

Responding to COVID-19: Tactics for Financial Marketers

Understanding & Responding to Changing Customer Needs in the US

Sreekant Lanka

SVP Digital Solutions

sreekant.lanka@iQuanti.com

Vishal Maru

Director Digital Solutions

vishal.maru@iQuanti.com

COVID-19:

IMPLICATIONS FOR BANKING & FINANCIAL SERVICES

The COVID-19 crisis has had a massive economic impact on American households.

As the economic fallout persists, we anticipate a drastic change in consumer needs and behaviors.

Latest surveys show that over *one-third* of US consumers already report a reduced income due to the coronavirus situation.

A lot of businesses have seen massive revenue drops and would be turning to banks for additional support. Reduced family incomes and potential job cuts mean that defaulting on loans or missing mortgage payments may quickly become your consumers' immediate reality.

As consumers start exploring various options to meet their financial needs and obligations, banks and financial marketers need to be fully equipped and ready to better understand their evolving needs and concerns and provide them with the right solutions.

Also, the business leaders need to understand that many of the existing marketing tactics – channels, offers/benefits, targeting, messaging, etc. might not be relevant in the current scenario. It will be critical for marketers to respond by adjusting their marketing strategy to ensure effectiveness as well as providing clear and transparent messaging to their customers.

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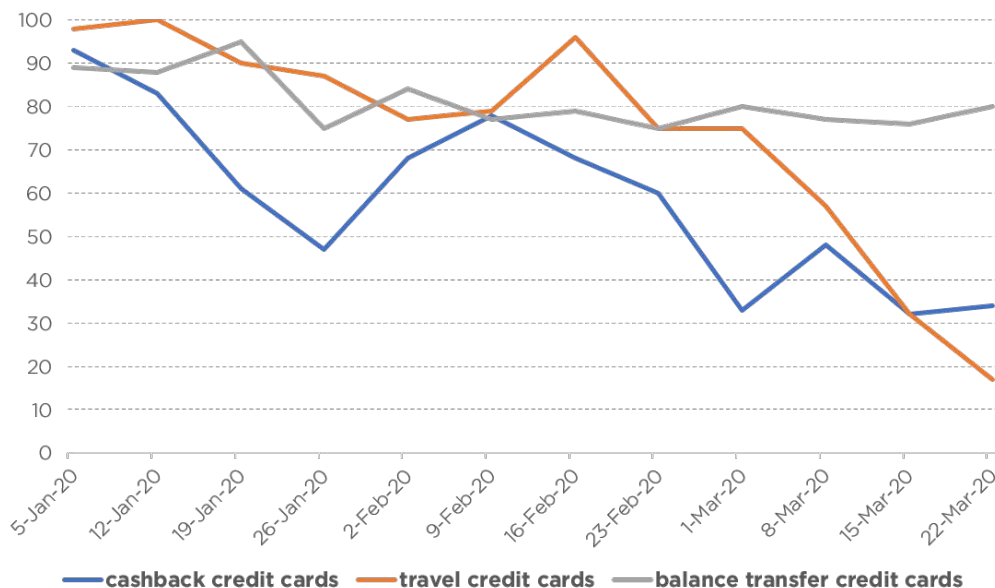
AN EARLY READ: SHIFTING DEMANDS FOR BANKING & FINANCIAL SERVICES PRODUCTS

At iQuanti, we have been closely monitoring the fluctuations in search demand for different Banking & Financial Services products.

A few needs and products that showed significant shifts are highlighted below. These are **early signals** of shifting consumer priorities and we can see these trends scaling as the pandemic continues to worsen.

1. SHIFTS IN SEARCH TRENDS FOR CREDIT CARDS

Overall, there is a decline in credit card search demand, especially for travel credit cards. While balance transfer credit cards also saw a drop, it was not sharp – lack of demand for new cards was probably offset by many Americans struggling to make payments and looking to save on interest.

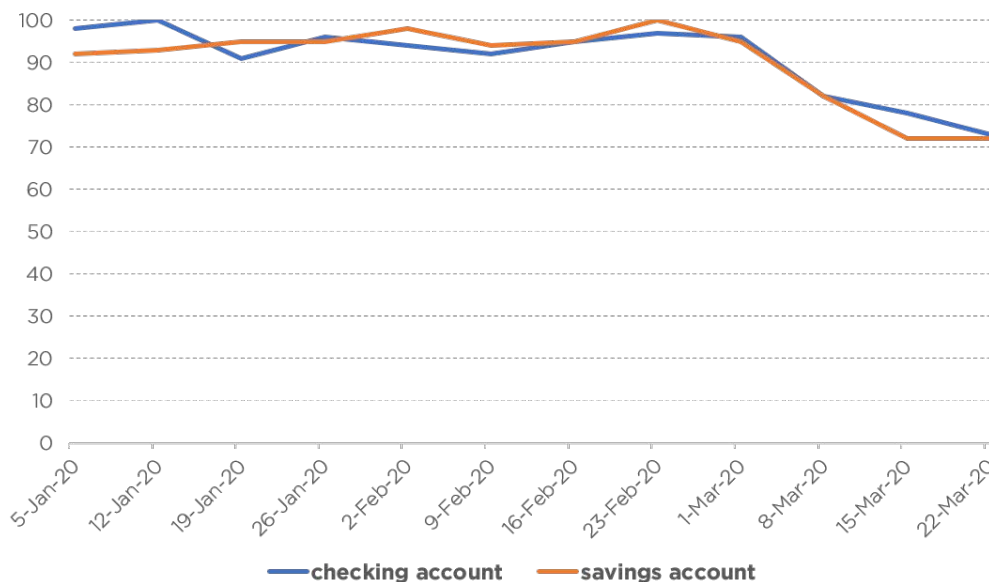


*The charts above are based on Google Trends data. These are not relative indices. We looked at individual indices, but are representing them above on the same chart. Data pulled on March 29th. Learn more about [Google Trends data](#).

2. SHIFTS IN SEARCH TRENDS FOR DEPOSITS

Demand for Checking and Savings accounts has gone down as well.

It is prudent to assume that during these times, people may have other major concerns with respect to their finances and switching bank accounts may be low on their priority.



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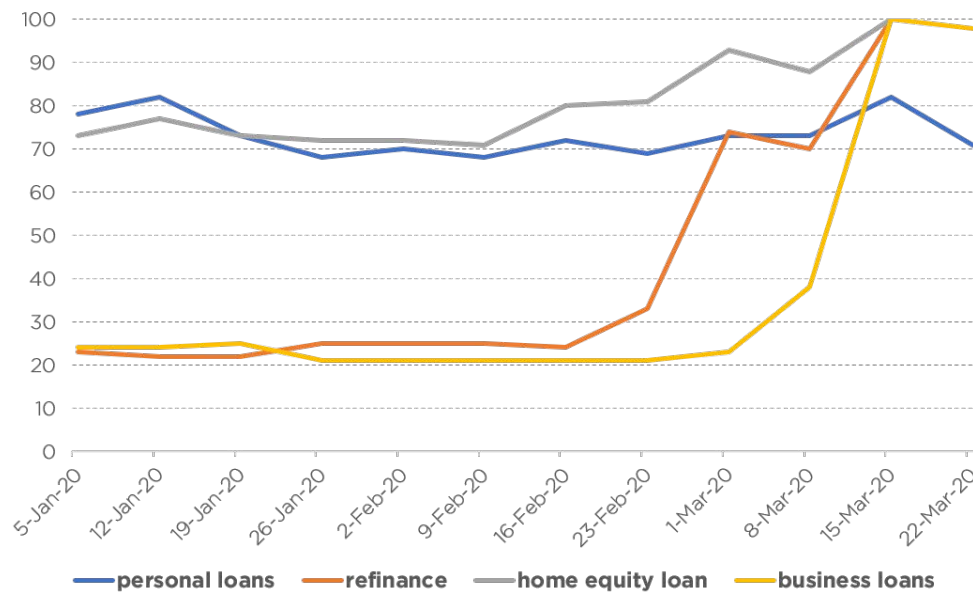
3. SHIFTS IN SEARCH TRENDS FOR LOANS

Personal loans volume is not seeing any significant uptick yet; however, we expect this to go up if the country moves to a state of economic recession.

Refinance has seen a sharp increase in demand, driven by the Fed announcing ~0% rates and the historically low rates at the beginning of March 2020.

Home loans, home equity loans and HELOC also have seen a considerable increase in demand.

There is a significant increase in demand for business loan and small business loans. With millions of businesses across the US struggling with revenues during this time due to sharp decrease in spending, the business owners will be seeking credit to keep their businesses afloat.



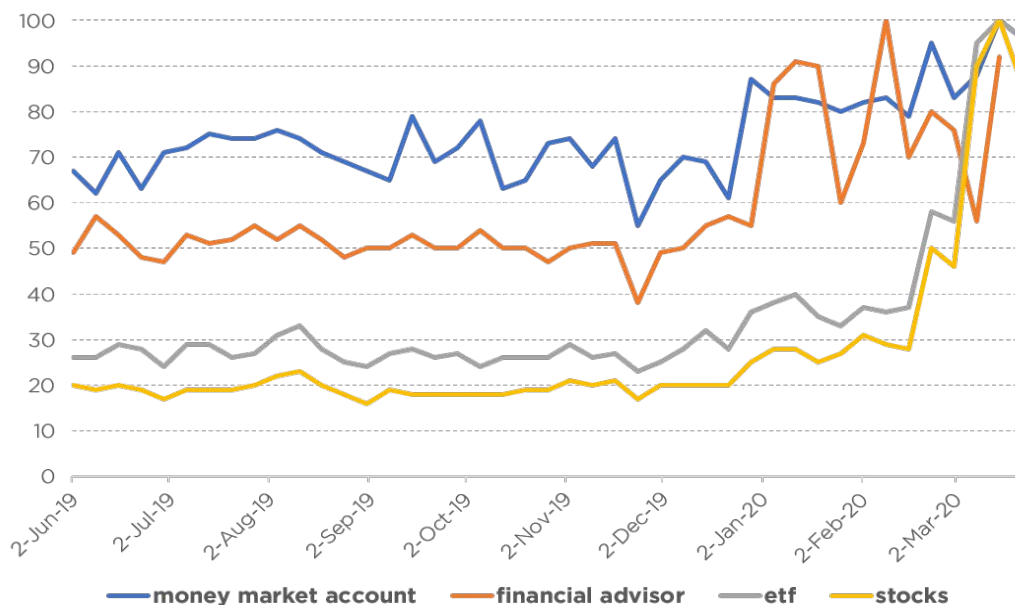
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4. SHIFTS IN SEARCH TRENDS FOR INVESTMENTS

Demand for investment-specific terms peaked much earlier than many of the other categories.

We've observed a sharp increase in stocks- and ETFs-related searches from the beginning of February, likely driven by customers trying to understand the impact on their portfolio.

Also, there is an increase in financial advisor terms as customers might be seeking professional help with their financial planning during these uncertain times.



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RESPONDING TO EVOLVING CUSTOMER NEEDS:

RECOMMENDED MARKETING TACTICS

Here are our recommendations on how Financial Marketers can respond to best address the evolving customer needs, while also ensuring marketing effectiveness.

1. RETHINK YOUR MEDIA MIX

Banks should reevaluate their Above-the-line (ATL) or branding campaign spends as well as messaging while navigating through the social and economic crisis of today.

More targeted mid-funnel campaigns might make sense at this point. The focus should be on understanding the needs of each audience segment and to ensure this understanding is reflected in your campaigns, allowing you to address the user's needs in their actual hour of need - thus building loyalty and trust.

Also, you may want to revisit your value proposition in your branding campaigns. For example, for credit card issuers that offer 'free credit check' services, that messaging might be more relevant now as the customers may be interested in knowing where they stand and will be seeking information about their credit.

With the disruptions in Direct Mail delivery due to lock downs, you should focus on leveraging your email channel. You can fine-tune your email campaigns to have granular segmentation and better messaging alignment. You can upload the same segments in digital channels and target them with consistent messaging through these channels. Just make sure there isn't a significant lag between list creation and activation; the performance might be lower than expected, as customers' financial standing and needs might have changed within the short period.

In terms of channel/campaign mix, mid-funnel campaigns will play an important role. Customers financial needs may start to change really quickly, but they may not have enough time or resources to research the various solutions that may meet their needs. To address this, banks can take an enterprise-wide approach, rather than a siloed effort. For instance, if a user is looking to borrow money, bank can create a cross-product campaign to present all possible options to the customer – balance transfer, personal loan, refinance, home equity loan/HELOC, etc.

2. SHIFT IN CAMPAIGN TACTICS

Customers' product preferences are likely to change with the external factors and their current financial situation. For instance, with credit cards, customers might presently value 0% introductory APR more than 5% cash-back on gas. This means that financial marketers will have to reevaluate their value propositions and ensure they are relevant.

You can also find new opportunities for customer acquisition. With more people looking for financial advisors to get professional help with how to best manage their finances during this time, it might be an opportunity for financial advisory firms to acquire some long-term clients by addressing their immediate needs.

Coronavirus is likely to drive the economy into a recession. And with recession, we can expect to see a rapid deterioration of credit. The marketing tactics for new customer acquisition that are currently driving good performance might result in higher decline rates.

You should closely monitor approval rates across your campaigns and adjust targeting/budgets based on performance. If you are developing new products for which some of the customers who have taken a credit hit might qualify, you should identify the right product positioning for these customers.

Finally, with a surge in demand across many categories such as business loans, personal loans, refinance, etc. you must evaluate if you have the operational capacity to handle the volume. You might want to work closely with your operations team and manage acquisition volume in-line with capacity.

Financial marketers need to reevaluate their value propositions and ensure they are relevant.

3. CLEAR & TRANSPARENT MESSAGING

Your customers are confused and struggling with all the rapid changes around. It is best to avoid any type of defensive and legalistic language in your communication across channels.

It is important that you provide clear messaging around your product offerings, how it can help with their specific situation and provide full transparency in your approval criteria.

Users who would not qualify should not feel encouraged to apply, as that would hurt their credit score and impact your reputation with them as well.

Be clear and transparent in all your communications - website, email, ad copies and landing pages.

4. CREATING IMPACTFUL MID-FUNNEL CONTENT

Identify the various mid-funnel queries that are surging and develop relevant content to help users with the answers.

You can also identify the top queries that your phone bankers are receiving from customers and create digital content around it. These queries could be users looking to understand rates, qualifying criteria, repayment terms, fees, etc. In addition to your website, your mobile app will also be a good avenue to provide resources to your existing customers and prospects.

Many users might not be sure of what the right product for them would be - they might just have a specific need. For instance, a customer may need \$15K for managing some emergency expenses. In such cases, you might want to create content around what options are available to the user to get a \$15K loan and what avenue would make sense for the user based on his/her situation.

iQuanti will be doing a deep-dive analysis into evolving user needs and search trends over the next week.

5. FOCUS ON EXISTING CUSTOMERS

With existing customers, your top priority should be servicing them and making sure you are providing them with flexible options for repayment. At the same time, you should also look at providing them with the right solutions based on their needs (that you may not have on offer right now).

With deterioration in customer credit, focusing on your existing customers becomes more important as you have more insights about their creditworthiness and will be able to drive better approval rates.

Banks should emphasize on existing customer analytics to identify qualified segments for different products based on the changing trends.

6. FINE-TUNING CAMPAIGNS TO TARGET QUALIFIED PROSPECTS

With customers' creditworthiness likely to decline at the onset of recession, it is important that you fine-tune your targeting to ensure you are marketing to qualified prospects who most likely to get approved for your products.

With prospecting campaigns, you must leverage all the platform levers that would further qualify the segments. For example,

- With Search, you can bid down on keywords/ad-groups that drive borderline acceptable approval rates and you can layer in additional attributes such as income to further qualify audiences.
- For Social and Display, you can bring in third-party attributes that provide creditworthiness signals such as FICO ranges, Deposit score, etc.

This way, you can keep your acquisition campaigns running while managing risk.

Increase efficacy and efficiency of your marketing spend by fine-tuning targeting to reach only qualified prospects.

THE FINAL WORD

Over the last couple of weeks, news, trends and even predictions about the COVID-19 crisis has been changing day to day, even hour to hour.

These are uncharted waters. There is no one strategy that would help win, or even survive during such uncertain times. The only answer is to be obsessively customer-centric through this crisis – constantly learn how your users' needs are changing and be agile in strategizing and implementing tactics to meet those needs.

At iQuanti, we would continue to closely monitor the situation as it evolves and will focus on delivering actionable insights to help you achieve this. We are working on bringing you deep-dive insights into the evolving user needs specific to different banking & financial services segments & products.

HAVE QUESTIONS?

**Reach out to our Digital Solutions team
to start a conversation today!**

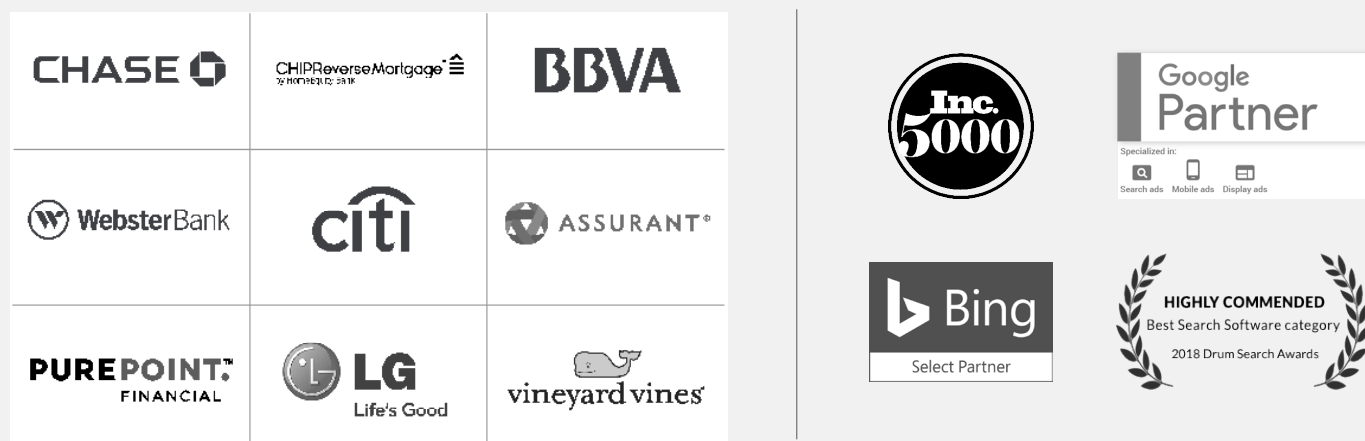
ABOUT IQUANTI

iQuanti ignites powerful & predictable digital marketing performance for global brands with an approach rooted in data science and deep vertical knowledge.

iQuanti offers a unique blend of channel management services, strategic consulting expertise and proprietary product offerings to empower brands to exceed their customer acquisition, engagement, and conversion goals.

iQuanti's award-winning & patented enterprise SEO platform ALPS™ uses proprietary data science and machine learning to build predictive enterprise level SEO roadmaps that deliver stronger ROI.

Founded in 2008, iQuanti now has 200+ employees across New York, Chicago, Dallas and San Francisco, as well as Bangalore, London, Mexico City and Toronto. iQuanti joined the elite Inc 5000 Hall of Fame in 2019, its fifth time being featured in the list of fastest growing private companies in the U.S.



iQUANTI™

Business

Our roots are in the business world



Data

Data-driven insights and action



Marketing

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Technology

Proprietary technology to complement your efforts



For information about this document:
michael.carle@iQuanti.com

iQuanti.com

