

eBook



# 21<sup>st</sup> Century Customer Acquisition



Customer acquisition – while it's the lifeblood of any company, understanding and responding to potential customer behavior, and pinpointing success through various marketing vehicles and strategies can often prove elusive for the financial services industry. Gone are the days of "If you build it, they will come." A barrage of new technology, transaction options and media vehicles are ushering in a new era of choices and customer expectation in financial services.

## Introduction

Hyper-customized messaging, tailored offers, and specific persona targeting via a seamless, omnichannel approach are just the table stakes of the future of customer acquisition looks like. While the challenges facing all marketers – and specifically financial services – 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 the big results these limited dollars are expected to produce year over year.

**A modern approach to customer acquisition can help place your bets wisely, drive up conversions, and ultimately connect customers with the right offers at the right time, bringing your financial marketing and targeting into the 21st century.**

## Marketing Challenges

Marketers around the globe are tasked 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 financial institutions. This is not surprising for an industry with a reputation for late adoption.

Today, there are consistently three top marketing challenges creating business problems for financial institutions.



### Budget constraints and misalignment

Marketing budgets are often stagnant, if not shrinking. **Virtually 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.



### More channels mean even more segmentation

Traditional channels are no longer sufficient to reach prospects and clients. Now more than ever, customers have access to increasing amounts of media on a proliferating number of channels. **They want custom messages delivered in a seamless experience across the various channels they use.**

In 2018, the **Pew Research Center** found most Americans (68%) get their news from social media. Cable companies recently followed streaming services to offer seamless service and experience across TV, desktop and mobile.



### Shorter campaign cycles

According to a recent study by *Microsoft*, **humans now have shorter attention spans than goldfish**. While not surprising, this behavior is also forcing a shortening of content and campaign cycles in response.

Today's world requires transforming your organization to address rapidly increasing complexity while containing costs. Competing against stagnant marketing budgets, numerous media channels and shorter campaign cycles while delivering results requires effectively leveraging data and analytics as differentiators.

CMOs and their marketing teams must invest in new technologies and revisit product and channel strategies that reflect the expectations of their customers. *How is your bank or credit union responding to these financial marketing challenges?*

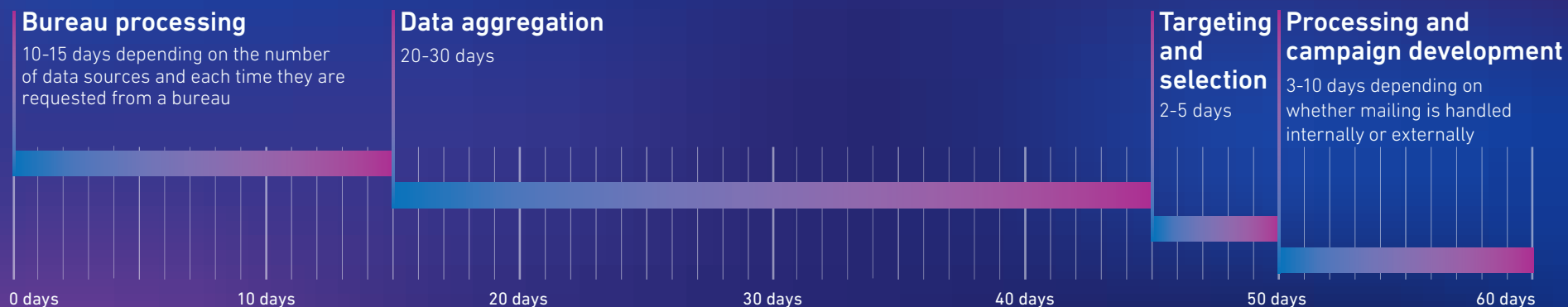
## Targeting Customers at the **Right Time**

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. 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 many of these offers are getting to the right mailbox, 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 most financial institutions 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. With new card originations up 20% year-over-year in 2019 alone, financial institutions **must evolve their prospecting and targeting by leveraging cloud technology, machine learning and artificial intelligence to accelerate and improve the marketing process.**



## The Evolution of Customer Acquisition in Financial Marketing

When response rates and ROI are dependent on clicks and conversions, a personalized subject line is not enough. The most progressive teams are having to change their game when it comes to better serving customers in an increasingly competitive market:



According to **CMO survey**, marketing budgets represent **11.1%** of firm budgets, a level which has remained largely constant over the past 6 years



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

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

Financial institutions already ingest a variety of data. **The most advanced financial marketing teams are mining their own unique data**, along with bureau data and other alternative and third-party data for rich decision making that drives differentiation.

### Get analytical

Traditionally in financial institutions, advanced analytics has lived with lenders, underwriters, risk and fraud, departments, etc. But marketers too can find the value in the volume, velocity and variety of new data sources available to financial institutions. **Using advanced analytics allows the most forward-thinking financial marketers to better target customers, personalize experiences, respond in near-real time or even predict actions, and measure the impact of marketing investments.**

According to an **Experian study**,

**90%** of organizations say that embracing advanced analytics is critical to their ability to provide an excellent customer experience.





## 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. Customers expect the same frictionless, instantaneous interactions with their financial institution. But banks, credit unions and fintechs have been historically slow to respond. **Seventy percent of US consumers feel like their financial institution doesn't understand their needs, according to a recent Capgemini study.** The most dynamic financial marketing teams are tailoring quality experiences that increase consumer engagement and long-term relationships.

## All the channels, all the time

The financial marketer's job doesn't stop at creating "custom" experiences for customers. Firms must also **leverage an omnichannel approach to reach these clients, across an ever-growing number of channels and touchpoints.** 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, social media, etc. and have conversations across all of them seamlessly.

Financial firms 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. **CMOs and marketing teams must invest in new technologies, strategies and data sources that best reflect the expectations of their customers.**



## The Modern Customer Acquisition Engine Defined

The most forward-thinking financial institutions 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.**

### Advanced Segmentation

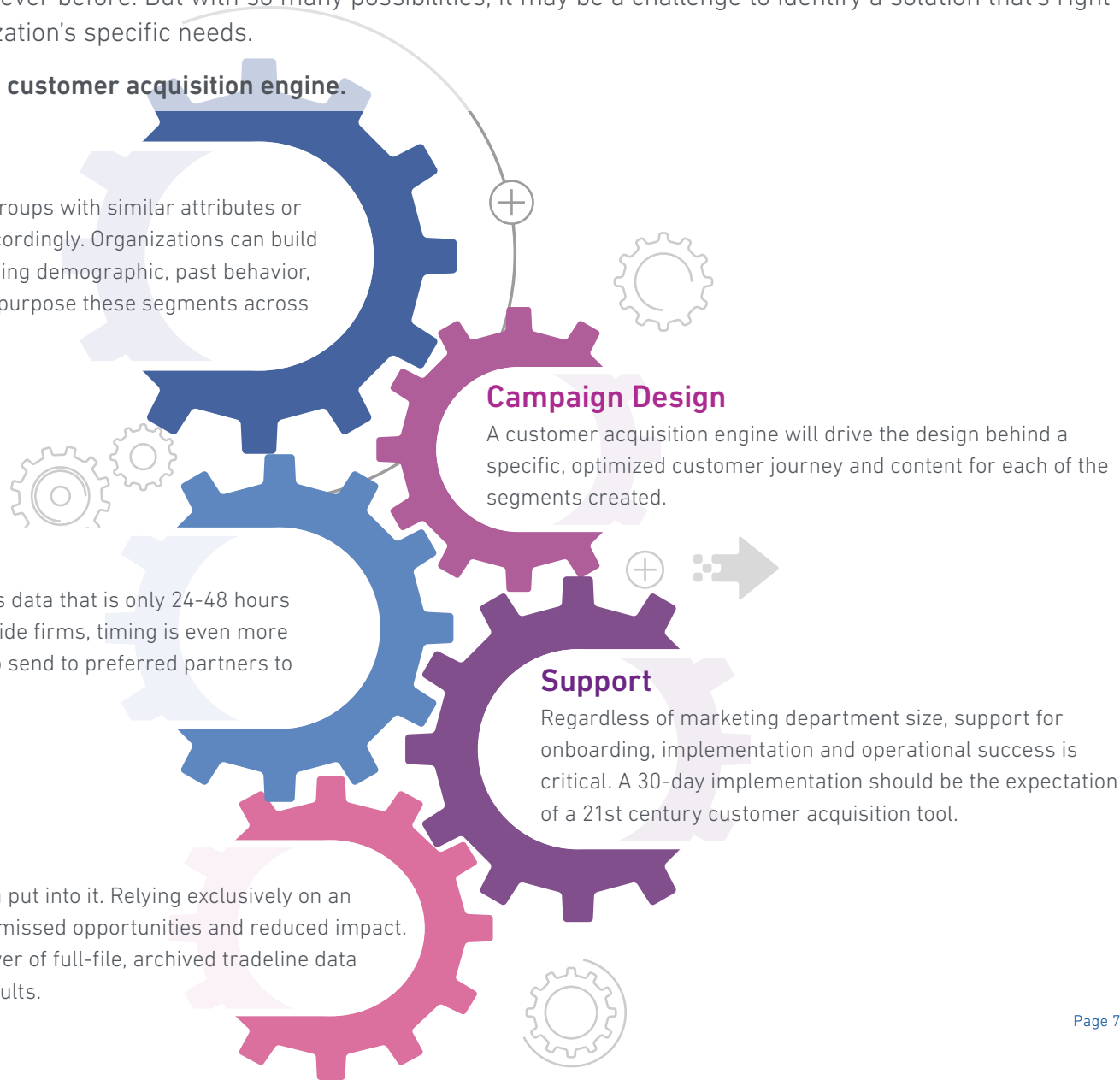
This functionality drives the ability to uncover lookalike groups with similar attributes or behaviors and then customize messages or offerings accordingly. Organizations can build filters for targeted segments using a range of data including demographic, past behavior, loyalty or transaction history,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





## Conclusion

A shift to a 21st century approach to customer acquisition can solve many of financial organizations' 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, financial institutions 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. ***Are you using the right data? Are your campaigns reaching the intended audience? 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.

Shape your [marketing into the 21st century](#) and improve your customer acquisition process.





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