How branding & marketing can help change negative perceptions.

A view of Reverse Mortgages from the outside.



Jason Oke Global Client President Dentsu Inc

October 24, 2023

A bit about me...

27 years of branding/marketing experience with some of the world's biggest brands



So why is a marketing exec talking to you at a Reverse Mortgages conference?

The Problems with Reverse Mortgages

August 06, 2022 MST | Category: Retirement, Reverse Mortgage | 62 Comments



By <u>Dr. James M. Dahle</u>, WCI Founder

You need not assume by this post that I have anything against you using a <u>revers</u> bad product and those who sell them should get some cement shoes. If you truly mortgage works and still want to use one, I don't have a problem with that. But o

As reverse mortgages end, heirs are left with heartache

After a death, heirs who want to pay off reverse mortgages to hold onto a family home can be stymied by a seemingly endless cycle of problems.

Nick Penzenstadler USA TODAY
Published 9:01 PM EST Dec. 18, 2019 | Updated 6:20 PM EDT Apr. 22, 2020

MORTGAGE > REVERSE MORTGAGE

Are Reverse Mortgages Predatory?

Some lenders sell older homeowners a product that's not in their best interest

By AMY FONTINELLE Updated August 25, 2022 Reviewed by DORETHA CLEMON Fact checked by VIKKI VELASQUEZ



MORTGAGE > REVERSE MORTGAGE

The Downsides of a Reverse Mortgage

They're helpful in some cases but also come with risks

By ANGIE MOHR Updated September 18, 2023 Reviewed by LEA D. URADU

Reverse mortgages have a perception problem.

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Skepticism about reverse mortgages often stems from several reasons:

- 1. **Complexity of Terms:** Reverse mortgages can be complex, with various fees, interest rates, and conditions. This complexity can make it challenging for individuals to fully grasp the implications and potential risks.
- 2. **Potential for High Costs:** Critics argue that reverse mortgages may come with high upfront costs and fees, reducing the overall benefit to the homeowner. The interest on the loan can also accumulate over time, leading to a significant repayment amount.
- 3. **Impact on Heirs:** Since the loan is repaid from the proceeds of the sale of the home, heirs may receive less inheritance. This can be a concern for those who wish to leave their home as part of their legacy.
- 4. **Variable Interest Rates:** Some reverse mortgages have variable interest rates, which can introduce uncertainty about future repayments.
- 5. **Housing Market Risks:** If the housing market experiences a downturn, the amount that can be obtained from selling the home may not cover the full loan balance, potentially leaving heirs or the homeowner with a financial shortfall.
- 6. **Misuse or Mismanagement:** If the funds from a reverse mortgage are not used wisely, it can lead to financial difficulties later on. Some fear that individuals may be tempted to use the funds for non-essential or risky investments.

It's important to note that while there are risks associated with reverse mortgages, they can also be a valuable financial tool for certain individuals when used appropriately and with a clear understanding of the terms involved.

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branding Reverse mortgages have a perception problem.

What we're going to talk about today

What branding is, and why it matters



Brands help us make sense of the world

How to market a category (like reverse mortgages)



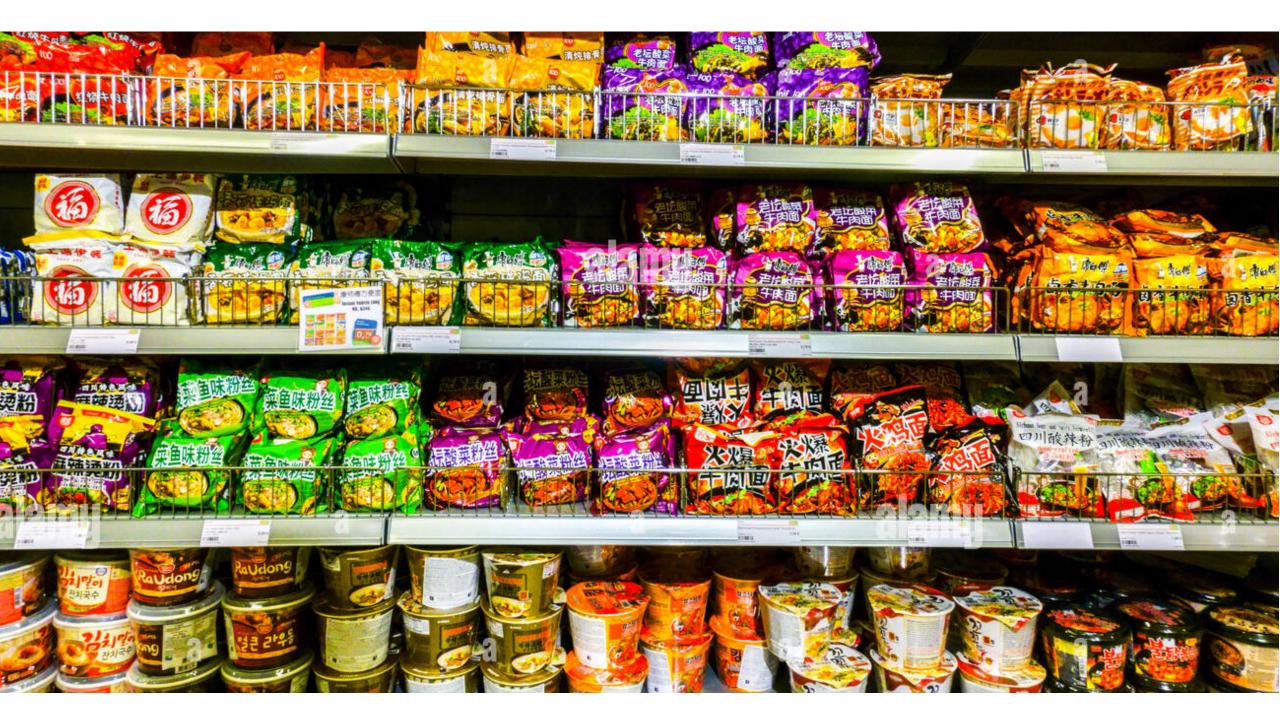
What to do when your 'product' is an entire category.

Overcoming misperceptions & changing beliefs



What to do when people don't like, trust, or understand you.

So we all know what branding is... but why is it important?



Brands provide simplicity of decision making.

We all have **thousands of decisions** to make every day.

And we don't want to – or like to – work hard to make most of those decisions.

Brands are a heuristic (a shortcut) that allows people to **navigate their world faster and easier**.

To make choices **quickly**.

To make meaning out of the world around us.

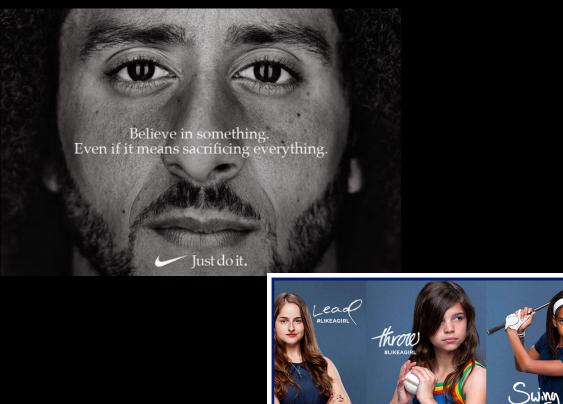
This requires **consistency**.

People also **don't pay close attention** to most things.

Creating meaning requires repeating the same messages, symbols and ideas **consistently & repeatedly**.

People like predictability & things that are easy to comprehend. And meaning builds over time from repeated interaction and exposure.

Symbols & signifiers matter as much as messages.



HIREAGRE HIREAGRE

Evoking emotions often works better than rational messages.

Successful marketing requires understanding **what people** <u>buy</u>, not just what you <u>sell</u>.

And those are not always (or often) the same thing. "Nobody wants to buy a quarter-inch drill bit. **They want to get a quarter-inch hole!**"

- Theodore Levitt, HBS professor

"In the factory we make cosmetics. In the store we sell **hope**."

- Charles Revson, founder of Revlon

Successful marketing requires understanding **what people** <u>buy</u>, not just what you <u>sell</u>.

And those are not always (or often) the same thing. "I've learned that people will **forget what you said**, people will **forget what you did**, but people will never forget how you **made them feel**."

- Maya Angelou



Example #1: The UK Automobile Association

2020: people stopped driving

Average annual mileage per car



You're in control when you drive? Driving is safe? Driving is cheaper than other transport options? Driving is fastest way from A to B? You're covered in case of an emergency?



Love that feeling?

We'll get you back on the road.

AA

Join today











THE AA's MOST EFFECTIVE CAMPAIGN EVER

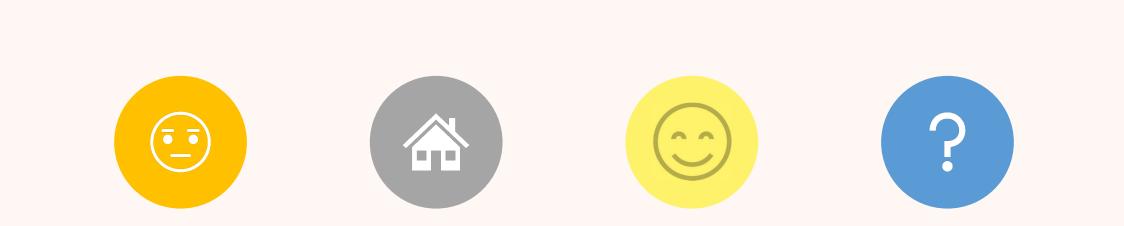
223% ROI on marketing investment 74% increase in positive sentiment Allowed them to <u>raise</u> prices

WHY WERE THEY SUCCESSFUL?

They delivered on all the key aspects of branding

It was **simple** It was **consistent** They showed **the emotional value of what people needed,** not just the rational benefit of what they sold.

What this means for you.



WHAT'S THE EMOTIONAL BENEFIT OF GETTING A REVERSE MORTGAGE? WHAT DOES A HOME MEAN TO SOMEONE? WHAT'S THE FEELING OF GETTING EXTRA CASHFLOW?

WHAT DOES THAT CASH LET YOU DO? What about selling an entire category?

The good news: it's the same

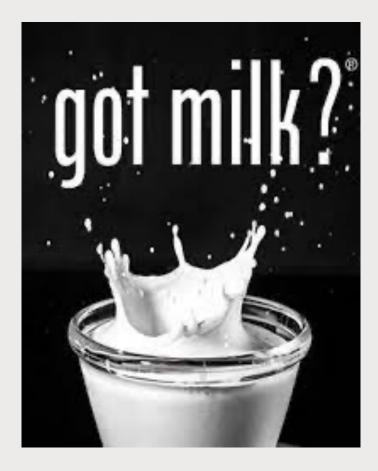
It's not just explaining what your category does... figure out what people buy, not just what you sell.

The biggest difference is that with category marketing, you're **not selling something directly.**

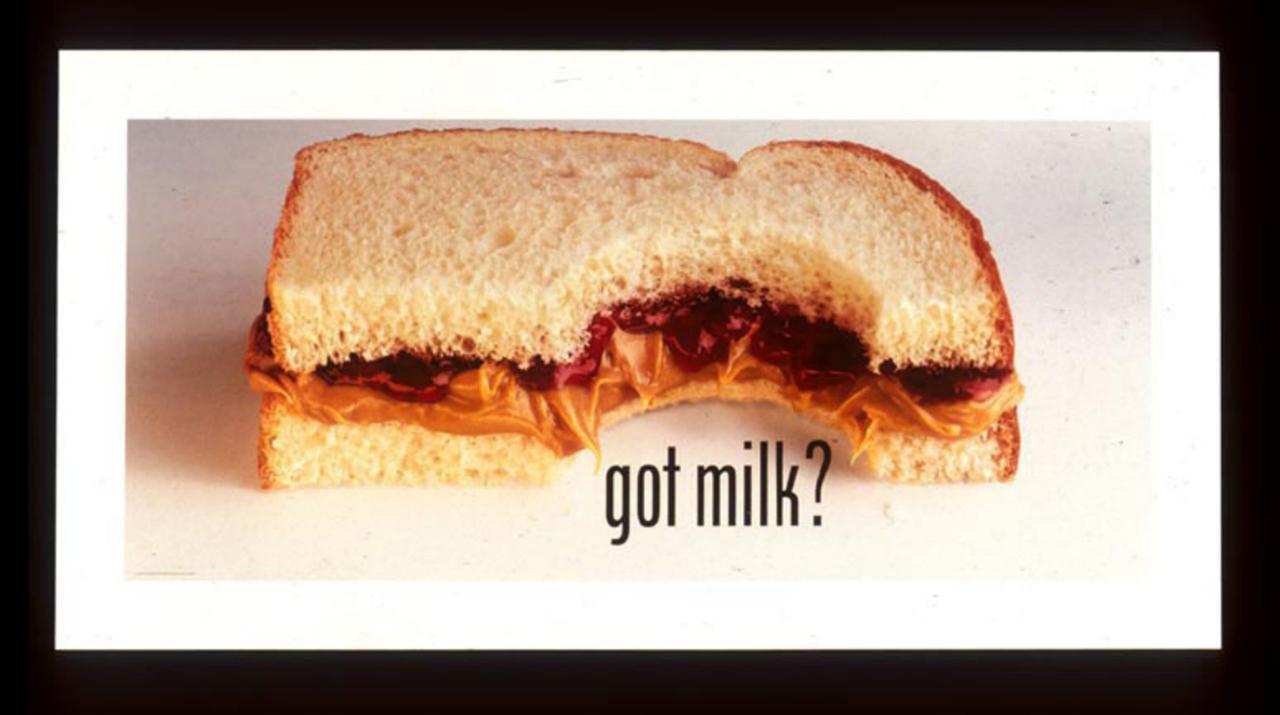
Instead, you're trying to get people to look at an entire category differently.

The disadvantage: there's no direct call to action or sale, so you're requiring people take an extra step to make a purchase

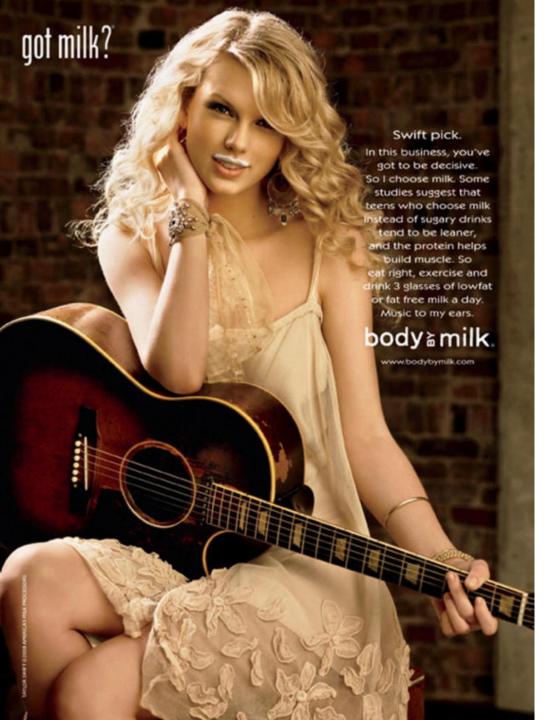
The advantage: you can be very single-minded.



Example #2: The Dairy Industry's "Got Milk?" Campaign







LEADING TO MORE PEOPLE DRINKING MILK

Category sales increased +7% And CA household usage +4% (from 70% to 74% in 2 yrs) A sales swing of over 40 million gallons, or \$100 million. All while milk continued to decline nationally.

Two years later the US Dairy Management Board decided to take the California "Got Milk?" campaign nationwide, with an \$80 million media spend... that not only boosted milk sales but also changed the way people thought about this product.

WHY WAS IT SUCCESSFUL?

- They understood & reflected how people use the category in the real world
- They used emotion and humor, rather than lecturing on health benefits
- And it of course they told memorable stories, which became an iconic & long-running advertising campaign

Overcoming misperceptions & changing opinions What can we do when people have strong negative perceptions?



Taking on negative opinions and misperceptions is one of the **biggest challenges in marketing.**

Why?

Because it requires making people do more *work*.

They have to pay attention, weigh up new information, rethink the subject, and change their minds.

But NOT challenging those misperceptions is worse



You allow other factors to control the narrative about you, and how you are positioned.

So **how** do we do this?

If you're asking people to **do hard work**, it's even more important

... to understand their needs (not what you sell) ... to speak to their emotions

Example #3: The American Petroleum Institute (API)



American Petroleum Institute

2 Nov 2014

Climate change 'irreversible' if fossil fuels stay dominant

The world is at risk of soaring temperatures by the year 2100 unless gas and coal reserves are left in the ground, warns an international report on climate change.

Climate change: Fossil fuels must stay underground, scientists say

Massive fossil fuels cut is last chance to limit global warming, researchers say

By Nicole Sagener | EURACTIV.de | translated by Erika Körner 🕚 Est. 4min

🛱 Jan 9, 2015

How the fossil fuel industry got the media to think climate change was debatable

Perspective by Amy Westervelt

Amy Westervelt is an audio and print reporter who covers climate and gender, and sometimes the intersection of the two. Her podcast Drilled is about the creation and spread of climate denial and her first book "Forget 'Having It All'" was published by Seal Press in November 2018. January 10, 2019 at 6:00 a.m. EST

















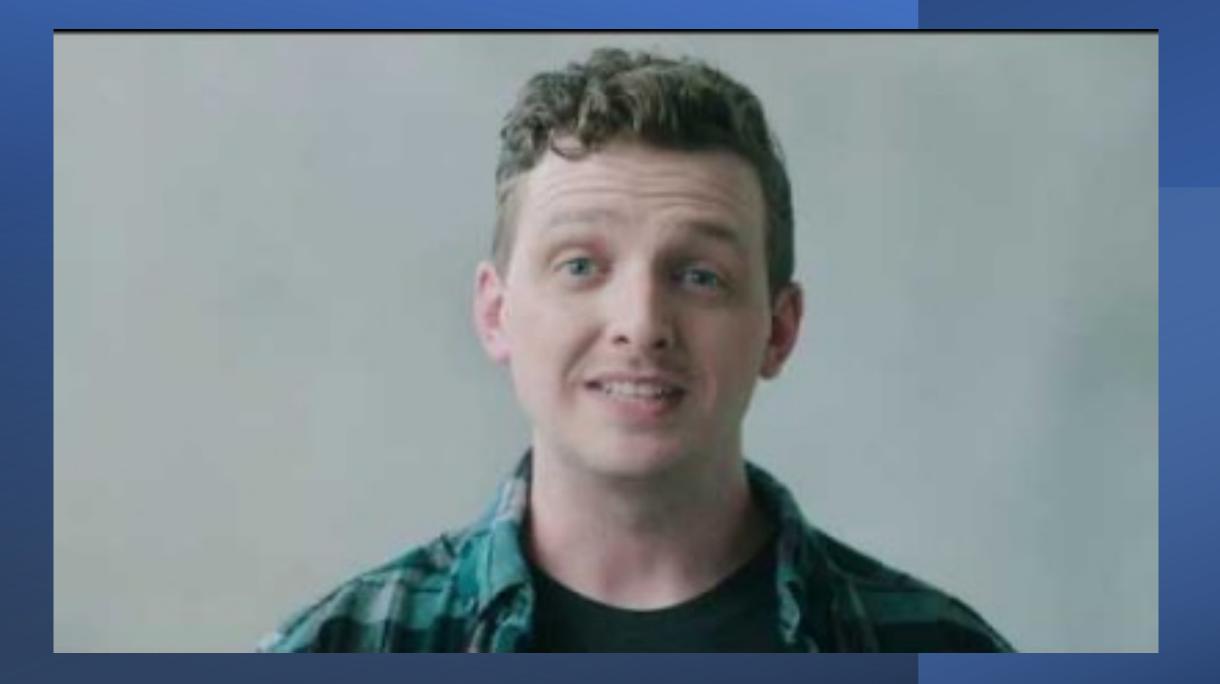
American Petroleum Institute

INVESTING IN THE PROMISE OF AMERICA

In 2011, the U.S. oil & natural gas industry **added up to \$545 billion*** through capital investment, wages and dividends to the U.S. economy – nearly \$1.5 billion every day. We believe in the promise of America. That's why we're investing so much right here at home.

THE **DEODIE** OF AMERICA'S OIL AND NATURAL GAS INDUSTRY







Israel-Hamas war House speaker vote Trump fraud trial Russia-Ukraine war Pepper X

Climate bill's unlikely beneficiary: US oil and gas industry

CLIMATE

What oil companies gain from the landmark climate bill

August 13, 2022 · 5:09 PM ET Heard on All Things Considered

5-Minute Listen

+ PLAYLIST 🛨 🛟 🗐

Some say benefits for fossil fuel companies in Congress's climate change legislation weaken its impact. NPR's Michel Martin speaks with energy historian Gregory Brew about the bill.



WHY WAS IT SUCCESSFUL?

- A classic **reframing** of the conversation
- They didn't dispute the concerns and criticisms of oil & gas
- Instead they shifted to accentuate the positive sides of the industry – things that everyone agrees are positives like innovation and job creation.
- They reminded people that oil & gas are a huge part of the US economy and actually a significant force in tackling climate change and investing to develop more environmentally friendly solutions.

Example #4: American Express



In 2018, Amex Faced A Problem

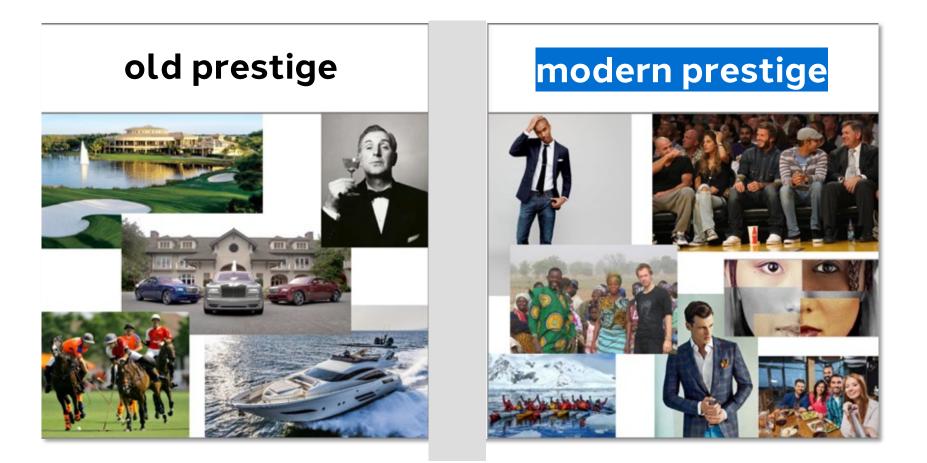
They were failing to keep up with competitors, losing relevance amongst consumers, and losing the trust of Wall Street

The Amex brand was losing relevance and aspiration amongst a new generation of customers



By Charles Duhigg

A new generation's needs, mindsets, and perceptions of status were rapidly changing



Through every era, Amex Members have remained at the center



But suddenly this...

•

"Membership has its privileges."

— American Express —

...felt exclusionary & old.

THE WALL STREET JOURNAL.

MARKETS

American Express Reports First Loss in Quarter-Century

Charge related to the new tax law causes card company to suspend its share-buyback program

American Express Co. <u>AXP</u>-0.44% ▼ on Thursday recorded its first quarterly loss in over a quarter-century and said it would suspend its share-buyback program in the first half to rebuild capital as it absorbed a hit from tax changes in the U.S.

The Challenge

How to evolve the Amex brand to meet new market dynamics and customer expectations... *while maintaining the aspects that make it unique and have driven its successes to this point* On one hand, the world is more exciting accessibile thrilling than ever before

A new cultural phenomenon

On the other hand, the world is more unpredictable scary unsettling than ever before was giving rise to a new consumer need state

Freedom to experience without exposure = Freedom from

The more you're moving forward, the more you need someone **behind** you

Insight

Belonging

The benefit of being part of an exclusive club

Backing

The benefit of being part of a mutually beneficial relationship



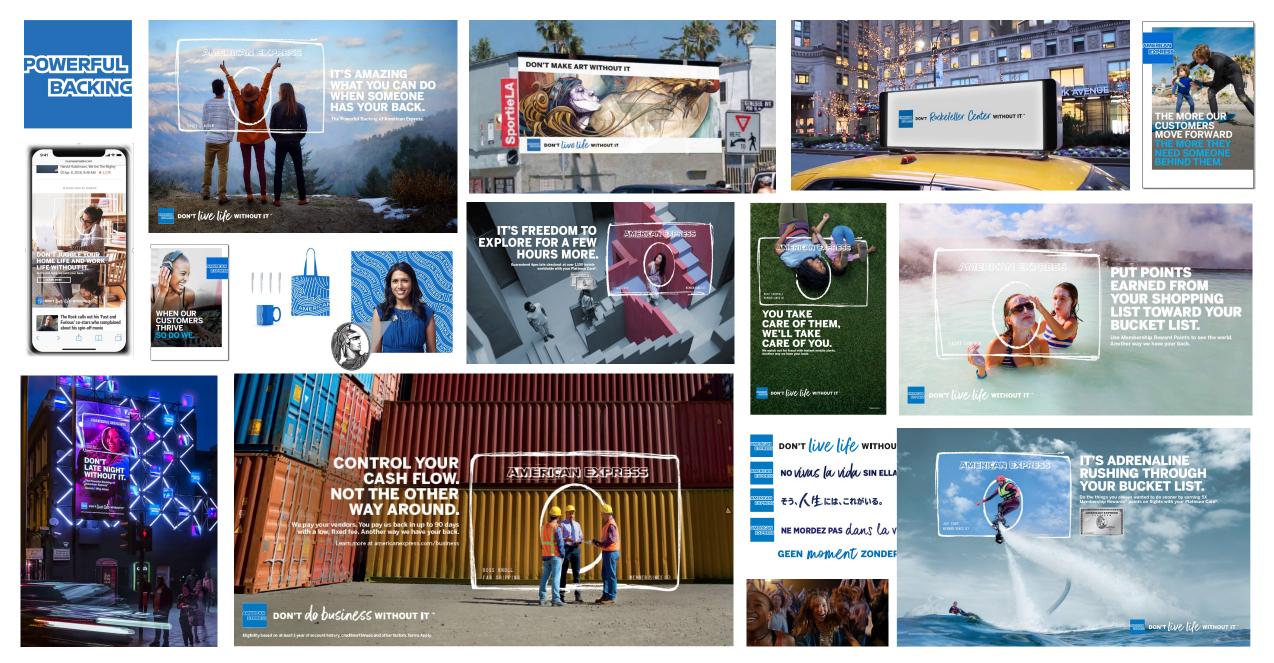
The Powerful Backing of American Express







2018: The Powerful Backing of American Express. Don't Live Life Without It.



2018 Results

+18%

increase in new accounts acquired

+9%

increase in year-to-date revenue +8%

lift in brand value, positioning Amex as the #1 financial services brand in the world ^{Source: Interbrand 2018}

Our Powerful Backing journey



So what does this all mean for you...?

If Reverse Mortgages have a perception problem... how can you shift perceptions of Reverse Mortgages?

... by understanding **what your audience is really buying**?

... by **shifting the conversation f**rom negatives to positives?

... by using humor and emotion **to relate to people**, not just trying to persuade them

CHIPReverseMortgage E

Canada's HomeEquity bank provided a great example of how to tackling misperceptions head-on with humor and insight into the real benefits of a Reverse Mortgage







Thank you.

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