Ten Creative Best Practices to Rev Up Your Auto Lending Marketing

August 19, 2014
Stay with us for Q&A at the end of this presentation.

A video replay of this webcast will be sent to you within the next week.

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Bios

Kris Niblett, Creative Director
Harland Clarke Marketing Services
- 20+ years experience creating strategic, award-winning, multichannel direct marketing communications for financial and other industries
- Drives results for major brands, including the largest financial institutions as well as community banks and credit unions
- HC creative team has captured 70+ awards, including Hermes Awards, DMA Echo Awards, Graphic Design USA Awards and the London International Advertising Award

Stephen Nikitas, Senior Marketing Strategist
- 30+ years experience in strategic planning, marketing, and public relations
- Provides consultative services to banks and credit unions
- Develops marketing and retail strategies, and campaigns to grow targeted portfolios
Today’s Agenda

- Auto Lending Trends
- Strong Creative Accelerates Success
- Direct Marketing Creative Fundamentals
- Creative Challenges
- 10 Creative Best Practices for Auto Lending and Refi
- Key Creative Elements
- Legal Requirements
- In-Market Examples
- Beyond Mail
- Creative Credentials
- Q&A
The total number of existing auto loans stands at 61 million - a 54-month high.

Source: R.L. Polk
Auto Lending Trends

Average Age of U.S. Vehicles (in years)

Source: R.L. Polk
Auto Lending Trends

Auto Loan Balances
(in billions)

Q1 2013
- Banks: $257
- Captives: $212
- Credit Unions: $159
- Finance Companies: $99

Q1 2014
- Banks: $290
- Captives: $221
- Credit Unions: $182
- Finance Companies: $118

Source: Experian®
Auto Lending Trends

30-Day Delinquencies

- **Bank**: Q1 2013 - 2.08%, Q1 2014 - 1.93%
- **Captive**: Q1 2013 - 2.32%, Q1 2014 - 2.23%
- **Credit Union**: Q1 2013 - 1.23%, Q1 2014 - 1.20%
- **Finance Companies**: Q1 2013 - 4.88%, Q1 2014 - 4.62%
- **Total**: Q1 2013 - 2.36%, Q1 2014 - 2.24%

Source: Experian
Strong Creative Elevates Success!

Three key elements for effective direct marketing of auto lending products

1. Audience Data/Targeting
2. Offer
3. Creative
Direct Marketing Creative Fundamentals

1. **Stand out** by cutting through mailbox, inbox clutter
2. **Keep messaging relevant** to your audience and the economy
3. **Call out competitive rate offer** that interrupts rate shopping
4. **Make it urgent** with offer end date
5. **Emphasize key benefits and product features**
6. **Keep it readable** to keep prospect engaged
7. **Leverage brand** to strengthen value proposition
8. **Strong, clear call to action** makes it urgent
9. **Offer response channel options** for easy response

*Creative uses copy and design to serve it up in the most relevant, compelling way!*
Creative Challenges

1. Consumers **STRONGLY DISLIKE** car purchasing process

2. Competition is fierce

3. Consumers are shopping

4. Legal requirements are onerous
1. MAIL FORMATS
   - #10 Envelope – good for customers and prospects
     - Space for certificate or live check and disclosure for prescreened offers
   - Postcard – promotional, awareness-raising approach for prospects with no prescreened offer
   - Both are cost-efficient

2. “As low as” RATE
   - Entice with competitive rates “as low as”
   - High-profile Johnson Box or sidebar
   - Call-out on envelope

3. PRESCREENED call out
   - Pre-selected/Prequalified/Preapproved
   - Translates to easier buying process
4. OFFERS BEYOND RATE
   - Delayed payments – No payments for 60–90 days
   - Check made out to dealer – empowering!
   - Save – refinance your current loan at an X% lower rate – savings chart
   - Cash bonus offer – $200
   - Sweeps (free gas, free payments)

5. GOOD EXPERIENCE — fast, easy approval
   - Creative can make process feel easy
   - Approval in as little as X hours or days

6. URGENCY
   - Tie offers to specific end date
   - Restate end date in letter postscript

7. CLEAR CALL TO ACTION
   - Tell customer or prospect exactly how to apply
   - Make it sound easy
   - Make the offer pop – explain exactly how to get offer
10 Creative Best Practices – Auto Lending and Refinance

8. EASY TO RESPOND
   - Dealer, branch, call, online, QR code

9. CUSTOMER VS. PROSPECT
   - Customer — position as “customer offer”
   - Prospect — make more promotional to stand out

10. LEVERAGE BRAND
    - Differentiating
    - A trustworthy brand is part of the value proposition
    - The trust factor for customers
10 Creative Best Practices – Auto Lending and Refinance

MESSAGING HIERARCHY

- Pre-screened
- As low as XX% APR
  - Customer exclusive offer?
- “Bonus” offers such as delayed payment, cash, etc.
- Lower your monthly payments (i.e., refi savings)
- Empower customer to make a deal (check, preselected certificate)
- Quick and easy to apply with fast approval
- Urgency and easy to respond
Refi Genius™ Program
Auto Lending – Mail and email

A good example of Creative Best Practices for auto lending

1. Identifies your account holders’ credit relationships with other financial institutions using three credit bureaus
2. Sends personalized refinance offer to pre-screened, creditworthy account holders
3. Sells credit products, including auto loan, mortgage, HELOC, home equity loan, personal loan
4. Designed to interrupt shopping behaviors with in-market communications
5. Creative built on best practices for auto lending
6. Applicable to your auto lending initiative
Key Creative Elements – **Mail**

- Lower your monthly payments
- Pre-selected
- Great low rate
- Savings chart
- Fast closing
Key Creative Elements – Mail

- Call to action – end date
- P.S. refi or new loan – end date
- Certificate call to action/channels
- FCRA-compliant disclosures

Harland Clarke does not offer legal advice. Information contained within this document does not constitute legal advice. Please consult with an attorney.
Key Creative Elements – email

• Optimizes mail for email channel
• Subject line: “Save”
• Pre-selected
• Savings chart
• Call to action button
• FCRA-compliant disclosures

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Legal Requirements

Requirements
- Opt-out box (for pre-screened offers)

Disclosure guidelines from the Fair Credit Reporting Act (FCRA)

Note: Pre-screened offers require both the short opt-out notice on the front of a piece and long opt-out notice on the back or front of a piece

- Opt-out box graphic requirements are:
  
  * Short notice
    - Front of the mail piece
    - Type must be distinct, at least 12 point font
    - Inside a border
  
  * Long notice
    - Back or front of the mail piece
    - Must begin with “Pre-screen & Opt-out Notice”
    - Typeface must be distinct, at least 12 point font

Source: FCRA (Fair Credit Reporting Act) Guidelines

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Arizona State Credit Union®
Auto Loan or Refinance

- **Target**: Member cross-sell
- **Pre-approved**: $40,000 Certificate
- **Offer**: 2.45% APR for new or used vehicle loans
- **Offer sweetener**: 3 months no payment, .25% APR discount, skip 2 payments during life of loan
- **Format**: Letter package
- **Call to action**: Call, go online, take certificate to branch or dealer

**Well Done**: Pre-approved emphasis; bold rate call-out in sidebar; well branded; three-step offer presentation; easy to act on certificate visually emphasizes pre-approved cash amount; scan-able

Source: Mintel Comperemedia
Family Savings Credit Union® Auto Loan Refinance

- **Target:** Members and Prospects

- **Pre-selected Rate Offer:** as low as 2.79%

- **Offer Sweetener:** Delay payment for 45 days

- **Lending Partner:** RateGenius

- **Urgency:** Promo code required, offer expiration

- **Format:** Letter package

- **Call to action:** Apply online

**Well Done:** Leads with low-rate; pre-qualified; recognizes consumer’s good credit; promo code with end date positions offer as exclusive and urgent
Fleet Financial® Auto Finance Solutions
Auto Loan Refinance

- **Target:** Prospects
- **Hero rate:** Introduces lower rate and resulting savings
- **Message:** Save $586 over next 12 months; skip a payment
- **Format:** Letter package with urgent, official envelope
- **Call to action:** Call, go online

**Well Done:** Powerful savings benefit delivered through current payment / new payment / annual savings example

Source: Mintel Comperemedia
Mission Federal Credit Union®
Auto Loan or Refinance

- **Target:** Members and Prospects

- **Offer:** Monthly payments as low as $295, not pre-screened

- **Offer sweetener:** Defer 1st payment up to 90 days; sweeps to win a monthly payment

- **Format:** Letter package

- **Urgency:** End date with promo code

- **Call to action:** Apply online, call, branch

**Well Done:** Strong emphasis on low monthly payment
Langley Federal Credit Union®
Auto Loan Refinance

- **Target:** Member cross-sell
- **Pre-approved**
- **Offer:** as low as 1.49% APR, Personalized customer offer certificate
- **Offer sweetener with urgency:** Refinance your loan by DATE and get $50
- **Format:** Letter package
- **Call to action:** Call today

**Well Done:** Cash bonus offer provides urgency; “low cost” loan empowers recipient; strong brand differentiation

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Dear Thomas,

Why pay more than you have to for your car loan? At Langley Federal Credit Union, you're pre-approved for an auto loan with a rate as low as 1.49% APR for up to 60 months!

Keep your car, Trade your loan, And get $50!

If you already have an auto loan elsewhere, you could save a bundle by refinancing at Langley Federal Credit Union. Oct 31, and we'll give you $50!

**Special pricing for our members**

We have auto loan options that mean you can afford a few extras—go for the heated leather seats, add the radio or anything else you've always wanted! With your low-rate loan from Langley, you can afford more!

**We're Langley and We're Lending!**

Fuel your competitive edge and aggressive terms on a variety of loans at Langley FCU. For a student loan, a mortgage, an uninsured vehicle loan, and more. Drive to Langley first! We'll work with you to make sure you have the right loan for your needs.

**You're pre-approved—call today!**

Why wait? This low-rate opportunity can save you money! Call 757.827.EASY or 800.588.EASY today!

Sincerely,

Curtis A. Baker
1st Vice President of Lending

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You can choose to stop receiving “prescreened” offers of credit from this and other companies by calling toll-free 1-888-567-8688. See PRESCREEN & OPT-OUT NOTICE on other side for more information about prescreened offers.
Nationwide Bank® Auto Loan Refinance

- **Target:** Cross-sell Customers who already have home or auto insurance products
- **Pre-approved**
- **Rate:** as low as 2.25% APR
- **Offer Sweetener:** No application fees, flexible terms
- **Message:** Two ways to save: 1) refinance and pay off your car sooner OR 2) refinance at a lower rate and lower your monthly payments
- **Format:** Letter package with insert
- **Quick and easy**
- **Call to action:** Online or call

**Well Done:** Strong focus on rate savings; includes simple savings chart on insert; clear branding “launches” Nationwide Bank; clean layout is scanable
Valley First Credit Union®
Auto Loan or Refinance

- **Target:** Members and Prospects
- **Rate:** as low as 2.54% APR, not pre-screened
- **Offer sweetener:** $200 cash and up to 90 days no payment
- **Format:** Postcard
- **Urgency:** Hurry with end date
- **Call to action:** Call, online, visit

**Well Done:** Uses urgency to call attention to competitive offer
Virginia Credit Union®
Auto Loan

- **Target:** Members and Prospects
- **Get pre-approved fast**
- **Rate:** as low as 1.99% APR, First-Pay-Delay
- **Key message:** Fast, easy approval, move existing loan from other provider, seasonal Spring message
- **Format:** Postcard
- **Call to action:** Online, call, visit

**Well Done:** Leads with great low rate and includes savings chart
**ABCO Federal Credit Union® Auto Loan**

- **Target:** Member cross-sell

- **Offer:** Transfer your loan and get 3% below your current rate or more

- **Key message:** Reduce your monthly payment by up to $100, also includes offers for credit card on address side

- **Format:** Postcard

- **Urgency:** For a limited time

- **Call to action:** Apply online or call

**Well Done:** Inexpensive way to show that VCU will work to lower your current auto loan rate and save you money
Chartway Federal Credit Union® Mortgage Referral

- **Target:** Members and prospects
- **Rate:** As low as 1.99%
- **Offer sweetener:** No payment for 45 days, plus enter to win FREE GAS for a year
- **Message:** Fast approval – get an answer in as little as two hours
- **Format:** Postcard
- **Urgency:** Limited time
- **Call to action:** Call, online

**Well Done:** Attention-getting and promotional -- puts focus on low rate and free gas offer
Beyond Mail

Integrated multichannel campaigns surround your customers with your auto lending message

**Mail**
- QR code
  (if sensible to drive to app page)

**Email**
- Customer cross-sell
- Great channel for relationship-based offers and more
- Piggyback onto regular e-newsletter streams

**In-branch**
- Take-ones
- Posters
- Tent cards
- Banker sheets

**Web**
- Online banking pop-ups
- Drive to landing page

**ATM**
- Promotional messaging and offer coupons

**Mobile**
- Integrated promotional messaging to customers

**Social Media**
- Challenging for many financial institutions
- Build awareness of your financial institution as actively lending
- Positive exposure for good customer experiences
- Blogs

Channel integration creates synergies
When it comes to **Creative Best Practices** for your marketing initiatives, you’ll find everything you need right here:

- Financial industry expertise
- Direct marketing best practices
- Award-winning creative
- Integrated multichannel execution

**We live and breathe financial services.** Design. Copywriting. Creative Strategy. Our creative team has experience in pulling it all together to drive results across the customer lifecycle.

- Acquisition, onboarding, activation/utilization, cross-sell, retention
- Consumer and business
- Lending, deposits, M&A
- Integrated across all channels: mail, email, mobile, web, ATM, branch
- Delivering a positive customer brand experience at every touch
Creative Awards 2013-2014

47 Creative Awards

- Marketing Effectiveness Awards - Platinum
- Hermes Creative Awards – Platinum & Gold
- MarCom Awards – Platinum & Gold
- Communicator Awards
- Graphic Design USA Awards
- Summit Creative Award
- APEX® Awards of Excellence
- IABC Gold Pen & Gold Quill
Q&A

Press *1 on your phone - or - use the chat window and send your question to “All Panelists”

Kris Niblett, Creative Director
Stephen Nikitas, Senior Marketing Strategist

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