



# Credit Program Discussion

## GE Money



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imagination at work

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# Overview

This presentation contains information regarding our business philosophy and strategies, and the opportunities GE Money can provide in managing and servicing a credit program. We believe that our organization can provide a high-quality program and a lasting relationship that provides economic benefits to you and added value and services to your customers.

## Program Objectives:

Develop a Private Label Credit Program for ALDA members that delivers:

- ❖ Increased sales through promotional financing offers
- ❖ Provide Lower cost of sales financing options (compared to bank card rates)
- ❖ A simple customer application process
- ❖ Marketing support that will focus on:
  - Strengthening your brand and increasing customer loyalty
  - Driving new customers to your stores
  - Lifecycle marketing that generates repeat customers
- ❖ Deliver “Best in Class” service to you and your customers

~ Every aspect of our program is focused on growing sales and profits for ALDA members ~

# GE Money – Sales Finance

## Who we are.....

### Industries we serve



Furniture



Power Sports



Power Equipment



Auto



Consumer Electronics



Flooring



RV



Marine



Jewelry



Sporting Goods



Music



Healthcare

### Business highlights

\$16 Billion+ Credit Sales Volume

120,000 Dealer Relationships

5 Business Centers

- Kettering, OH
- St. Paul, MN
- Costa Mesa, CA
- Rapid City, SD
- Tempe, AZ



~GE Money has long-standing relationships with leading retailers, manufacturers and associations~

# Why Offer Private Label Credit?

## Your competition offers it....



Other independent dealers  
and associations!



## Your average ticket will increase....

- ❖ Average 1<sup>st</sup> purchase 62% higher than bankcard
- ❖ 40% of sales are from repeat purchases

## ...and a way to contain operating costs!

- ❖ Short term promotions offer lower transaction fees versus a traditional bankcard
- ❖ Funding within two business days, non-recourse

## It will drive new and repeat customers into your store!

- ❖ Provides attractive promotional offers through advertising and in-store promotion
- ❖ In-store card and dedicated credit line drives repeat purchases
- ❖ Build a customer database for relationship marketing, increase loyalty

# In-Store Financing Options

## Private Label

- ❖ Benefits for you and your customers
- ❖ Increased transaction size
- ❖ More repeat business
- ❖ Fast funding
- ❖ Extended financing terms
- ❖ Dedicated credit line
- ❖ One-time application
- ❖ Detailed reporting
- ❖ Non recourse

## MC / Visa, AMEX, Discover

No extended financing options  
No loyalty to the retailer

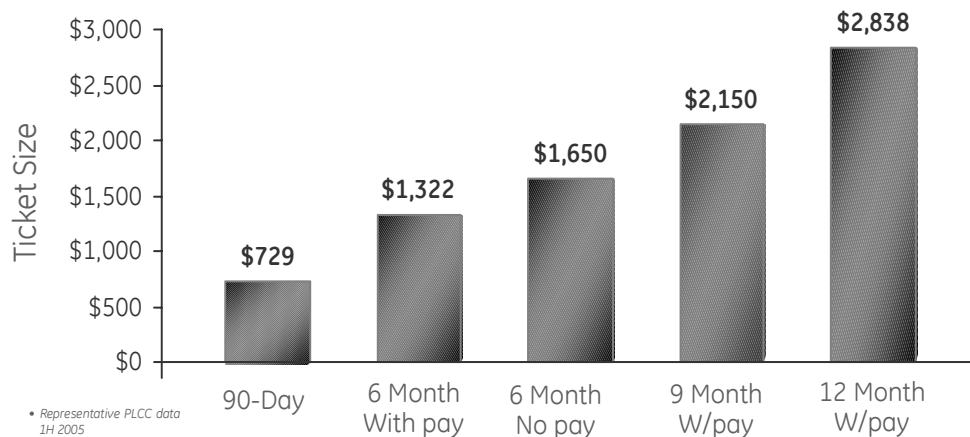
## In-House Financing/Layaway

High Risk  
Time Consuming  
Expensive

~A Private Label program offers flexible options for  
your store and your customers ~

# Promotional Credit

## Ticket Size by Promotion Type



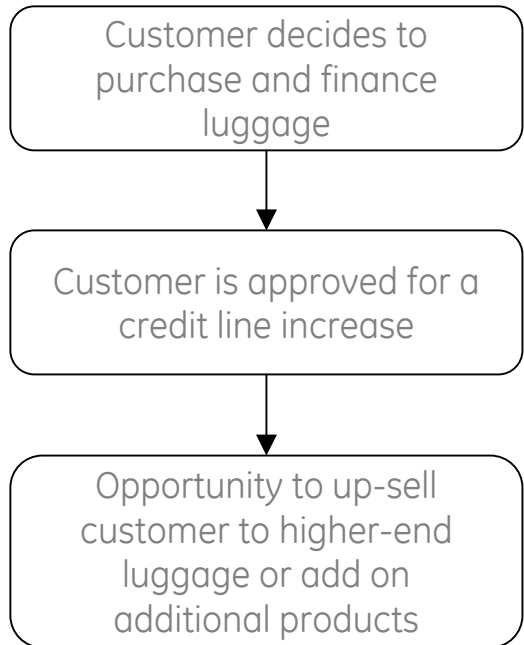
## Promotional Driven Offers

- ❖ Longer promotions attract better customers
- ❖ Longer promotions drives larger sales
- ❖ Helps close higher ticket sales
- ❖ Increases customer loyalty
- ❖ Convenience for customers; meets cash flow needs
- ❖ Competitive inventory management strategy

~ Increase sales and improve customer value  
through promotional credit ~

# Up-Sell and Loyalty

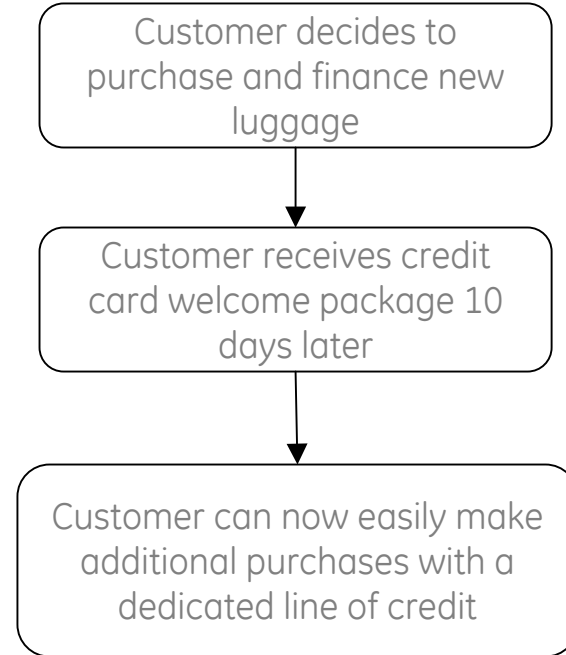
## Up-Sell



+



## Loyalty



+

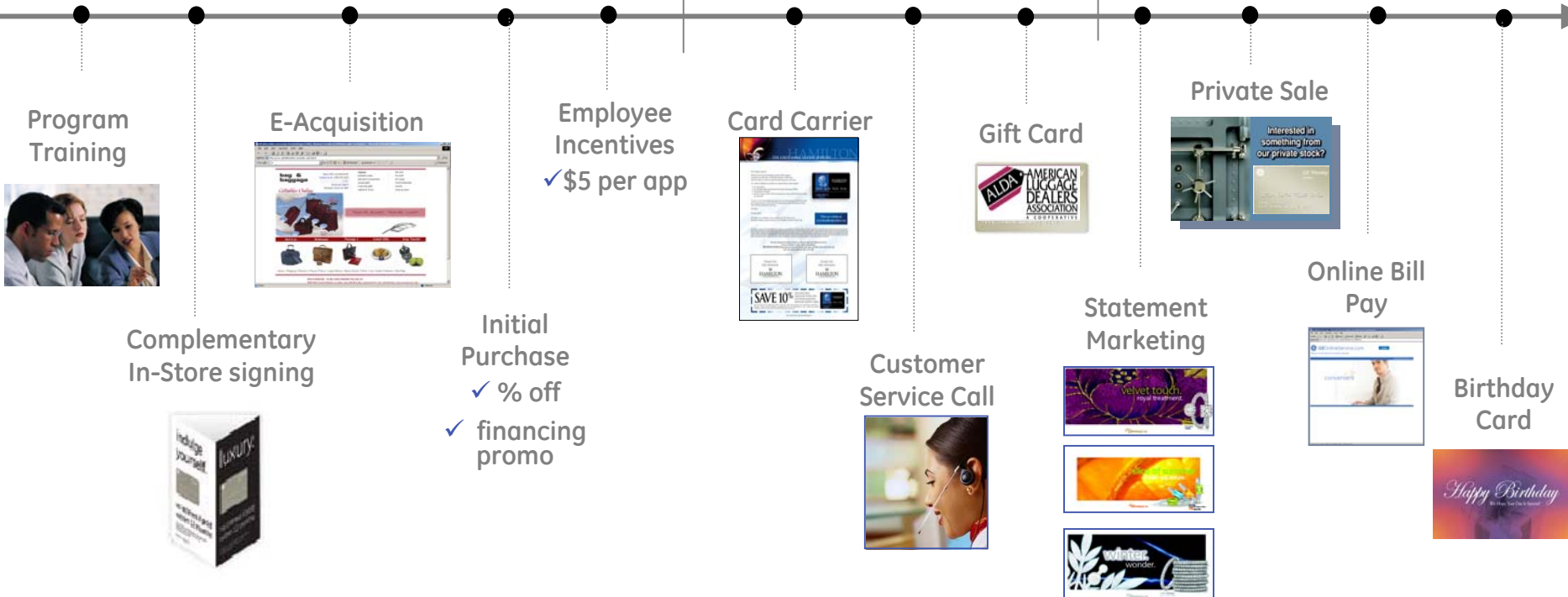


# Lifecycle Marketing Approach

## Acquisition

## Activation

## Retention



~ Developing a touchpoint cadence that drives customer lifetime value ~



# GE Marketplace

Links from GE employee home page

Feature offers shown on GE Employee home page

**Other Marketplace Offers**

- Apparel & Accessories**
  - LEXAN Racing Gear
  - Star Struck
  - FAQs
- Automobiles/ Truck Rentals**
  - Daimler Chrysler
    - Partner Code: F01133
    - Ford Partner Recognition Program
      - Partner Code: XA058
    - General Motors
    - Penske Truck Rentals
- Commercial & Residential Storage**
  - Storage USA
- Electronics/Appliances**
  - Apple Computers
  - Cambridge Soundworks
    - Company id: GE or General Electric
  - Dell
    - User Name: General Electric
    - Password: eppbuy
  - GE Appliance Store
  - Interstate Batteries
  - Motorola
- Entertainment**
  - The Disney "Wander" Cruise
  - Disney Orlando Theme Park
  - Fox Home Entertainment
- Health & Fitness**
  - GlobalFit
- Jewelry, Fine Goods, & Gifts**

**inside GE** GE Consumer Finance

Home News Employee Services Business Intranets Learning GE Culture Company Info SupportCentral Site Help

GE Stock: +28.28 -0.00 10:27 ET Aug 12, 2003

ALDA has joined the GE Marketplace! Special values offered to GE employees! Go to [www.luggagedealers.com](http://www.luggagedealers.com) now to create your user name and password.

**Other Marketplace Offers**

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    - General Motors
- Commercial & Residential Storage**
  - Storage USA
- Electronics/Appliances**
  - Dell

**Shop & Style**  
Trying to keep ahead of the curve? Want to stay on the cutting edge? Shop & Style features trend watchers who scour the globe, celebrities providing tips, and advice from dozens of experts. What you'll find here is what's hip, what's hot, what you simply must have. Go to ShopNBC and click "home" to find out more about "Shop & Style!"

**Daimler Chrysler Affiliate Rewards**  
Purchase or lease your new Chrysler, Jeep or Dodge vehicle at the Preferred Price. Get the details online using GE's unique company code F01133.

**Lexan Racing**  
Visit the official home of all #17 Lexan Race Gear now!

Links to more information and the ALDA website

~ Acquisition opportunities for ALDA to 150,000+ US GE employees ~

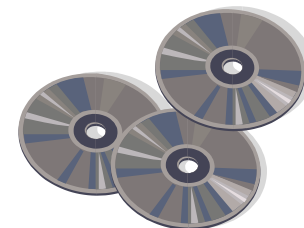
# Program Management and Training

## Relationship Approach



- ❖ Dedicated Relationship team will be assigned to manage the program with support from our IT, marketing, operations and risk departments
- ❖ Dedicated Field Sales and Inside training team to support training and start-up efforts
- ❖ Training materials developed and provided with start-up kit
  - Communicates the value and techniques in utilizing credit to close sales
- ❖ Partnering with ALDA at member conferences for education, training

~ GE Money will support ALDA with a team of dedicated professionals focused on growth ~



# Application / Sales process

## Simple Application and Sales process

- ❖ We provide options to support the application and sales process
- ❖ Application process streamlined with bankcard swipe
- ❖ “Meet the Sale” and “Big Ticket” approval process
  - up to \$10,000 in seconds
- ❖ Credit sale authorizations within seconds
- ❖ Transactions settled via next-day ACH transfers

- Terminal provided @ no cost



- Phone Express Processing (PEP)



- Internet Processing

~ GE Money will provide a fast customer / store friendly process for applications and sales ~

# Program Reporting

- ❖ We will jointly determine what program information is needed and the required format in optimizing data utilization
- ❖ GE will compile results to identify successful strategies and facilitate "Best Practice" sharing
- ❖ We will provide standard reports that are produced periodically and ad-hoc reports for special purposes
- ❖ Customer information is co-owned and shared to the extent permitted by law

## Reporting for all credit related information:

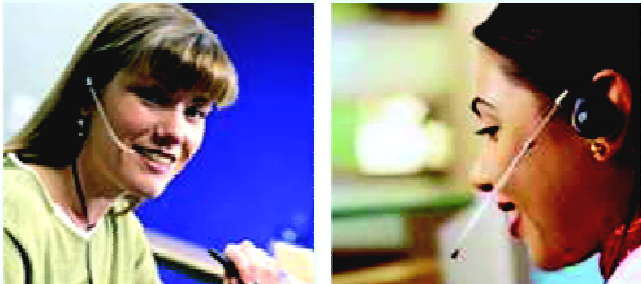
- ❖ Applications
- ❖ Sales
- ❖ New accounts
- ❖ Active accounts
- ❖ Average ticket
- ❖ Open-to-buy
- ❖ Etc.

**Private Label Cardholder Statistics**

		Total Accounts	Active Accounts	% Active Accounts	Outstanding Balance	Average Balance	Total Credit Lines	Average Credit Line	Total Available Credit	% 30+ Delq	# First Active Accts	Avg Ticket First Use	Avg Ticket Repeat Sales	% Repeat Sales	Prom
04	Aug	848	209	24.65 %	\$380,290	\$1,820	\$3,627,400	\$4,160	\$3,147,110	7.83 %	3	\$1,960	\$1,609	76.92 %	
04	Jul	833	209	25.09 %	\$366,227	\$1,848	\$3,463,800	\$4,158	\$3,077,273	4.51 %	13	\$1,648	\$1,754	33.33 %	
04	Jun	816	208	25.49 %	\$407,432	\$1,969	\$3,372,600	\$4,133	\$2,965,168	7.11 %	12	\$1,696	\$1,738	26.67 %	
04	May	798	210	26.32 %	\$426,857	\$2,033	\$3,296,900	\$4,130	\$2,869,043	4.86 %	6	\$2,326	\$1,607	69.00 %	
04	Apr	791	222	28.07 %	\$453,671	\$2,044	\$3,232,300	\$4,086	\$2,778,629	4.84 %	8	\$2,587	\$2,337	25.00 %	
04	Mar	779	225	28.88 %	\$460,372	\$2,046	\$3,166,800	\$4,065	\$2,706,428	5.60 %	19	\$3,848	\$1,313	20.83 %	
04	Feb	757	219	28.93 %	\$413,373	\$1,888	\$3,049,800	\$4,028	\$2,636,127	6.47 %	8	\$4,031	\$1,454	42.86 %	
04	Jan	745	217	29.13 %	\$436,420	\$2,020	\$3,004,100	\$4,032	\$2,565,680	5.75 %	11	\$2,384	\$1,439	28.57 %	
04	YTD Avg:	796	216	27.00 %	\$420,830		\$3,264,013		\$2,543,182	5.87 %	10			39.27 %	

# Service and Operations

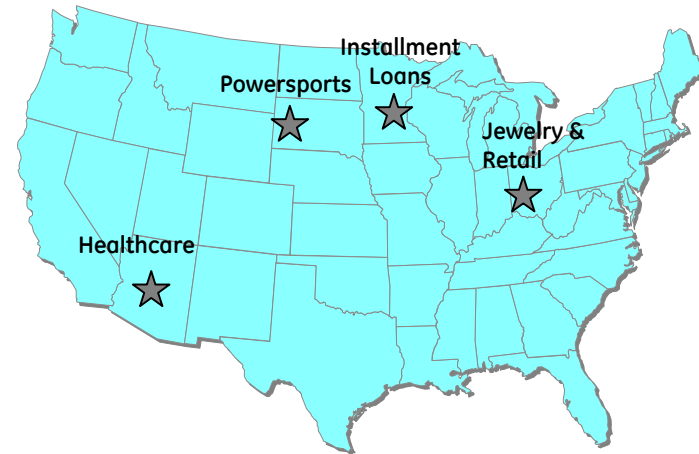
## “Branded” Customer Service



- ❖ Consistent, branded customer communications across all touch points – customer service representatives, integrated voice response (IVR) systems, internet, mailings
- ❖ One Call Resolution via integrated service platform
- ❖ Outstanding performance on key measures:
  - Merchant 86% fully satisfied
  - Cardholder 88% fully satisfied

~ GE Money will deliver superior customer service focused on enhancing your brand ~

## Centers of Excellence



7:30 am – Midnight \*  
362 Days Per Year

\* Hours vary during peak periods, weekends and holidays

- ❖ Exceptional resources
  - 1,500+ associates; 8 year average service
  - 240 hours training for new associates

# Example Program Pricing

## Core Credit Offer and Pricing

- ❖ The Core Credit Offer will be 25 days revolving at a 1.00% discount rate

## Promotional Credit Offers and Pricing

Promotional discount rates for the program will be established as follows:

<u>Promotion Term</u>	<u>Discount</u>
90 Days W/P	1.50%
90 Days N/P	1.80%
6 Months W/P	4.00%
6 Months N/P	4.50%
12 Months W/P	6.50%
12 Months N/P	8.25%

W/P = with payments - deferred interest

N/P = no payments - deferred interest

- ❖ Fixed payment promotional credit offers and additional special promotional credit offers may be mutually developed and utilized from time to time as part of the overall marketing plan and program strategy
- ❖ A member enrollment campaign funded by GE Money to launch the program

~ This pricing structure is provided as an example and not confirmed ~

# Why partner with GE Money?

- ❖ **Experienced Association, Manufacturer and Retail-based sales finance partner** – Wal-Mart, Cartier, CVS, Independent Jewelers Organization, Yamaha, Ethan Allen, etc.
- ❖ Significant investment in **dealer marketing capabilities** to help increase sales
- ❖ Long-term and special **promotions** to provide competitive edge
- ❖ **Risk management** capabilities to increase approval rates and credit lines
- ❖ **GE Money Team** - Client Development, Marketing, Risk Management and Customer Service professionals to maximize credit sales
- ❖ Natural extension of **other GE businesses and programs**
- ❖ **World's Most Respected Company** – sixth consecutive year  
Financial Times and PriceWaterhouseCoopers.

# Next Steps

## Proposed Next Steps

- ❖ Develop program proposal – Doug, Frank ASAP
- ❖ Review with ALDA team / Execute LOI April
- ❖ Have Introductory team call and together establish: April/May
  - ✓ Marketing plans
  - ✓ Catalog inclusion
  - ✓ Program announcement
  - ✓ Training plans
  - ✓ Launch strategy
- ❖ Execute Program Agreement May
- ❖ Launch program at June 24<sup>th</sup> trade show June