowing is really out of control: up 79% in Arizona, and up 53% in Florida. While property values are coming back as you see on this chart, and as home prices are coming back—now at 2006 levels, pre-recession levels—this is a particularly attractive time to tap into the equity in your home.

Interest rates, as you know, are extremely low. And borrowers *know* that interest rates are extremely low. And with a home equity line of credit, repayment terms are very, very flexible. Something to consider on this particular slide that might make HELOC marketing all the more attractive comes in the form of a HELOC rate reset. This chart takes a look at the increase in monthly HELOC payments that will take place when thousands of HELCOs held at banks and credit unions across the country begin to reset as repayment terms start to expire. You can see in 2015 the expectation is that the average monthly payment after HELOCs reset will go up $140 and continue to increase up to $161 in 2018. While the HELOC has become an attractive product of choice for American consumers, it's also become something that is on the radar screens of marketers in financial institutions throughout the country.

The information that you see on this slide was a recent study conducted by the financial brand, and the question was posed to marketers: What products and services will you focus on most over the course of the next year? And you look about halfway down that list in the 2015 column, you see that better than half of financial services marketers and retailers say that home equity loans and lines of credit are going to be among the products they will be marketing in 2015, and that is up a little bit from what you see in 2014. So some things to consider before I hand off the reins of today's presentation to Kris: When it comes to direct mail, direct marketing, three key elements to keep in mind. One is make sure that you've targeted the appropriate audience; second is to make sure that your offer is relevant; and third is to make sure that your creative is as attractive as it can be. And Kris if you don't mind, I'm going to give you the steering wheel and let you take it from here.

Kris: Okay, thank you Steve. So when Steve says that it's important for the creative to be attractive, yes, that involves how your copy reads, and how wonderful and impactful your design is. But it's really how you're positioning everything to the customer or the consumer. You want to make sure, because creative in direct marketing is all about what *works*. So it's a really strategic endeavor, it's not a beauty contest. Even though we make sure that every brand we touch looks as strong, powerful, and distinctive as possible, we also are looking at proven best practices, and making sure that your equity marketing will really *work* once it's in the marketplace. So looking at slide eight, these are some of the challenges, because I would say equity—and credit marketing in general—is the most challenging direct marketing that you can do for financial.

You know the product complexity of loans—the different kinds of offers that you can put together—is very demanding on creative. We must deal with the complexity and still have it come across and communicate very clearly in a motivating way. Plus, we have to understand the legal requirements for rate offers, and all the regulations you're up against. And when you put together your creative, some of these requirements will limit you, and you have to work around those limitations. You want to make sure you leverage your brand, have a strong offer, and are as relevant and competitive as you can be to stand out from the competition. Because of course there is ton of competition out there.

The disclosures and opt-outs are onerous too, taking up quite a bit of real estate, so we have to make sure we plan ahead for that, and include it in the most unobtrusive manner possible. Because obtrusive disclosure can impede your response rate. And then you must consider effective use of timing. As far as seasonality goes, there are all kinds of things you can use equity credit for, so you want to make sure that your messaging really calls that out to motivate and remind people what they can use it for at the time of year when it's most appropriate. So let's go to screen nine. And we're going to talk about credit fundamentals. We've got a lot of complexity, so what's in your tool kit creatively to make your pieces work. You want to stand out in the mailbox or in the email inbox, and make sure that it looks like you--even if the logo is partially covered up. And you want to make sure that your offer pops out.

So those are the things that customers and consumers really care about, the "what's in it for me." You should be able to see that right away. You want to keep the messaging relevant to your audience and the economy. So whatever best practices you're using, you want to make sure that you're also thinking it through with the way the economy is right now. So that's why Steve did a wonderful setup in showing that now is the perfect time for doing equity marketing. You want to call out a competitive rate and relevant offer that stops people from shopping elsewhere, and makes them take a breath and go, "Wow I need to check that out." You want to make it urgent—if possible including an end date—so they don't just put in file 13 or let it sit on their desk until they forget about it. You want to emphasize key benefits and product features, and we're going to drill down specifically into this a little bit later.
You want to motivate with seasonal thought-starters, reminding them of what they can use the cash for or why this low interest money is a good idea—an emotional hook to make people feel good about acting on this. You want to keep it readable to keep

them engaged. That means the copy should be scanable. And you don't want to sell too many things at one time. In fact, selling one thing at a time is the most powerful way to go. Have a strong offer and a very clear, concise message. You want to leverage your brand to strengthen your value proposition, because your brand really is part of your value proposition. People do buy products, but they also buy into the relationship with their financial institutions. You want a strong clear call-to- action telling them exactly what they should do next, so it's not confusing.

And you want to offer response channel options for easy response. Some people prefer to call, some people like to go into the branch, some people want to go online. And you want to use your copy and design like a puzzle—putting them together in a way that's most impactful, with a good messaging hierarchy that will motivate people. You can't give everything the same importance.

Let's go to slide ten. So this slide ten is sort of a cheat sheet. This happens to be an image of Harland Clarke's Loan Magnet solution, and it is selling equity credit. I've got a little legend here on the left that shows you the things we just talked about, and then we've got them coded over onto the actual piece.

So this just shows you one way that you can use your real-estate to incorporate all these things. And you can tell just by looking at this, that to adhere to legal requirements, and to do all the best practices that you need to do to make something actually work, there's a lot going on. So this shows you one way to organize those elements. For example number six, there are the thought-starters in bullet form so it's very scanable. You've got number five, which is a deal sweetener, and then you've got number three, which is your prescreened message. If you've got a prescreened offer, you're going to call that out. And then number ten and eleven are your legal terms and conditions. And so eleven is on the back, and ten is on the front, and Steve you're going to talk a little bit more about the legal requirements. Because as it may not be the sexiest part of building creative, it's very important to know what you're dealing with so that you don't get stuck sort of Velcroing it on at the end.

Stephen: Well, Kris, you're right. It certainly may not be the sexiest part of the creative, but it is something that we need to adhere to, and make sure that we're doing everything from a marketing and retail perspective that complies with the letter of the rules and legal regulations.

Kris: Yes. So I think if we go to screen eleven it outlines for you things that you need to take into consideration very specifically. Did you want to go over that Steve?

Stephen: Yes, let's go to screen number eleven here, thank you very much. So some things to consider, and you saw some of them on the example that Kris just showed, you've got your opt-out messages. On the front of the creative, you've got your short form opt-out, and on the back of the creative at the very top, you've got your long form opt-out. We'll go more into that in a moment. You've got to show your equal housing lender logo, and of course everything is driven by the Fair Credit Reporting Act. So all of the disclosures, or all of the small print that appears on both the front and the back of the creative, is compliant with FCRA. And this is an issue that, whenever Harland Clarke conducts cross-sell programs or refinance programs for both banks and credit unions, our marketing folks are very much attuned to: ensuring that the creative complies with all the rules and regs.

So again on the front piece of the creative, we've got our short form opt-out, the text size must be at least 12 points, to make sure that is it readable and noticeable by the consumer—whether the consumer is an existing customer or member, or even a prospect. And that short form message has to be inside a box or border, again just to make sure that it can be noticed and read. The long form opt-out, which again appears at the top of the back side of the letter, must state loudly and clearly that this is the prescreen and the opt-out notice. It gives the consumer instructions on what they need to do in the event that they do not want to receive any more preapproved, preselected, or prequalified offers from a financial institution.

As an aside, those instructions will drive the consumer to a general 800 number, and that conversation is between the consumer and the credit bureaus. Sometimes financial institutions ask if the consumer calls the bank or credit union to opt out of prescreened mailings, and the answer is no. They call the standard 800 number that appears in the opt-out message, and at that time make their desire known to no longer be included in prescreened offers. And again, just like with the short form opt-out on the front side of the letter, the long form opt-out on the back side of the letter must be distinct, and the text size must be at least 12 points.

Kris: Thank you Steve, that's great.

Stephen: You're welcome.

Kris: Let's go to the next screen. You can tell from all these requirements that it's really important to work with a creative team who knows and understands what you're facing—who understands the legal requirements and can make strong creative in spite of that. Because there are a lot of restrictions on creative for equity marketing. So what I'm going to go over right now is the ten best practices for equity and lending marketing. And these are things that you need to keep in mind as you're developing your creative to make sure that it works as strongly as possible out in the market. First we want to kind of think about format, and as you can tell with all those legal requirements for a firm offer of credit, it makes it pretty problematic to try using something like a self-mailer or a postcard.

So a number ten envelope with a letter is the best practice, it's proven to work great for these kinds of products. It's a consultative kind of approach for customers, but you can also make an envelope mailing more promotional when you're mailing to prospects. It ensures privacy and is cost efficient, and you can even include educational inserts or a Q&A if you want to clarify value proposition; for example, if you want to educate your customers about the difference between a home equity line of credit and a home equity loan, because they are very different. And you want to make sure, and I sort of alluded to this earlier, to focus on the lead product. You don't want to have multiple products in there and try to address them all, because it just leads to inaction.

And then if you have a segmented mailing, you want to be sure you use the same format if at all possible for all segments, because that really goes a long way in reducing your cost and increasing your ROI. You want to showcase the rate, because that's what motivates people to buy equity loans and lines of credit: They are looking for the best rate they can get. So if you have an ITA mailing you want to entice with rates "as low as," and you can put that in a high profile Johnson box or a side bar. You can even call it out on the envelope. You can also consider a balance transfer rate, or waived or reduced closing costs, or relevant premiums such as the home improvement gift card. So there are lots of things you can do, but rate is far and away the hero of an equity piece. And if you can make it a prescreened offer, that's the best. Because then people know it's going to be a little easier to get through the buying process. This can be preselected, prequalified, or preapproved. But it tells the consumer that they're one step ahead. Let's go to the next slide.

Stephen: Kris, can I just add a note here on a pre-screen. When Harland Clarke conducts cross-sell or refinance campaigns for financial institutions, we always recommend that the institution go through the prescreen process, to either preapprove, prequalify, or preselect the target audience. And among other things the reason for that is, we find that the response rates are higher when we're able to communicate to the customer or to the members that they have either been preapproved or prequalified for a loan product. It just helps to streamline the process.

Kris: Absolutely. So on our next page, best practice number four, this is all about how you position a HELOC as opposed to a HELOAN. There are some intrinsic differences—both really good differences—so you want to make sure that you're getting this across really well in your piece. With a HELOC, you want to position this is as a smart and flexible financial tool, and you want to educate them on the benefit, because they may or may not know. Super low rate based on prime, easy access to low-interest cash, about the cheapest cash that you can get, smart way to pay less interest, finance all kinds of products and expenditures for varying amounts. Low commitments, because you only pay for what you use, a ready reserve, that's just the old "it's there when you need it for emergencies." Of course we want them to use it, but they don't have to feel compelled to use it.

Revolving line of credit, pay only for what you use, renewable resource for additional funding. So it really gives you flexibility, that's what a HELOC really is all about. And then some HELOC products do have a rate-lock feature where you lock in the low rate, like for a particular purchase, and pay that off, and continue to access the rest of your line. So that's super flexible. And then a home equity loan is a little bit different of course, and you all know this, but we want to make sure we get it across to the consumer. But this is a fixed low rate. We know it's not as low as a HELOC, but it is a low rate, and the good thing about that for the consumer—the benefit for them—is that they get predictable monthly payments. That means that it's easier to do their budgeting, they pay one amount every month, they always know what to expect. It's a great tool for larger purchases, and of course it's tax deductible, so let's go onto the next page.

And tax deductibility…when you're in the sales process, a mention of this is good for all equity credit marketing, and you want to call it out. You don't have to go too deeply into it, you can recommend that they ask their tax advisor about it, but it is a benefit and you want to call that out. And then really important to these pieces is what I call thought-starter copy, which are things they can use the funds for. So this is almost reminding them that they could use it for a home remodel or to consolidate debt. And it doesn't have to be exactly what they're doing, but it starts them to think, it's the thought starter. So a HELOC is great for small or large expenditures, and the number-one usage is debt consolidation, paying off that higher interest debt, because it's a smart thing to do. And responsible use of credit is really a pillar of credit marketing now.

Home improvements, and making a home energy efficient, it just adds to the value of your home, and saves on monthly bills, it adds to the enjoyment of your home. And then you can take an approach that we talked about a little bit which is seasonal focus. That means if you're doing a series of mailings you can focus a little bit more on the summer activities, or on school tuition, or school expenses, that I think you would always want to make sure to mention the other uses. So in January you could lead with paying off holiday debt, in the fall you could focus on home improvements as in the spring also, home remodeling, or paying off taxes. And then a home equity loan in contrast, is really good for large expenditures, and is great for debt consolidation or home improvements, but it's any kind of large project-based expenditure, or large item expenditure.

And then of course when you get your home equity loan, you get a lump sum. But then something to call out about HELOC is that it's also easy to access. Once you have your line of credit, it's easy to access the funds when you need them, and different HELOCs have different access points. But typically you can transfer the funds into your checking account, and some accounts even have plastic. So let's move onto screen eight. The idea is to make it sound like it's there for whatever they need, to give them some thought-starters. Also from a direct marketing best practices perspective, you want to make sure you make it urgent, so they don't leave the offer sitting on their desk like we talked about earlier. You want to tie offers to specific end dates whenever you can, and you want to restate the end date in the PS for example, or in the side bar. You don't just mention it once, you mention it more than once, and in a place that's easy to see.

You also want to make sure that you position the account as easy to apply for, that they'll get a fast response, easy closing. If it's possible to tell the customer or prospect that they will get a response in X number of days, you can do that. You should also have a clear call to action, and this is basically telling the customer or prospect exactly how to apply. Because I mean it's surprising how many pieces are put together, and it's really not that clear about what the reader should do next. So that's just a tenet of direct marketing to make sure they know exactly what to do and to make clear that it's easy to do. Make the offer really pop visually, maybe put some white space around it, or use color to make it pop.

Position on the page is another way to make it pop. And then you can also include a QR code or URL driving them online for more information. But you want to be careful about those things, because if you have an online application process, you definitely want to call that out, and you don't want to overshadow that option with the "get more information" message. But it's good to have it in there if you do have something good online that they can look at.

So let's go to the next page. We're going to go through a lot of examples today, and I'm going to go kind of quickly through it, so please write in any questions you have as I go through it. We're going to talk about home equity line of credit first, and then we're going to do home equity loan. We're going to talk about prescreened and ITA [invitation to apply], and we're going to show some refi samples, so there are a lot of different things in here.

This first one is an ITA on page 16. It's going to prospects and members. You can do that pretty easily, that is, talk to both audiences. This one has a low intro rate that's called out in the side bar. And then the kind of interesting thing about this one, I think, is it's got this thought-starter with tangible examples of how much you're borrowing to put in a new entry door, or new back yard deck, or to freshen up your landscaping. So that's a different way of doing thought-starters, and I thought that was interesting. And then they have attached to this rate, that you can use auto pay from your interest- bearing checking account. So that's a way to hook in new prospects and get them to become your customer or member. Plus, you get a little deal sweetener here, $350 off your closing costs. You're putting across the idea that home improvement is really *life* improvement, and I think it evokes an emotional feeling with those very specific project ideas.

So let's go to the next one. And I did notice that the last one didn't have an end date, and it's always good to have that. It doesn't make it bad that it doesn't have one, but it's a good thing to add. This next page, BMO, is also an ITA. And this one is a customer cross-sell with an offer of a rate discount of 0.25% with auto pay. So that is very similar to the one we just saw, plus they waive monthly maintenance fees, there's no app fees, no-to-low closing costs, and they're using a promo code. Which is something that a lot of clients will use in a customer cross-sell to make the offer feel more exclusive. So the focus on this one is another way to benefit from your relationship with BMO, and it highlights best practice uses for HELOC, and incorporates them with a sense of urgency. But it doesn't have an end-date, so adding an end date would be a good thing.

And then the call to action on this one is online, call, or visit a branch, and that's pretty much typical across the board. And this waived and no-fee position is really a great value for customers, it helps make the offer more appealing. And if you can attach it to an end date it just makes it that much more actionable.

So let's go look at one more. I think I've got four home equity pieces in here, so on page 18 we've got another one. This one is Prospera Credit Union, and this one is a preapproved or prescreened. They actually refer to it in this piece as preapproved *and* prequalified, and this one is a refi. There's a low rate offer of 2.65% locked in for five years with a $50,000 minimum. And in addition to the offer, there are no closing costs, automatic payments, no prepayment penalties, and no annual fee. So I think they've done a good job here of incorporating their branding. It's attractive, it's well organized. I think that the rate offer and refinancing the higher rate, it's got a good deal sweetener in it, so it makes you stay engaged in examining the offer, instead of just tossing it in the trash can or something like that. And as I say this is to members, so you do have a relationship, and when this shows up in their mailbox, it will get opened and read. So when you have cross-sell mailings, I don't think you need to do anything fancy on the envelope, because people will open it up. And the envelope makes it feel a bit more consultative, but it sort of depends on your brand, and how you are used to talking to your customers. And so on this one, with the refi of course, Prospera is trying to capture competitive HELOC business. So let's go onto the next one, 19.

This one is a home equity line of credit as well, and it's prequalified. This one—obviously, looking at it you can tell—is all about the home remodel, and it's going to prospects and customers. This one has a very promotional approach here with the large handwritten 3.50 APR. So that one is actually a home equity line of credit with a 3.50 rate, and it's got the tape measure so you can tell visually before you even read it that with the rate, it's about home remodeling. So it's kind of graphically very cryptic. There's no closing costs, no application fee, no origination fee, and no annual fee, so some of these things you're going to see again and again, because it's very best practice, and typical for how to put something out there that works and is appealing. The rate offer and the focus on savings, and then if you read the copy you'll see a strong focus on convenience, and the flexible benefits of a line of credit.

They do mention in the very first paragraph, after they talk about remodel, they talk about debt consolidation a little bit, but it's kind of buried in there, so it might be good to have those different uses be scanable. But I think this is a good piece in that if you're in the mode for doing home remodeling it will certainly catch your eye.

So let's move on and look at one more home equity line of credit piece on page 20. And this one is very different, this is a postcard. So this is not for an offer of credit, this is an ITA, and this one has a gift card. I wanted to include this one because it shows you another way to do it, using a $100 Visa gift card. And I've seen people use Home Depot gift cards, for example. Low intro rate of 1.77% and a go-to rate. So there's no or low closing costs, and a rate- lock option, and interest-only payment option.

So obviously this is also a home improvement angle, talking about the low- interest cash of the HELOC—the whole idea of it's your money, so I think this is kind of high level, and it's very clean, it's very branded, and I think it's very appealing. It's real simple. It's a member cross-sell, so if you're a member and you get this, it's just kind of letting you know, reminding you "hey, you know we're lending, we're doing equity lending here, so come in and see us." So that's a softer approach, I would say.

And then on page 21 we're going to start looking at some home equity loans. So this one for Dollar Bank is an ITA, and it really does a good job of the best practices, calling out the different uses, you know it pops out that 2.49% APR. And it's got no closing costs, and this one also uses a promo code. This one does something that is a little bit different—it positions their loan experts as working with you to help find the right credit solution.

So it's very consultative. I think that's kind of nice, and it probably works really well for their particular brand. And then they do the call to action, talk about how it's easy, you know, you just call or visit the branch or go online. So this messaging around refinancing or consolidation to save thousands in interest versus your current loan, so I think that verbiage right there is very strong.

Now let's go to 22 for another loan piece. And this one is an ITA for a credit union, and if you noticed, there is no rate called out. This is basically saying "hey, we're lending." It is going to prospects, so the most interesting thing this piece has is the $100 Home Depot gift card. So that's a pretty tangible thing, but there is no strong rate offer that's called out, and the message is really all around home improvement, and don't wait to start home improvement projects.

It does refer to it as a low-rate loan, and it emphasizes that it's a fixed rate. So I think this piece is pretty high level. If I were to do it again, I would say it might be good to pump up the benefit of the fixed rate even more, you know, no surprises, easy to manage. And then there's also no personalization on this, which I also think would be a good thing. And make it a firm offer of credit, a prescreened offer, or even just calling out an as-low-as ITA offer would help make it stronger. As it is, it's a piece that's really just sort of out there to stimulate interest.

Stephen: Kris can I jump in for a quick moment here?

Kris: Absolutely.

Stephen: We just had a question that came in via our chat line, "What do you mean when you say the letter is ITA?" That stands for "invitation to apply." There was no prescreen, so nobody's prequalified or preapproved—it's simply inviting people to come to the financial institution and apply for the loan.

Kris: Yes, thank you Steve. I know in the banking world, in the financial world in general, we all start talking in acronyms and abbreviations, so thank you for clarifying that. Let's go ahead to the next page. This one's a loan product too. And this one is a customer cross-sell focusing on home improvement, which you notice is a very common theme, and that's because spring is a big time for getting those equity offers out there, and reminding people who are thinking about home improvements anyway, that now's the time to do it. The weather's warm, you can work outside, you can put in new windows, you could do anything. So there's a rate offer of 5.00% APR for up to 120 months, there are no up-front fees, and there are reduced closing costs.

It calls out the rate and the set monthly payments really well, and the easy application process. The call channels are down at the bottom—call, stop by, or visit—that's really clear and easy to see. You don't have to hunt for it. If you look at this letter, it actually doesn't call out the name of the product until the fourth paragraph. It might be a good thing to get that up in the very first paragraph, or in a Johnson box. It needs to be clear what kind of product you're talking about. Another thing you could do—as a creative strategy thing—is to say that rates won't stay this low forever, because sometimes we think readers get the feeling they might. Sometimes it's how you play on that fear a little bit—that the rate might go up, and you might miss out.

Page 23 we've got one more, and we're about a quarter till. So this is just kind of a review or a reminder that you have all these tools at your fingertips. You know you can use channels beyond mail. You can use email for customer cross-sell, and it's great for those relationship-based offers—especially if you're going to have something just for customers or members. And in-branch, that's a great environment to be getting to your members or customers. And then web, using online banking pop ups—

you can drive customers or members to the landing page. Your ATM screens are also a good place for messaging to customers.

And then of course there's mobile and there's social media. There are all kinds of things out there, and if you do a campaign, an equity campaign say, you could use the channels that make sense for you. And integrated creative has synergies that make every channel work harder for you. And then the last screen is just really a little brag sheet for us. It's our creative awards—48 awards in 2014, 39 in 2015—and this is to show that we do know what we're talking about, we do lots and lots of financial marketing, and we're well recognized for it, and we understand the kinds of issues that banks and credit unions face. So we're here to consult with you and help you make your creative work as hard as it can. So thank you very much for having us today, Steve do you want to capture any questions?

Stephen: Yes, thank you Kris that was great stuff. We do have several questions that have come in via our chat screen. And again a reminder to everybody, if you have a question on something that you heard today, feel free to type the question into your chat screen, or you can also raise your hand using the instruction bar on the right hand side, and we will be glad to take your phone off mute and let you ask by phone live in front of today's audience. So, Kris, a couple of questions that came in, we already addressed the ITA issue. We talked about expiration date, and you brought up trying to tie an end-date to your message. The question is, how far out do you want that expiration date to be?

Kris: Well, you wouldn't want it to be too far out, so it does depend on your marketing plan. So if you're dropping a series of mailings, you're in a perfect position to just have an end date say a couple of months out. You can shorten that a bit, but I would say a couple of months would be about typical.

Stephen: So 60 days, Kris?

Kris: Yes.

Stephen: Okay. Another question that came up, and I think you touched on this earlier, how important is it when it comes to seasonality relative to marketing home equity, lines of credit, and home equity loans. In other words, Kris, is there a good season and a not-so-good season to market those products?

Kris: You know that's a great question, because you really can't predict when somebody's going to need cash. You can't predict when somebody's going to want to do a project, or need to buy a refrigerator or whatever, you can't predict that. So that's why ongoing marketing is so important, and you just need to—unfortunately you've *got* to—be there when they have the need. So ongoing equity campaigns work the best, where you're in the mailbox when they have that thought in their head, when they go out there and they have that need, you're there. And you want to be there before somebody else is there. It's very competitive, and people shop. So that's why creative is important to help you stop the shopping cycle, and get out there and come to you—especially if you have a relationship with them already. So I don't know if that really answers your question, but I can't just say "okay, you should mail only in the spring." That's not the best way to do it. It's best to mail ongoing throughout the year.

Stephen: And I agree with you, Kris. There's a school of thought out there that deposit products tend to sell best in the first quarter or leading up to tax time. Auto loans, of course depending upon where you live in the U.S., tend to sell better in the warmer months of the year. We know in the Northeast and in the northern states, that in January, February, and March, activity for auto lending is not as brisk as it is when the snow stops falling and the flowers are blooming. With home equity loans and lines of credit, back to your point, it depends on when you need the cash. If you're using the money to put somebody through school, then you may need to tap into that line before the second semester begins in January. If you're planning to use the money to consolidate debt, you might want to do that January through December. So with home equity marketing, what we espouse is quarterly year-round campaigns, because the need is always out there.

Kris, another question about the awards you've won and how someone would compete for those awards. Do you want to talk about that?

Kris: I'm not sure I understand the question, how to compete?

Stephen: The question is, "Can we talk about striving to win awards, and how to compete for those awards?"

Kris: Oh, sure. Well, the number-one goal of direct marketing is not to win awards; the number-one goal is to help clients make money, right. I mean that's our goal. But, we think part of that making money and having a successful piece that resonates with consumers, is to leverage the brand. You know if you have a strong brand, an appealing brand, or a brand that consumers recognize, you want to make sure that it's woven into your creative as part of your value proposition. And then I think you should try to take a fresh approach to speaking to consumers. And, really, Creative's job is to think about the consumer. You know, I would not sit down and do your marketing plan. Steve would do that. What creative strategists think about is how to talk to consumers.

All award shows are different, but there are some award shows that are based purely on response, and then there are others that are based purely on design. And then most of them are pretty much just based on "is this a fresh take, is this more polished or more powerful" than the other things that are entered in the competition. So there are different—I know it's not a very tight answer—but there are different reasons why you would win an award. I think resonating with consumers is the number-one goal, and you can do that in different ways. I think if you have a consistent brand with a kind of attitude that comes through—that the credit union or the bank has towards its consumers—and that comes through really well and it's very positive, I think that helps a lot. And then of course it goes without saying that really good design, really good type treatment, really good typography selection, and really well-written copy, all those things are essential to winning awards. So let me know if that doesn't cover it.

Stephen: Sure. And the person who asked that question, if that helps great, if not feel free to ask another question. Kris this is a two part question, first off, what was the response rate—or do you know the response rate—on any of the examples that you went through? And then, what would you consider to be a good response rate for a home equity or HELOC promotion? I can probably address that one, but Kris do you know what any of those response rates were?

Kris: No. Actually, I pulled all of these, these are not our pieces. These are pieces, and I should've clarified this in the very beginning, but this is sort of an analysis for this webinar, where I went out and pulled pieces that are in market from Comperemedia [a searchable database that tracks in-market direct mail]. So these are all Comperemedia examples that are just out there for people to use for analyses. I'm not showing you pieces we did to say, "Oh, look what a great job we did." So I'm sorry I did not give you context in the beginning, and I should have. So, no, I don't know the response rates.

Stephen: Not a problem. Let me weigh in on the second part of that question relative to what would be a good response rate. The Direct Marketing Association says that in the banking and credit union world, a 1.5% to 2% response rate is considered to be a well-run, successful program. What does that mean? We send out X number of letters and 1.5 to 2% of those letters come back to us in the form of a loan application, or whatever the product happens to be that we're looking to open. Of course, as we mentioned earlier, there are three facets that you want to consider. We want to make sure that we're targeting appropriately, we want to make sure that our offer is strong and competitive. And of course, as Kris has talked about today, we want to make sure that the creative is as attention-getting, and readable, and attractive as it possibly can be. I will tell you that there are programs that I work on where we'll see a response rate of 5.5 to 6% if not more. So there are a lot of factors that go into what drives a good campaign. But as a base, we always tell folks that the DMA, the Direct Marketing Association, says in our world, a 1.5 to 2% response rate is considered successful.

Kris, here's another question I'd like you to touch on. What copywriting tips can you share when writing a home equity loan letter?

Kris: I think you need to keep in mind what the customer cares about and what the benefits are. You want to also make it easy to see the structure of your product. So I think don't be afraid of bullets, you don't want to have ten bullets or anything like that. But having three to five bullets is fine. And it makes your copy scanable, so it can be easily read. You want to be concise, but you also want to have a sense of humanity about the copy. You're talking to a person, so you don't want to be so "salesy" that you're not representing the warmth of your institution to this person. You want to talk to them like a person. You want to make them feel like they're going to be treated well, you want to make them feel like the application process won't be onerous, and you want to help them feel like it's going to be a good experience. Because getting credit is an experience, it's a process. So we want to create the perception that it's going to be a very positive experience, you want to make sure they have somebody to call. You can even put a locator line in there if it's a prospecting piece, so they know if there's a branch near them and they can show up and talk to somebody. Different people want different things. Some people want to talk to a real person, and some people would rather never talk to someone in person. So being able to handle all of that is good.

Stephen: Great. Thank you, Kris. Kris here's another question and I think I can probably take this one. "What do you consider to be a good conversion rate?" In other words, the number of loans that eventually get funded divided by the number of offers mailed, as opposed to a response rate. And that conversion rate, or pull-through rate, is going to depend on whether it's a prescreen mailing or an invitation to apply, ITA. What I find with prescreens, because we're reaching out to an audience that meets our established credit criteria— or, I should say the bank or credit union's credit criteria—

is that your pull- through or conversion rates are going to be very high. Typically, I will see declination rates as low as 2 to 8% on average. So, the vast majority of those applications that are coming in the door are going to eventually get put on the books.

If it is an invitation to apply, of course, you're going to lose control over a large segment of the audience to whom you're reaching out, because you're not identifying credit criteria. And you're going to get people who have good credit applying and people who have not-so-good credit applying. And of course, your conversion rates are going to be much lower, and I can't give you any firm statistics on that. But your declination rate will not be as low as the 2 to 8% average that I typically see.

So, Kris, that takes us up to two o'clock, I don't see any other questions on the board. We want to make sure that we are respectful of your time, and we hope that this helped. A couple of quick things for you: A recording of today's presentation will be made available within the next to everybody who signed up for this webinar, so be on the lookout for that in your inboxes. But if you can't wait until then, on the right-hand side, on your tool bar, you'll see about halfway down there's a section called "handouts." If you want to click on the PDF, that is a copy of the slides that Kris and I went through today. So, Kris, it is two o'clock, any final words?

Kris. No, thank you everybody for joining us, this was a pleasure.

Stephen: Thank you all very much, and we look forward to seeing you again at an upcoming webinar. Goodbye.