

Shifting Credit Card Search Trends

Understanding & Responding to Changing Customer Needs in the US

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Part of iQuanti's research series:

"Responding to COVID-19: Tactics for Financial Marketers"



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WHY READ THIS REPORT?

As the US economy continues to cope with the impacts of the COVID-19 crisis, we are seeing drastic and rapid changes in consumer needs and behaviors.

At iQuanti, we have been closely monitoring the fluctuations in search demand to understand consumer priorities and help financial marketers adapt and win in this new normal.

This report focuses on the **credit card industry in the US** and provides:

- Insights on shifting customer behavior trends and
- Recommendations for acquisition marketing tactics that can be implemented to ensure marketing effectiveness during these uncertain times.

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KEY TAKEAWAYS:

- Search demand for various credit card products have dropped through the COVID-19 crisis. However, **we are seeing early signals of marginal uptick in April.**
- **Search trends by categories vary.** Travel and rewards cards have seen a significant slowdown, whereas the Balance Transfer category has not been affected as much.
- Credit card demand and usage is showing **signs of slowing down** as consumers' saving/spending mix changes, similar to what we saw in 2008.
- iQuanti recommends credit card issuers must:
 - Evaluate if their **product positioning** and **value proposition** remains relevant, through a better understanding of the changing user needs.
 - **Tighten targeting levers**, and identify key categories (transactors/revolvers) that you want to focus on.
 - Focus on existing bank customers to gain incremental credit worthy customers through **analytics led qualification.**

SHIFTING SEARCH TRENDS: 1. CREDIT CARDS

The US economy is continuing to cope with the impacts of the COVID-19 crisis. The mandated 'social distancing' norms along with the massive business downturn, unprecedented income drops and rising unemployment rates are driving significant shifts in customer needs and behaviors.

As discussed in iQuanti's previous report, ['Responding to COVID-19: Tactics for Financial Marketers'](#), the shift in search demand of different Banking and Financial Services products has scaled as the pandemic has progressed.

Credit card searches started seeing the impact of COVID-19 really early on. From early-March, we started seeing the search demand for various credit card products across the board starting to drop. However, by beginning of April, we are seeing the demand picking up again.

Search demand for credit cards saw a significant drop across the board in March. **In April, we are starting to see the demand picking up again.**

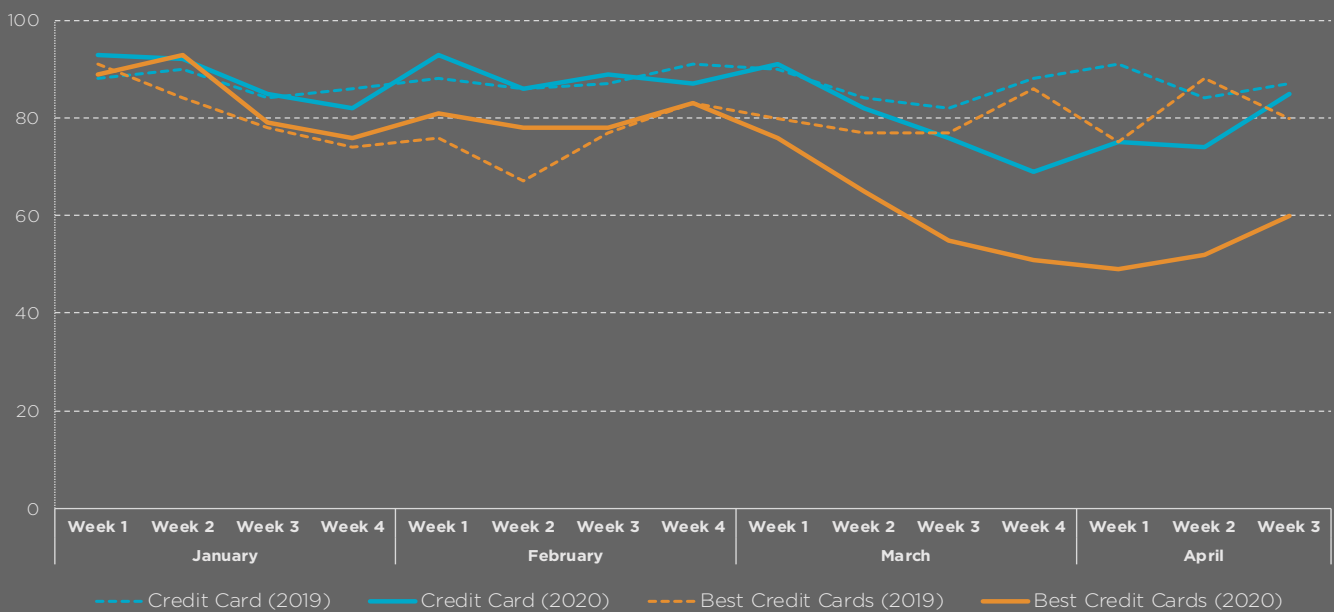
Let's take a closer look at the shift in search trends that we have observed across different credit card search themes and understand how financial marketers may respond and adapt their marketing strategy to address these changing customer needs.

Search Trends for 'Credit Cards' - 2019 vs. 2020

We analyzed search trends for generic 'credit card' themes over the last few years.

- There is not much seasonality for credit card searches in the US in March. They are typically flat across different themes.
- However, when the pandemic started spreading in March 2020, we saw a corresponding decline in generic keyword searches such as 'credit card' and 'best credit cards'.
- In April, we are seeing the demand picking up again. The current environment is very dynamic, and we may see more such fluctuations in the coming weeks as well.

Generic 'Credit Card' Search Trends - 2019 vs 2020



The chart above is 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 April 20th for 12 months; however, focusing on January to April trends in the chart above.

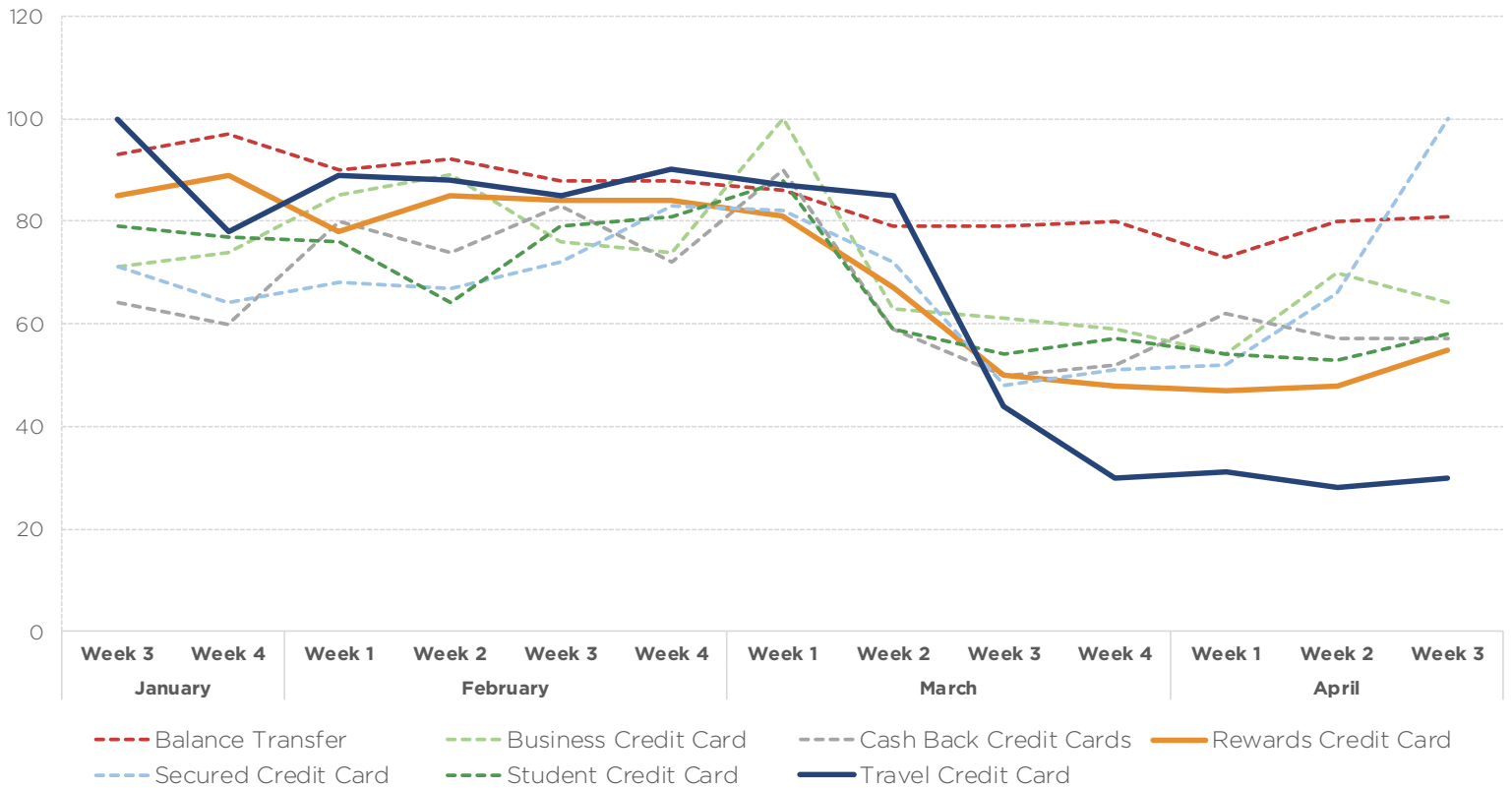
SEARCH TRENDS BY 1.1. CREDIT CARD CATEGORIES

We did a deep dive into search data for various credit card categories to understand how the search trends have been changing through 2020. These shifts in search trends are highly reflective of the changing consumer needs in response to the spread of the COVID-19 pandemic and the impact it has had on the lives, livelihoods and the US economy in general.

Our major observations highlighted below:

Travel is the worst hit category, followed by Rewards.

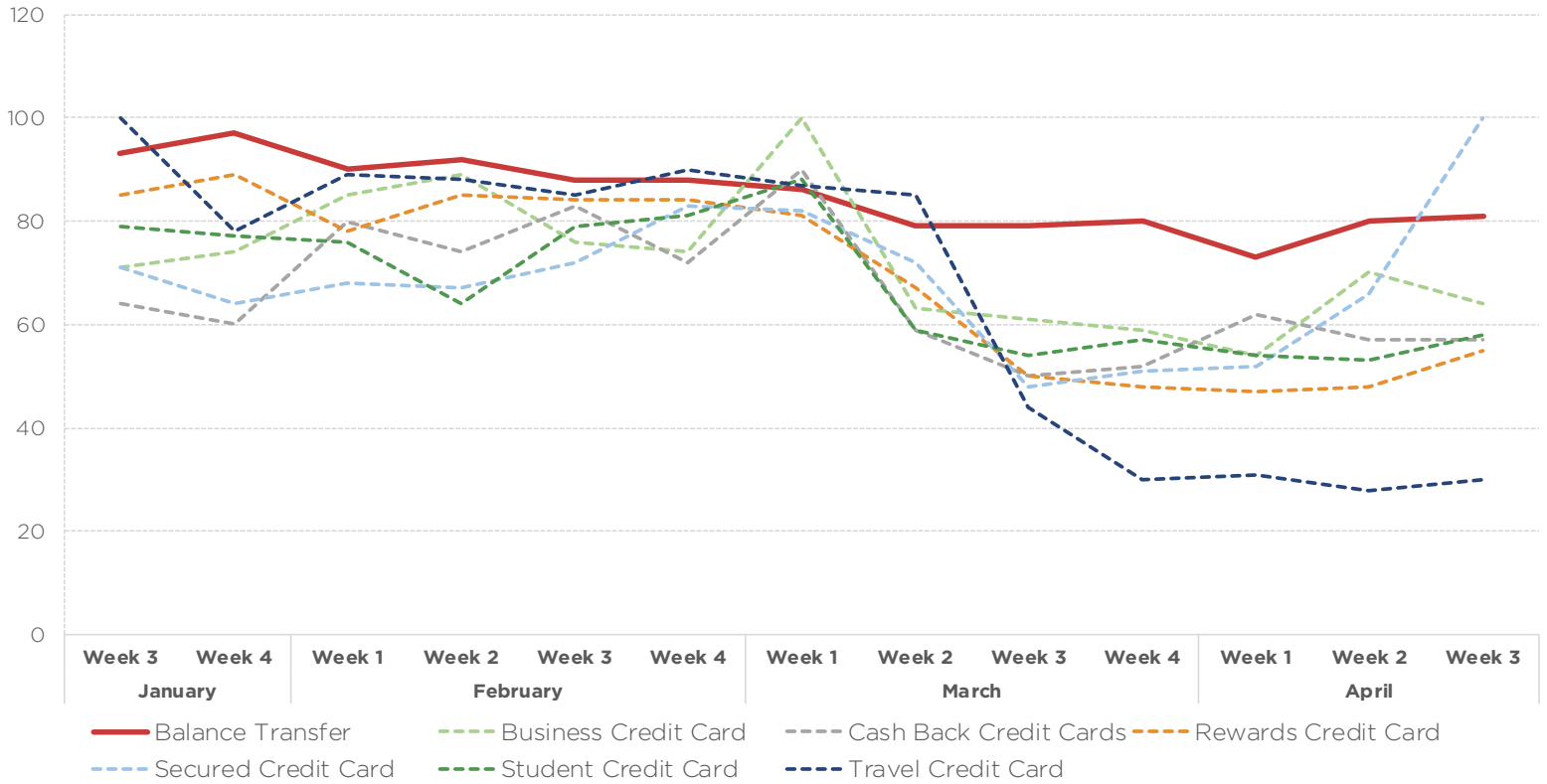
Search Trends by Credit Card Categories



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Balance transfer category has not been affected much.

Search Trends by Credit Card Categories



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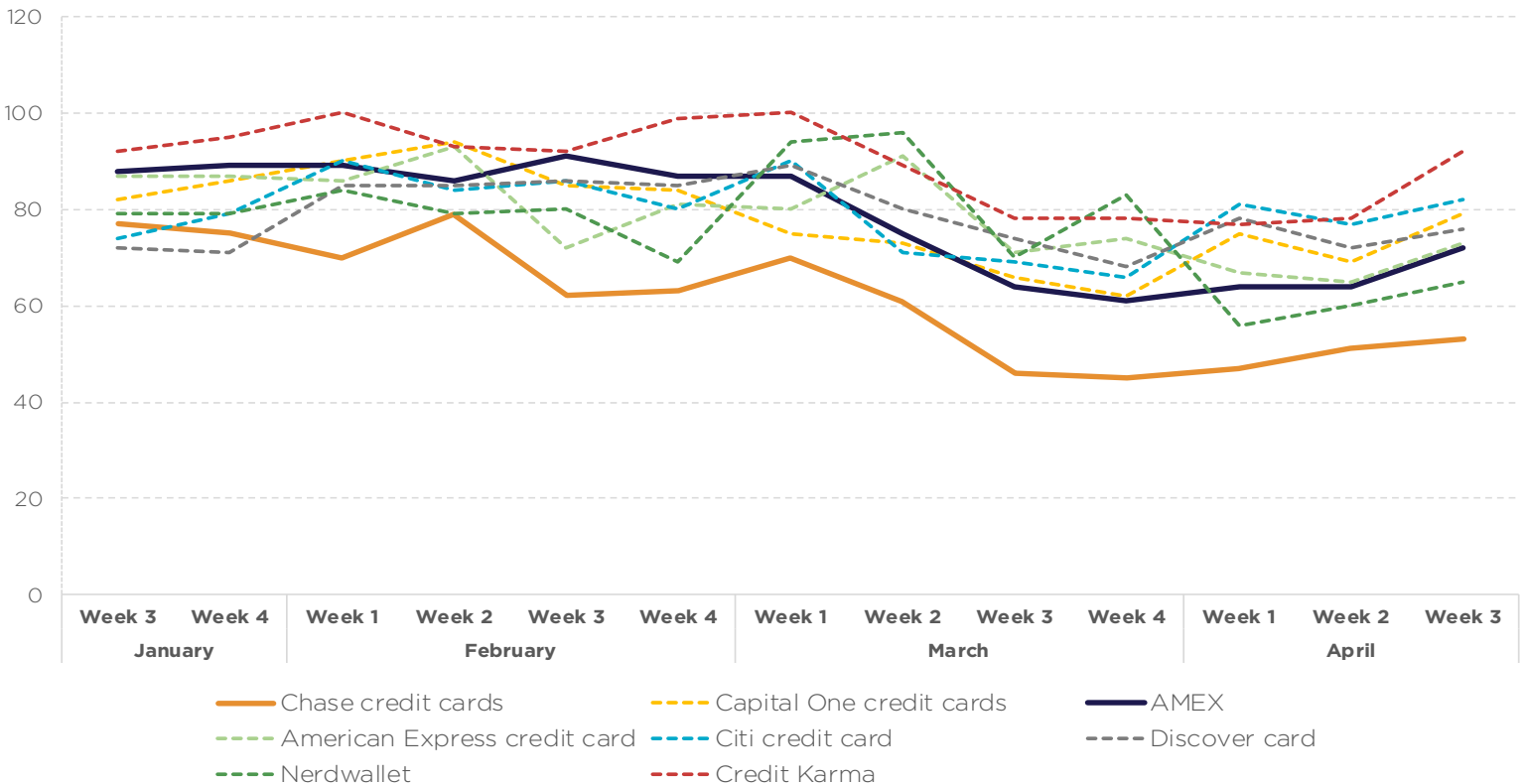
- The COVID-19 pandemic has brought travel to a standstill and the decline in search for travel credit cards in the US reflects this slump. Travel is the worst hit among the credit card categories, followed by Rewards.
- ‘Cashback’ and ‘Student credit cards’ are also seeing a drop in demand.
- Balance transfer category has not been affected much. This is in line with the trends we are seeing for searches around credit seeking and debt consolidation. Consumers may be looking to save interest charges on debt they may have started to accumulate.

- ‘Secured credit cards’ category is starting to see a huge spike in April, after the demand dropped in March. We will closely watch the trends to understand if this is a temporary spike or if the demand is here to stay.
- ‘Business credit card’ category is also seeing a drop in demand. There is a huge uptick in demand for business loans, and with the government providing stimulus package for business owners, it is to be expected that more businesses would turn to aid options rather than business credit cards during these troubled times.

SEARCH TRENDS BY 1.2. ISSUERS & AFFILIATES

We are seeing a similar trend across most issuers and aggregators as well. The demand dropped in March and seems to be picking up again in April.

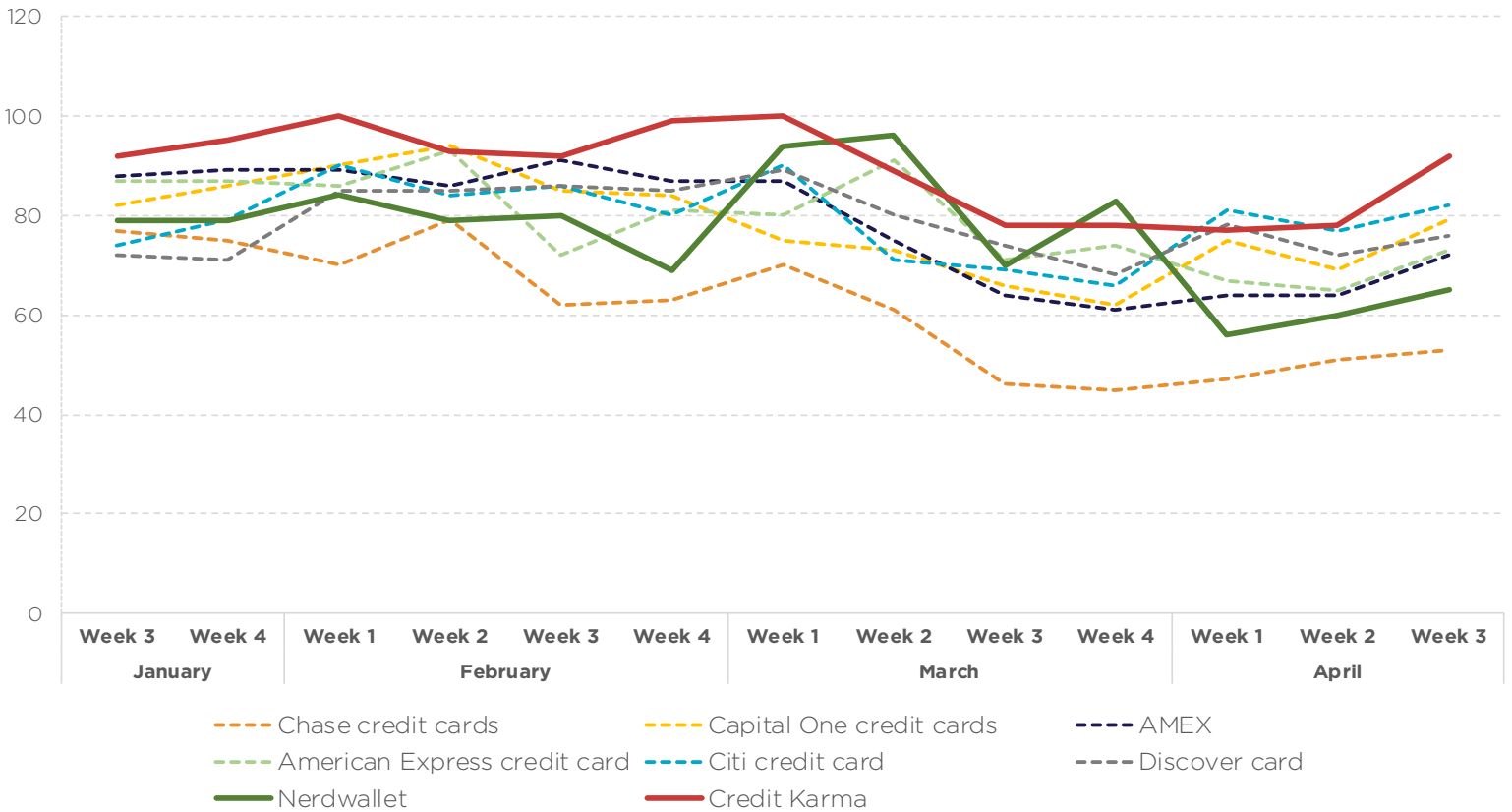
Search Trends by Credit Card Issuers & Affiliates



The chart above is 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 April 20th for 12 months; however, focusing on January to April trends in the chart above.

- It is clear that the search demand for some issuers is more impacted than others. This could be driven by the prominent card categories that specific issuers are known for. For example, both AMEX and Chase who are more known in the travel category have seen a larger drop in demand than Citi, Discover and Capital One who are more known in the balance transfer and cashback categories.
- Demand for aggregators such as Credit Karma and NerdWallet has also slipped in March and is beginning to pick back up again in April.

Search Trends by Credit Card Issuers & Affiliates



The chart above is 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 April 20th for 12 months; however, focusing on January to April trends in the chart above.

While we foresee the search demand for travel and rewards categories to remain low for a while, we will continue to watch and learn from the demand trends in other categories during these highly volatile times.

2. SHIFTING MARKETING TACTICS IN RESPONSE TO CUSTOMER NEEDS

As stated in [our last report](#), it is critical for business leaders and financial marketers to understand that many of their existing marketing tactics – channels, offers/benefits, targeting, messaging, etc. might not be relevant in the current scenario. Marketers need to be agile enough to be able to adjust their marketing strategy to the changes in customer needs in real-time.

The COVID-19 pandemic presents unprecedented challenges, both to consumers and marketers in the Banking and Financial services sector. While there are key differences between the financial crisis of 2008 and the looming threat of an economic recession we face today, we see value in looking back and learning from the trends of the past.

Below are our recommendations for credit card marketers to adapt and win in this ‘new normal’ based on:

- Our analysis of the rapidly changing consumer needs and behaviors
- Our research into the consumer behavior and credit card market trends that followed the 2008 recession.

2.1. SHIFT IN MEDIA-MIX

A [study by Federal Reserve Bank of NY](#) suggests that consumer financial behavior changed drastically during the 2008 recession. The precautionary urge to set aside more savings in lean times outweighed the consumers’ desire to maintain spending levels by using credit to replace lost wages, resulting in a significant drop in new credit card applications.

The current COVID-19 crisis points to a similar potential drop in credit card demand.

Credit card issuers may be driven to reevaluate budgets based on a drop in demand. As such, the focus should be attributing customer acquisitions to the right marketing channels and being agile and equipped to cut back on the channels with minimal impact on application volume and customer quality, if and when the demand drops.

2.2. SHIFT IN PRODUCT/VALUE PROPOSITION

Consumer needs are changing rapidly in the wake of the COVID-19 crisis. For example, a significant shift has been observed in people's spending behaviors over the past two months with major cutbacks on travel, dining out and non-essential purchases. This will in turn, affect their preferences for cards as well as features/benefits.

An understanding of the shift in consumer needs and behaviors can help brands identify the cards or features that would be most relevant to their customers at this point.

Targeting potential customers with the right product/value proposition can help drive acquisitions. Consider the following:

- When targeting users who use generic terms around credit cards in their search, align the brand messaging to the needs of the hour and focus on providing information and options for cashback and balance transfer credit cards.
- We are seeing a spike in demand for 'check credit score' searches. Offering a 'Free Credit Check' service might be a good value proposition for these users. This would also enable an issuer to acquire subscribers at a low cost and enable cross-selling to qualified subscribers at a later stage.

- Streaming services such as Netflix, Hulu, Prime are on the rise. Reward programs for customers using online streaming services may be a great value-add. The Blue Cash Preferred® Card from American Express and U.S. Bank Cash+™ Visa Signature® Card are great examples of this.
- Increasingly, users struggling with credit card debt are looking for balance transfer options to avoid paying high interest charges. Features such as 0% intro APR and low balance transfer fees would be more appealing to customers during these times.
- The food and grocery shopping behaviors have completely changed during this crisis, and customers may find cards that offer rewards on groceries and food deliveries more appealing at this point. Amazon and Walmart are already promoting the grocery incentives on their cards.

2.3. CONSTANTLY EVALUATE

Things are changing really fast in the current situation. Studies show that with the US economy becoming increasingly vulnerable, even people who may have applied for credit in the last two weeks may be more vulnerable now than when they applied.

Credit card issuers need to constantly evaluate whether their product positioning, value proposition, etc. remain relevant. An especially close watch needs to be kept on the approval rates across different campaigns, even for the ones which have performed well historically.

It is essential at this point to have conversion goals set to approvals and not just application submits.

TIGHTEN 2.4. TARGETING LEVERS

In the wake of the COVID-19 crisis, lenders are being increasingly [concerned about extending credit](#) to new customers as they may pose risk. They are tightening their loan requirements and going after consumers with higher credit limits.

[A 2011 report from FICO](#) found that during the 2005-2011 period, there were certain segments whose FICO score distribution were more impacted than others. In the current scenario, the credit scores of lower-mid scoring/higher risk consumers (scores in the mid-500s to high-600s) are likely to decline as they are already on the edge and not in a good position to weather negative events such as temporary loss of income or an unexpected large expenses.

Thus, card issuers might want to identify campaigns that typically drive customers in these credit ranges. Keep a close eye on performance of these campaigns.

We recommend the card issuers also consider tightening the targeting levers.

With Search, 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.

The demand for card categories like travel and rewards that drive **transactors** (higher credit profile customers) has gone down, and demand for card categories like balance transfer which drives **revolvers** (lower credit profile customers) is likely to go up. You might want to reevaluate budgets across these campaigns and constantly monitor the performance and volume mix to effectively manage the customer mix between transactors and revolvers.

FOCUS ON 2.5. EXISTING CUSTOMERS

Focusing on your existing bank customers has become more critical than ever. With additional insights about creditworthiness, issuers would be able to drive better approval rates with existing customers. We recommend emphasizing on existing customer analytics to identify qualified segments for different credit cards.

THE 3. FINAL WORD

At iQuanti, we believe that the key to building customer loyalty and driving acquisitions during these uncertain times is to be obsessively customer centric. We will closely monitor the situation as it evolves and will continue to bring you actionable insights to effectively respond to this crisis.

HAVE QUESTIONS?

Reach out to our Digital Solutions team for a conversation today!

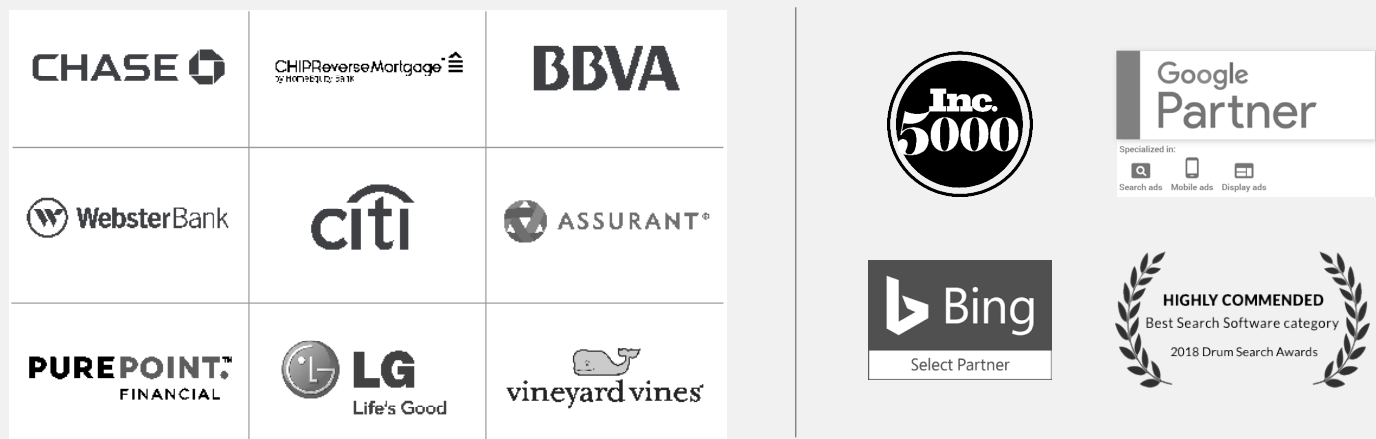
ABOUT IQANTI

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.



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