

Open 2buy

Synchrony Financial is the biggest issuer of private label credit cards, which are intended to extend customer purchasing power and build brand loyalty. One of their clients is the nation's #1 furniture retailer, Ashley Furniture HomeStores (AFHS). Like retailers across the United States, AFHS promises cardholder benefits that include special financing opportunities and easy payment options.

The Challenge

Store brand credit cards or 'custom cards' have been around for years and they afford merchants a powerful way to influence buying decisions and create an on-going dialogue with their customers. There is always a first-time discount that comes from simply applying, along with trans-promotional messages and discounts that accompany monthly bills. GE Capital, Ashley Furniture HomeStore and LS Direct Marketing wanted to dig deeper into other direct marketing opportunities by examining the data associated with applicant credit scores. Together, they found the opportunity with 'Open to Buy' or OTB.

The Solution

'Open To Buy' can be defined as the budgeted amount of credit available to an individual consumer based on credit score. Given credit scores are typically updated every 30-45 days (the average billing cycle), this update generates 6 to 12 additional opportunities for customer communication annually.

LS Direct Marketing receives available credit updates from GE Capital dynamically and transforms these individual insights into a customized letter. This full-color, 8.5x11 communication features an AFHS product offer, the amount of 'Open to Buy' credit available on the customer's account and a detachable card the customer can bring into the store to initiate a purchase. The letter arrives in a sealed envelope to protect the consumer's privacy.

Only those customers with \$500 or more OTB credit will be mailed. LS Direct Marketing also works with each AFHS retail outlet to come up with optimum mailing frequency and makes certain not to conflict with other direct mail campaigns AFHS may be running. On an individual store basis, LS Direct Marketing provides a boutique-level of care with every OTB letter. Examples include the ability to suppress mailings for those who recently purchased from AFHS or pre-setting credit-line maximums.

The Facts

'Open to Buy' customized letters are a win-win for AFHS and GE Capital. With a response rate of 2.76%, the average ticket for an OTB purchase is \$1,159. This is 45% higher than non-OTB purchases and represents a 1.38% cost of advertising. The industry average for the home furnishings industry is 7%.

For GE Capital, the primary benefit derived from OTB purchases is priming the pump for interest income. To build value for custom card clients, GE Capital can introduce them to the data driven communications created by LS Direct Marketing. With an array of formats and channels to choose from, GE Capital can prove to clients that LS Direct Marketing's automatic, customized messages derived from data insights will produce higher average tickets, more foot traffic, brand awareness and customer loyalty. Retailers in an array of industries could get more from credit score updates and this 'Open to Buy' opportunity.

CASE STUDY - Open To Buy Mailings



Data Driven Design

LS Direct Marketing developed a method for mailing data-rich correspondence to every consumer informing them of their available credit balance. Variable imaging is used to match a matrix of criteria to appropriate product photography.

Techniques Employed:

- Direct Mail
- Variable Data
- Variable Imaging
- Post-Sale ROI Analysis

1.38%
cost of advertising

2.76%
response rate

45%
higher average ticket

