Many people become annoyed at the multitude of advertising and preapproved credit offers that arrive in their mailboxes daily. This issue of Reports on Credit answers these important questions:

• What are the benefits of advertising mail and preapproved credit offers?
• What is “target” marketing?
• How does your name get on a mailing list?
• Why do you receive preapproved credit offers?
• How are your rights as a consumer protected?
• How can you remove your name from these lists?

What are the benefits of advertising mail and preapproved credit offers?
Many people delight in the choices and opportunities that advertising mail provides. They look forward to receiving catalogs and money-saving coupons, the convenience of pressure-free shopping from home, free trial offers on new products and services, and invitations to special sales that are not widely advertised.

Companies offering you preapproved credit lines have conducted a complex marketing process called prescreening. This process expands your ability to obtain credit at a reduced price, with increased value, regardless of where you live and without filling out lengthy forms. You select the most attractive rates and features to fit your needs.

What is “target” marketing?
Back in the “old days” of direct marketing, businesses prepared a single mail piece, sent it to virtually everyone and then waited for consumers to respond. Today, most companies develop a description of the characteristics of their “ideal” customer and then tailor unique sales offers to fit those potential customers’ needs. This approach is called target marketing.

The right mailing list helps a business reach only those consumers who are likely to be most interested in its products and services. Target marketing reduces “junk” mail — advertising mail that does not relate to your interests or needs.

By eliminating consumers who don’t fit a specific description, a company can mail fewer — but more effective — offers, lower its marketing costs and pass the savings on to you.

How does your name get on a mailing list?
There are four main ways your name might get on a mailing list:

• Surveys you complete and provide to companies are used to compile mailing lists for future offers. The information often is referred to as “self-reported” because you provide it directly.
• Magazines, credit card companies, clubs and organizations, charities, manufacturers and retailers make lists of their subscribers, customers, members and donors available to other businesses for a rental fee.
Companies purchase information from various public and private sources to develop consumer databases for specific marketing purposes. These companies are called list compilers. Nearly everyone’s name appears on compiled lists.

Credit reporting companies (including Experian), under legally specified conditions, provide lists of creditworthy consumers to whom lenders offer credit. These are called prescreened lists.

**Why do you receive preapproved credit offers?**

From a credit grantor’s perspective, prescreening is a cost-effective way to secure new customers who are most likely to use credit wisely and repay their debts on time. It allows a credit grantor to define an “ideal” consumer, decide how much credit to give that potential customer and then send a preapproved offer to thousands — or even millions — of consumers who meet its criteria.

If you receive a preapproved credit offer, all you have to do to accept it is sign your name and provide a few other limited pieces of information or, in some instances, simply call the company or visit a Web site. However, the federal Fair Credit Reporting Act allows creditors to review your credit history when you return the acceptance form. If you no longer meet the criteria, your application may be denied.

**How are your rights as a consumer protected?**

The entire process of ordering lists, generating mailing labels and sending offers to consumers is automated by computer processing. Large numbers of names — from a few thousand to many million — are processed at one time.

Marketers don’t review individual records. In fact, they rarely even see consumer names. Third-party companies generally print mailing labels, attach them to the advertising mail and take the mail to the post office.

The prescreening process, which includes checking your credit history, contains additional consumer protections:

- Consumer credit information is summarized and coded for confidentiality.
- Federal guidelines require that consumers who are selected by the prescreening process receive a “firm offer” of credit or insurance, although rates may vary.
- Federal law requires credit grantors to extend credit in a fair and consistent manner. They cannot consider such factors as your sex, marital status, race or religion.
- An inquiry is added to your credit history as a record that your report was accessed to extend the offer. That inquiry is shown only to you and does not affect other lending decisions or credit scores.

**How can you remove your name from preapproved credit offer lists?**

If you would like to remove yourself from the credit marketplace, you can remove your name from Experian-generated mail and telephone lists for prescreened credit offers by calling 1 888 5 OPT OUT (1 888 567 8688) or by visiting www.optoutprescreen.com.

The names of consumers who opt out with Experian will be shared with Equifax and TransUnion, the two other national credit reporting companies.

Even though your request becomes effective with Experian within five days of notifying us, it may take several months before you see a reduction in the number of solicitations.

**Opting out of direct-marketing offers for products or services other than credit**

You can limit the amount of direct mail and e-mail marketing offers you receive by registering with the Direct Marketing Association’s DMA Choice program at www.dmachoice.org. Through the Web site, consumers can manage the direct mail and marketing e-mail they receive. Once registered, consumers can choose from which companies or categories of companies they do not wish to receive offers.

DMA members, including Experian, use the DMA list to remove names from their own mailing lists. According to the DMA, its membership accounts for approximately 80 percent of companies that send direct-marketing offers.

You also can have your name removed from telemarketing lists by adding your name to the National Do Not Call Registry. To register your name, visit www.donotcall.gov or call 1 888 382 1222.

Opting out will not end solicitations from all local merchants, religious and charitable associations, professional and alumni associations, politicians and companies with which you conduct business. To eliminate mail from these groups — as well as mail addressed to “Occupant” or “Resident” — write directly to each source.

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