



LEND CONNECT 2020

SMALL DOLLAR, SHORT-TERM, CONSUMER LENDING CONFERENCE

WELCOME



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MARKETING BEST PRACTICES FOR SHORT TERM LENDING



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WHO IS LENDING SCIENCE DM?

LSDM is a leader in scientifically driven, marketing & risk management solutions for the financial industry. We help lenders acquire new customers, optimize marketing and risk metrics, and maximize profitability across the lending lifecycle.



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LSDM Marketing Solutions.

Include Data Only
to Full Turnkey Solutions for
Targeting, Re-Marketing, &
Customer Nurture.



Data Sourcing & Append

- Traditional & Alternative Credit Data
- Pre-screen & Invitation to Apply
- Digital & Off-line Identity Resolution
- Omni-Channel Appends



Scientific Audience Selection

- Generic & Custom Models
- Profitable Selection Strategies
- Sizing & Volume Projections



Creative Strategy

- Product Offer Consultation
- Competitive Analysis
- Messaging & Creative Design



Omni-Channel Strategy & Fulfillment

- Marketing Roadmap
- Omni-Channel Execution
 - Turnkey Direct Mail
 - Digital CONNECT™ & REACH™
 - Email
- Execution & Oversight



Response & Conversion

- Attribution & Reporting
- Tracking & Monitoring
- Consultation



End-End Optimization

- Tracking & Monitoring
- Optimization of all Strategies (Data, Selection, Creative, Deployment Roadmap, Conversion, Risk/Revenue)



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LSDM Scoring Solutions

For all Stages in the Credit Cycle
and for Consumer & B2B Lenders.



Predictive Models

- Applicant & Behavioral
- Expert (Generic) & Custom
- Risk, Response, Profitability, Pricing, Activation, Retention, Line Assignment, Collection & Recovery



Decision Analytics

- Bivariate & Multi-variate Segmentation
- Sensitivity Analysis
- Basel Analysis
- Pricing Analysis



Strategy Consulting

- Policy & Strategy for all Stages of the Credit Cycle
- Scoring Workshops



Score360 Attribute & Scoring Engine

- Real Time or Offline
- Expert or Custom Models
- Rapid Implementation
- Anonymous File Processing



Proven Credit Bureau Attributes

- Proven Proprietary Attribute Set
- Aligned across Credit Bureaus
- For Pre-screen, Underwriting & Portfolio Management



Tracking & Monitoring

- Models Validation
- Sensitivity Analysis
- Portfolio Monitoring
- Strategy Tracking & Optimization



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TURNKEY DIRECT MAIL



Marketing Needs. Are you doing these well?

- Data, Data, Data – multiple bureaus augmented with non bureau data
- Analytics and Optimization – 30+ models, hundreds of segments for average portfolio
- Creative Strategy – champion challenger monthly
- Flawless Execution – missing deadlines cost; PLAN
- Risk and Marketing Strategy Alignment
- Underwriting and Operations specific to Channel
- Consistent, Accurate, and Timely Reporting
- Products, States, and Response Channels – in store, online, call





Current Pre-screen Campaign Benchmarks

Portfolio Type	Avg. Loan Amount	Campaign Response Rate	Monthly Quantity Mailed	Cost/Funded Loan
Short Term Installment	\$824	1.05%	2.5MM+	\$152
Short Term LOC	\$1,287	0.98%	4MM+	\$222
Short Term Installment (Tribal)	\$653	1.20%	5MM+	\$116
Near Prime Installment Loans	\$3,234	1.75%	5MM+	\$310

Results vary based on Product, offering, sales processes, etc.



Roadmaps - PLAN

ROADMAP	Wk Days *	Cycle	Cycle	Cycle	Cycle	Cycle	Cycle
LSDM Cycle #		9	10	11	12	13	14
In-Home Begins (Drop #1)		1/27/2020	2/24/2020	3/23/2020	4/20/2020	5/18/2020	6/15/2020
		Mon	Mon	Mon	Mon	Mon	Mon
Creative Design Deadline (Prior to Data @ Print Shop)	5.00	12/31/2019	1/29/2020	2/26/2020	3/25/2020	4/22/2020	5/19/2020
		Tue	Wed	Wed	Wed	Wed	Tue
CB Universe Arrives		12/20/2019	1/17/2020	2/14/2020	3/13/2020	4/10/2020	5/8/2020
		Fri	Fri	Fri	Fri	Fri	Fri
LSDM DP, Scoring & Selections	6.00	12/31/2019	1/28/2020	2/25/2020	3/24/2020	4/21/2020	5/18/2020
		Tue	Tue	Tue	Tue	Tue	Mon
Final Review & Approval	3.00	1/6/2020	1/31/2020	2/28/2020	3/27/2020	4/24/2020	5/21/2020
		Mon	Fri	Fri	Fri	Fri	Thu
Selects to Credit Bureaus	1.00	1/7/2020	2/3/2020	3/2/2020	3/30/2020	4/27/2020	5/22/2020
		Tue	Mon	Mon	Mon	Mon	Fri
Data to Print Shop	2.00	1/8/2020	2/5/2020	3/4/2020	4/1/2020	4/29/2020	5/27/2020
		Wed	Wed	Wed	Wed	Wed	Wed
Processing & Mail Drop #1	8.00	1/21/2020	2/18/2020	3/16/2020	4/13/2020	5/11/2020	6/8/2020
		Tue	Tue	Mon	Mon	Mon	Mon
Drop #1 Target In-home	5.00	1/27/2020	2/24/2020	3/23/2020	4/20/2020	5/18/2020	6/15/2020
		Mon	Mon	Mon	Mon	Mon	Mon
Drop #2 - In-Home	5.00	2/3/2020	3/2/2020	3/30/2020	4/27/2020	5/26/2020	6/22/2020
		Mon	Mon	Mon	Mon	Tue	Mon
Drop #3 In-Home	5.00	2/10/2020	3/9/2020	4/6/2020	5/4/2020	6/1/2020	6/29/2020
		Mon	Mon	Mon	Mon	Mon	Mon
Drop#4 In-Home	5.00	2/18/2020	3/16/2020	4/13/2020	5/11/2020	6/8/2020	7/6/2020
		Tue	Mon	Mon	Mon	Mon	Mon
Maturity from Drop #1							
4 Week Maturity	20.00	2/25/2020	3/23/2020	4/20/2020	5/18/2020	6/16/2020	7/13/2020
6 Week Maturity	30.00	3/10/2020	4/6/2020	5/4/2020	6/2/2020	6/30/2020	7/27/2020
8 Week Maturity	40.00	3/24/2020	4/20/2020	5/18/2020	6/16/2020	7/14/2020	8/10/2020



Reporting – Timely, Accurate, Consistent

YY-MMM-Dropdate	Application rate	Approval rate	Booked rate	FPD_rate	Avg. Loan Amount	CPF	Cost/\$ booked
19-Jan	1.33%	27.27%	33.09%	11.41%	1,295	531	\$0.41
19-Feb	1.51%	24.20%	31.48%	11.65%	1,234	549	\$0.44
19-Mar	1.50%	46.08%	30.95%	9.27%	1,302	299	\$0.23
19-Apr	1.26%	56.24%	33.94%	9.63%	1,258	264	\$0.21
19-May	0.75%	54.94%	39.92%	9.30%	1,275	391	\$0.31
19-Jun	1.33%	49.34%	44.61%	11.15%	1,352	218	\$0.16
19-Jul	1.48%	43.66%	45.75%	11.46%	1,191	216	\$0.18
19-Aug	1.59%	37.71%	44.77%	12.42%	995	238	\$0.24
19-Sep	1.46%	39.60%	43.49%	12.14%	1,037	253	\$0.24
19-Oct	1.30%	37.54%	40.52%	15.04%	961	227	\$0.25
19-Nov	1.31%	31.45%	37.12%	15.89%	960	227	\$0.25



Evaluate Risk/Response Metrics

RISK_BIN	RESP_BIN							TOTAL
	1 High	2	3	4	5	6	7 Low	
1 Lowest	1.02%	0.53%	0.55%	0.40%	0.27%	0.20%	0.18%	0.63%
	\$ 152	\$ 305	\$ 285	\$ 308	\$ 415	\$ 478	\$ 843	\$ 242
	12.78%	9.48%	8.06%	7.29%	5.41%	2.11%	14.29%	10.35%
2	1.47%	0.78%	0.84%	0.64%	0.57%	0.53%	0.36%	0.97%
	\$ 114	\$ 227	\$ 202	\$ 217	\$ 232	\$ 232	\$ 312	\$ 171
	16.23%	12.89%	12.67%	5.26%	10.95%	4.55%	0.00%	13.75%
3	1.71%	0.93%	0.82%	0.62%	0.74%	0.61%	0.50%	1.04%
	\$ 95	\$ 207	\$ 209	\$ 295	\$ 194	\$ 222	\$ 327	\$ 163
	20.25%	15.93%	16.09%	14.95%	11.94%	10.95%	14.29%	17.45%
4	1.92%	1.05%	0.99%	0.64%	0.64%	0.62%	0.49%	1.04%
	\$ 89	\$ 185	\$ 199	\$ 334	\$ 293	\$ 309	\$ 283	\$ 178
	23.49%	18.79%	17.17%	16.63%	21.17%	19.52%	11.76%	20.64%
5	2.19%	1.18%	1.18%	0.77%	0.69%	0.79%	0.52%	1.12%
	\$ 81	\$ 174	\$ 157	\$ 269	\$ 293	\$ 280	\$ 453	\$ 174
	26.47%	23.37%	24.43%	21.57%	17.60%	23.28%	11.76%	23.71%
6 Highest	2.16%	1.20%	1.40%	0.89%	0.65%	0.79%	0.57%	0.97%
	\$ 73	\$ 152	\$ 123	\$ 192	\$ 291	\$ 342	\$ 521	\$ 196
	35.91%	31.06%	29.52%	23.45%	23.92%	27.11%	24.56%	29.13%
	1.54%	0.87%	0.78%	0.65%	0.65%	0.67%	0.46%	0.92%
TOTAL	\$ 107	\$ 213	\$ 220	\$ 271	\$ 275	\$ 314	\$ 498	\$ 192
	20.60%	18.54%	15.21%	16.28%	18.52%	20.27%	16.30%	18.84%

Key

Response Rate
Cost/Funded
FPD Rate

Multiple Models/Segments by:

- State
- Product/Offer
- Loan Amount
- Channel
- Campaign Type



Creative Helps Drive Performance

- Has the Power to Make or Break Campaigns
- Influences Audience to Respond or Not
- Must Be Properly Aligned With Audience's Needs, Wants, Behaviors, Influences, Motivators
- Creative Isn't Good Just Because it Looks Good
- Consumers Care About Themselves
- What Matters to You Might Not To The Audience
- Analysis of Pre-Purchasing and Buying Behaviors

...Proper Development And Testing Process





Creative Development Process

- 1. TARGET AUDIENCE ALIGNMENT**
 - DEMOGRAPHIC, CREDIT, ECONOMETRIC, SOCIOECONOMIC, PHYSIOLOGICAL, BEHAVIORIAL, ETC.
- 2. DETAILED UNDERSTANDING OF PRODUCT**
 - STRUCTURE, KPI'S AND HOW THOSE INFLUENCE THE AUDIENCE
- 3. BENEFITS ANALYSIS**
 - HIGHLIGHTING KEY BENEFITS- WHY YOUR PRODUCT MATTERS? WHAT'S IN IT FOR THE RECIPIENT? SUCCESS STORIES / TESTIMONIALS, PURPOSE
- 4. OBJECTION ANALYSIS**
 - OBJECTIONS TO BE ADDRESSED IN COPY- WHY WOULD THEY NOT RESPOND TO THE OFFER
- 5. COMPETITIVE ANALYSIS**
 - WHAT ARE YOUR COMPETITORS DOING OR OFFERING TO THE SAME AUDIENCE?
- 6. DESIGN**
 - PROPER LAYOUT, IMAGE AND COLOR SELECTION
 - SERPARATION BETWEEN KPI'S
 - PROCESS, CTA
 - COMPLIANCE



Other Considerations for 2020

- Multi Channel Efforts – Email, Digital, Social
- ITA Campaigns – Maximize prescreen first
- Testing New and Improved PS/ITA sources
- Bridging the gap with Banking and Fraud data
- Privacy laws – be compliant now – before CCPA goes national





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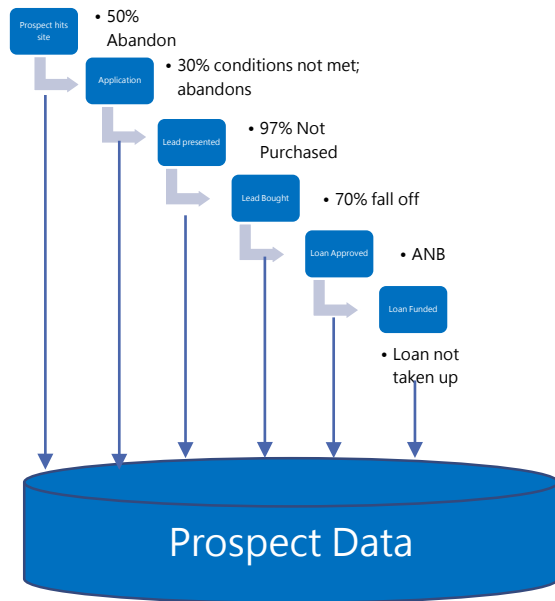
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CONNECT™ – Monetizing Digital Leads



Overview of Lead Landscape



- Main Issues with Leads:
 - Poor quality PII or application info – particularly Income, Banking data
 - High abandon rate on sites, high abandon rate on calls
 - 97%+ of Leads not wanted (higher for organic)
 - 70%+ Leads purchased do not convert
 - 50%+ Leads have erroneous information
 - Lenders largely ignore prior leads
- Represents HUGE opportunity for lenders
 - Over 1mm Leads presented per day; 30mm per month
 - Tens of thousands of leads purchased and not funded
 - Unique marketing opportunity since they raised their hands and have some brand name recognition (hopefully!)
 - 90 days to 18 months of opportunity, depending on industry sector



CONNECT™



- CONNECT™ is designed to target consumers who have shown intent but not funded a loan.
- CONNECT™ can unmask & reach consumers who have previously engaged with your company, whether you know who they are or not.
- CONNECT™ identifies “actual shoppers”, immediately leading you to those who are most likely to use and/or buy your product.
- It uniquely blends on-line intelligence with data science, technology, and omnichannel fulfillment to create winning “turnkey” marketing solutions for business.
- **We use multiple linkages for each offline and digital identity component** (postal, email, device IDs, social media handles, IP addresses etc.) and pair that information deterministically with unique adults on our National Consumer Database.
- Highly efficient and effective re-marketing.



Control Groups to Measure Lift of CONNECT™

We're Already Remarketing, so we don't Need CONNECT, Right? WRONG!

- 50% Control Group (50k leads) were Held Out of CONNECT Marketing Universe and Studied.
- Control Group of Came into Funnel Through other Marketing Efforts
- The Connect group that came in was accelerated by Two Weeks
- That's a Quarter's Worth of Lead Monetization Per Year and a 4x ROI!



PLEASE READ ENTIRE DOCUMENT CAREFULLY

Dept. Phone: <tollfree>
Form ICT-1RC
File Name: <listid>

Reference Number: <listid>
<FNAME> <LNAME>
<ADDRESS>
<CITY>, <ST> <ZIP>

ATTENTION: <FNAME> <LNAME>

On <maildate>, a review of your account information was conducted by our analysts. Our analysis of your file indicates that you may be eligible for a special program designed to <Program_Benefits>. We have made several attempts to notify you but our records indicate that you have not responded.

Please contact us at <tollfree> within 10 days of receiving this notice.

You are one of only <state_count> people in the state of <state_spelled> whom <Company_Name> has identified as eligible to apply for this program. There is limited enrollment. Please respond by <exp_date>

Toll Free: <Tollfree>
Use Reference #<listid>

Department Hours: 8am–11pm (ET) 7 days a week
 <Company Name> <Company Address> <City>, <St> <Zip>

[illegible]

Client Overview

- ✓ Leader in the short-term lending industry - Over 500 locations and strong online presence

Client Challenge

- ✓ Significant online and in store traffic leaving behind fragments of consumer's identity and unfinished applications
- ✓ Not enough information to confidently re-market via one or more channels
- ✓ Identify and market these unique to lender hand raisers

Solution

- ✓ LSDM leveraged our CONNECT™ solution
- ✓ **Identified and scored the client's anonymous consumers** from seven fields, appended verified postal and email addresses, and phone numbers . **Identified and marketed to 65%** of the client's previously anonymous consumers. Also, added prior approved applicants that did not fund loans.
- ✓ Turnkey **omni-channel marketing** campaigns to market to these leads including data, creative design, **personalized messaging**, omni-channel deployment, response tracking & attribution, reporting, follow up analytics and campaign optimization.

Results

- ✓ CONNECT™ response rates have been consistently over 2%, as high as 815 basis points (8X lift over acquisition DM).
- ✓ Lowered cost per funded loan by over 70% that of acquisition marketing campaigns.



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Digital Marketing – REACH™

Brings Direct Target Marketing Online



Database Marketing in the Digital World

- Email, Display and Social Platforms
- Allows for Front End Audience Selection
- Vast Repository of Online Databases Available for Audience Sourcing Through Data Management Platforms (DMPs.)
- >58,000 Databases with over 300,000 Attributes Available for Selection and Modeling. More Robust than Offline Databases
- Social and Display Platforms Allow for Limited Behavioral Tracking

Challenges

- Many Display and Social Advertising Similar to Mail, Marketing to Audience(s) Because they Fit Criteria vs. Behavioral Based Targeting
- Which Platforms are your Audiences Spending Their Time On?
- Campaign Tracking and Attribution – How Do You Quantify the Campaigns?
- Can Be Expensive to Test if Not Done Properly
- Marketing Waste from Advertising to Larger Audiences Vs. Defined In-Market Candidates - Similar to DM



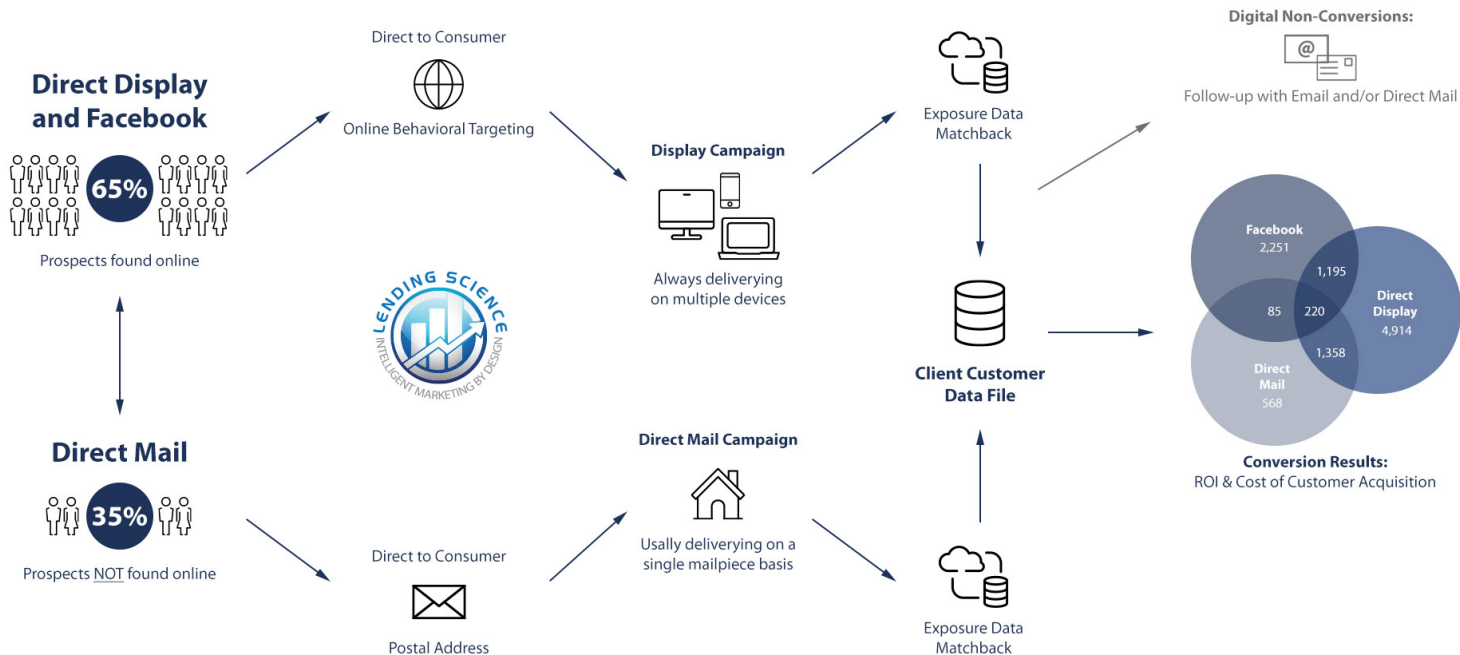
Online Direct Marketing Via REACH™



- Right offer, Right audience, at *exactly the right time*.
- Target and monitor audiences for over 70,000 online behavioral triggers and search terms, **in real time**.
- Advertise **ONLY** to known “in market” prospects **radically eliminating waste**.
- **Upfront data studies** to identify audiences and behaviors that influence their pre-purchasing decisions as it relates to your product.
- Market to **over 15MM sites** on the largest digital exchange -- supercharged by LSDM’s best practices, data science, dynamic marketing services -- lowering cost per acquisition.



REACH™ Omni-channel Example





Digital Creative Examples

BE DEBT FREE IN 24-48 MONTHS

- ✓ NO FEES Until You Save
- ✓ Resolve Your Debt
- ✓ No Obligation Savings Quote Today!

START HERE >

BE DEBT-FREE IN 24-48 MONTHS

- ✓ NO FEES Until You Save
- ✓ Resolve Your Debt
- ✓ No Obligation Savings Quote Today!

START HERE... Be Debt-Free!

"ClearOne helped me get out of debt"

NO FEES Until You Save
START HERE

"I was debt-free in 24 months"

NO FEES Until You Save
START HERE

"I was debt-free in 24 months"

NO FEES Until You Save
START HERE

"ClearOne reduced my debt"

NO FEES Until You Save
START HERE

"ClearOne reduced my debt"

NO FEES Until You Save
START HERE

"Be free from debt in 24-48 months"

NO FEES Until You Save
START HERE

"Be free from debt in 24-48 months"

NO FEES Until You Save
START HERE

Drowning in Debt?

Get Free of Debt in 24-48 Months!

FIND OUT HOW

Be Free From Debt

NO FEES Until You Save
START HERE

Be Free From Debt

NO FEES Until You Save
START HERE

Be Free From Debt

NO FEES Until You Save
START HERE

Be Free From Debt

NO FEES Until You Save
START HERE

Be Free From Debt

NO FEES Until You Save
START HERE

Be Free From Debt

NO FEES Until You Save
START HERE

Eliminate the Stress of Debt

NO FEES Until You Save
START HERE

Eliminate the Stress of Debt

NO FEES Until You Save
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NO FEES Until You Save
START HERE

Eliminate the Stress of Debt

NO FEES Until You Save
START HERE



Case Study

Client Overview

- ✓ Large subprime fintech lender
- ✓ Online and in-store short-term installment loans and personal lines of credit
- ✓ Nationally recognized, fully licensed financial company
- ✓ Over 2,000 locations nationwide and online lending services

Client Challenge

- ✓ The lender is constantly testing new ways to drive traffic both on-line as well as to brick & mortar locations. With REACH™ they wanted to explore:
 - Boosting Direct Mail Results with Omni-channel marketing strategies for Credit & Non-Credit Campaigns.
 - Finding New “In-Market” Audiences On-line cost effectively.

LSDM Solutions & Results

- ✓ For both objectives, we designed omni-channel creative and outreach strategies, oversaw the end-end execution, and set up attribution & reporting to track, monitor and optimize omnichannel combinations.
- ✓ All test results beat expectations and we continue to dynamically monitor and optimize in each area.





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THANK YOU!

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**BREAK
TIME**

...NEXT SESSION IN 15 MINUTES