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Check in the mail? Toyota, Ford can tell

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LOS ANGELES — You say the check is in the mail? Don't tell that to the captive finance arms at Toyota and Ford unless it's true. Here's why.

The same technology that allows Netflix to get DVDs to its customers so fast has been adopted by Toyota Financial Services and Ford Motor Credit Co.

Subscribers to the giant online movie rental service can receive a new DVD only after mailing back the one they've just watched.

Yet if subscribers drop a return disc in the mailbox on Monday they will likely receive a new movie from Netflix on Wednesday. How can that be? After all, there's a reason they call it snail mail.

It's a miracle of bar code-reader technology at the U.S. Postal Service. Netflix is notified electronically when a DVD headed to its warehouses arrives at the first U.S. Postal Service sorting center. At that point the next movie can be shipped to the subscriber.

The Toyota and Ford captives are using the technology to track vehicle payments. Computers developed by DST Output, of Kansas

City, Mo., let them know whether the vehicle owner's check really is in the mail.

Inbound, outbound

When a customer mails a monthly car payment, a bar code on the envelope is read by computers at the post office. DST also tracks outbound mail to ensure an owner has received the bill.

"We could actually identify which statements got delivered in the flooded Midwest a couple months back," said Mury Salls, senior vice president of DST's managed service operations. "We also knew which statements were waiting to be delivered and which ones were in a post office under six feet of water."

With the DST technology, Toyota and Ford do not send past-due notices to people who already have paid or maybe never received statements. Unnecessary and unpleasant confrontations can be avoided.

"It's a significantly reduced cost compared to a phone call or postage on a past-due notice," said David Barcz, collections vendor relationship manager for Toyota Financial Services. "And we are more successful if we are focusing on those who truly haven't paid us."

DST Output, a subsidiary of DST Systems Inc., is the largest third-party first-class mailer in America, with \$555 million in revenues in 2007.

DST generates more than 2.6 billion print and electronic communications annually. It also prints millions of statements sent to consumers and is the world's largest inkjet systems printer.

Clients include Costco and HSBC. Netflix is handled by a competitor. For Toyota, DST scans about 3.4 million outgoing bills and 2 million incoming checks a month. There are more outbound scans because many rural postal centers do not have mail scanners.

More pay electronically

Salls says DST's mail-scan business has suffered somewhat as more customers pay their bills electronically. But DST also uses bar codes to track the effectiveness of direct-marketing campaigns.

In these tough times, more vehicle owners are delinquent with their payments.

"With this technology, we can give them an experience another creditor isn't going to give them," says Toyota's Barcz. "People take pride in not being past due, and most won't say, 'We need your help.' We need to get them to admit that something's going on." **AN**



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