

A light blue rounded rectangular box containing the main text. To the left of the text is a small white envelope icon. The background of the entire slide is a network of white lines and dots on a blue-to-purple gradient, with several white envelope icons scattered throughout. A magnifying glass icon is visible on the right side of the slide.

Maximize your direct-mail credit marketing campaign

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About the Research

Experian's Omnichannel Consumer Research Study was a nationwide online survey with 2,333 consumers over the age of 18 with a credit card, auto or home loan. The survey was fielded between July 12-23, 2017.



Overview

Although much of the focus these days is on digital marketing, direct mail continues to be one of the most effective tools for customer acquisition and loan growth. According to the most recent Data & Marketing Association (DMA) response rate report, direct mail response rates for 2016 were at the highest levels since 2003.¹ And while mailing volume has trended down since October 2016, response rates have trended up, reaching 0.68% in March 2017, up from 0.56% in October 2016.² Further, targeted direct-mail campaigns can be far more cost-effective than mass marketing initiatives for small and midsize banks and credit unions.³

With all this in mind, Experian® engaged some of the brightest marketing minds, conducted consumer research and evaluated direct-mail prospecting methods to identify the best practices for maximizing your credit marketing campaigns.

“Direct mail isn’t dead, but it will fail if you don’t evolve your prospecting strategies to better target and segment. If you use the right data and analytics, you can optimize your message, hyper segment and increase response rates.”

**Reshma Peck, Vice President of Marketing
Experian Consumer Information Services**

54% of financial institutions cite growth and increased wallet share as their top priority over the next 12-24 months⁴

71% of banks and credit unions incorporate direct mail into their prospect marketing campaigns⁵

¹ Data & Marketing Association (DMA), Direct Market Response Rate Report 2016

² Mintel Report, Marketing Financial Services – US – June 2017

³ CUInsight.com, “Direct marketing still works in an electronic world,” April 25, 2017

⁴ DBR Research ©April 2017 Digital Banking Report

⁵ DMA, Direct Market Response Rate Report 2016

A man and a woman are leaning over a wooden desk in a modern office, looking at a computer monitor. The man is on the left, wearing a light-colored blazer, and the woman is on the right, wearing a blue blazer. They are both smiling and appear to be engaged in a collaborative work session. The background shows a bright, open-plan office with large windows and string lights. A blue semi-transparent banner is overlaid on the right side of the image, containing the text "Trends & consumer attitudes".

Trends & consumer attitudes

Direct-mail trends and consumer attitudes

Consumers are exposed to hundreds of marketing messages every week. In fact, one-third report that they receive three or more credit offers on a weekly basis.⁶ So making your offer stand out among the competition is the key to a successful campaign.

One way financial institutions are standing out among other offers is through incentives. According to Experian's recent consumer research⁷, when it comes to selecting a credit card, rewards in the form of cash back or airline miles is the top rated incentive followed closely by no/low annual fees. When selecting an auto or mortgage loan, it's no surprise that low rates are the most important feature for consumers. An easy application process is the second most important feature when it comes to selecting an auto loan.

90% of consumers

Retrieve mail at least every other day⁸

51% of consumers

Agree direct mail is a credible source of credit offers⁹

23% of consumers

(Of a group of credit card consumers surveyed) reported they received a mail offer for their latest credit card¹⁰

68% of consumers

Agree reputation is the most important factor when choosing a financial services provider. Millennials are more likely to strongly agree with this sentiment than any other generational group¹¹

Engaging Millennials

Despite their hyper-wired digital connectedness, millennials as a group report that they have responded to a direct-mail campaign within the last 2.4 months. That's less than the average response time for all respondents. Similarly, millennials open the direct mail they receive at the high rate of 66%, the same as recipients overall. Even more significant, Prinova research found that 63% of millennials who responded to a mail piece within a three-month period made a purchase.¹²

But millennials are more than an age group. Experian found six Mosaic® lifestyle segments that are primarily composed of millennials. Each segment differs; Striving Single Scene and Fast Track Couples are just a couple of the lifestyles representing U.S. millennials. Engaging millennials in a tailored, personalized way will ensure your direct-mail efforts are fruitful.

⁶Experian omnichannel consumer research, July 2017

⁷Experian omnichannel consumer research, July 2017

⁸Experian omnichannel consumer research, July 2017

⁹Experian omnichannel consumer research, July 2017

¹⁰Mintel, Credit Card Response Rates, 2017

¹¹Mintel Report, Marketing Financial Services – US – June 2017

¹²Digital Banking Report, The Millennial Mind, September 2016

Using data & insights



Using data & insights to tailor your campaign

In the first quarter of 2017, responses to credit card mailings were highest among certain segments of the population:

- People with at least one child in their household
- People aged 18 to 34
- People employed full time

These higher response rates are driven not only by need, but also by ability to qualify and pay off balances. Parents are likely to have a lot of expenses related to raising their children, and people in the 18-to-34 age group are less likely than older consumers to already have as many cards as they need or want.¹³

1. Identify your target market

Matching the right offer with the right consumer is the key to a successful credit marketing campaign. Before developing your offer and messaging strategy, it's important to start with the customer profile you're trying to attract. Propensity models and estimated interest rates are great tools for identifying consumers who are more likely to respond to an offer. Adding them as an additional filter to a credit-qualified population can help increase response rates. Income estimation models also can help you focus on consumers who can repay.

Some key questions to consider before crafting your offer:

- Is the objective of the campaign to deepen spend relationship among existing customers, or to attract new customers?
- What specific customer profile are you trying to attract?
- What criteria can you use to further refine your target audience? What data is available to identify them?

Experian Solutions

Experian's Credit3D™ suite offers several ways to help increase campaign ROI, including:

- **Risk scores** — Assessments of a consumer's likeliness to default on a loan.
- **Propensity models** — Indicators of the likelihood that a consumer is currently shopping for a new loan and how they will use that credit.
- **Trended attributes** — Depictions of a consumer's credit performance over time.
- **Ability-to-pay scores** — Insights to predict a consumer's income and profitability.
- **Spend and yield attributes** — Measures of total annual card spend and estimated interest rate calculations.

2. Verify your mailing list

A successful direct mail campaign is one that actually reaches the target audience. Without trusted, quality address data, you cannot be sure that your offers will reach the intended recipients. Additionally, there are significant costs to your organization like wasted postage, returned mail, and staff rework, which can be easily avoided.

3. Personalize the offer

Consumers are more likely to open offers that are personalized.

Trade generic salutations like “Dear Customer” for personal openers like “Thank you for your 10 years as an account holder, Mr. Smith.”

Appealing to life stage, organizational affiliations or interests also engages potential customers.

“At Experian Marketing Services, we aim to bring consumers and brands together in a happy marriage. Experian has analytically assigned a Mosaic lifestyle code to nearly every U.S. consumer household. There are 71 codes that enlighten brands on the types of lifestyles, interests and behaviors to leverage to ensure your mail piece doesn’t miss the mark and end up in the trash. Use Mosaic for tailored messaging that resonates with your target audience.”

**Jay Stocki, Senior Vice President of Product
Experian Marketing Services**



Percent of respondents, according to Experian research, are more likely to open an offer if it’s personalized. Looking at millennials (18 to 34), this increases to 29% — significantly higher than consumers 35 or older.

Experian Solutions

- Experian’s **address verification** software validates the accuracy and completeness of a physical address, flags inaccuracies, and corrects errors before they can negatively impact your organization. Eliminating wasted spend, improving customer experience, and trusting the quality of the data.
- Experian’s **Mosaic profile report** is a simple, inexpensive way to gather data-based insight into the lifestyle and demographics of your campaign audience. This insight allows you to appeal to their interests and life stage. It also provides a turnkey solution for finding more of your best customers throughout the marketplace.
- Once you’ve found success in your direct-mail campaign using Mosaic, look to Experian’s **TrueTouchSM** to understand which other channels will be most effective for your campaign. TrueTouch informs your marketing channel mix by identifying which marketing channel will be most effective in reaching and resonating with your target audience.

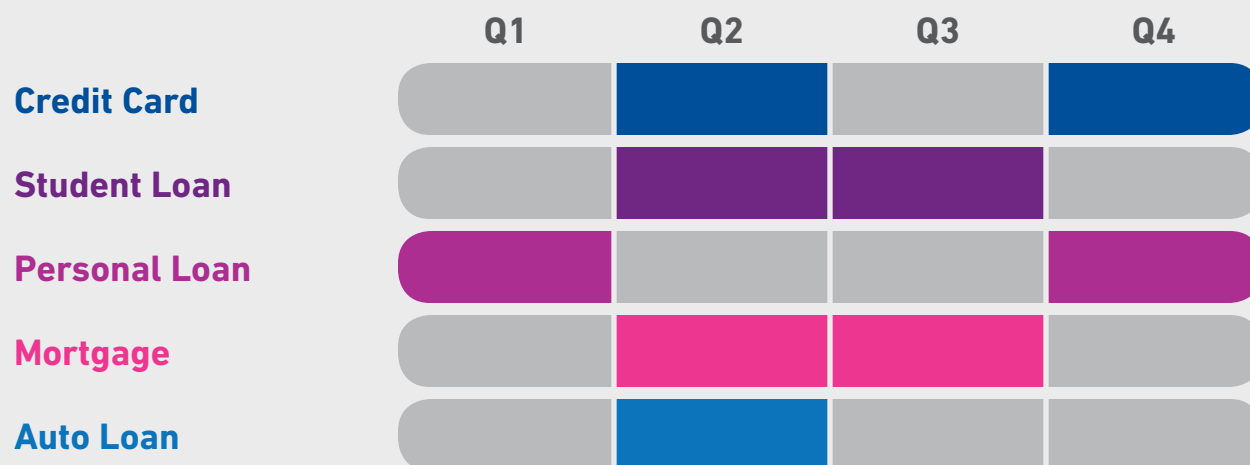
4. Time the offer

When planning your credit marketing campaigns, be sure to align your campaign timing with peak market demand. For example, personal loan demand is highest in the first quarter after the holidays, while student loan demand peaks in the spring.

5. Know your competition

Ensuring that your offer is superior or competitive with other offers in your market will maximize your take rate. Conduct market research to understand the current offers in your market. If you don't have an in-house research staff, consider leveraging a third-party service that collects this information.

Peak direct-mail volumes



Percent of consumers are much more or somewhat more likely to open an offer if it mentions a specific discount or savings amount or if it's received while they are in the market for that type of offer.¹⁴

Maximizing your response rate



Maximizing your response rate through targeted content and creative layout

Messaging and layout are the cornerstones of a successful direct mail campaign. Here are some tips for optimizing campaign layout and content:

- Consider an alternative size, such as an oversized envelope, to stand out in the stack of mail.
- Leverage the envelope real estate to generate interest in the offer.
- Use high-quality paper.

“Intel research shows that consumers are need-driven when it comes to credit offers. This indicates an opportunity to display a clear and concise value proposition in a highly visible location such as the outer envelope, with a secondary focus on any savings opportunities.”

Lily Harder, Vice President of Research
Intel and industry thought leader

**Earn points.
Enjoy rewards.**

**0% intro APR
FOR
18 months**

**PLUS, NO ANNUAL FEE!
APPLY TODAY!**

**50,000 miles
after qualifying purchases**

**0% intro APR
0% annual fee**

- Make the offer the most eye-catching text in your marketing piece.
- Use color to make your offer stand out.
- Less is more — Eliminate unnecessary text.
- Instill a sense of urgency — Include a prominent expiration date near the call to action or offer.
- Vary your font size to draw attention to key messages.
- Develop targeted messaging that resonates with your target customer profile.
- Include an offer code or other campaign identifier that allows you to test and track campaign performance.
- Use icons for the call to action.

ABCD

Your Card Ending In:
Cardmember Since:
Credit Limit:

0%
ANNUAL FEE

0% intro APR
FOR
18 months

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APPLY BY 12/31/17

CALL US

EMAIL US

WRITE US



Closing the loop

Closing the loop for frictionless fulfillment



Once you've captured your customer's attention, it's important to streamline the application process to reduce or eliminate application abandonment. Some tips:

- Offer multiple response channels.
- Optimize digital application landing pages for various mobile devices.
- Reinforce the application process is secure both in the offer and on the landing page.
- Prefill information wherever possible to shorten the application process.
- Validate customer contact information in real time as it's being captured, as well as in bulk.
- Route calls to a dedicated toll-free number to ensure all employees are trained for application and onboarding procedures and include an email response option.
- Within 24 hours of application approval, send an onboarding communication to reinforce the benefits of holding credit with your institution.

Product Suggestions

Experian Marketing Services offers **OmnImpact™**, a turnkey closed-loop reporting product that is very cost-effective. OmnImpact is a slick, easy measurement report that provides insights on campaign effectiveness from an ROI perspective.

Direct-mail acquisition lifecycle

Getting Started

Need help developing a holistic acquisition strategy?

Global Consulting Practice (GCP)

Targeting

Want to refine your list and increase ROI by incorporating your credit criteria?

Prescreen

Too much returned mail?

Address Verification

Need additional insight into attributes such as prospect total annual plastic spend?

Segmentation Attributes

Looking for prospects who are currently in the market for your product?

In the Market Model (ITMM)

Messaging

Do you know the message to catch their attention?

Mosaic Lifestyle Profile

Closing the Loop

Want a closed-loop turn key reporting solution?

OmnilImpact

Trying to validate address information real-time?

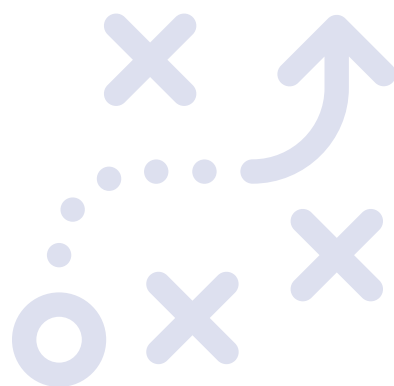
Address Verification

Need to reduce fraud?

Fraudshield

Looking to identify inconsistent application information to reduce fraud losses?

PrecisID



Credit marketing checklist



Preparation

- Clearly identify the campaign target market
- Verify your mailing list to avoid returned mail and wasted postage
- Time your offer with peak market demand
- Make sure your offer is competitive with other offers in the market
- For prescreen campaigns, engage with the compliance team at least eight weeks prior to mailing to avoid any mailing delays

Content and layout

- Personalize the offer with the recipient's name, membership year or affiliations
- Make your offer details the most prominent aspect of the marketing piece
- Use icons for your call-to-action
- Eliminate any unnecessary text
- Offer multiple response channels, but drive toward digital completion
- Consider using an alternative envelope size to make the offer stand out
- Vary font size and color to draw attention to key offer messaging
- Leverage insights about the consumer to tailor the offer message

Frictionless fulfillment

- Test your landing page to make sure it's optimized for mobile devices
- Create a dedicated toll-free number with trained customer service representatives who are familiar with the offer and create a dedicated landing page for online fulfillment
- Integrate real-time address validation to reduce customer keystrokes and ensure quality, accurate data is collected
- Train call center and branch employees in case questions arise
- Review call center and web data after the offer launch to evaluate application completion rates, abandonment statistics, length of application/call, etc.
- Create a post-application onboarding communication

Measuring campaign effectiveness

- Consider a test and control approach to support A/B testing
- Verify that you have tracking in place to identify who is responding by campaign
- Document results, best practices and key considerations for future campaigns
- Leverage the Omnimpact report or a full attribution solution



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