



# **Moving to a multi-channel, integrated marketing model**

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# Carpet bomber's £100 billion blitz

Britain is staggering under record debt but that hasn't stopped one bank furiously pushing its risky loan offers

By Richard Dyson

Over the past five years, Capital One has bombarded households with 240 million letters, urging them to borrow. With an annual junk mail budget of £70 million, it embarks on vast campaigns known as 'carpet bombing'. The targets - the millions of households whose names and addresses arrive on its huge lists - will receive up to a dozen mailings a year, many containing fake plastic cards or mock cheques.

The plan appears to have worked. Capital One has signed up more than four million UK customers in less than a decade. But now increasing arrivals, bankruptcies and loan defaults mean that the UK market is weak and waning, according to Capital One's parent company based in the US.

Analysts say this is one reason why the company has been aggressively pushing loans of between £30,000 and £100,000, secured against borrowers' homes.

Capital One will not say how many people have been targeted with fake cheque mailings like the one shown promoting its 'homeowner loan'. But by Financial Mail's cautious estimate, the total value of the 'cheques' distributed since June exceeds £100 billion.

The company is not lending anything.



Page 20

Fury: Enormous mail because it

# METRO

Thursday, September 28, 2006

www.metro.co.uk



The Champions League: Back Page

# Britain's junk mail epidemic

BY AIDAN RADNEDGE

SHE TRIED TO TAKE A JUDGE TO THE CLEANER'S

BY THE

Daily Mail, Thursday, September 28, 2006

# Junk mail avalanche

More than 3 billion letters a year are sent out at a cost of nearly £2bn - and one in five goes straight in the bin

By Sean Poulter  
Consumer Affairs Correspondent

THE astonishing waste of paper and money caused by the rising tide of junk mail has been revealed.

British households receive a total of 8.4 billion unsolicited items through the post every year, of which 750 million go straight into the bin.

Researchers found that 23 per cent of direct mail, much of it from banks and credit-card companies, is never opened.

And the figure climbs to more than 30 per cent where mailshots are sent out blind rather than to specific names.

The worst junk-mail offenders last year were the American credit card and loans giant MBNA, ahead of Lloyds TSB and Capital One.

However, mail order catalogue companies and charities are also spending huge sums on pointless



## THE JUNK MAIL LEAGUE

	Spending	Volume
1. MBNA Europe	£44.5m	99m
2. Lloyds-TSB	£41m	91.2m
3. Capital One	£30.5m	67.8m
4. Direct Wines	£29.2m	56.8m
5. Saga Services	£26.4m	48m
6. NTL	£26.3m	47.3m
7. BSkyB	£23.1m	46m
8. Redcats (catalogue)	£21.8m	42.1m
9. Liverpool Victoria	£21.3m	35.2m
10. Halifax	£20.7m	34.4m
11. Book People	£18.7m	32.2m
12. Demart (clothing)	£18.7m	30.7m
13. BT	£16.9m	30.4m
14. JD Williams & Co (catalogue)	£14.9m	30.2m

doors advising on how they could block the junk.

It emerged this week that the postman, Roger Amies, has been taken off his round and switched to sorting office duties.

Royal Mail has recently made clear that it is hoping to increase substantially the amount of direct mail it pumps through letter boxes.

The company has changed the pay and conditions of postmen to lift a restriction on deliveries to a maximum of three items per household each week.

The company currently has around 20 per cent of the direct market. Among the other big players is Circular Distributors, a firm owned by TNT.

Many Daily Mail readers have complained about the level of junk mail flooding on to doormats. They are also angry that they have been unable to get through to the helpline which is supposed to allow householders to block it.

One, Eve Hudson, said: 'I have on numerous occasions tried to contact the opt-out services at Royal

# Credit pushers dealers to lure

Last Sunday, Financial Mail revealed how giant credit card-and-loans firm Capital One was blitzing households with more than 100,000 unsolicited offers of credit each day. Shortly after it emerged



By **Dyson**

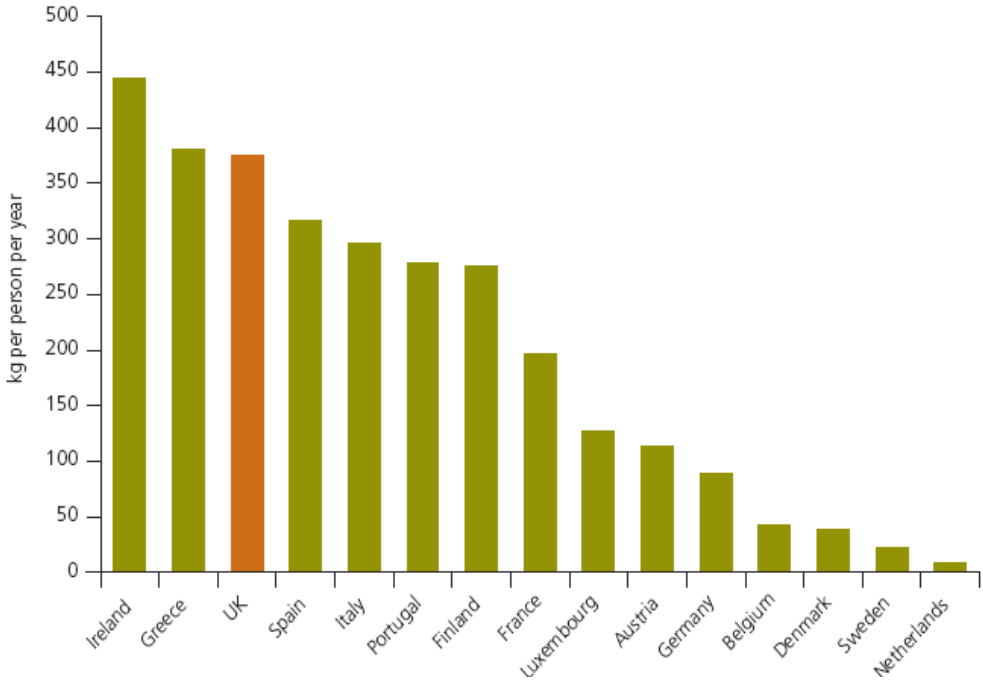
... why so many promise 'instant credit' or 'money in your hand tomorrow'. These words are not calculated

... in a pailot next year. Where one society is so much larger than the other, as in this case, the board of the larger soci-

has long predicted they will, there will inevitably be mergers of similarly sized institutions. If so, members of both will have to

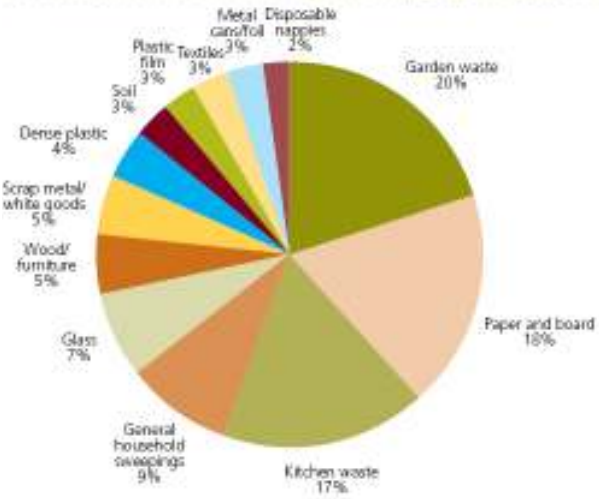
# The UK sends a huge amount of waste into landfill and paper/board is the second biggest constituent of home waste

Municipal Waste Sent to Landfill (2005)



Source: Eurostat

Composition of Household Waste (2006)



Source: WRAP



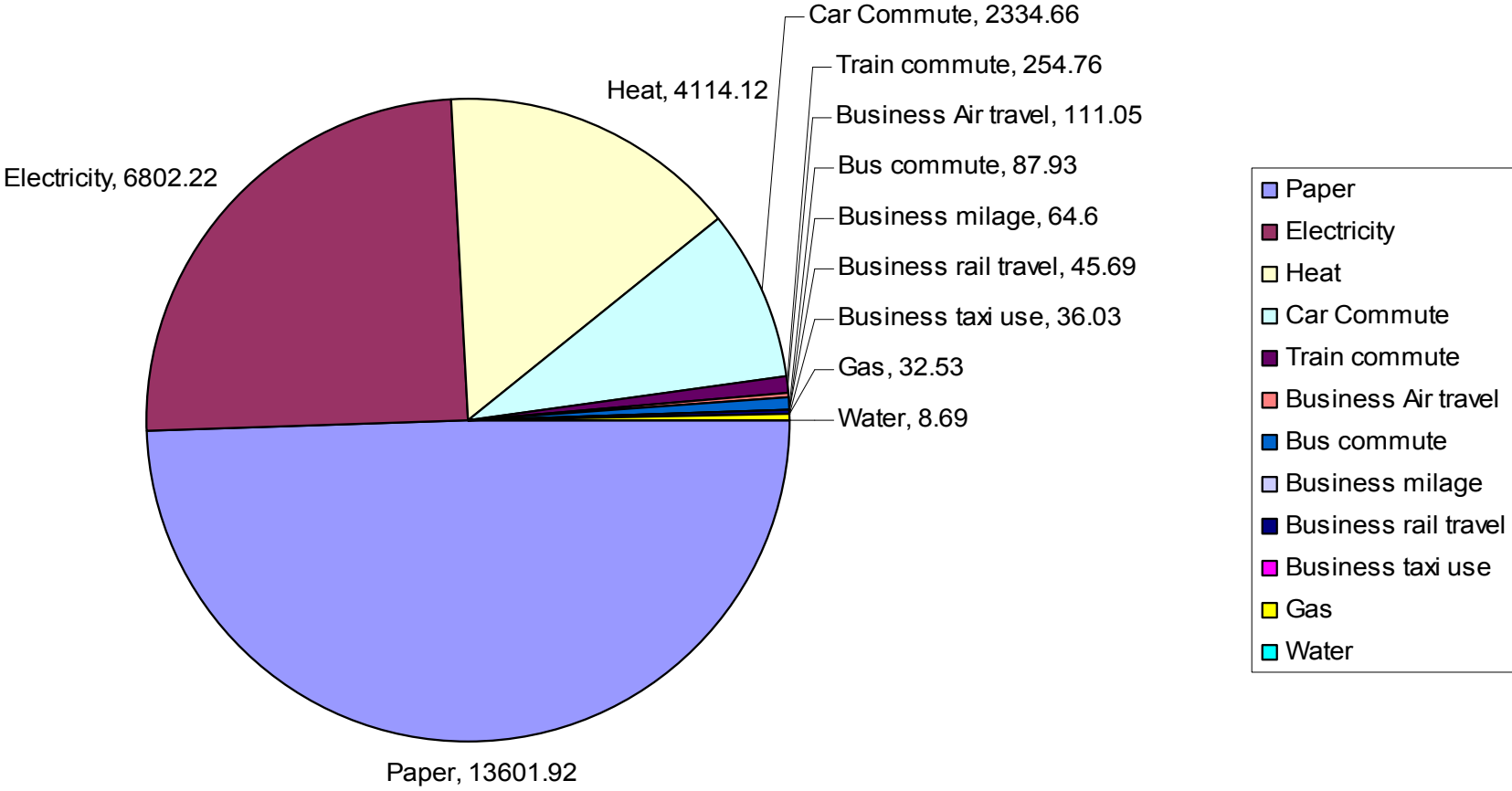
**Most direct mail doesn't get recycled, instead going to landfill**



# We assessed our carbon footprint and looked to drive reductions across our major categories

Actual footprint for 2007 – Capital One UK

COBEP Co2 (tonnes) - 2007  
Total - 27,493 tonnes



## We called out three priorities for our holistic environmental programme for 2008

### Drive down our direct carbon footprint

- Move to 100% recycled paper and promote Online Account Servicing
- Move to internet marketing
- Investigate technology improvements within our buildings
- Identify key cost and carbon reduction initiatives

### Assess our supply chain and start to tackle our total carbon footprint

- Complete total carbon footprint assessment
- Integrate environmental policy into supplier assessment

### Support direct associate action

- Increased associate awareness of “our choices count”
- Increase “green action” (e.g. decreasing printing, turning off computers)
- Encourage move to public transport

# Media fragmentation is driving attention away from traditional media channels

## Traditional media channels

- Europeans watch an average of 11 hours of TV per week.
- 49% of Europeans watch more than an hour of film each week

- 82% of Europeans listen to the radio, for an average of 7½ hours each week.

- 82% of adults read newspapers, but only 49% of them for more than an hour each week.

- 81% of adults read magazines, but only 42% of them for more than one hour a week.

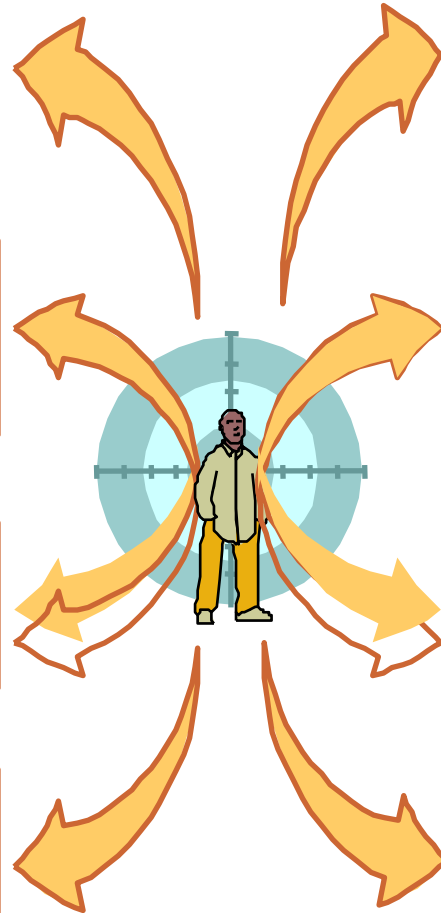
## New media channels

- 34% of Europeans have Pay TV.
- Digital channels are gaining audience share.

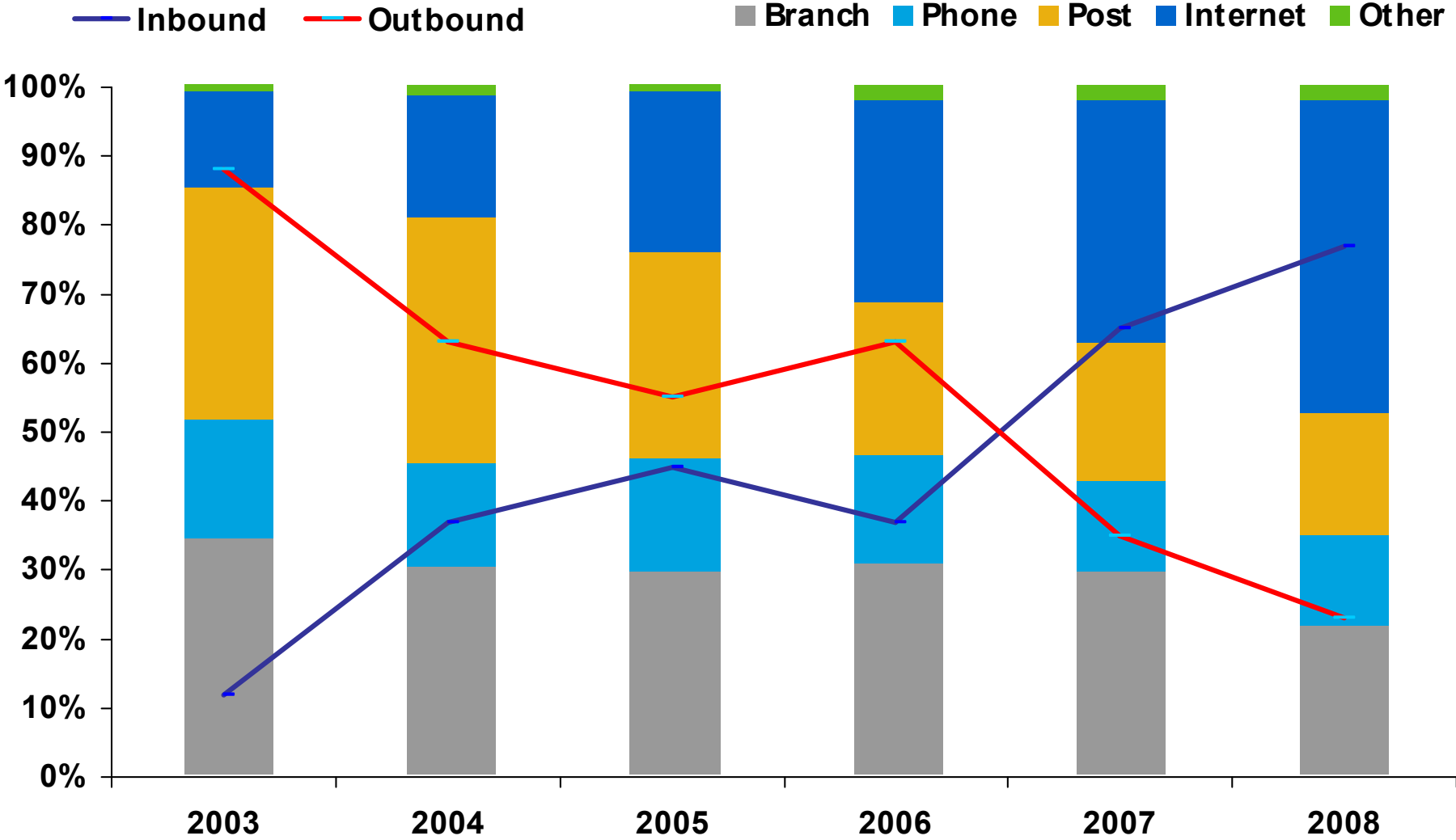
- 84% of adults have a mobile.
- 11% of mobile users use the mobile Internet once a month

- 66% of adults have a home PC.
- 56% of adults are online at least once a month.

- 31% of adults play video games, 17% for more than 1 hour a week



# The consumer has changed how they buy credit cards and we have changed our marketing model in response



Source: GFK, Credit Card Survey 61,000 respondents per year on-line/face to face (25,700 respondents for 2008 to end of May); Question: "In which of the following ways did you arrange your credit card?"  
 Notes: Outbound channels are direct mail, door drops, email; Inbound channels are aggregators, banners, affiliates, natural search, sponsored search, homepage, TV, press



## Capital One has consistently been a top mailer in the UK ...

2004		2005		2006		2007	
Lloyds TSB	46.7	Lloyds TSB	43.9	BSkyB	39.1	BSkyB	22.4
Capital One	38.1	BSkyB	32.5	Lloyds TSB	34.5	Lloyds TSB	21.7
MBNA	31.0	Norwich Union	27.9	Capital One	31.8	Capital One	12.8
Saga	26.6	Capital One	23.9	MBNA	27.3	Saga	11.6
Norwich Union	24.3	Saga	22.3	Norwich Union	23.3	AXA	11.6
Loans.co.uk	23.2	NTL	19.0	Saga	22.9	A&L	11.0
BSkyB	23.0	MBNA	18.5	Hailfax	14.6	MBNA	10.7
Hailfax	19.0	Hailfax	14.7	NTL	16.6	RIAS	10.3

Source: Thomson Intermedia and Capital One figures



... but we have moved to become a major integrated marketer – using targeted direct mail and heavily investing in the internet

Direct mail				Internet spend			
2006-7		2007-8 (e)		2006		2007	
BSkyB	22.4	MBNA	35.1	BSkyB	19.6	Personal Loans Express	28.6
Lloyds TSB	21.7	Saga Services	25.8	Virgin Money	18.7	eBay	19.8
Capital One	12.8	Halifax	25.3	Personal Loans Express	16.6	BSkyB	15.8
Saga	11.6	Lloyds TSB	25.1	Experian	16.3	Capital One	14.7
AXA	11.6	Barclaycard	21.6	Microsoft	15.0	Microsoft	14.5
A&L	11.0	BT	17.7	O2	11.0	Orange	13.3
MBNA	10.7	RIAS	17.6	Orange	10.6	Virgin Money	12.7
RIAS	10.3	BskyB	16.3	BT	6.7	O2	10.4
		#53 Capital One	6.3	E-loans	6.5	Amazon	9.9
				RAC	4.9	COI	8.2
				#35 Capital One	1.6		

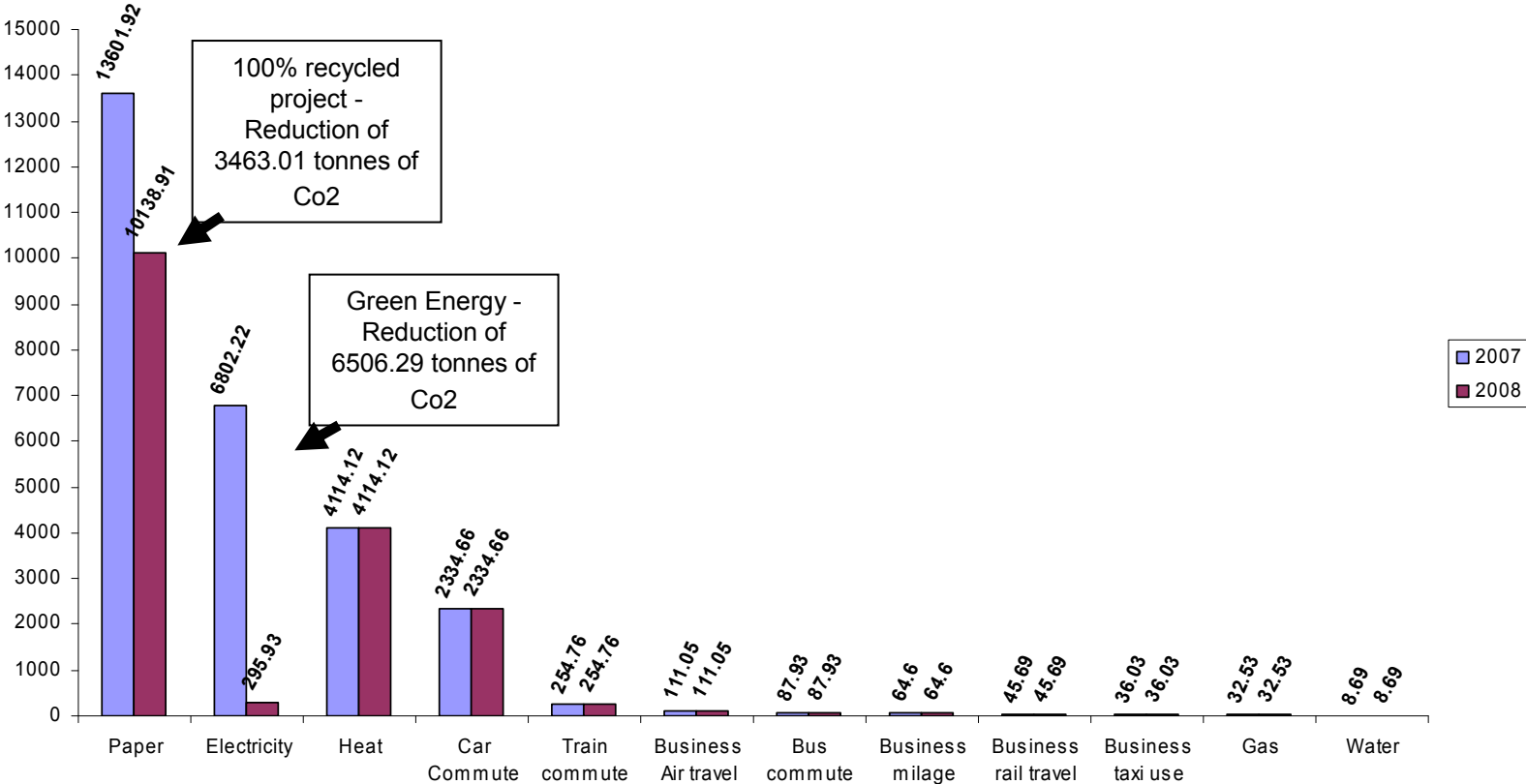


Source: Thomson Intermedia



# We have made a lot of progress by moving to recycled paper, investing in the internet and moving to “green” energy

COBEP - Actual Co2 (tonnes) 2007 - Estimated Co2 (tonnes) 2008



**A reduction of 9,970 tonnes of Co2 between 2007 and 2008**



## **So some advice...**

- **Assess the environmental impact of your marketing**
- **Make moves towards more sustainable strategies that also work for your consumer**
- **Most moves are simple: recycled logos, higher grades of recycled paper**
- **Invest and encourage internet infrastructure**
- **Understand and move towards the PAS 2020 standard for sustainable marketing**
- **Challenge and support your colleagues / organisation in making changes towards sustainability**

**Lastly, we continue to focus on sustainability especially with a focus on helping our associates make changes to their lives**

