

**BUSINESS CASE FOR ONLINE MARKETING OF AUTOMOTIVE
FINANCING FOR
FIRST WEST CREDIT UNION**

By

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Abstract

This project develops user experience and online marketing strategies for the growth of First West Credit Union, the third largest Credit Union in British Columbia. Several recommendations focus on the Automotive Financing Division of First West Credit Union. The project researches user needs in the automotive finance sector, analyzes operational forces and recommends strategies that affect business operations, customer service, online brand awareness and system usability. Automotive dealerships are a key contributor in the automotive financing business and this project makes recommendations that would turn this potential competitor into a collaborator. The advised strategies are to foster closer working relationships with dealerships and offer them promotions that they can use to secure automotive sales. Further, this altered relationship will stimulate growth in financing deals booked by the credit union and provide an actionable mechanism for growing membership through marketing and promotion.

Dedication

This paper is dedicated to my wife, Eka, whose encouragement and support gave me the strength to carry on, and to my little children, Sia and Aryan; after tired days of work and school your smiles and happiness assured me it was worth it.

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I would like to thank all of the MOT MBA faculty and staff. You have opened my eyes to a new way of looking at the world. It truly was an honour to have been able to partake of your wisdom and guidance.

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Glossary

Dealership	Used to describe the automobile sales agent or organization, an agent or dealer at the dealership will work to negotiate a selling price for an automobile with the prospective buyer.
Lender	Used to describe the financial institutions that lend funds for loans and leases. The role of the lender is to approve the borrower's credit history and provide parameters in which the financing would be approved.
Member	Used to describe a person who has an account with a credit union; all credit union account holders are part owners of the credit union



1: Introduction

This project analyzes user experience and develops online marketing strategies for the growth of First West Credit Union, the third largest Credit Union in British Columbia. Chapter 1 outlines the strategic objectives of the Automotive Financing Team of First West Credit Union and will describe the analysis framework used in the project and examine First West Credit Union's implementation process.

1.1 Strategic Analysis Objective

The objective of the analysis is to develop recommendations for the Automotive Financing Team of First West Credit Union that will help reach a target business growth of 50% over the next three years. First West Credit Union offers automotive financing services through two credit union brands, Envision Financial in the lower mainland and Valley First in the interior.

The goal of First West Credit Union is to explore new markets and source new customers. By offering automotive financing services, they would like to help grow credit union membership by attracting and retaining new members by offering enhanced services and developing brand awareness.

The project will explore how to achieve the target growth through improvements to the existing websites along with improved web exposure, enhancing dealership relations, and improved organizational integration. Early feedback has indicated that the existing Envision Financial (www.envisionleasing.ca/) websites "have not been updated in the past few years". This analysis will assess the following issues: 1) Identify upgrades required for customer and dealer

portals/websites to improve usability and functional availability. 2) Identify opportunities to improve web presence and brand awareness. 3) Discuss backend integration with the various credit union systems, such as Dealer Track and Credit Union Dealer Link (CUDealerLink).

Recommendations will come in the form of a Decision Analysis and Implementation plan and will leverage organizational tools such as Product Placemats. A situation analysis that will help the project to understand the current market place and users' needs will be conducted. The situation analysis includes an organizational analysis of the First West Credit Union and the different teams required to support the automotive financing service. The project will also look at partnerships with vendors and third party support systems to help round out the user profile analysis. An analysis of the environment and ethnographies, which will apply Design Thinking as Dunne (2011) explained will aid in the development of a re-framed and focused problem statement. Later chapters will generate concepts that can be developed into implementation strategies.

1.2 Analysis Framework

This project analyzes the competitive online market place for Automotive Financing. Market research was conducted through investigative research of online and traditional literature and interviews with team members at First West Credit Union and other users of the system. The analysis derived from the research can be used to determine the needs of the financing marketplace and the system improvements necessary to attract and retain new members. A primary strategic objective is to turn a financing opportunity into a full time credit union member.

The analysis begins by introducing First West Credit Union and its organizational objectives. This overview will describe how the credit union can leverage the financing opportunity within the organization and discuss the perceived limitations of the current systems and relationships. A situation analysis of the current industry and market availability is followed

by a review of the competitive environment and differentiation methods, utilizing Michael Porter's (1980) Five Forces Analysis framework.

1.3 Implementation Framework

First West Credit Union has shifted to a Lean methodology for project implementation. Each new project has a project placemat (please refer to Lean Placemat Template, **Appendix C**) that includes a definition of the problem to be resolved or the goal to be attained. The project placemat addresses the following strategic priorities:

1. Create a meaningful member experience
2. Create a high performance culture
3. Transform to a continuous improvement organization
4. Optimize revenue
5. Develop a multi-brand operating model

The placemat tries to establish boundaries around scope and goals by including project costs and impacts. The placemat also includes expected milestones and project team assignments. Placemats are created for all projects, and become an assessment tool that is used to select high value candidate projects. It is up to the project team to determine the feasibility of the project placemat and decide whether it should be moved to the next step of the implementation plan.

2: Strategic Opportunity Analysis

Chapter 2 will describe First West Credit Union and the core principle that guides its decision-making process. The primary strategic objectives of the Automotive Finance team will be described in detail; secondary objectives and some immediate concerns will also be considered. Chapter 2 will also describe how the core principle has contributed to the evolution of the problem statement this project is facing and will conclude with a description of the Automotive financing team and the entities involved in the financing process.

2.1 First West Credit Union

First West Credit Union (www.firstwestcu.ca) is the third-largest credit union in British Columbia and was formed in January 2011 when Envision Financial (www.envisionfinancial.ca) amalgamated with Valley First Credit Union (www.valleyfirst.com) (**Figure 1**). First West Credit Union operates primarily in the banking sector, which includes 23 domestic banks, 26 foreign bank subsidiaries and 23 full-service bank branches, and five foreign bank lending branches operating in Canada. In total, these institutions manage close to \$3.7 trillion in assets. The sector is dominated by six large banks that compete aggressively for retail and business banking, and investment and financial services. First West business lines include First West Capital, Envision Investment Services, Valley First Investment Services, Envision Insurance Services, Valley First Insurance Services, Credit Union Dealer Link, Envision Leasing and Valley First Leasing.



Figure 1: First West Organizational Structure

First West Credit Union strives to meet their strategic goal of redefining what it means to be a credit union. In the 2011 Annual Report, Board Chair Shawn Neumann emphasizes, “What we are doing isn’t the norm”. By combining the two brands of Envision Financial and Valley First Credit Union they are “working big” with shared back-office functions and network infrastructure; however, they are also “working local” with localization strategies that are implemented specifically by region.

“Enjoyably simple” is a core principle that guides many of the operational and strategic decisions at First West Credit Union. As stated by CEO Launi Skinner, “we ensure your experience with us each time is enjoyably simple.” Launi has also indicated that they believe their competitive advantages are their customers and their loyal dedication to First West Credit Union. The 2011 Annual report cites the results of a member survey that showed that 78% of members would think of Envision Financial for business, 94% would continue using Envision Financial, and, most impressively, 84% would recommend Envision Financial to a friend. While competitors in the industry offer comparable mortgages and investment products, differentiation

occurs by having knowledgeable and friendly staff (Annual Report, 2011 First West Credit Union).

“Enjoyably simple” is not just a marketing slogan; the organization has actively worked to integrate this approach into their operational systems. By executing principles of the Lean model, they have attempted to introduce sustainable continuous improvements. The following elements of the Lean model are included:

- Identify Customers and Specify Value
- Identify and Map the Value Stream
- Create Flow by Eliminating Waste
- Respond to Customer Pull
- Pursue Perfection

First West’s automotive financing group operates in the new and nearly-new vehicle markets in B.C. and Alberta to offer open- and closed-end leases for cars, trucks and vans. The nearly-new market provides an opportunity for this organization as manufacturers focus on financing the new vehicle market.

2011 Performance Highlights

- Increased automotive financing revenues by 19.6% to \$14.9M
- Grew the number of leases by 18%
- Increased leasing revenue by 15.2% to a record \$14.9M by maintaining a strategy of offering fairly priced leases and conservative residual values
- Adjudicated the purchase (Credit Union Dealer Link) of more than 2,281 vehicles, and

- Significantly deepened presence in the Okanagan region, building a strong foundation for future growth.

First West is the only financial credit union or bank in British Columbia that offers both leasing and loan products to automotive dealers. First West Credit Union strategically targets new Canadians, young adults and minorities with little to no credit history as potential members and evaluates each individual's story rather than applying a formula.

2.1.1 Strategic Objective

The strategic objective of the First West Automotive Finance team is to grow 50% over three years, a goal that demands that they explore new markets and source new customers. This strategic objective has defined the scope of this project. The project will:

- Research the current state of online automotive finance solutions and competitors
- Identify possible strategic partners (for advertising and search engine optimization)
- Identify high-level resource requirements (technology, operations, financial)
- Create a 'roadmap' for implementation
- Develop a 'story' to take to market; talk about competitive advantage and products offered.

First West Credit Union believes that to recover value from a member over the life of the relationship it is necessary to provide a quality user experience. Every strategic decision and activity is about developing a long lasting relationship with either a member or a dealer. To foster this level of loyalty the concept of "enjoyably simple" is an important feature of the First West

Credit Union mantra. The strategic objective or problem statement this project proposes to First West Credit Union is, “How do we make the online automotive experience enjoyably simple?”

2.1.2 Secondary Objectives

The automotive finance channel also provides opportunities to grow the credit union membership by attracting clients who may not have considered credit union membership as a first choice. With a community focused approach, credit unions offer opportunities to new members that might not be available with the banks. First West Credit Union will work with young adults, new comers to Canada and others with little or no credit history by taking a look at their whole “story” and determining if there are good candidates for financing. Marketed well, this personalized approach can be used to grow membership by targeting potential members who might not realize this option exists. Some potential clients believe that if one financial institution rejects them others will treat them the same way. Typically this demographic may look online for information; younger people are generally adept internet users and immigrants may prefer to investigate their options from a comfortable home environment.

The following is a testimonial from a young adult who has become a loyal First West Credit Union member; this type of member pays dividends their entire life as a valued campaigner for the credit union ideology.

“I became an Envision member when I was 16 years old. I had gone to several other financial institutions and none of them would give me a car loan. Envision was different – they worked to help me get the financing I needed to purchase my new car. Several years later, I now own my own business, all thanks to Envision. Envision has been with me every step of the way and their staff have continually invested their time to share their business knowledge to help me succeed and realize my dreams. You’ll never get me to switch from Envision”

Another secondary objective, which has more immediate value to First West Credit Union's Automotive Financing Department, focuses on their relationship with dealerships. The goal of the Automotive Financing Department is to grow the "look to book" ratio. Operating as a lender, the credit union supports the ability of the dealers to offer financing options to their clients. However, offering this service conflicts with other organizational objectives; the client could have come to the credit union for the loan and become a member. The relationship with dealers is facilitated by a system called Dealer Track; while this system does offer gains in operational efficiency, it also diminishes the ability to personalize the lending experience.

The conflicting objectives compound the wicked nature of the problems and challenges involved in this project (Conklin, 2008). Through research, analysis, and recommendations that include implementation strategies, this project will attempt to satisfy the objectives of the organization (First West Credit Union) and add value to the department (Automotive Financing). The core issue is reconciling the acknowledged conflict between operating as financing lenders and creating new members. Because these strategic objectives do not have heterogeneous goals, the realized strategy might not be the one originally proposed when the project was first conceived (Gedajlovic, 2011). The scope of this project will expand beyond providing online automotive marketing to include recommendations that will enable First West Credit Union to achieve broader strategic objectives.

2.2 Organizational Core Competency

The core competency for the Automotive Financing Department at First West Credit Union is providing specialized and personalized service to their various clients and dealers. The Automotive Financing team continues to enhance the lease and loan business by providing better service to dealers and by matching competitors with periodic special-pricing programs. While financing automakers and the major banks dominate the automotive financing industry, drawing

on its credit union roots First West Credit Union provides attractive and convenient financing options. Credit unions differ from banks and other financial institutions in that the members are the owners of the credit union. Credit union boards of directors are elected democratically. All credit union members, regardless of their financial stake in the institution, are eligible to vote. Consistent with this, the Automotive Financing department subscribes to the credit union philosophy of serving people before profit.

Each of the teams within the Automotive Financing department is encouraged to provide clients with simple solutions to meet their needs and wants. Lean principles are demonstrated by stand-up meetings and allowing teams to be self-directed and service oriented. Through observation, it is evident that team members and management take pride in going above and beyond the call of duty to resolve issues. An enjoyable work environment is fostered with an open door policy from management and serious effort is exerted to develop individual career growth plans and provide experienced veterans to mentor new employees.

3: Situation Analysis

Chapter 3 examines the automotive financing industry and the current online experience. The chapter explains the concept of automotive financing and examines available sources. An outline of automotive financing will be followed by an overview of the current user experience, with a focus on user types. The sequence of steps required to finance a traditional automotive purchase will be detailed and a comparative online automotive financing scenario will be presented. An assessment of the existing online banking and automotive financing experiences will be made and compared to the retail sales sector. The chapter will conclude with a description of First West's financial product offerings with particular attention to how the needs of clients are served. In summary, this chapter will describe the brick and mortar automotive financing business and the state of online automotive financing.

3.1 Automotive Financing

The Canadian Finance and Leasing Association's 2010-2011 Annual Report indicates that there was strong growth in the automotive industry. In Canada, the number of new vehicles sold in 2010 rose to 1.56 million units from 1.46 million the year before. The retail leasing business for new vehicles rose 5% to \$17.8 billion in 2010, while new business for commercial vehicles was even stronger, rising 14% in 2010 to \$3.1 billion. The two financing mechanisms commonly used to support an automotive purchase are either a loan or a lease. Typically, people do not have the funds necessary to purchase the vehicle for cash or prefer not to invest that much liquidity. There are several different ways that a client can gain financing for an automotive purchase, and each has positive and negative attributes.

Table 1 provides a breakdown of possible financing sources and summarizes the positive and negative qualities of each financing source. This table will provide an understanding of why the car buyer may elect to finance their purchase from a dealership. Further, this table begins to create the basis for some future assumptions regarding convenience and a simple process.

Table 1: Sources of Financing

Bank	
Positive	competitive rates, loans are usually simple interest loans with interest spread evenly throughout the term of the loan
Negative	not as convenient as dealership financing – no options for the transaction to close on weekends or evenings
Credit Union	
Positive	similar to the bank, but with a greater emphasis on personal service
Negative	similar to the bank
Online Lender	
Positive	competitive rates, quick, easy
Negative	not a personal service; dealing with an unknown; misrepresentation or scams
Dealership	
Positive	convenient, fast
Negative	high pressure, rates not competitive, front loaded loans (interest upfront)
Home Equity Loan	
Positive	some of the interest is tax deductible; competitive rates
Negative	home and car loans are joined
Family Member or Friend	
Positive	agreement can be flexible
Negative	could stress relationship

Car loan payments are broken into two parts: interest and principal. The principal is the balance on the loan; the interest is the fee the client is charged for borrowing the money. The interest rate, fees and other costs associated with the loan are expressed as an annual percentage rate, or APR. Traditionally, car loans came from banks but today dealerships are offering convenient onsite loan approval. What most people do not realize when they finance their purchase through a dealership is that the dealer representative is working on commission. Typically, at an automotive dealership, the Finance and Insurance Department is often a bigger profit centre than the Sales Department. The dealership gets a loan from a traditional lender and then adds a few percentage points to the interest rate before offering it to the client. When a car buyer seeks to get a car loan, the lender will look at the buyer's credit score and income to determine whether or not to grant the loan. Lenders may ask buyers to make a down payment, to show the lender that the buyer will shoulder some of the risk. The car then serves as security for the loan.

Leasing, which provides a way to obtain a vehicle for a fixed period, is commonly offered by dealers as an alternative to cash or loan vehicle purchase. Leasing is widely used by businesses as a highly cost effective method of acquiring vehicles. The key difference between a lease and a loan is that the vehicle is returned to the leasing company for re-assignment after the primary term (2-4 years) expires. Lease payments are calculated in a very similar way to loan payments. The advantages of a lease over a loan are typically lower monthly payments; tax is paid only on the monthly payment rather than on the full price of vehicle, the opportunity to drive a new vehicle that is under a full warranty and the option to buy out the vehicle at the end of the lease.

3.2 User Experience Overview

To further the analysis of First West Credit Union's involvement in automotive financing, users can be categorized into three types. These users are part of the current strategic objectives and entrenched in the existing process.

1. Clients – Non and Existing Members who are Car Buyers
2. Dealers – Business Development Managers at the Dealerships
3. Internal (Lender) – Sales and Support employees at the Financial Institution

The existing online functionality available for these three user types is poor when compared to the advancements made in other domains.

Dealer Track has taken advantage of this gap in functionality and has been injected into the financing process. Dealer Track facilitates the dealer/lender relationship and makes the need for any other online option unnecessary. Dealers would also prefer to deal with car buyers directly and want to minimize their expenditure on online advertising. Finally, the dealer also objects to the lender dealing directly with car buyers because that may eliminate the need for dealer financing. Dealers do not consider growing lender membership to be part of their role.

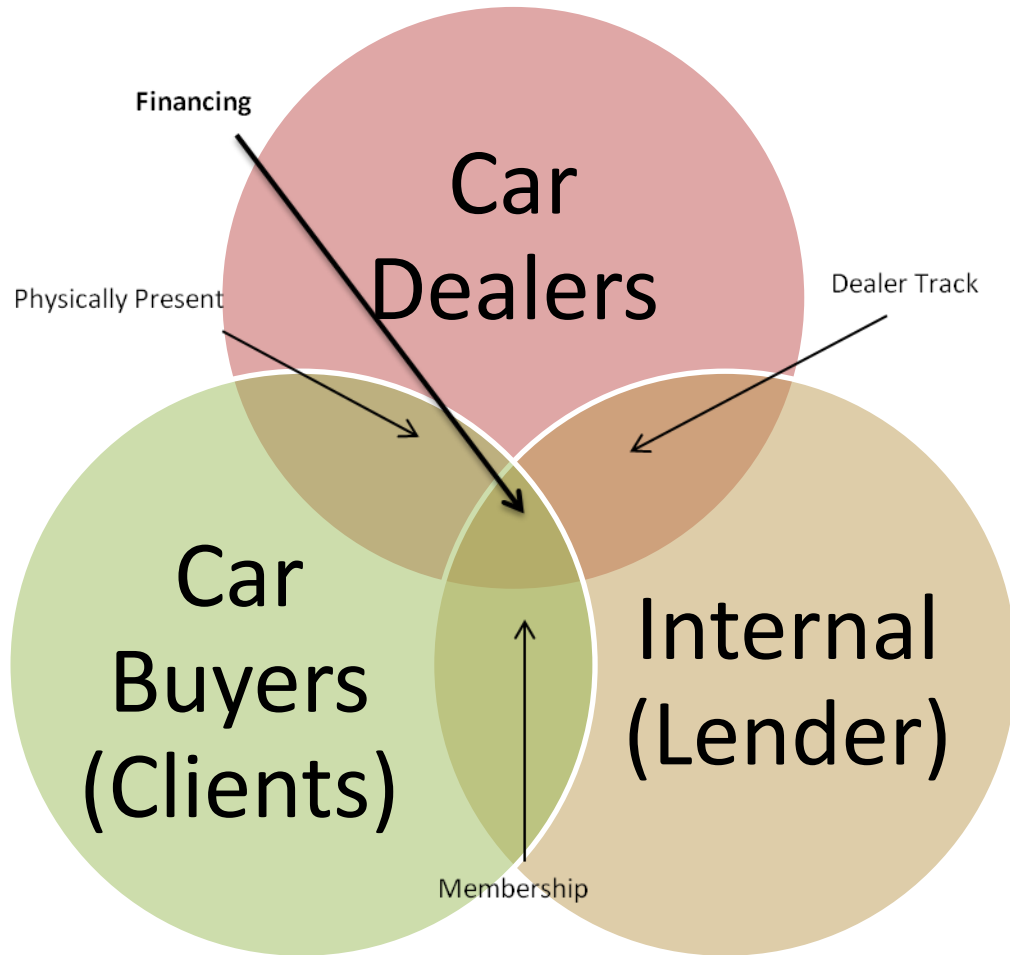


Figure 2: User Relationship Venn Diagram

In the User Relationship Venn Diagram (**Figure 2**), we can see that the financing process is an opportunity for the lending institution to convert a financing agreement into a membership opportunity. This opportunity exists because the car buyer and lender will have a continuing relationship for the term of the agreement. Membership incentives could be offered to improve the terms of this agreement.

As the Automotive Financing Experience Sequence Diagram (**Figure 3**) indicates, there are many relationships and exchanges in the automotive financing experience. The prospective car buyer will visit the dealership and become a client of a lender if financing is required. If the client needs financing, they can visit a traditional lender (bank or credit union), they can arrange

financing with the dealership or, in some cases, the automotive manufacturer. If the dealership is financing the purchase, the loan is sourced to a lender who approves the deal. With dealership financing, the dealer will reach out to various financing institutions for a client credit review and an agreement for that financing institution to be the lender. The dealer will typically use the Dealer Track system to input the parameters of the deal, which will then be reviewed by lenders who will approve, conditionally approve or reject the deal. Based on feedback from various lenders, dealers can then select which lender they would like to work with. The dealer increases the interest rate by a few percentage points to generate additional residual revenue. The client agrees to the deal and the lender books the agreement; the client has financed their purchase of the new or nearly new vehicle.

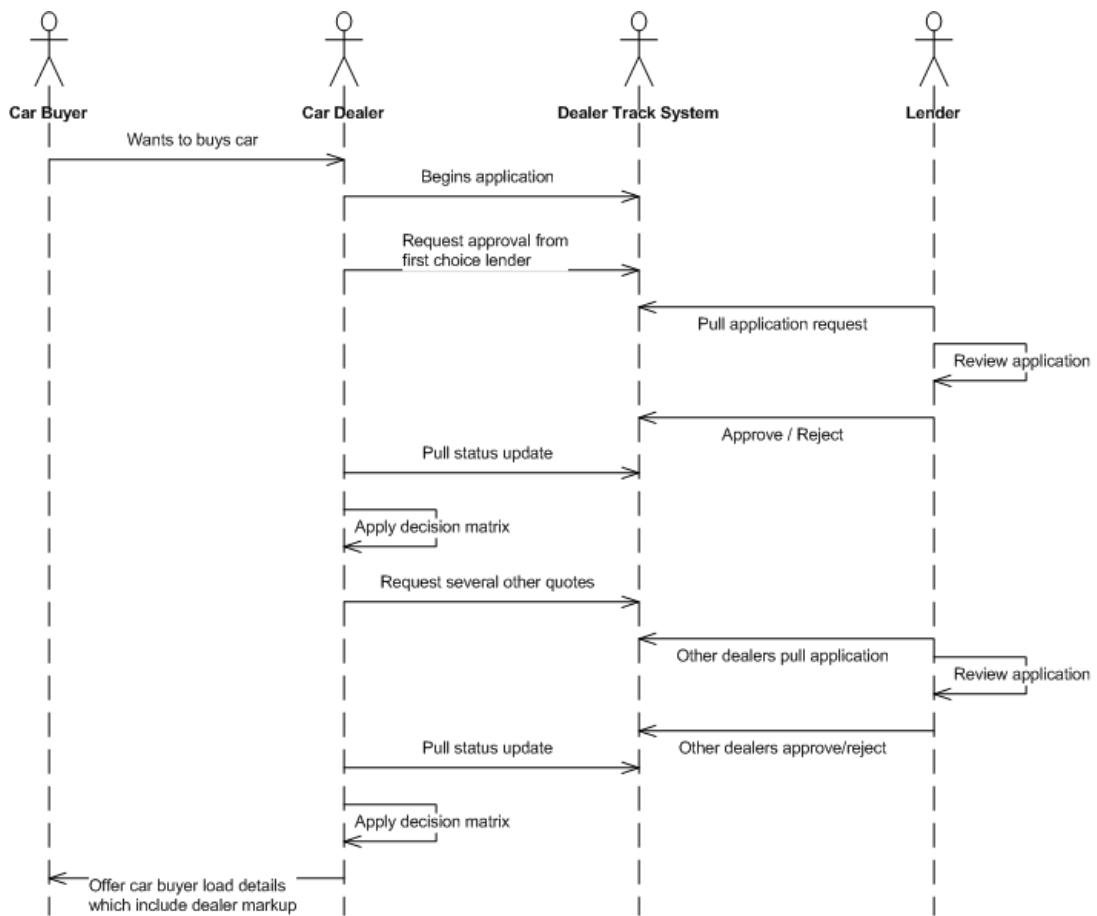


Figure 3: Automotive Financing Experience

First West Credit Union has offered dealers the ability to process all leasing applications through an internally developed web portal, www.envisionleasing.ca. However, a dealer survey determined that the majority of dealers would prefer that the Envision leasing process be replaced by the integrated Dealer Track system. First West Credit Union now offers dealerships loan and leasing processing through Dealer Track. Internal sales staff follows up on expiring leases and resells those automobiles using the First West Credit Union Envision Leasing interface.

Dealer Track provides on-demand credit application processing solutions in Canada. The Dealer Track Canada Network connects more than 6,000 Canadian automobile dealers to all major Canadian financial institutions and more than 50 Credit Unions. A dealer inputs financing applications into the system and can offer the deal exclusively to a specific lender (Bank or Credit Union) for 15 minutes. After this period the Dealer might send that deal to all desired lenders. Dealer Track offers the exchange of automotive financing details on a simplified and consolidated network. Being the lender that the dealer selects as the first choice is a key advantage that obviously increases the likelihood that the lender will book the deal. Most lenders generally respond with similar parameters and stipulations for a deal; consequently, turnaround time is a key metric.

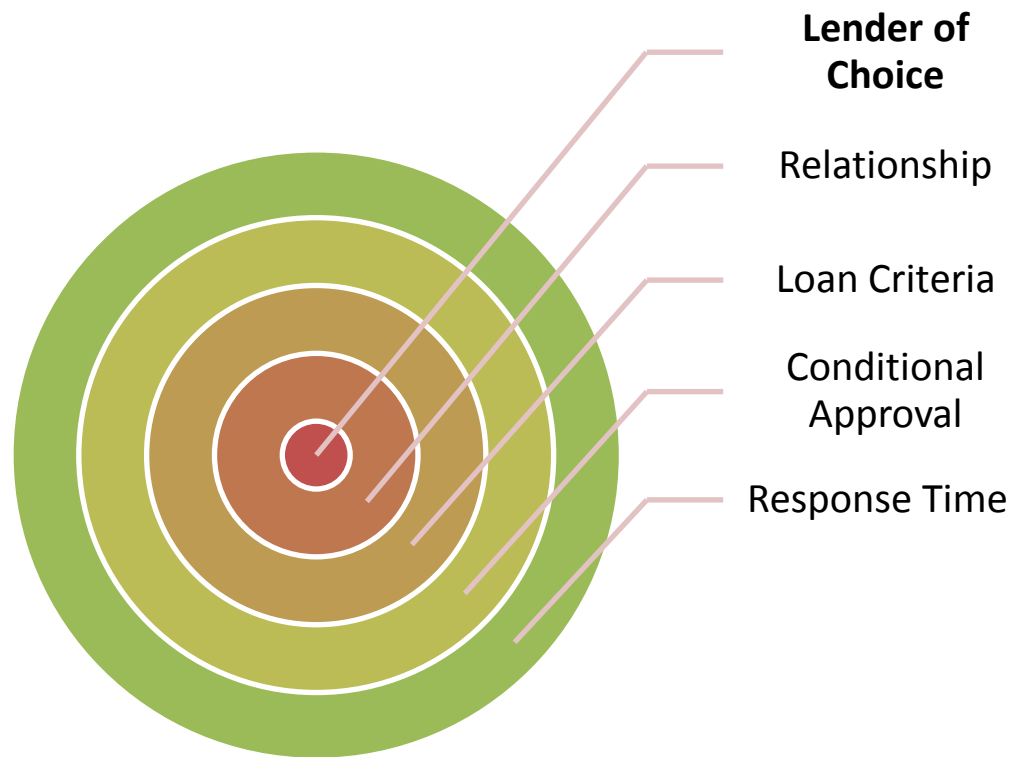


Figure 4: Dealership Decision Criteria

The Dealership Decision Criteria (**Figure 4**) shows some of the key criteria evaluated by a dealership. A challenge that is recognized is that not every dealership uses the same criteria to measure this target. First West Credit Union currently has an average “look to book” ratio of 20%”; for every five deals that are reviewed and approved by the lending agent, only one is selected by the dealer. This “look to book” ratio is a key performance indicator that this project will attempt to improve. It is also a means to measure the success of improving the secondary objective.

3.3 Online Automotive Financing

Like many traditional industries, the automotive sector has attempted to take advantage the growing influence of the internet. This section will examine how the automotive user experience has been improved and simplified by going “online” and explain what online automotive functionality is available currently and how it compares to the retail sector. This section will also discuss roadblocks to the automotive finance sector going online and identify the observed gaps. The author conducted a detailed functional review of the First West Credit Union’s automotive financing websites and the websites of several other financing solutions. The results of this review are compared to an analysis of available standard internet technologies and web best practices.

3.3.1 Finance Industry Online Experience

As a mechanism, online loans work the same way as traditional loans. However, it is important to understand who the “user” or audience is when trying to determine if the correct user functions are available. Car buyers go online to find information about the financing process and information regarding vehicles. Dealerships have an online presence as a sales and marketing channel. As well as providing member services, credit unions are online to drive up membership. However, there is no real option for a non-member to become a member online. The project will discuss this further in Section 3.4.2.

All major banks and credit unions seem to offer the same three elements:

1. A few loan and leasing calculators
2. A page with some information designed to entice dealerships
3. Place holders for potentially new and exciting things.

The other option that car buyers can find online are lenders targeting people who believe traditional banks and credit unions will not approve them. An example of this in Canada is www.carloanscanada.com, which explains on their website that *“Almost 80% of the adult population has had a credit blemish. If you are one of these people who have faced bankruptcy or bad credit, don’t worry! Our specialists will match your application with a lender that specializes with your credit situation.”* Again, while the websites do seem to employ modern implementation techniques, the available information and functionality is the same as the above list.

The amount of information and services available online has transformed the retail sales business. However, the same is not true to the same extent for the financial industry. Research done for this project suggested that the industry believes more can be done with the internet and online functionality but is unsure of what that might be. Several banking and financing websites were reviewed (Royal Bank of Canada, Coast Capital Credit Union, CIBC, TD Bank Group and the Bank of Montreal). Five elements were considered: 1) Usability 2) Information 3) Features 4) Accessibility and 5) Retention. These five elements were then reviewed on several popular retail sales websites (Amazon, Home Depot, NCIX, Best Buy) to compare the user experience in each business sector. A polar diagram was created that, in the finance sector, none of these elements are sufficient to contribute to a satisfactory user experience.

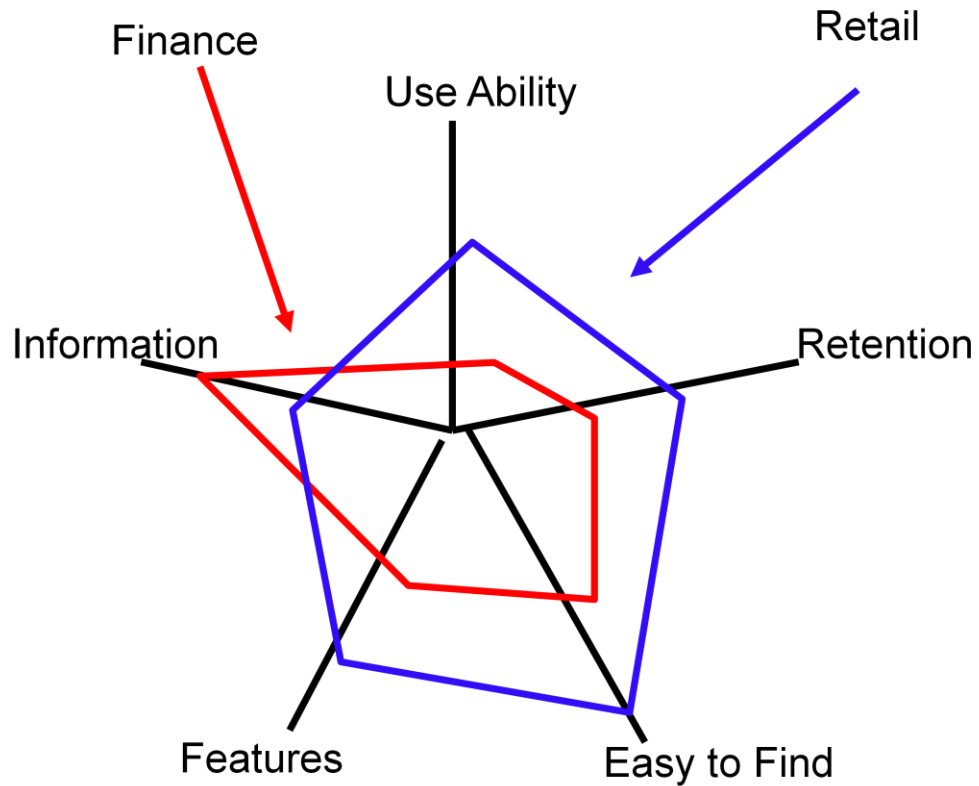


Figure 5: Online Experience Comparison Polar Diagram

The Online Experience Comparison Polar Diagram (**Figure 5**) shows five critical measures used to evaluate the online experience. Usability is the ease with which the online experience is navigated and the manner in which information is presented. With millions of users accessing retail websites daily, usability has been the focus of extensive research and great emphasis has been placed on improving the usability of the experience. The usability of automotive finance websites is limited by the restricted functionality available; a non-member cannot do anything of significance. The value to a non-member is in the quality of the information provided, which can sometimes conflict with the usability as there may be too much information. The retail sector limits the information to what is critical to the purchase process and relies on the strength of functional usability to facilitate any further information, such as customer feedback or reviews. The online automotive experience suffers from information overload, which

at times can make the site challenging to navigate. Features and functionality are the tools and interfaces available on the website that make the experience interactive. For a member, the website does offer several features; however, since the goal is to attract non-members, the lack of a registration feature is critical. Websites for credit unions are easy to find online, but accessibility could be improved with a stronger directed marketing campaign. Another critical area is non-member to member retention; the call to action for the online user is to visit a brick and mortar branch. With 3% click through rates considered good on the internet, we can imagine how many non-members will actually go into a branch based on their online experience. The analysis shows there is a great opportunity to improve the user experience and the industry could look at other business sectors to learn what works effectively.

3.4 First West Credit Union Online Offering Analysis

As discussed in Section 3.3.1, in general the online automotive financing experience is found lacking when compared to the retail experiences provided by Amazon and other online retail sites. In this section, the project will evaluate First West Credit Union's offerings. It is evident that First West Credit Union has the same strengths and weaknesses with regard to online user experience as the rest of the finance industry. This review will not differentiate between the Envision and Valley First groups. Conceptually, both groups employ the same style and deliver similar messages and both will be able to leverage any findings because of the shared infrastructure. In addition, it is recognized that the Envision leasing portal has changed from being used primarily by dealers to an internal tool for sales.

3.4.1 Usability Review

While the First West Credit Union websites offer a great deal of valuable information, the most critical piece of missing information is, "How do I become a member online?" This function

is important to non-members and is especially critical if the non-member is looking for financing options. This gap in functionality is present in the online functionality of many institutions. Existing members can login and access advanced features; however, prospective members must go to a branch to become a new member. Further, it is not convenient to the car buying experience to apply for financing online as it is to go into a dealership and get financed at the time of purchase.

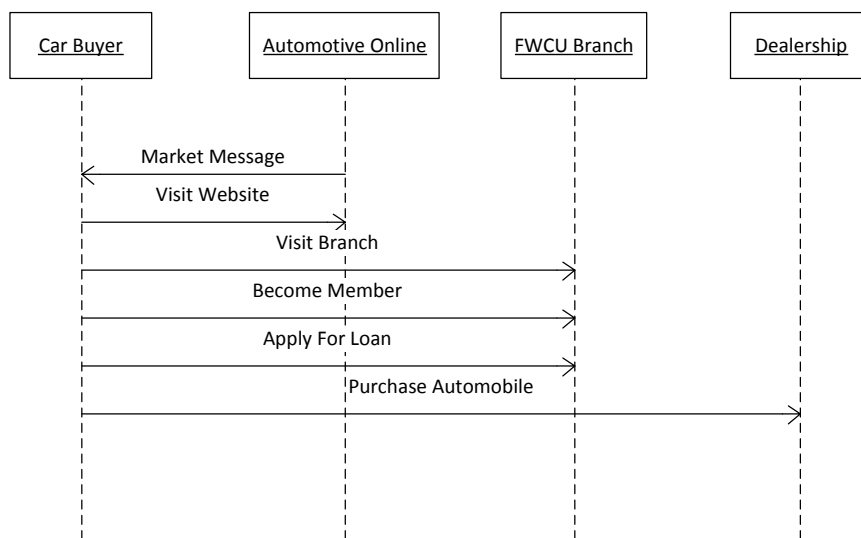


Figure 6: Online Automotive Experience Sequence Diagram

When the analysis compares the Online Automotive Experience Sequence Diagram (Figure 6) to the established Automotive Experience Sequence diagram (Figure 3) it finds that the “online automotive financing” experience is not enjoyably simple for the car buyer. The number of interactions and steps that the car buyer has to go through during the online experience are complicated and numerous, and the car buyer must still end up at the dealership. Also, when comparing the two sequence diagrams, a gap in the user experience facilitation is discovered. In the traditional experience, a sales agent for the dealership will make the purchase process simple

for the car buyer; it is essentially one stop shopping. In the online experience, the car buyer must navigate several steps in the finance process.

3.4.2 Filling in the Gaps

The internet does not change what constitutes a competitive advantage but it does provide new ways of building and sustaining such advantages. While enhancing the “look to book” ratio will be an objective of this project, if implemented successfully this will require an investment in additional personnel because currently the lending process can be described as constant returns to scale. This project will discuss unique products/content and provide recommendations for distinctive processes that will lead to stronger personal service. Economies of scale can only be achieved when the online information and functionality available provides a valuable user experience.

3.4.3 Online Brand Awareness

While effort has been extended to create an excellent new user experience and a refurbished web site, First West’s Automotive Financing message is missing. If users perform a generic search for Envision or Valley First, they will find what they are looking for. However, if they are specifically looking for online automotive financing, they will be disappointed. This lack of specific brand awareness is an issue that cannot be remedied simply by spending more on advertising. In fact, trying to outspend the competition is counter to the First West Lean principles. First West must look to the target audience, determine their needs, and determine what the marketing message should be. This will be developed further in Chapter 7.

3.4.4 Road blocks to Enjoyably Simple

Sales representatives or product experts have traditionally made it enjoyably simple for a customer to buy what they need, sometimes telling the customer what they need, and were

rewarded with a small commission. Traditional sales representatives took a major blow when the retail market went online, disrupting a hundred year old retail process. With the amount of information available, buyers became experts and competitive pricing became simple. The sales representative and other intermediaries could no longer extract their mark up because they offered no real service. If car buyers knew that they could get the same convenient car loan from their friendly, local credit union why would they pay the dealerships' mark-up, a mark-up most car buyers do not realize exists? A distinctive process or unique product will be required to upset the system; however, since the dealerships do not make the lender selection process transparent and can control the attention of the buyer, lenders will need to play by dealer rules.

4: SWOT Analysis

Chapter 4 will look at First West Credit Union's organizational structure and describes the role of the Automotive Financing department. The remainder of the chapter will provide a SWOT Analysis that discusses the internal strengths and weaknesses of the organization. External opportunities, such as going online, are discussed as are threats to automotive financing.

4.1 Organizational Structure

First West Credit Union's automotive financing group operates as First West Leasing Ltd., providing leases in the Envision region through Envision Leasing Services and in the Valley First region through Valley First Leasing Services (Refer to **Figure 1: First West Organizational Structure**). The automotive financing team is responsible for providing attractive and convenient financing options to consumers. The automotive finance department has several teams that are responsible for various segments of the financing market place. The Assistant Vice President of Automotive Services, Catherine Dangerfield, oversees a team of experienced financing professionals and directs the credit union's strategies (please refer to the Organizational Structure, **Appendix D**). Lease Managers are responsible for notifying consumers that their current leases are nearly expired and inform them of their possible financing options. Lease Managers also work as sales agents trying sell leasing inventory that becomes an asset of the credit union. The Credit Manager and Authorization Officers function as the lender for dealership financing. The lenders approve and reject financing applications based on the result of a credit check and analysis of the application; this process is facilitated by the Dealer Track system. The Business Development Officers are in charge of maintaining and developing relationships with the dealerships. The Business Development Officers are assigned zones and are

provided with promotional and marketing material to distribute. These officers act as the face of the credit union when dealing with the dealerships and the credit union's ear for complaints or concerns. Finally, the Operations team enables all of these teams to function. The Operations team follows up with new clients and ensures all the necessary processes are followed. Operations is also responsible for resolving any issues with the Dealer Track system or any internal systems and provide quality assurance services. Any new initiatives or strategies will require the support of the Operations team.

4.2 Strengths

First West Credit Union's key strength is the emphasis it places on personal relationships. The community-based and member-centric decision-making approach of credit unions is maintained throughout the organization and the Automotive Finance department. Many of the day-to-day business decisions not only take standard metrics into account but experienced and knowledgeable staff also look for the story behind the facts. As discussed previously, automotive financing lenders will look to understand the circumstances behind someone who may have no credit history. Business Development Officers' develop personal relationships with the dealerships, listening to concerns and providing helpful support. Recently a survey of dealerships resulted in an operational change. Leasing services were available through the Envision Leasing web page however dealership feedback asked that this be integrated with Dealer Track. The Automotive Finance team evaluated this recommendation and quickly implemented the new process. Using Lean methodologies and a start-up mentality each employee is given significant input into decisions with limited bureaucratic overhead. The credit union takes a long-term approach to its relationship building strategies.

4.3 Weaknesses

As a fast growing organization, the differing objectives that have been described are becoming a weakness that must be resolved. This small team has excelled over the last few years; however, with the rapid growth they have begun to become stretched thin and overworked. Team members recognize that problems do exist but simply do not have the time to address them. While the evolution to the Lean process has helped prioritize critical issues and provided a process with which to address them, there are still significant evolutionary growing pains. Finally, the team needs an opportunity to catch up with technology. If steps are taken too quickly to evolve the business along a technological curve, the experienced employees will not be able to provide effective input. If the experts become process (technological) novices, this will lead to intimidation or holes in their knowledge base.

4.4 Opportunities

The greatest opportunity for First West Credit Union's Automotive Finance department is to develop a closer working relationship with the dealerships. The goal of increased growth will require increased collaborative effort and the dealerships have the potential to be the strongest collaborators. Going online offers a way for the automotive finance department to reach out to a large audience with a well-developed message. This message must, however, leverage the opportunity of working with dealerships because, as we will see in the Five Forces analysis, the dealerships hold the keys to opportunity.

4.5 Threats

The source of the Automotive Finance departments' greatest opportunity is also its greatest threat. Dealerships are the decision-makers for finance process and as shown previously in **Figure 4: Dealership Decision Criteria** each dealership has its own decision-making criteria. All actions taken as a result of recommendations and implementation strategies proposed here

must consider how these actions will be perceived by the dealerships. A collaborative effort with a dealership maybe interpreted as a hostile action by other dealerships. Excessive online advertising targeting potential car buyers may be received as an attempt to circumvent the dealerships in the finance process. Dealerships operate as a middle man in the financing process and the closer the lender and car buyer become the possibility of squeezing the dealerships' margins also becomes greater. Dealerships are a small community and any perceived attack on their revenue channel may result in a serious negative relationship across the industry.

5: Online Business Strategy Development

The business strategy development presented here is based on an assessment of industry attractiveness, environmental conditions, internal strengths and weaknesses, and the marketing literature on technology adoption. Porter's (1980) five forces analysis is used to understand where the power lies in the Automotive Financing industry.

Gedajlovic (2010) stated new pervasive technologies like the Internet are potentially powerful tools that can either support, or damage a firm's strategic position. However, they do not render established rules about competition obsolete. We must understand how pervasive technologies may alter the competitive structure of this industry, such as Dealer Track has already done. We must use these technologies to complement our established competitive approaches and create a systemic advantage that competitors can't copy.

At the end of this chapter, the forces that impact the automotive financing business will have been identified.

5.1 Online Automotive Financing Business Segment

Porter's (1980) five forces analysis is a framework deriving five forces that determine the attractiveness and profitability of an industry or a market. This general evaluation of an industry or market offers an initial starting point to help with general qualitative evaluation and preliminary decision-making. The five forces analysis of the automotive financing industry shows a high threat of substitute financing options and a medium level of rivalry. Traditionally the threat of new entrants is low but with the emergence of online financing the environment the economic

model is changing. The bargaining powers of the customer depend on who the customer is and suppliers are at a lower level of power. Figure 7 presents a summary of Five Forces analysis and the details will be discussed in the sections below. This analysis suggests that the industry is structured in favor of the customer. The product offered is a personalized financing experience but the customers and suppliers treat the product as a commodity. In the current configuration this industry offers low attractiveness for business growth.



Figure 7: Porter's Five Forces

5.1.1 Threat of Substitutes

There are several forms of emerging and existing substitutes to automotive financing coming from financial institutions' loan and leasing programs; in fact, several come from within the credit unions. Internally lines of credit and bank loans, which can be used to directly pay the cost of an automotive purchase, are offered to members. Car buyers may also use credit cards (some which are partnered with banks or credit unions) or borrow money from family or friends to fund their purchases. All of these substitutes have some level of online presence that offers various degrees of usability. The car buyer can visit credit union and bank web sites to find loan rates and all major credit cards have websites that explain how the borrowing process works. If the car buyer is borrowing money from friends and family, then a direct relationship is leveraged. Other common arrangements are for buyers to pay for the purchase with "cash" to strengthen their negotiation of price or for the automotive manufacturer to offer financing directly to help increase their residual earnings. With relatively low buyer switching costs, the threat of substitutes is a high force on this industry.

5.1.2 Threat of Rivals

In British Columbia, there are six major national Banks and dozens of Credit Unions that offer various forms of rival or substitutive automotive financing. Most of these institutions execute the same form of credit bureau check and apply the same assessment criteria for financing approval. Most lending rates are tied to the interest rates set by the Bank of Canada; consequently, there is very little room for product differentiation. The real difference between rivals comes from leveraging economies of scale, with larger institutions being able to offer marginally better rates; or from personalized customer service, which is a key strategy for credit unions. The threat of rivalry is a medium force on this industry; because of strict financing rules no rival can execute extremely hostile competitive strategies.

5.1.3 Threat of New Entrants

Automotive financing is traditionally an oligopolistic industry (Moore, 2011). It is difficult to start a new business in this industry because there are significant barriers to entry. There are already several firms each with significant market share and there is a great deal of interdependence. Based on established lending rules, the financing products are nearly identical but the service levels are differentiated. With the move to online automotive financing, there is a shift to monopolistic competition because it is relatively easy to start offering automotive financing services on the internet, which results in many small firms (Moore, 2011). These small firms tend to enter and exit the industry but do not have the market share enjoyed by brick and mortar counterparts. The threat of new entrants is a low force on the automotive financing industry; dealerships do not direct any business to these online firms because of their perceived lack of substance.

5.1.4 Bargaining Power of Suppliers

First West Credit Union's primary supplier is the credit union member. The member supplies the funds which are then invested by the credit union. These investments and the returns generated are then used to maintain and operate the credit union. The credit union strives to continually increase its membership and increase the supply of available funds. A credit union member as a supplier does have some influence into where their funds are being invested and can make decisions into the level of risk they prefer. Generally the credit union and its employees understand the business sector and investment better than the members. The members believe the credit union are the experts and build a relationship of trust and loyalty. Members do not really understand their bargaining strength or position when dealing with a credit union and no single credit union member has enough influence to alter the business process of the credit union. Each

credit union member has one vote and their balance as bargaining leverage. The bargaining power of members as suppliers is low.

For any industry, doing business online also requires the technology and infrastructure suppliers that enable the web presence. The technology in the online automotive financing domain is not pushing any boundaries of innovation or research. This technology is widespread in its implementation and availability, with several suppliers able to offer this support. First West Credit Union has an extensive technology and support team. This technology team is responsible for integrating support from 3rd party suppliers. Banking systems such as Credit Union Dealer Link and the Central One system are critical to the credit union; however there are strong contractual obligations in place to protect First West Credit Union from these two suppliers leveraging their relationship. The Dealer Track system is also integrated with First West Credit Union. There is no technological integration because Dealer Track is browser driven. Dealer Track supplies the technology used to facilitate the lending process with dealerships. As a supplier Dealer Track is trying to grow its network by providing many lenders access to many Dealerships. Dealer Track has become the dominant provider in British Columbia for this technology. Dealer Track has kept their pricing model low enough to keep the market unattractive to competitors. Canadian Credit Unions do work together to protect the interests of their sector and any supplier must think twice before taking any hard line actions. The bargaining power of technology providers as supplier is medium.

5.1.5 Bargaining Power of Customers

When discussing the bargaining power of the customers as it relates to the car buyer and First West Credit Union, this section focuses on the acquisition of automotive financing. Automotive customers have the option to shop around at different dealerships for the car they like and they can also shop around for their financing options. There are many options to do research

online and comparison-shopping before they ever set foot on a car lot and this same type of research can be conducted for financing. As previously discussed, when a customer knows how much they need to finance their purchase, they have many options to find a source for their financing. However, if the customer has a poor credit score that does somewhat limited their options to secure a loan or lease. Credit Unions do offer flexible financing but, due to a lack of information regarding their options for financing, car buyers' first real experience comes from the dealership. Once a purchasing decision has been made, the dealer will submit a financing application to Dealer Track, which essentially removes the customer from the process. Once this process is in motion, customers are unaware of what other options or conditions may exist for them. There is no real transparency for the customer. For example, dealers can inform customers that the excessive rate, which will include additional interest charges to bolster the dealer's residual revenue, is because of the lending institution's poor evaluation of their credit and that the dealership fought to get the customer the best rate possible. This false perception may let the automotive finance customer believing they have no other options but to accept the financing offer from the dealership. When the customer is bargaining for automotive financing the power of the customer is medium because the customer does have several options for financing. However automotive financing customers who do not understand that there are options other than the dealerships significantly reduce their bargaining power.

Dealerships are also considered as customers if the customer decides to use dealership directed financing because the dealership decides which lending institution's agreement they will accept. A lender who is on good terms with a dealership may become the first choice for all deals that are shopped around. As customers, dealerships have very high bargaining power with lenders because they control access to the end customers and the decision-making process is obscured. Dealer Track adds to the bargaining power of the dealerships because there is a lower switching cost when going from one lender to the other.

5.2 Environmental Factors

External factors include all those factors that are often regarded as uncontrollable, such as the decision-making criteria of the dealerships, which can change from being customers to being competitors by offering their own financing directly to the car buyer. Actions taken by competitors to enter and exit the market place can affect the shape and size of the market share available. Changes in the economic -environment can impact the number of financing agreements processed as buyers become cautious. Finally, political factors, especially when focused on the banking sector, can be external factors because changes in lending regulations can limit or open up the marketplace. A significant external factor, which is a strong focus in this work, would be technologies such as the internet. The Internet has created a new opportunity for automotive consumers and sellers to share information and become closely aligned in the financing process just as it has allowed shoppers and suppliers to align in the retail sector. It has become important for businesses to keep pace with changing technologies. If they fail to do they will fall behind their competition or open the door to disruptive new comers.

With a good understanding of the forces at work in the automotive experience in hand, we can now explore how the introduction of online technologies may allow First West Credit Union to modify these forces in their favour.

6: Decision Analysis

Chapter 6 will revisit the strategic objectives and discuss how they can be organized and measured. The chapter will then discuss the various concepts, ideas and strategies developed in partnership with the First West Credit Union team. This chapter will then apply the measures discussed against the developed ideas to identify the viable concepts that will be developed into recommendations in the following chapter.

6.1 Strategic Objective

For this project, the strategic object is clearly identified as a desire for the Automotive Finance team is to grow 50% over three years; however, this has not been limited simply to financial growth. Growth can be measured financially, as an increase in membership, and as growth in internal proficiency and learning. These four categories of growth can be defined using a Kaplan & Norton balanced scorecard, which will assist in prioritizing strategies (Kaplan & Norton, 1996). The Automotive Finance teams' financial objectives are focused on increasing the number of deals financed with dealerships and building sustainable relationships. The increase in membership is an organizational objective and one that will recognize value over the long term of the members' relationship with the credit union. Increased membership does however conflict with the dealers' priorities and currently the process of becoming a new member online is not enjoyably simple; in fact, it is not possible. The internal objective is to provide this team with enhanced functionality and systems that will allow them to work effectively and efficiently. Introducing business strategies which consider the lean methodology will allow a thinly stretched team to keep up with the desired growth. Finally, the learning objectives include offering tools

and information to all of online users; this information will help educate users, raise brand awareness and enhance the organization's profile.

The objectives, their related measures and their importance to First West Credit Union are listed in **Table 2: Strategic objectives, measures and their relative importance.**

Table 2: Strategic objectives, measures and their relative importance

	Strategic Objective	Measures	Importance
Financial	Revenue	Look to book ratio	15%
	Understand Dealer Needs	Deals closed	15%
	Sustainable Relationships	Quality Feedback	10%
Members	Creating a message with a seamless call to action	Increased Membership	20%
Internal	Work Efficiently	Time to complete tasks	10%
	Work Effectively	Issue resolution	10%
Learning	Brand Awareness	Online Activity	10%
	Leverage Network Effects	Number of Collaborators	10%

With the general growth objective, these recommendations cannot be isolated to any one of the four categories of growth. Four concepts are discussed in Section 6.2 that have been developed based on an understanding of these four dimensions of growth. In Section 6.3, these concepts will be evaluated to determine which may become strategies that will be prioritized for implementation. Before moving to Chapter 8, which presents an “enjoyably simple”

implementation plan that details the recommended strategies; Chapter 7 considers First West Credit Union's Automotive Financing marketing strategy.

6.2 Business Strategies, Ideas and Concepts

Online automotive business strategies and concepts have been developed collaboratively with the First West Credit Union Automotive Financing team. By working together to address the problem statement, "How do we make online automotive financing enjoyably simple to find and use?" the analysis revealed several concepts. To help organize the concepts and develop them into ideas, the system users were divided into four groups 1) Non-members, 2) members of First West Credit Union, 3) Dealers and 4) Internal. During several interviews and a collaborative brain storming session, a mind map was developed to try to flesh out the concepts into more definitive and applicable ideas (please refer to the Mind Map, **Appendix F**). The following details the concepts that were considered to have strong potential.

The first set of concepts focus on the interaction between the dealership and the lender. These concepts are designed to improve this relationship and enhance the service being provided by the lender (First West Credit Union). It is important to understand the needs of the dealership so they can be provided the highest levels of service. A higher level of personalized service is the strength of the credit union and it is important to leverage that strength.

1. **Business Development Manager Feedback:** this concept identified the positive potential of having closer, more personal interaction between the dealership and First West Credit Union. Ideas developed from this concept were:

- 1.1 Allowing the dealership to create a "preferred profile" for how they would prefer deals to be structured; know your customer level (KYC) information that can be used to customize any future interactions.

- 1.2 Not shown on the mind map, but later discussion developed the idea of a lower “look” rate with higher quality interaction; the lending agent would call the representative at the dealership to discuss the particulars of the deal. The benefit of the personalized interaction would lead to a higher “book” rate of return. The lender here is signalling to the dealer that they are treating this deal with priority.

The next set of concepts is grouped around the idea of information sharing. By improving on the opportunities to share information, the process can offer greater value to the dealerships and First West Credit Union. A higher value information process may lead to the development of lock-in as dealers prefer an efficient and industrious process. By developing some stickiness to the new process, First West Credit Union could try to raise the switching costs for the dealerships.

2. **Pre-Fill Financing details:** this concept was to offer new and existing members the ability to pre-fill an application and have confidence that the credit union was on their side during the deal. Ideas developed from this concept where:

- 2.1 By starting the Dealer Track process First West Credit Union is fixed to become the lender for any financing. This may help remove some uncertainty for the member. This would require our solution to integrate Dealer Track’s Website Plus Technology.
- 2.2 Information sharing with dealerships to ask them to contact members for automotive sales services
- 2.3 First West Credit Union could integrate closely with some dealers and allow them to become dealers of choice, which would have special promotions. The risk here is that some other dealers maybe alienated.

The third set of concepts is to exercise the value of the leasing inventory. As leases expire, inventory is accrued by First West Credit Union and then sales agents sell the inventory.

The inventory support concepts are intended to improve the ability of the sales agents to share inventory information and directly impact sales volume.

3. **Inventory Support:** The sales and leasing support team believed that an improved interface to offer internal inventory for sale to dealers or members could be an effective concept to develop. Ideas developed from this concept were:

3.1 Advertise inventory and offer online deals to members

3.2 Distribute inventory lists to dealers. This automatic process would improve the quality and availability of information.

The issue with these previous ideas and concepts is that they still do not address the strategic objective of increased membership. They will increase revenues and lead to strong dealership relationships; however, without a way to sign up as a member easily any advertising is missing a key call to action. The final set of concepts develops the relationship between the car buyer and First West Credit Union. These concepts work to increase the awareness of the car buyer. Information about First West Credit Union being the Lender for the financing agreement is shared and incentives to become a member are offered.

4. **Follow up connect:** The final concept is to connect with the non-member after they have a financing agreement with First West Credit Union. Currently email is sent to the customer (please refer to Welcome to Envision Letter, **Appendix B**) but this existing action can be improved upon.

4.1 Change the follow up email to a phone call.

4.2 The follow up must indicate to the customer that, if they became a member, there would be some immediate benefit to their loan/lease. Acquiring membership would be a free and immediate action, requiring no immediate need to come into a branch.

6.3 Assessment of Strategies, Ideas and Concepts

In this section, the business strategies developed (see section 6.2) are evaluated based on the measures defined in **Table 2**. Derived from the four concepts, there are nine ideas that are used in Chapter 7 to formulate recommendations and a marketing campaign strategy. To help provide an understanding of which online automotive financing measures these ideas will benefit or hinder, we will apply a rating. The ratings range from -2 to 2. If the idea will greatly grow the measure, it is given a 2; but if it is likely to hinder growth of that measure then it is rated -2. After assigning these ratings, First West Credit Union's degree of importance is multiplied by each rating. The total rating for that idea is a sum of all of the weighted ratings. The assessment summary is presented in **Table 3**.

Table 3: Assessment of Ideas Rated by Measures

Measures	1.1	1.2	2.1	2.2	2.3	3.1	3.2	4.1	4.2	Degree
Look to book ratio	1	2	2	0	1	1	2	0	0	15%
Deals closed	1	2	0	1	1	2	2	0	0	15%
Quality Feedback	1	2	1	0	1	1	1	2	2	10%
Increased Membership	0	0	2	1	1	1	0	1	2	20%
Time to complete tasks	1	-1	-1	0	-1	1	1	-1	-1	10%
Issue resolution	1	2	1	0	1	1	1	1	1	10%
Online Activity	0	0	1	1	1	2	1	0	1	10%
Number of Collaborators	0	1	1	1	-2	1	2	1	1	10%
Total Idea Strength	0.6	1	1	0.55	0.5	1.25	1.2	0.5	0.8	

After having weighted these ideas, we can make conclusions regarding value and priority. In Chapter 7 the project will develop these ideas into the marketing strategies and assess effort level and risk. As a comparison, ideas 1.2 and 2.1 have the same assessed strength, however, the latter will require a great deal of technical integration before it is possible to execute and the former is an operational change. After the analysis has determined the value of the activity to the organization, a road map of activities is developed. Relative risk and associated effort are included in the roadmap.

7: Marketing Strategy

Marketing strategy must determine, “Who is the target market?” This chapter will develop the characteristics of the target market and explain how the market is segmented. The chapter will also provide a market mix analysis to explain First West Credit Union’s brand’s unique selling point.

7.1.1 Target Market

First West Credit Union Automotive Financing markets a message that indicates they provide a competitively priced and “enjoyably simple” financing experience with a focus on local community. Automotive Financing markets to specific profiles of customers because they believe their community centred approach gives them an advantage when attracting new business. The Automotive Finance team has developed initiatives in partnership with local dealerships to target new immigrants to Canada. These dealerships generally service a specific ethnic minority and these initiatives are to help provide financing to new Canadians who have no credit history and would have a high enough credit score for general financing. The Automotive Financing team has also extended this profile to young adults who have again little or no credit history. The credit union believes a positive first experience for new users to the banking system will develop a long term and loyal relationship. The two profiles of new Canadian and young adult do not preclude the automotive financing team from targeting other user profiles.

7.1.2 Product

The Automotive Finance team markets two financing tools (loans and leases) as the products that are available to the end user. The concept of loans and leases has been described earlier. In general, these products are commodities offered by any lending institution. First West

Credit Union does market these products uniquely and changes the financing configuration and payment terms slightly when they are offered to new Canadians. There is the possibility to negotiate the quality of this product by adjusting the length of the financing, the amount required as an initial deposit or the monthly payments.

7.1.3 Price

The basic pricing strategy for automotive financing is neutral pricing because, as described, this general product could be considered a commodity. The “price” component of the product would be the charged interest rate; most institutions follow strict lending rules and generally align with the Bank of Canada rates. With the agency scenario of the dealership representing the car buyer when negotiating with the Lender, any penetration pricing provided by the lender would be taken by the dealership as additional margin. The best pricing policy is not to compete on price.

7.1.4 Place

The financing products are available to 375+ automotive dealerships because of the Dealer Track Network. The two brands, Envision and Valley First, allow the Automotive Finance Department access to car buyers in two wide regions. Envision services the British Columbia Lower Mainland and the Langley/Abbotsford region. Valley First operates in British Columbia’s Okanagan Valley, on Vancouver Island and in areas of Northern British Columbia. Gaining access to new users and areas requires the presence of a Dealer Track integrated dealer.

7.1.5 Promotion

The Automotive Finance team has several Business Development Officers who are responsible for meeting with the dealerships to communicate the marketing message and provide information about the financing products. The Automotive Finance team operations personnel

also provide telephone support to customers and members who require information about the available products and promotions. In addition, dealerships are invited to the First West Credit Union office for promotional events and conferences. Beyond these forms of personal and direct selling, there is little online advertising on the First West Credit Union websites because of the potential harm to the dealership relationship. If the product promotions are advertised, it is by the dealership and represented as a dealership promotion

The marketing strategy further exposes the strength of the dealership and highlights how the dealerships also rebrand the marketing of the Automotive Finance product. The New Canadian program does attempt to collaborate with dealerships; however, the dealerships still control the credit union's message.

8: Recommendations and Implementation

Chapter 8 will discuss the recommendations developed from the research and analysis and assess how the recommendations would affect the business operationally through system upgrades and online awareness. Each recommendation will be associated with a Product Placemat, a process that is used by the First West Credit Union team as an input into their development process. This section will conclude with a purposed implementation roadmap with a risk assessment. This chapter provides First West Credit Union with artifacts that can be used to leverage the research.

8.1 Scope of Requirements

Working with the First West Credit Union team, the project has developed a series of recommendations and an implementation plan. Online automotive financing cannot be grown without growing the scope of this project. The recommendations have been separated into operational, online functionality and brand awareness changes. These recommendations can be implemented in a staged process and elements from these suggested recommendations can be combined into a larger online marketing campaign. Recommendations have also been made to further explore ideas that showed merit for further exploration.

Each of the recommendations is developed through the analysis and working with the First West Credit Union team. The strategic objectives presented in **Table 2** were assessed for their strengths in **Table 3** and the recommendations were developed once the strength of the ideas was understood. The following sections will explain the details of each recommendation and then explain which strategic objectives presented in **Table 2** are achieved.

8.1.1 Operational Changes

Online Automotive Experience 1.1 - Personalized Experience

Personalized service and thinking at the user level is a competitive advantage of First West Credit Union. This competitive advantage would be difficult for a competitor to reproduce because this is a by-product of the credit union's corporate culture. The Lender provides a quality-experienced role to the Automotive Finance team that is not leveraged by an automated process. One of the recommendations is to apply the personalized service to the lending process. Dealers have different priorities when assessing which lender they select for financing a deal. These priorities can change from deal to deal and can also change depending on who the business development manager is that day. If the lender agent was asked to contact the business development manager on a deal by deal basis (especially if First West Credit Union was the first choice), this will signal to the dealer that First West Credit Union is providing the following:

- Higher quality and personalized service
- Attention to the needs of the deal and the “Story” of the buyer
- Working to get this deal approved for the dealer now, reducing any further effort
- Fostering a long term relationship.

Dealers that prefer a simple process, which is not technically over-engineered or automated, may appreciate this service. If a dealer does not need this type of service, our responsiveness can be adjusted to suit their needs. The effect for the lender will be to reduce our “looks” because of the additional time required and increase “books” because of the personalized service; the desired result will be to grow the number of closed deals and lender job satisfaction. In the end, First West Credit Union wants the dealer to know that they can talk to and work with their lender. Lenders can work with business development officers to develop dealership preference sheets, which may be replaced by an online form in the future.

This recommendation is based on the strength of achieving all of the financial strategic objectives presented in **Table 2**. This recommendation was developed from idea 1.2, which has a total strength of (1) in **Table 3**.

Online Automotive Experience 1.2 - Continuity Promotion

Another recommended operational change would occur after the financing with First West Credit Union is complete. Currently a welcome letter is sent to the client with an invitation to become a full member with the credit union. It is recommended that we enhance this invitation with an immediate and simple member promotion. With a modification to the consent form signed during the financing process, we can authorize permission to contact the client, preferably by phone or email. We would then promote a “free” reward to the client that can be claimed once they are a member of the credit union or as a thank you for an existing member continuing their business with us. It would be best if this promotion improves or targets the financing agreement. During the phone call, we could leverage the new “Simple Free” account type and invite the client to come in and complete the paperwork at their discretion.

This recommendation is based on the strength of achieving the “Quality Feedback” and “Increased Membership” strategic measures presented in **Table 2**. This recommendation was developed from idea 4.2 which has a total strength of (0.8) in **Table 3**.

8.1.2 Website Upgrades

Online Automotive Experience 2.1- Online Call to Action

The existing websites for Envision Financial and Valley First Credit Union offer extensive information explaining the banking options available to the public. The “keeping it simple” slogan is a strong brand message and is consistently presented; however, the call to action requires the client to come to a branch office. With nearly non-existent click through rates for web users, we must have a message in the online automotive financing section of the web site

that sticks with the car buyer and potential future member. Further, it will be rare that a customer will go to the Envision Financial website first when looking for an automobile; they are more likely to start at a dealership website. It is recommended that we create a context sensitive landing page for all Envision automotive financing promotions. This promotion page will explain the details of any promotions related to the automotive financing program, similar to the earlier suggest “Simple Member Promotion”. Using internet technologies and leveraging dealer relationships we could purchase add space on dealer websites to advertise this promotion. The promotions could be advertised as a joint offer between Envision and dealers. The call to action for the car buyer is to simply ask for the promotion during the financing process or for the dealer to use the promotion to help close the deal.

This recommendation is based on the strength of achieving the “Online Activity” and “Increased Membership” strategic measures presented in **Table 2**. This recommendation extrapolates on idea 4.2 and attempts to target new memberships instead of passively reacting to new agreements.

Online Automotive Experience 2.2- Leasing Inventory Integration

Another recommended enhancement to the website’s functionality is to integrate the leasing inventory into a web interface. This inventory list and search function could then be leveraged by dealerships to review our available stock and simplify the daily tasks of our sales team. This inventory list could be further extended to be a data export that could be integrated into dealership systems.

This recommendation is based on the strength of achieving the “Deals Closed” and “Number of Collaborators” strategic measures presented in **Table 2**. This recommendation expands on idea 3.2, which has a total strength score of (1.2) in **Table 3**.

Online Automotive Experience 2.3 - Online Registration

Providing the ability for new members to register online is a challenging recommendation to complete. While the immediate demand may not exist, it will position the credit union strategically to be able to offer other innovative programs that may need to leverage online registration as a call to action. Online Registration does have limitations such as the existing limitations of being integrated with the Central 1 architecture and the proprietary content management system. Central 1 Credit Union is the central financial facility and trade association for the B.C. and Ontario credit union systems. Further, legislative concerns, privacy concerns, identify verification and credit union share purchase rules will need to be considered. There may be an opportunity to leverage the “Simply Free” account type to create a placeholder account. The key follow up to this new account is transitioning the new member to use this account as their primary banking solution.

This recommendation is based on the strength of achieving the “Online Activity” and “Increased Membership” strategic measures presented in **Table 2**. This recommendation extrapolates on idea 4.2 and attempts to proactively target new memberships; however, due to the reasons described earlier, the idea has risks that should be taken into consideration.

8.1.3 Website Awareness

Online Automotive Experience 3.1- Brand Awareness

This recommendation is a place holder for the message and promotion that will be developed as a part of the other recommendations, such promotions and call to action. The new promotion will require marketing and awareness to generate the necessary “buss” and awareness. This recommendation relies on other recommendation’s implementation decisions and thus is challenging to define.

The current state of website awareness and search results is strong but still lacks the critical call to action necessary. Depending on the project placemats and decisions made, a promotion and marketing activity will be required and can be defined as a part of the placemat.

It is recommended that brand awareness continue to be grown organically by creating stronger links with dealership websites and user testimonials. Ways should be found to provide incentives to members who tweet or post to Facebook about their automotive financing experience. It is further recommended that Search Engine Optimization be deferred until a strong call to action is determined. The question “Why would non-members come to our website?” must be answered.

This recommendation is based on the strength of achieving the “Online Activity” strategic measure associated with “Brand Awareness” objectives. No single idea is a source for this recommendation because this it requires future development. As other ideas are implemented, the content of this recommendation will materialize.

8.1.4 Campaign

Online Automotive Experience 4.1 – User Experience Campaign

The objective of this campaign is to leverage the existing car buying process and integrate it with the First West Credit Union new member process. This campaign will incentivise the dealer to choose First West Credit Union as the lender of choice. The “Keeping it Simple” member promotion (Recommendation, 2.1) allows the dealers to offer the car buyer a special “promotion” and allows the dealer to earn advertising revenues. This campaign will offer the car buyer a special promotion and a simple free new First West Credit Union account, all with limited effort.

The call to action from the online advertising (Recommendation, 3.1) will be to go into dealerships and ask for the “special” financing promotion. Visitors to the dealerships’ websites

will find banner ads promoting the deal, with a click through taking the user back to Envision's context sensitive landing page.

At the dealership, the dealer will be required to use Envision as the lender to help improve the deal with the promotion. First West Credit Union's helpful lending agent will remind the dealership of the promotion (Recommendation, 1.1). The dealer will get a consent form signed by the customer for follow up from First West Credit Union customer support about becoming a member and getting the promotion (Recommendation, 1.2). The customer will apply for a "Simply Free" account and become a new First West Credit Union member, if the team has executed the online registration project (Recommendation, 2.3), then the client can become a member online and complete their access to the promotion.

For the different users involved, there are the following benefits:

- A) Dealer gets free promotion and advertising, with an incentive that can be used to close the deal
- B) Customer gets a deal and simple sequence
- C) Lender gets a deal and a new member.

Leveraging the other existing placemats, this new campaign helps provide a complete user experience.

This idea is not developed from the strategic objectives and measures identified in **Table 2**. This recommendations attempt is to leverage the strengths of several ideas into one campaign.

8.1.5 Research and Exploration

Online Automotive Experience 5.1 – Dealer Track – Website Plus

Dealer Track is an integrated part of the automotive financing process and cannot be overlooked for potential opportunities available in a closer partnership. Dealer Track offers

dealerships a simple integration product called Dealer Track – Website Plus. Website Plus is linked to dealerships’ websites and opens a portal to the Dealer Track system through a web interface. Website Plus offers a low cost solution to dealerships who want to integrate the Dealer Track system for processing their automobile financing. It is worth exploring the opportunity to integrate the Deal Track – Website Plus technology into the credit union’s websites; this would allow members to begin the application process. If the credit union could offer applications to dealers, this could alter the forces that affect the relationship between lender and dealer.

This recommendation is based on the strength of achieving the “Look to Book Ratio” and “Number of Collaborators” strategic measures presented in **Table 2**. This recommendation expands on idea 3.2, which has a total strength score of (1.2) in **Table 3**.

8.2 Project Placemats and Road Map

In this section, we will develop the recommendations into an artifact that can be utilized by the First West Credit Union’s implementation framework. The First West Credit Union’s Lean process uses project placemats to document project opportunity and risk. This project will provide project placemats for each recommendation and then organize them into an implementation road map.

8.2.1 Project Placemat

The project placemats have been created from the concepts, ideas and strategies developed by the author with the First West Credit Union Automotive Finance team and other users. The project placemats can be used to discuss and understand the project opportunities or problems being addressed. Further, the placemats discuss goals and scope, and additionally the placemat can be used to structure a project team and milestones. Strategic value from the

placemat can be found in the strategic priority being addressed and the metrics associated with effort and cost.

Project placements for each recommendation made in Section 8.1 are presented Developed Placemats, **Appendix H**.

8.2.2 Schedule and Milestones

Project milestones are found in each of the separate placemats. The project teams will determine the deliverable dates for these milestones; the estimation process will require a refinement of the objectives and scope with input from the resources involved.

8.2.3 Roadmap

Figure 8 shows the recommended order for the execution of which the project placemats. The intention is to build up to the campaign placemat and then work on the more challenging research initiative.

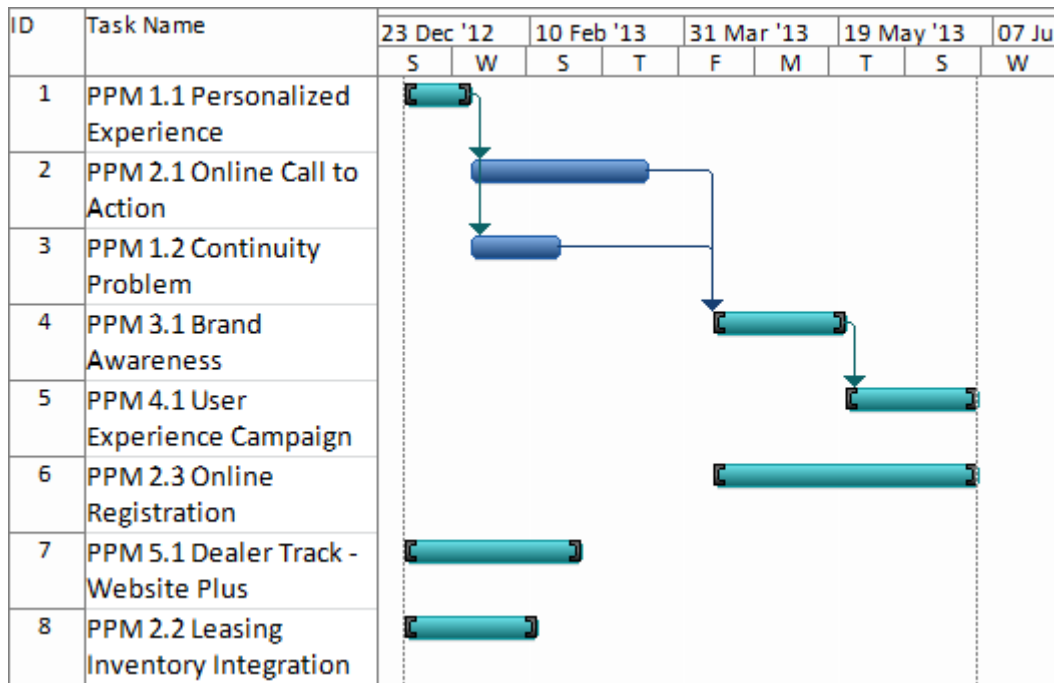


Figure 8: Recommendation Roadmap

9: Conclusion

The objective of this project was to help First West Credit Union's Automotive Finance team achieve the target of 50% growth over the next three years. This target was to be met by developing collaborative relationships, exploring new markets like the internet, and growing membership. While the project was titled "Online Marketing of Automotive Financing", the scope of the objectives required a detailed analysis of the entire automotive financing process. The terms "Marketing and Online" may give the impression that this project would be an exercise in search engine optimization and web page development; however, this is not the case. When looking at the users of the automotive finance process and the target goals, there is an incompatibility in the objectives. Dealerships are the largest source of revenue for automotive financing; however, they have no desire to help support credit union membership growth. Dealerships earn a great deal of revenue from facilitating the financing process, which a car buyer can circumvent by dealing directly with the credit union. Dealerships would prefer that the Automotive Financing department have no contact with the car buyer until after the car is sold. If the Automotive Finance department marketing targets online car buyers, this will be received negatively by dealerships and would hurt any future relationship. Dealerships are currently competitors when offering their own financing or customers because they have the option of shopping around their financing lender of choice.

This project conducted a situation analysis to understand the current market place and the users involved. A detailed analysis of the sequence of events during the finance process was conducted and compared to how a membership driven finance process is conducted. With limited online infrastructure, the online membership process is not "enjoyably simple". A car buyer experiences a simple financing experience when dealing with the automotive dealership. An

internal analysis of the First West Credit Union's Automotive Finance department revealed a diligent and experienced team that has bought into the credit union customer first mandate. This team is experiencing the growing pains of a rapidly growing business. The Automotive Finance department also recognizes the need for modernization in their skill set and technology. Further external analyses were conducted, which included a review of the online market place and the offerings available in the banking sector; Porter's (1980) Five Forces analysis and an environmental analysis. Consolidating the external analysis with a series of interviews and group brainstorming sessions with the department, several strong concepts and ideas emerged.

After conducting a decision analysis and developing the concepts into a series of recommendations, it is recommended that the dealerships must be converted into collaborators. The recommendations are designed to provide a close personal relationship with dealerships and an incentive system that encourages dealerships to promote credit union membership to car buyers. The recommendations are staged into a series of achievable tasks that can be integrated with a large marketing campaign. The recommendations have been translated into product placemats that detail scope, organizational goals and milestones. First West Credit Union implementation framework uses product placemats as a starting place for product evaluation and development.

The roadmap provides a suggested order of execution for the recommendations and is designed to provide the most value as quickly as possible. The effort required for each recommendation is dependent on the skill set of the resources available and should be estimated by the deployment team. The relative difficulty and cost of each recommendation has been defined.

Finally, the interpersonal relationships fostered by the great people who work on the Automotive Finance team are the competitive advantage of this department. Many dealerships prefer the simple straightforward relationship and have commented that over-engineered solutions

always have negative results. “Enjoyably Simple” is a First West Credit Union principle that is embraced by the Automotive Finance Team. Technology has made the finance process simple; relationships will ensure it is enjoyable.

Appendices

Appendix A – Project Charter

Project Name: Online Marketing of Automotive Financing	
Date: 04/05/2012	Revision Number: 1.0

1. **PROJECT GOALS**

First West Credit Union, through the Envision Financial and Valley First brands offer automotive financing services. The Automotive Finance team is responsible for managing both the loan and leasing portfolios.

The Automotive Finance team has a target of 50% growth over the next 3 years, which demands that they explore new markets and source new customers. The Automotive Finance team also wants to help grow credit union membership by attracting and retaining these new customers with the offer of these enhanced services and by developing brand awareness.

2. **DELIVERABLES**

Business Case Analysis and Implementation Plan

Market Analysis – identify opportunities, document incumbent options, and discuss partner presence.

The market analysis will be used as an input for evolving the set of implementation requirements. This will include a discussion regarding web presence, brand awareness, search engine optimization, use of social media technology (Facebook, Twitter, blogs) and web site design.

Requirements Specification – provide a recommended series of system changes and enhancements to meet awareness and functional goals. Discovery of requirements to be reached through domain research and key interviews.

Each deliverable will have an explanation of its desired value and impact. Sitting down with the team, we will review requirements to

determine priority and use this feedback in the project implementation plan.

Project Plan - we will provide “Projected Project Deliverables and Milestones”. The project plan will contain resource projections, a detailed list of priorities and an implementation plan.

3. SCOPE DEFINITION

The project will include:

Market Analysis:

- Research current state of online automotive finance solutions and competitors
- Identify possible strategic partners (for advertising and links)
- Market Mix Analysis
- Five Forces Review
- Web presence review

Requirements Specification:

- Proposed changes to enhance the system
- Detailed description of the changes that can be used to generate a test plan

Project Plan:

- Identify high-level resource requirements (FTE, IT, financial, etc.)
- A ‘roadmap’ for implementation – work breakdown structure

The project will not include:

Limitations or discussion regarding development methodologies; it is assumed that internal resources will want to leverage current practices.

Development of marketing material will come from internal department; recommendations can be offered.

Discussion of operational changes will not be required.

4. PROJECT MILESTONES

Project Updates

- Project Manager will deliver a written update to the project sponsor every second and fourth Thursday of the month

Project Milestones are being determined...

Market Analysis Review
 Requirements Specification Review
 Implementation Plan Review

5. ASSUMPTIONS, CONSTRAINTS & DEPENDENCIES

Assumptions:

- All research and development is to be kept confidential
- Scope change control process will be provided
- Formal acceptance will require final review

Constraints:

- Project Manager has pre-existing full time requirements

Dependencies:

- Availability of resources and staff from First West Financial

6. RELATED DOCUMENTS

Student Project for Online Marketing of Automotive Financing.doc

7. PROJECT ORGANIZATIONAL STRUCTURE

Function	Name	Role
Champion	Catherine Dangerfield	Project Sponsor
Driver	Amer Sidhu	Project Manager

8. PROJECT AUTHORIZATION

Approved by:	Project Sponsor	Date
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Approved by:	Project Manager	Date
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Appendix B – Welcome to Envision Letter

July 13, 2012

Dear Lessee:

Lease #: 003839

Congratulations on the purchase of your new 2006 FORD E450 through Messiah Motor Cars Inc. !
I would like to personally thank you for choosing Envision Leasing to finance your vehicle lease.
As a division of Envision Financial we would like to extend an invitation to explore Envision Financial's full suite of products and services.

Envision Financial has a new "Simply Free" Account, with no minimum balance requirement.
We'd love to welcome you as a credit union member and to offer you promotions such as this one.

We would also welcome the opportunity to talk with you about the full range of products and services offered by Envision Financial . If you would like to learn more, please feel free to call the branch nearest you. A full list of locations can be found on our web site at <https://www.envisionfinancial.ca/Personal/AboutUs/ContactUs/CorpPhoneDirectory>

Once again, congratulations and thank you for choosing Envision!

Sincerely,

Catherine Dangerfield

AVP Automotive Services
Envision Financial

* Conditions apply. See us for details.

Appendix C – Lean Placemat Template

Project Placemat

Effort: Easy **Medium** Difficult
 Cost: Cheap **Medium** Expensive

PROJECT: Insert Project Name Last Update Date:

Opportunity/ Problem • Insert Purpose Here	STRATEGIC PRIORITY Insert Strategic Priority Here (See comments for a list)
--	--

GOALS:
 •

SCOPE :
In Scope:

COST:
Internal: (person days)

IMPACT:
Member Impact

External: (hard dollars)

Staff Impact

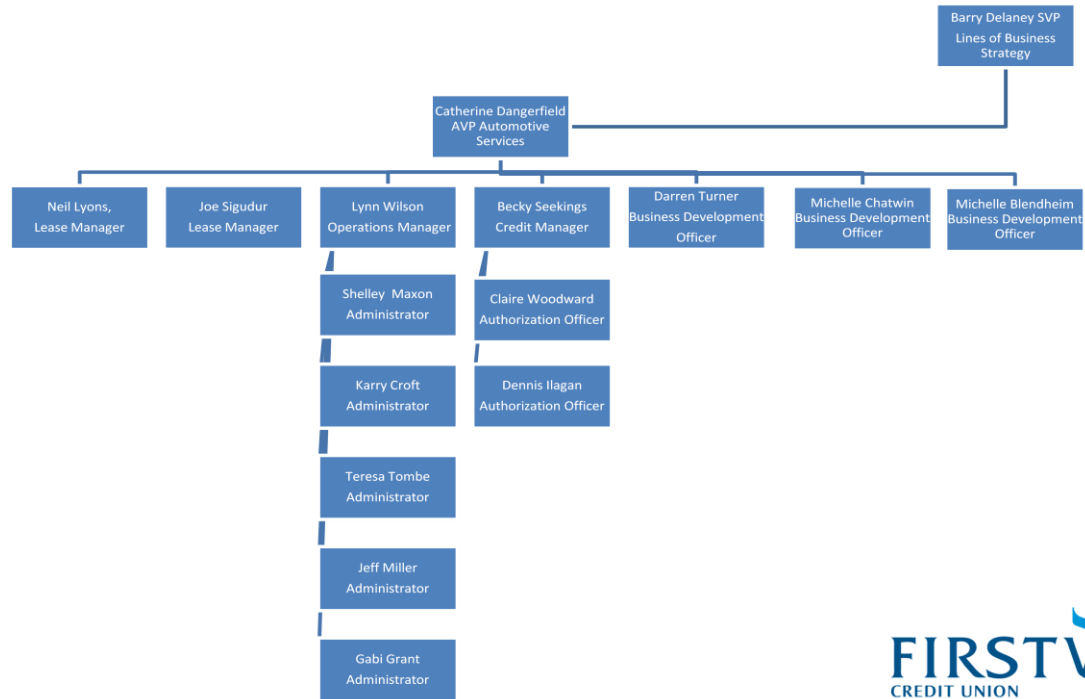
3rd Party Impact:

Out of Scope:

Project Team		Project Milestones	
Role	Team Member	High Level Milestone	Proposed Date
Executive Sponsor			
Business Owner			
Project Manager			
		Date Approved by Executive Sponsor:	

Appendix D – Organizational Structure

First West Auto Team Structure



Appendix E – Observational Interviews

Meeting with Lynne 12/06/12

We went over the Dealer Track system covering the Lease and Loan systems.

Dealer Track.ca – provides customer support service, but Envision does provide some support

Dealer Perspective

Dealers can look up a list of applications and filter them by the current status; here they can also filter by lease, loan and other details.

Loan – for this process they first create a new application in which they begin to enter the applicants' information. The dealer will typically enter the least amount of information possible (minimum required).

They can also at this point select the lender - Is the lender list sorted alphabetically?

Typically the financial summary and asset + liabilities sections are not filled out; this information could help in the process. As an example, if an applicant does not have a mortgage or credit history but does have RRSP's (such as a student) this additional information may qualify them for financing.

Worksheet – enter vehicle details, financing terms.

Once the loan has been approved it is valid for 60 days. There is the potential for the dealer to shop around with other lenders to get a more favourable arrangement. (This could be for their client or reserved for the dealer.)

Lynn believes that approval conditions and turnaround time are key reasons for completions not being with Envision.

Relationship building is important because it increases willingness to work together and help each other (Becky, Dennis, Clara) – Lenders. Sometimes Dealers will contact the Lenders directly to get their issues expedited. Dealers can see the name of the lender working on the approval.

Lender

- First thing they do is pull credit bureau report.
- The lender can choose from the possible list of statuses
 - Approval (manual conditions can be included)
 - Conditional Approval (not a good choice because it signals a delay in the process)
 - Credit Pending
 - Declined.
- This is a manual process that requires information to be moved from the dealer to the lender and back to the dealer. The BDO gets involved sometimes if the dealer requires support.
- Sometimes the dealer can let the car go home with the customer even if the approval is not made. At this point the dealer is very motivated to get the deal completed.
- There is a queue that they must monitor at all times to know when a deal has come in – no email integration, no blackberries.
- There is a project in development that will automate some of the decision processes (with Trans-Union).
- 3 Lenders process about 50 deals/day.
- Of the 900+ deals approved every month there is only a 20% conversion rate (this was an extrapolation and this number needs to be verified).
- Some dealerships are first required to finance within their network (Ford must talk to Ford).

BDO – Business Development Officers

- 536 Dealers are managed by 3 BDO's (Michelle B. Michelle ...)
- How often do you speak with the different dealership business managers?
- Michelle is in charge of everything west of the office and Michelle B is in charge of the island and everything else.
- Follow up on the Lender Funded Other Approved Sheet?

Envision Financial Leasing

- This system will be replaced by the dealer track leasing system.
- Envision has only leasing service besides WS.

- The system has a learning curve.
- Sales guys (Joe and Neil) still use the Envision financial leasing system for picking up terminating leases and managing the customer. They also use this system to manage inventory.
 - They process 14 leases per month but they would like to do 35; there is a lack of capacity (overworked)
- How do the guys like the Envision leasing website?
- Functionality? Reliability?
- Lynn mentioned that there is a defect tracking system.
- Instead of send a handled customer who does not want a lease, they may use Dealer Track to offer loan. (not often)

Lease Complete

- Backend accounting system

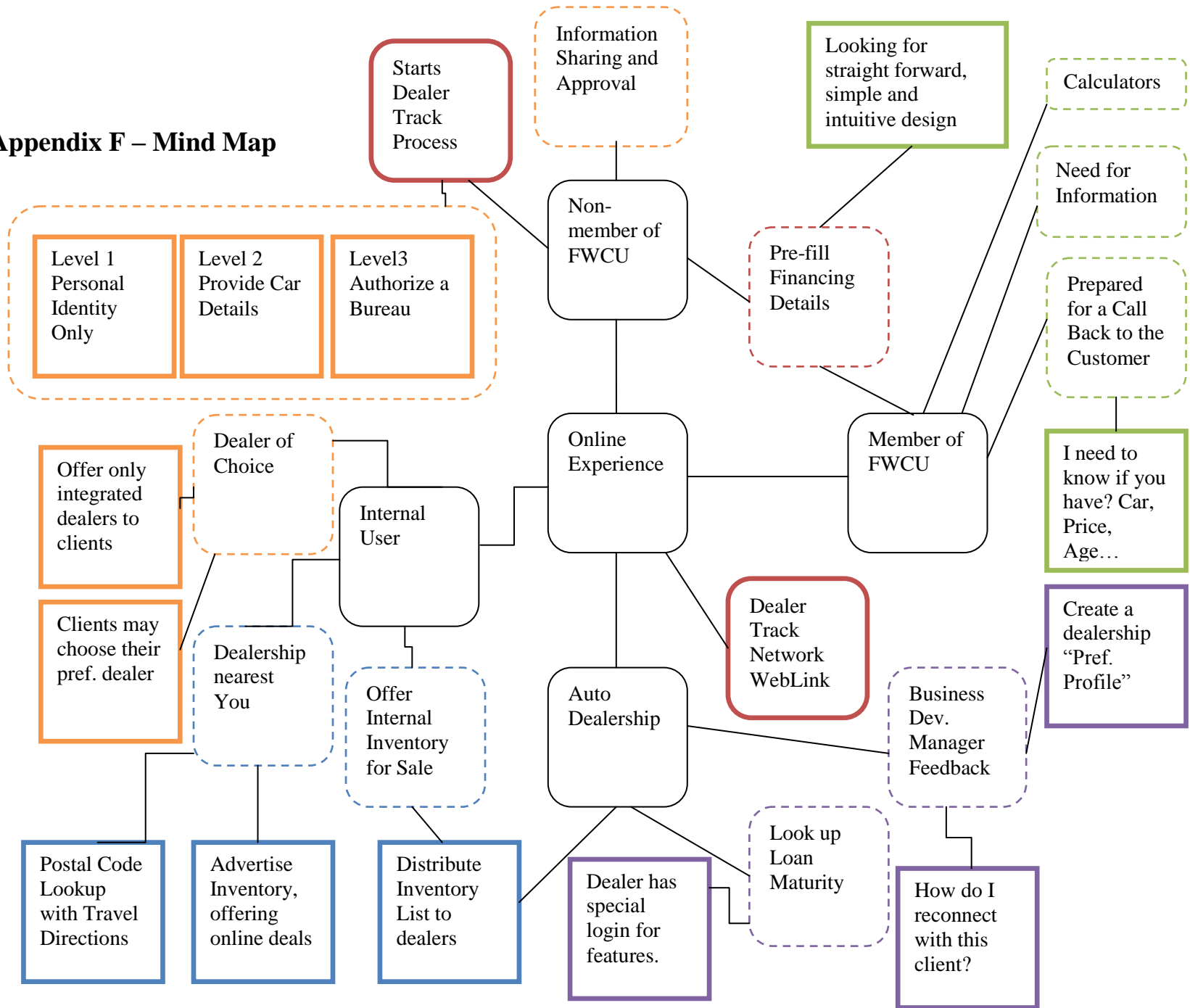
Funding

- Loans – dealers love the way we pay (20 per days) direct into the system.
- Leasing – overnight cycle (from lender to accounting and then back) 2-3 cycle.

Reporting

- Loans are compared by dealer by month from year to year; quality is important. (Why do some dealers drop off on usage?)

Appendix F – Mind Map



Appendix G - Questionnaire

First West Financial – Website Questionnaire

Project Name: Online Marketing of Automotive Financing	Respondent: Jose Silva
Date: 04/25/2012	Revision Number: 1.0

After having looked at what is available on in the internet market space for car financing options, I would like an insider's take on the current First West Financial offering. Our goal will be to drive more users to this system and I would like to understand its current state.

1. Do you believe the current website offers what Envision Financial Client need for Car Automotive Financing? I think there is lots of opportunity for improvement.
 - a. What kind of improvements do you believe are required? *User experience improvements, meaningful content, call to actions and additional services to drive more sales.*
 - b. Is there needed functionality which has been requested by clients or is provided by a competitor? I think the first thing would be to drive more traffic to our site and generate awareness of the great services we provide. From there I think we have opportunities to make the sale more convenient for the member by providing online forms, tools/calculators, etc.
 - c. How well would you rate the Envision / Valley First Financing website in terms of usability? N/A (The website is so simplistic and lacking in content that it is hard to rate.)
 2. Do you believe the website is used more as an informational tool, or is it effective for financing applications? Just information tool (but I would even question this)
 - a. How many financing applications have been processed by the website? What is this in relationship to actual processed applications? I don't have information on this metric.
-

- b. Do you believe any information is lacking from the website which is easier to provide in person and aids in the completion of the application process? I think the site could be more education and provide more web 2.0 content, including videos, blogs, forums, advice, social media integration, etc.

3. Jose indicated that there are no web analytics on the web site, is there any metric for determining drop-off? Essentially can it be determined at which stage in the web process most users will cease the application? We can get stats on this but the key thing is that there is no application form or call to action in our site other than a contact us form.

- a. Do I have to be an Envision Client before I can begin the application? No
- b. Is there a mechanism to be able to follow-up with these users in case they have issues? N/A
- c. Is there customer support in case I have a problem with my web application? Will they walk me through the web process or fill my application manually? No
- d. Do we have a measurement of the number of users who visit the Envision Financial and Valley First websites? Yes What metrics are available? Our Marketing department has web analytics for our main websites
- e. Valley First does seem to have an Auto Financing option, but it does not seem integrated with the rest of the web site. Is this still under development? It seems that the calculator hasn't been integrated with the page properly (it is a java applet provided by a 3rd party vendor)
<https://www.valleyfirst.com/SharedContent/java/CAAutoLoan.html>

4.

5. In the past has work been done to analyze the usability of the <http://www.envisionleasing.ca> website? No

- a. How often is this website updated? Typically just for rate changes
- b. Is it necessary to login before I can begin an application for a lease? The website only provides online services to registered dealers, not directly to end users. Dealers do have to log in
- c. Does this website generate a great deal of traffic? No, most of the traffic is generated by Dealers

-
6. Are there any technological concerns or limitation on the backend support required for the financing/loans systems? We have some limitations with auto-decisioning which is something that is being worked on with TransUnion. Process is manual, it gets added to Prolender/WB
- a. Could you provide a brief description of how the system functions? Loan is underwrite in Prolender and then created in WB (banking system). Prolender and WB are integrated (there is an interface in place)
 - b. Could you provide a high level system diagram? I am attaching the Leasing and Envision systems diagrams for reference.
 - c. Is there ability to white label this API such that it can be integrated with partners seamlessly? Yes but are often very costly and limited (ie Prolender)

-
7. Is the First West Financial Automotive Financing System currently integrated with any partners? No but are working on a project to integrate with Dealer Track
- a. If yes, then what are the challenges and benefits of this approach?
 - b. If no, what are the limitations that prevent this arrangement?

Appendix H – Developed Placemats

Online Automotive Experience 1.1 – Personalized Experience



Project Placemat

Effort: Easy **Medium** Difficult
 Cost: **Cheap** Medium Expensive

PROJECT: Online Automotive Experience 1.1

Last Update Date: 06/05/12

<p>Opportunity/ Problem DH9</p> <ul style="list-style-type: none"> The need to develop a stronger and personalized service for Dealership Business Development Managers. DealerTrack de-humanizes the lending process and removes the our ability to leverage our core capabilities and competitive advantage. 	<p>STRATEGIC PRIORITY EN2</p> <p>Meaningful User Experience with the Dealers</p>
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<p>GOALS: DH12</p> <ul style="list-style-type: none"> Higher number of bookings from targeted Dealers Improved Qualitative understanding of dealership drivers, developed by working through deals 	<p>SCOPE: MH1</p> <p><i>In Scope:</i></p> <ul style="list-style-type: none"> A) agent script for what and how to communicate to dealers B) Plan to notify and target specific dealers C) Develop KPIs <p><i>Out of Scope:</i></p>	<p>COST: DH14</p> <p><i>Internal: (person days)</i> TBD</p> <p><i>External: (hard dollars)</i></p>	<p>IMPACT: EN1</p> <p><i>Member Impact</i> NA</p> <p><i>Staff Impact</i></p> <ul style="list-style-type: none"> A) Time spent on new process <p><i>3rd Party Impact:</i></p> <ul style="list-style-type: none"> A) Time spent on new process
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Project Team DH11	
Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	
Project Manager	Becky Seekings
Resource	Michelle B.
Resource	Michelle C.

Project Milestones DH10	
High Level Milestone	Proposed Date
A) New Script with KPI	MM/DD/YY
B) Execution Plan	MM/DD/YY
C) Performance Review	MM/DD/YY
D) Revised Execution Plan	MM/DD/YY
Date Approved by Executive Sponsor: DH15	

Online Automotive Experience 1.2- Continuity Promotion



Project Placemat

Effort: Easy Medium Difficult
 Cost: Cheap Medium Expensive

PROJECT: Online Automotive Experience 1.2

Last Update Date: 06/12/12

Opportunity/ Problem DH9
 • A financed agreement between the CU and customer can become a “Full” membership if can create value for the customer as it relates to the financed agreement.

STRATEGIC PRIORITY EN2
 Continue the User Experience with an opportunity to become a member

- GOALS:** DH12
- Put in place a “free” financing promotion for all full members
 - Promote financing promotion to newly financed customers through phone, email or mail.
 - Leverage “Simple Free” account type for over the phone, for on the spot sign up; with visit for completion

- SCOPE:** MH1
- In Scope:**
- A) script for what and how to communicate to non-members
 - B) Develop Promotion to become “full” member
 - C) Upgrade Consent Form
 - D) “Simple Free” account over the phone
 - E) Develop KPIs
- Out of Scope:**

COST: DH14
Internal: (person days)
 TBD

External: (hard dollars)

IMPACT: EN1
Member Impact
 A) Time spent on new process

Staff Impact
 A) Time spent on new process

3rd Party Impact:

Project Team DH11

Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	
Project Manager	Lynn Wilson
Resource	Bryan Mavrow
Resource	

Project Milestones DH10

High Level Milestone	Proposed Date
A) New Script + Consent Form with KPIs	MM/DD/YY
B) Free – Financing Promotion	MM/DD/YY
C) “Simply Free” signup over the phone	MM/DD/YY
D) Execution Plan which includes review	MM/DD/YY

Date Approved by Executive Sponsor: DH15

Online Automotive Experience 2.1- Online Call to Action



Project Placemat

PROJECT: Online Automotive Experience 2.1

Effort: Easy **Medium** Difficult
 Cost: Cheap **Medium** Expensive

Last Update Date: 06/12/12

Opportunity/ Problem **DH9**
 • “keeping it simple” is a strong brand message, but there is no call to action for the online automotive customer; further it is rare that a customer will go to the Envision website when looking to buy a car, they are more likely to start at the dealership

STRATEGIC PRIORITY **EN2**
 Provide continuity to the user experience and gain value from site visit

- GOALS:** **DH12**
- Create “Keeping it Simple Member Promotion” with the an automotive financing perks
 - Promote and Market new Simple Member Promotion with Dealerships

- SCOPE:** **MH1**
- In Scope:**
- A) Develop promotion
 - B) Landing Page and Banner Ads
 - C) Market with collaborators
 - D) Develop KPIs
- Out of Scope:**

COST: **DH14**

Internal: (person days)
 TBD

External: (hard dollars)

- IMPACT:** **EN1**
- Member Impact**
- A) Call to action
 - B) Savings
- Staff Impact**
- A) Website Changes
 - B) New Promotion
- 3rd Party Impact:**
- A) New Promotion to close deal

Project Team **DH11**

Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	
Project Manager	BDO
Resource	Bryan Mavrow
Resource	

Project Milestones **DH10**

High Level Milestone	Proposed Date
A) “Keeping it Simple ” Promotion Plan	MM/DD/YY
B) Dealer Integration Plan	MM/DD/YY
C) Integrate Promotion with Key Dealers	MM/DD/YY
D) Review	MM/DD/YY

Date Approved by Executive Sponsor: **DH15**

Online Automotive Experience 2.2 – Leasing Inventory Integration



Project Placemat

PROJECT: Online Automotive Experience 2.2

Effort: Easy Medium Difficult
 Cost: Cheap Medium Expensive

Last Update Date: 06/12/12

Opportunity/ Problem DH9
 • the process for sharing leasing inventory data can be improved. This data can be integrated into a website for collaborators or customers for review and search. Further the option exists to export and distribute this information to collaborator systems

STRATEGIC PRIORITY EN2
 Offer our leasing inventory to collaborators and customers, by leveraging data technology

GOALS: DH12
 • Integrate Leasing Inventory into website with standard search options
 • Integrate Leasing Inventory into shareable interface or common data export format

SCOPE: MH1
In Scope:
 A) Website integration
 B) Standard Export Formats
Out of Scope:
 A) Specific Integration with collaborator

COST: DH14
Internal: (person days)
 TBD
External: (hard dollars)

IMPACT: EN1
Member Impact
 A) Searchable Inventory
Staff Impact
 A) Enhanced usability
3rd Party Impact:
 A) Access to information

Project Team DH11

Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	
Project Manager	Joe
Resource	Bryan Mavrow
Resource	

Project Milestones DH10

High Level Milestone	Proposed Date
A) Integration Requirements Review	MM/DD/YY
B) Integration Go-Live	MM/DD/YY
C) Review	MM/DD/YY

Date Approved by Executive Sponsor: DH15

Online Automotive Experience 2.3 – Online Registration



Project Placemat

PROJECT: Online Automotive Experience 2.3

Effort: Easy **Medium** Difficult
 Cost: Cheap **Medium** Expensive

Last Update Date: 06/12/12

Opportunity/ Problem DH9

- “keeping it simple” is a strong brand message, but the user experience to become a member online is missing. We draw customers to our websites with expensive marketing dollars, but then do not offer them any direction. Compare this to Amazon.

STRATEGIC PRIORITY EN2

Expanding our ability to offer future online functionality and expanding our customer base

GOALS: DH12

- Develop “simple” registration call to action
- Create “online” account type; perhaps similar to “Simply Free” account type

SCOPE: MH1

In Scope:

- A) website changes
- B) new account type
- E) Develop KPIs

Out of Scope:

COST: DH14

Internal: (person days)
TBD

External: (hard dollars)

IMPACT: EN1

Member Impact

- A) Call to action
- B) New Account Type

Staff Impact

- A) New Account
- B) Website Changes

3rd Party Impact:

Project Team DH11	
Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	
Project Manager	Jose
Resource	Bryan Mavrow
Resource	

Project Milestones DH10	
High Level Milestone	Proposed Date
A) New Account Type Requirements Review	MM/DD/YY
B) Integrate New Account Registration	MM/DD/YY
C) Marketing Plan with scheduled Review	MM/DD/YY
Date Approved by Executive Sponsor: DH15	

Online Automotive Experience 3.1- Brand Awareness



Project Placemat

PROJECT: Online Automotive Experience 3.1

Effort: Easy **Medium** Difficult
 Cost: **Cheap** Medium Expensive

Last Update Date: 06/12/12

Opportunity/ Problem DH9
 The current state of website awareness and search results is standard but still lacks the critical call to action necessary. Depending on the project placemats and decisions made a promotion and marketing activity will be required and can be defined as a part of the placemat DH12

STRATEGIC PRIORITY EN2
 Raise brand awareness of our offered features and services

GOALS:

- Promote other Placemats and campaign to raise brand awareness
- Explain to non-members why they would visit Envision.ca

SCOPE :

- In Scope:**
- A) Online Automotive Experience Placemats
- Out of Scope:**
- A) First West website

COST:

- Internal: (person days)**
 TBD
- External: (hard dollars)**

IMPACT:

- Member Impact** EN1
- A) Content contribution
- Staff Impact**
- A) Time spent on research and implementation
- 3rd Party Impact:**

Project Team DH11

Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	Bryan Mavrow
Project Manager	
Resource	
Resource	

Project Milestones DH10

High Level Milestone	Proposed Date
A) Scope and Objective Plan	MM/DD/YY
B) Implementation Plan	MM/DD/YY
C) Execution Review	MM/DD/YY

Date Approved by Executive Sponsor: DH15

Online Automotive Experience 4.1- User Experience Campaign



Project Placemat

Effort: Easy **Medium** Difficult
 Cost: Cheap **Medium** Expensive

PROJECT: Online Automotive Experience 4.1

Last Update Date: 06/12/12

Opportunity/ Problem **DH9**
 • With the other project placemats in place we have the opportunity to create a complete promotional experience. A campaign designed to extract the benefits of the other placemats (1.1, 1.2, 2.1, 2.3, 3.1)

STRATEGIC PRIORITY **EN2**
 grow membership
 grow lending deals
 grow brand awareness

GOALS: **DH12**

- Grow membership, financing deals and brand awareness

SCOPE: **MH1**

In Scope:

- A) Project Placemat 1.1
- B) Project Placemat 1.2
- C) Project Placemat 2.1
- D) Project Placemat 2.3
- E) Project Placemat 3.1

Out of Scope:

- A) Project Placemat 2.2

COST: **DH14**

Internal: (person days)

TBD

External: (hard dollars)

IMPACT: **EN1**

Member Impact

- A) Customer gets a promotional deal and simple sequence

Staff Impact

- A) Action items through the financing process

3rd Party Impact:

- A) Dealer gets free promotion and advertising, with an incentive that can be used to close the deal

Project Team **DH11**

Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	
Project Manager	Lynn Wilson
Resource	BDO
Resource	Primary Dealer

Project Milestones **DH10**

High Level Milestone	Proposed Date
A) Project Placemat Execution Roadmap	MM/DD/YY
B) Marketing Plan	MM/DD/YY
C) Promotion and Process Review	MM/DD/YY

Date Approved by Executive Sponsor: **DH15**

Online Automotive Experience 5.1- Dealer Track – Website Plus



Project Placemat

Effort: Easy **Medium** Difficult
 Cost: **Cheap** Medium Expensive

PROJECT: Online Automotive Experience 5.1

Last Update Date: 06/12/12

Opportunity/ Problem DH9
 • Dealer Track is an integrated part of the automotive financing process with features and technology that can be potentially leveraged by the Credit Union. Website Plus is a portal to the dealer track system which offers online application functionality at a low cost. Perhaps there is an opportunity to integrate this into CU.

STRATEGIC PRIORITY EN2
 Research integrating the rich set of features offered by DealerTrack

GOALS: DH12

- Understand and document the functionality offered by DealerTrack
- Measure and Prioritize opportunities for closer integration

SCOPE: MH1

- In Scope:**
- A) Dealer Track Research and Engagement
 - B) Develop KPIs
- Out of Scope:**

COST: DH14

Internal: (person days)
 TBD

External: (hard dollars)

IMPACT: EN1

- Member Impact**
- Staff Impact**
- A) Time spent on task
- 3rd Party Impact:**
- A) Dealer Track time spent on task

Project Team DH11

Role	Team Member
Executive Sponsor	Catherine Dangerfield
Business Owner	
Project Manager	Lynn Wilson
Resource	Dan
Resource	

Project Milestones DH10

High Level Milestone	Proposed Date
A) Dealer Track Feature Specification	MM/DD/YY
B) Feature Set Assessment	MM/DD/YY
C) Review	MM/DD/YY

Date Approved by Executive Sponsor: DH15

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Becky Seekings, Credit Manager

Jose Silva, Assistant Vice President of Information Technology

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