



Profiting from Green Policies

November 2007

Justin Basini, Vice President, Head of Brand Marketing
Capital One, Europe

Consumers think we should be concerned about protecting the environment

Q Which areas do you feel it is extremely or very important that large companies contribute to or support?

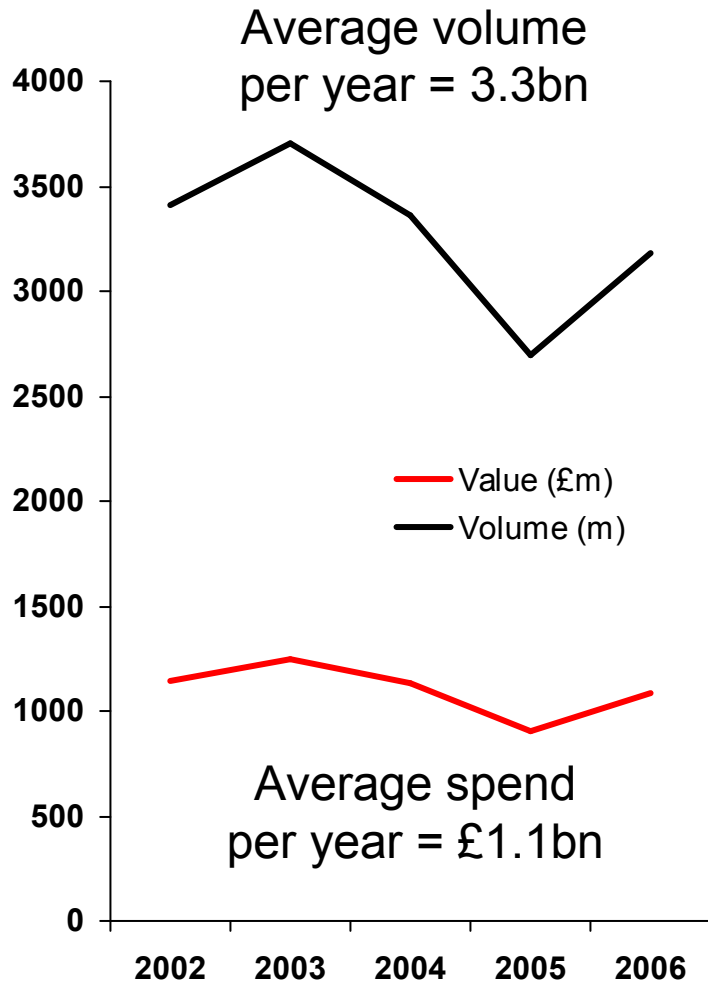
	Top mentions	Change from Feb/ Mar 05	Customers %
Education	54%	-3	60
Protecting the environment	54%	+1	62
Recycling	51%	-1	56
Help for people with disabilities	42%	-4	49
Unemployment/re-training schemes	42%	-12	50
Job creation	39%	-5	40
Help for the elderly	37%	-4	41
Protection of the countryside	37%	-4	44



86% of consumers say they “dislike” or “hate” junk mail

1,052 respondents, Omnibus, Jan 2007

Direct marketing is a vibrant, sizeable industry in the UK



- Worth £8bn to UK economy
- 182,000 people employed in industry
- Generates £125bn in sales

We need to focus on three values

- Responsibility
- Accountability
- Excellence



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



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

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

These words are not calculated

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

Credit pusher dealers to lure

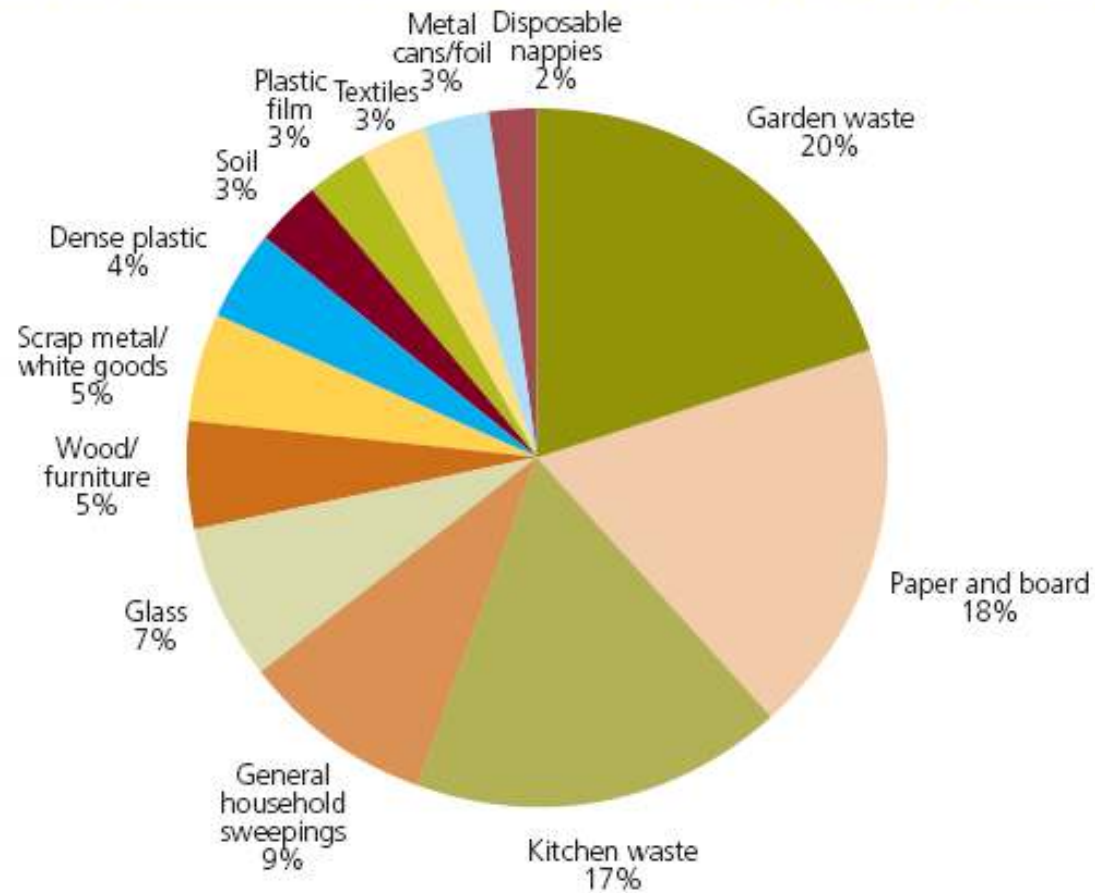
Last Sunday, Financial Mail revealed how giant credit card-and-loans firm Capital One was blitzing households with more than 100,000 unsolicited offers of credit



By Dyson

Paper and board makes up 18% of household waste

Chart 5.1: Household waste composition, England (2000/01)



Source: Dr Julian Parfitt, WRAP



500,000 trees felled

Photo: Åke Nilsson

Businesses who use direct mail should consider carefully their activities for sustainability

- Demand creative that is less impactful on the environment
- Ensure materials used are sustainable
- Drive increases in effectiveness to reduce volumes
- Actively promote recycling of direct marketing
- Share experiences and data to encourage other to follow lead

Agencies should become leaders in the field of sustainable direct marketing

- Become technical and creative experts in the sustainability of ideas and materials
- Maintain the highest standards of environmental design in their creativity and innovation
- Make the case for change by demonstrating effectiveness through both response and cost

The supply chain needs to partner and respond proactively to demand

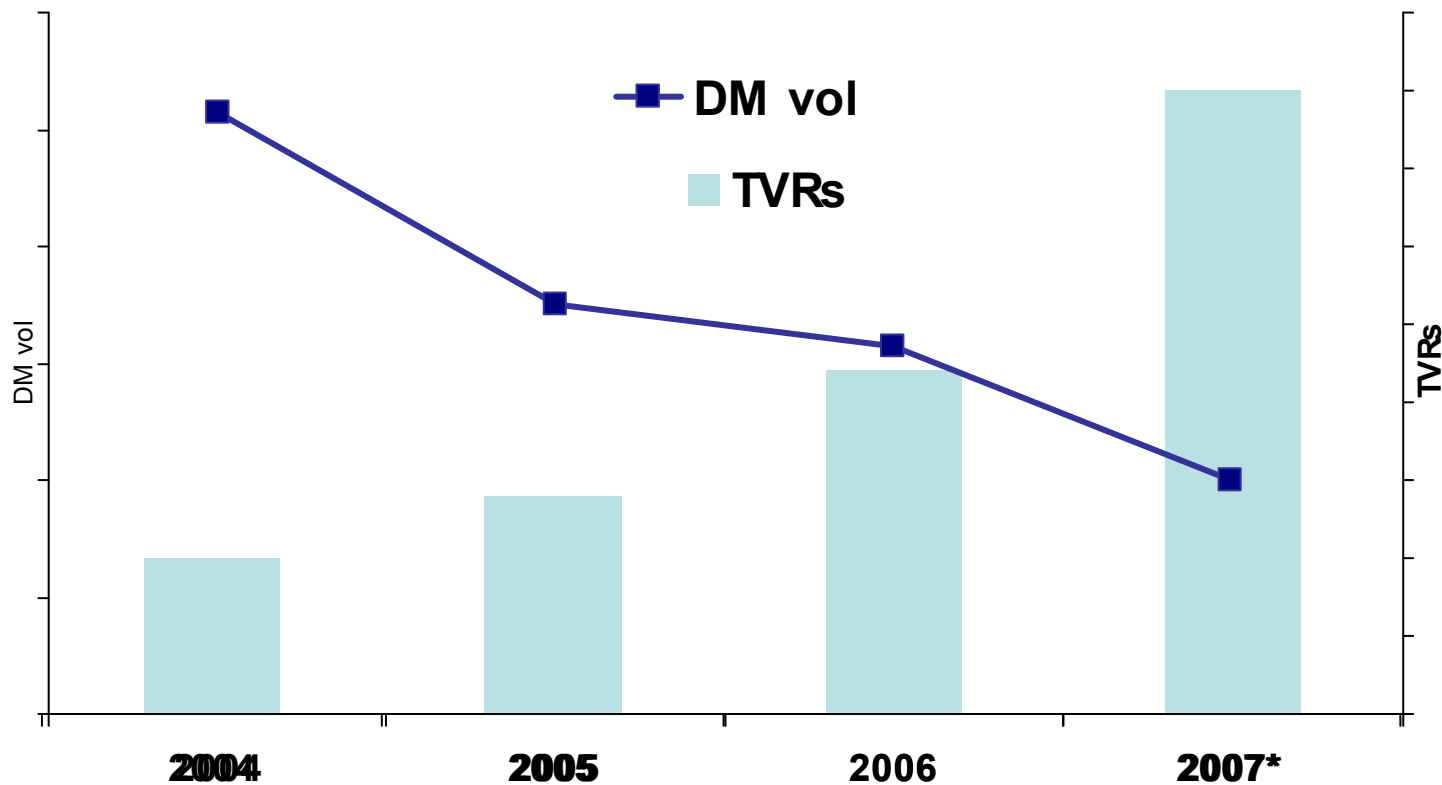
- Invest now to cover increasing demand
- Drive for lower cost solutions
- Work and engage with the industry
- Drive upstream innovation

The DMA continues to need to play an important role for the industry

- Co-ordinate action across the supply and value chain
- Be a catalyst for innovation
- Central communication point with Government
- Hold people accountable

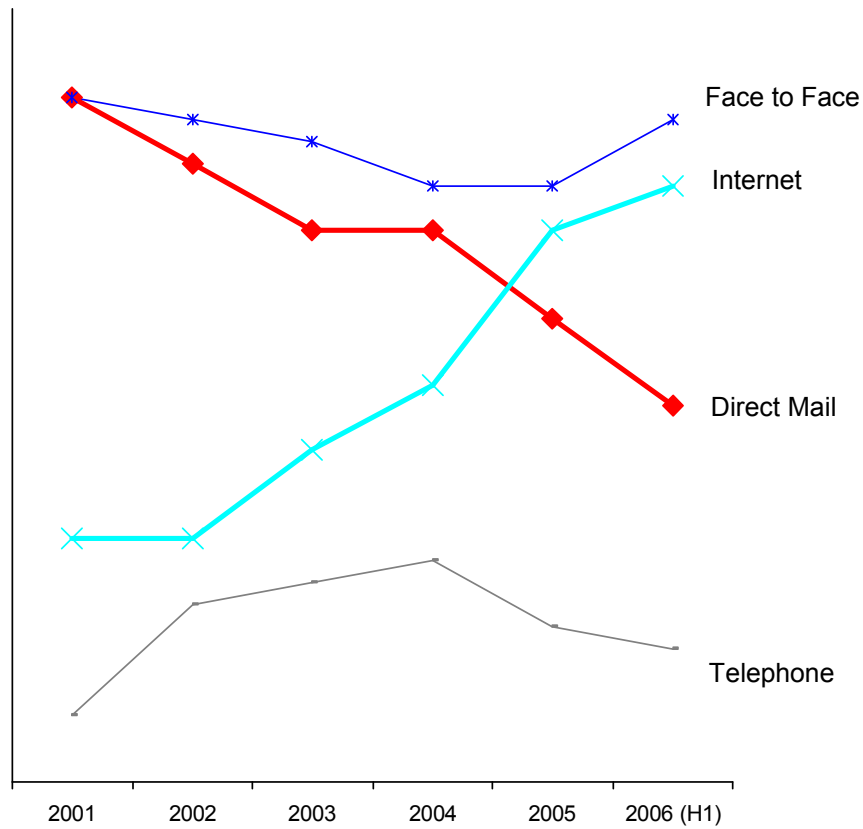
The Capital One marketing model continues to move away from push to pull

Mailed volumes and TVRs over past 4 years

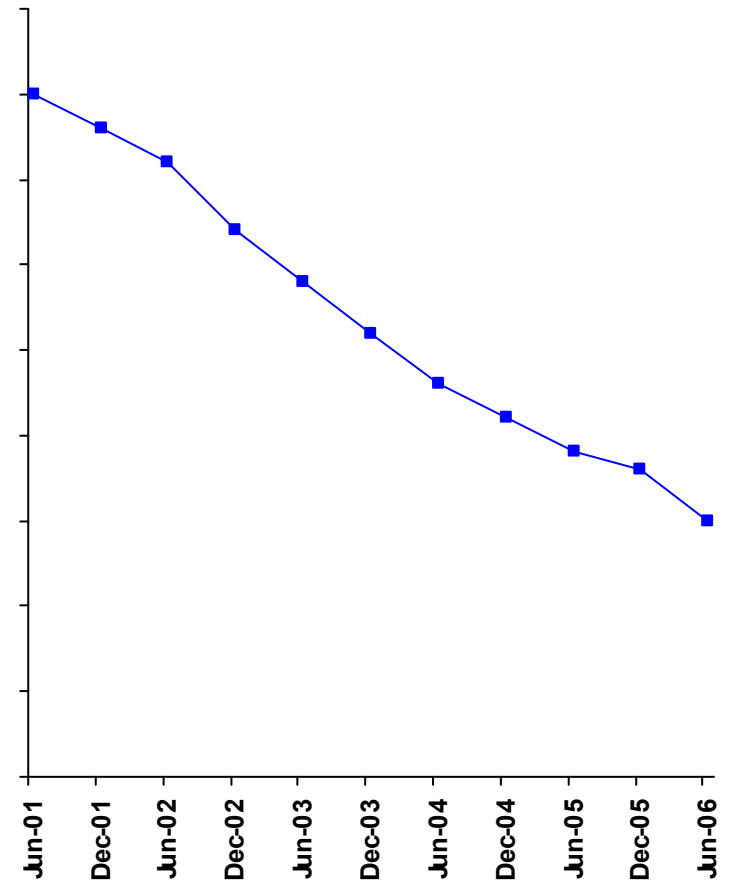


The internet is already the main acquisition channel in direct credit cards

Channel mix of new Accts in last 12 months



DM accounts over time



Source: BBA, MORII

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.

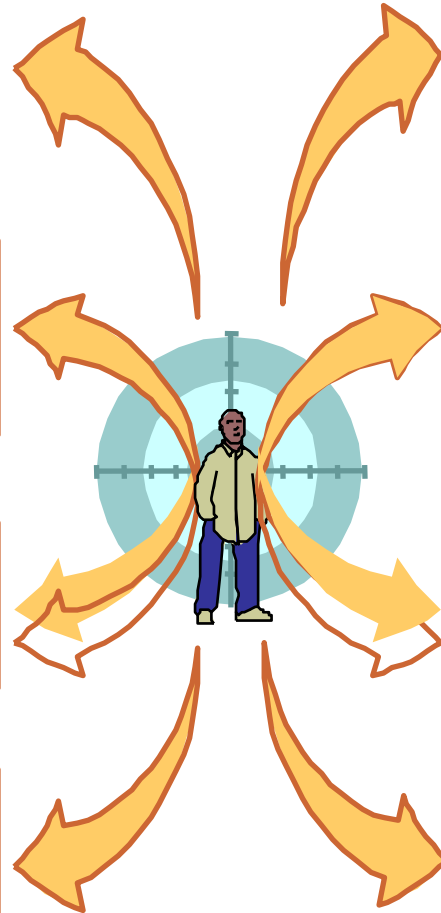
New media channels

- 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



Base: European adults (16+)

Source: Forrester's Consumer Technographics, Q2 2006

Capital One's first steps towards a sustainable model

- Commitment to move our UK business to carbon neutrality across our supply chain with minimal use of carbon offsetting
- Establishment of global Environmental Council to govern, drive action and raise associate awareness
- By moving to a campus recycling approach 66% reduction in waste going to landfill
- Recycling logos on all our printed materials in Q1 – active monitoring of recycling within our customer base
- Moving to 100% post consumer waste recycled paper across all our internal and external materials by Q1 next year
 - Fully qualified
 - Cost neutral
 - Little reduction in quality
 - Strong consumer response
- Commitment to sharing data and learnings to encourage change across the industry



Contribute ideas, engage in dialogue, then take action



Profiting from Green Policies

November 2007

Justin Basini, Vice President, Head of Brand Marketing
Capital One, Europe