

E-book

The road to growth:

# Prospecting and customer acquisitions



## Overview

As the business and consumer impacts resulting from the COVID-19 pandemic continue, organizations' strategies have pivoted from now-obsolete recession readiness planning to crisis response turned actionable and immediate next steps. While initially, growth in a crisis may seem an unlikely priority – maybe even an impossibility – now is the critical time to get prospecting and targeting strategies in order. *What is your roadmap to responsible growth? As consumers seek services and solutions, will your organization be there to meet the need?*

Prior to the crisis, marketing budgets were already limited. Now, the budget forecast is likely to be nonexistent at best with further decreasing resources and funds. However, with the crisis also came the acceleration of the move to digital – a need to have versus a nice to have. With the momentum of new technology, transaction options and media vehicles, we are now fully in a new era of choices and customer expectation in financial services.

Customer acquisition remains the lifeblood of any company, but understanding and responding to potential customer behavior, and pinpointing success through various marketing vehicles and strategies are the critical cogs necessary to reach growth.

Hyper-segmentation, tailored offers, and specific persona targeting via a seamless omnichannel approach are just the table stakes of what customer acquisition is expected to look like. No excuses. While the challenges facing all marketers may seem insurmountable, from shortened attention spans to fewer campaign touches, there are actions companies can make today that both work within the confines of any budget and deliver results and seeds for growth that the future of your organization is counting on.

The economic climate is not an excuse, but rather an impetus to propel your company into a path towards growth. **Upgrading your customer acquisition can help place your bets wisely, drive up conversions, and ultimately connect consumers with the right offers at the right time.**



## Marketing challenges (Historically vs. now)

Marketers around the globe have always been tasked with doing more with less. Deliverables include increased conversion rates, more use of personalized messages, faster turnaround times, less waste, etc. all at less cost. The marketing challenges facing all companies seem to be more pronounced for some industries than others – think financial institutions, utilities, telecom, and the like. *In a post-pandemic world, where does marketing (and the road to growth) begin?*

There have consistently been **three top marketing challenges** creating business problems for organizations across marketing-challenged industries:



According to the **Gartner CMO Spend Survey 2020**, marketing budgets started 2020 strong at **11%** of company revenue. Almost **half of CMOs (44%)** are facing midyear budget cuts in 2020 as a direct result of COVID-19.

MEAN PERCENT OF BUDGET SHOWN



In a post-pandemic marketing landscape, trends include increases to credit line usage, application volumes, loan deferrals and fraud. Meanwhile, the challenges have slightly pivoted, and the stakes have exponentially heightened.

### Finding ROI on a next to nothing budget

Prior to the pandemic, marketing budgets were often stagnant, if not shrinking.

No financial institution committed more than **40%** of their budget to mobile marketing, a stat unchanged from the prior two years.

According to a Financial Brand report

Now, while the argument for budgets are great, proof of execution will likely be required on short order.

### More channels mean even more segmentation

With more people than ever working from and spending increased amounts of time at home, there's been an acceleration to digital channels. Digital was already the preferred consumer communication channel, but today it's a necessary method in order to compete. However, related to the budget challenge, the key is targeting the right consumer at the right time. *The solution?* **Step one is fresher, better data, step two is omnichannel strategies and step three is engaging agile marketing tools.**



Social channels are a growing resource for consumers to lean on from entertainment to news intake. **36%** of people use social media to keep updated on news, according to the Global Web Index Q1 2020 findings. To answer the call, direct-to-consumer brands are fueling expanded services and digital channels.

### Nod to the nimble

HUMANS NOW HAVE  
SHORTER ATTENTION SPANS  
THAN GOLDFISH

According to a recent study by Microsoft Corp.



While not surprising, this behavior is also forcing a shortening of content and campaign cycles in response. When it comes to how your organization will grow, the number of touches will be fewer, further emphasizing the need to be intentional with contact strategies and messaging/offers.

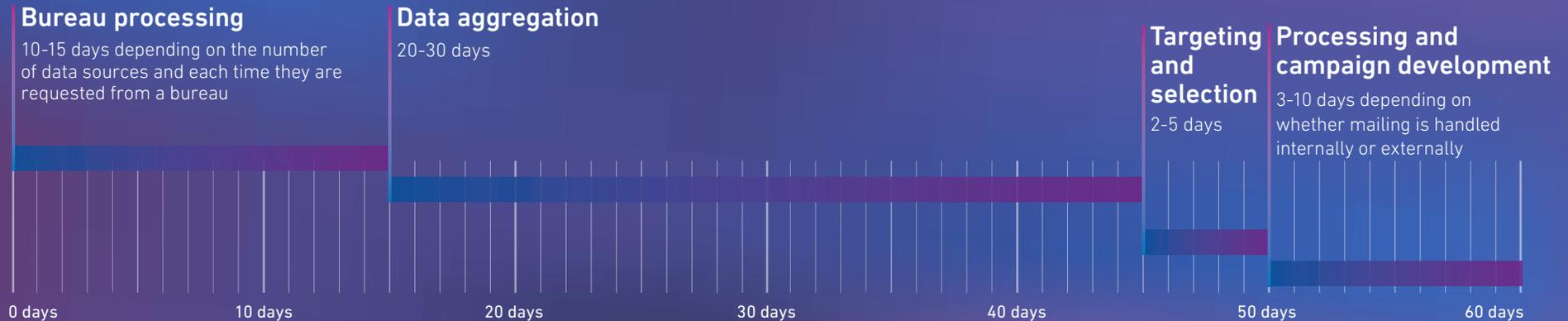
The pre-pandemic world already required a level of organizational transformation to address rapidly increasing complexity while containing costs. Now, more than ever before, with the acceleration to digital, consumer desire for security at an all-time high, and a need to mitigate risk without cutting valuable growth, how your business prospers and acquires new customers is directly related to your propensity for prosperity. **CMOs and their marketing teams must invest in new technologies and revisit product and channel strategies that reflect the expectations of their customers.**

## Targeting customers at the **right time**

Consumers are inundated with promotional mailers. Whether in the form of direct mail or emails, inboxes are on overdrive and “special, limited time offers” are diluted. Prior to the pandemic, Americans receive nearly 850 pieces of unsolicited mail annually, according to Reader’s Digest. Many of these are pre-approval offers or invitations to apply for credit cards or personal loans. While marketing mailers have reduced in line with marketing budget cuts, the battle for offer acceptances continues online and via other channels, and can be anticipated to fill mailboxes again when the pandemic subsides. While many of these offers are getting to the right mailbox (digital or physical), they’re hitting a changing consumer at the wrong time.

Consumers now have access to a litany of new tools, channels and choices, which results in them making faster, sometimes subconscious, decisions. However, **for some financial institutions, the customer acquisition process can take up to 120 days.**

**While a 120-day timeframe is extreme, customer prospecting can still take around 45-60 days for many industries and includes:**

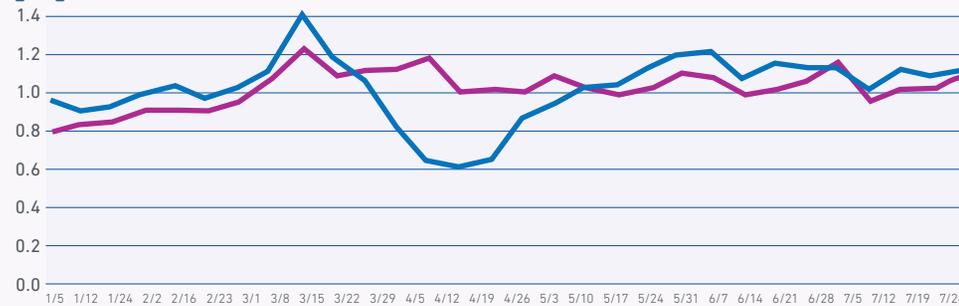


With these extended turnaround times, the data leveraged by customer acquisition campaigns can be at least 60 days old, often meaning the consumer has changed and/or moved on. **Even with the pandemic, the overall demand for credit is getting back to 2019's level. While card and personal finance remains below 2019 levels, the trend is beginning to turn upward.**

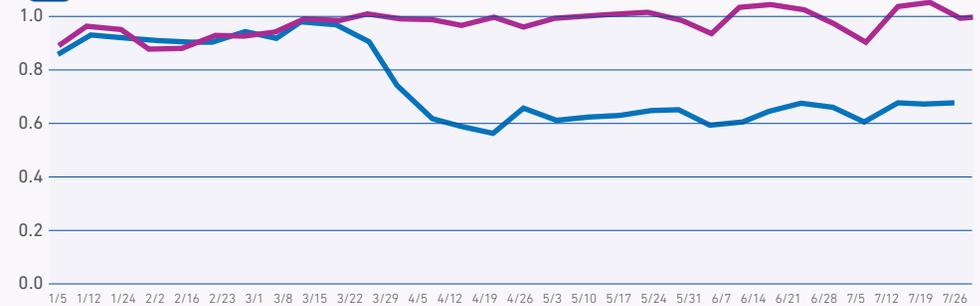
## Demand for credit

Overall demand is getting back to last year's level driven by mortgage and auto, but card and personal finance remain well below last year's levels.

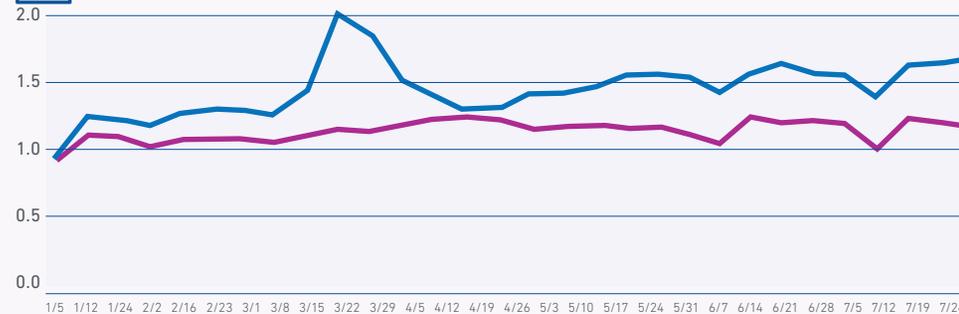
### AUTO



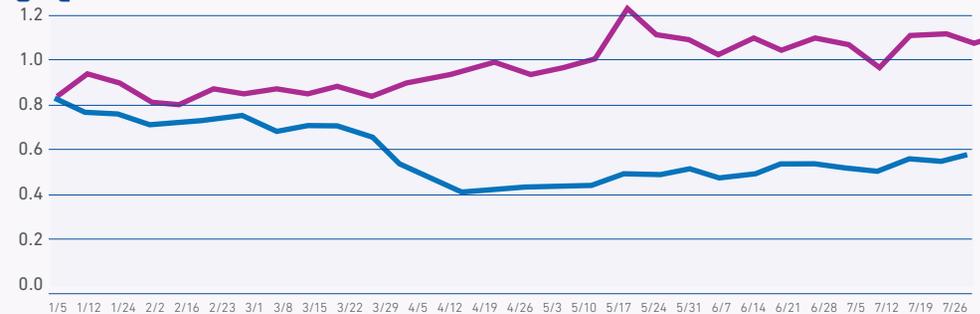
### BANKCARD



### MORTGAGE



### PERSONAL FINANCE



2019

2020

Hard inquiry weekly trends: Jan. 2019 - July 2020

Originations show shift to more Prime consumers and have seen week over week increases driven by bankcard, retail cards, and auto loans, signaling that lenders must evolve their prospecting and targeting. **As the transformation scope looks further ahead, those businesses looking to elevate their growth initiatives should consider leveraging cloud technology, machine learning and artificial intelligence to accelerate and improve the marketing process.**

## The **evolution** of customer acquisition

When response rates and ROI are dependent on clicks and conversions, a personalized subject line is not enough.



Prior to the pandemic, marketing budgets represented **11.1%** of firm budgets, a level that had remained largely constant over the past six years.

### How to better serve your customers in an increasingly competitive market:

#### Use more (and different kinds of) data

The most advanced business marketing teams are mining their own unique data, along with bureau data and other alternative and third-party data for rich, insights-driven decision making that drives differentiation.

#### Customized, quality time with customers

Thanks to the likes of Google and Amazon, consumers have become accustomed to individualized interactions with firms they do business with. The most dynamic marketing teams are tailoring quality experiences that increase consumer engagement and long-term relationships.



of organizations say that embracing advanced analytics is critical to their ability to provide an excellent customer experience.

According to an Experian study

#### Get analytical

While advanced analytics has traditionally lived with lenders, underwriters, and risk and fraud, marketers can also find the value in the volume, velocity and variety of new data sources available to various organizations – financial institutions or otherwise.



of U.S. consumers feel like their financial institution doesn't understand their needs.

According to a recent Capgemini study

#### All the channels, all the time

The marketer's job doesn't stop at creating "custom" experiences for customers. The most successful teams are able to determine which media or interaction resonates most effectively with clients, whether face-to-face, via an app, chatbot, or social media, and have conversations across all of them seamlessly. Omnichannel strategies are the only strategies for success.

Businesses must transform their approach to address increasing market complexity without increasing costs, which is **possible by leveraging data, analytics and insights** as the differentiators they are.

## The modern customer acquisition engine defined

The most forward-thinking organizations are turning to customer acquisition engines to help them best build, test and optimize their custom channel targeting strategies faster than ever before. But with so many possibilities, it may be a challenge to identify a solution that's right-sized, right-priced and can deliver for an organization's specific needs.

The following capabilities make up the modern customer acquisition engine. While ultimately desirable as a full-service engine, on their own, these components can level up existing prospecting strategies, honing in on critical aspects to drive up take rates and ROI with relatively minimal budgets.

### Advanced segmentation

This functionality drives the ability to uncover lookalike groups with similar attributes or behaviors and then customize messages or offerings accordingly. Organizations can build filters for targeted segments using a range of data including demographic, past behavior, loyalty or transaction history, offer response and then repurpose these segments across future campaigns.

### Rapid deployment

Financial institutions should leverage an engine that pulls data that is only 24-48 hours old prior to deployment. For campaigns executed by outside firms, timing is even more important. Ideal systems can encrypt and decrypt lists to send to preferred partners to execute marketing campaigns more efficiently.

### The right data

A customer acquisition engine is only as good as the data put into it. Relying exclusively on an organization's own data can lead to incomplete analysis, missed opportunities and reduced impact. The optimal solutions can be fueled by the analytical power of full-file, archived tradeline data along with attributes and models for the most robust results.

### Campaign design

A customer acquisition engine will drive the design behind a specific, optimized customer journey and content for each of the segments created.

### Support

Regardless of marketing department size, support for onboarding, implementation and operational success is critical. A 30-day implementation should be the expectation of today's customer acquisition tool.

**Data accuracy is imperative.** The right marketing and technology partner constantly monitors and corrects discrepancies in customer files across all bureaus. The best partners will have **data accuracy rates at or above 99.9%**.

## Conclusion

The pandemic upended a lot of the ways that businesses run their day-to-day, from where they work to how they (better) engage with customers. Arguably, some of the changes have been long overdue. The acceleration to digital and better customer segmentation being a couple of them. Ahead lies the opportunity for growth – strategies enacted now will determine the extent of that opportunity.

The approach required for effective customer acquisition today can solve many of the age-old customer acquisition challenges. It encompasses advanced segmentation, campaign design, rapid deployment, support and the right data. While market challenges and customer needs continue to evolve, businesses must match the need for speed and accuracy to remain competitive when acquiring consumers.

Effective targeting and conversion come down to more than just direct mail and email subject lines, especially now in a volatile economy where consumers are seeking products appropriate for their current situation. *Are you using the freshest data? Are you gleaming data-driven insights that can help your organization make the most of your marketing dollars? Is your ROI reflecting growth in your portfolio, number of products per customer and all-around business metrics demanded to be delivered by your scrutinized marketing budget?*



TO KEEP UP WITH  
THE DIGITAL AGE AND  
THE DIGITAL CONSUMER,  
THE TIME TO MOVE  
IS NOW.



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