data axle

The Finance Industry's Playbook for Customer Acquisition

Why a data-centric approach to acquisition is a winning strategy

Introduction

Acquiring new customers is a crucial marketing task for any company– but it's especially difficult for the finance industry, where customers tend to rely on word-of-mouth and are exceptionally inert when it comes to switching services. Our recent survey of financial services customers found that 43% of respondents first heard about the financial services provider they are currently using from their friends or family, and 73% are not considering switching to a new provider.

These findings make customer acquisition for financial services companies a particularly challenging and costly endeavor that can burn through marketing budgets in a flash. A recent Gartner survey revealed that CMOs spend nearly 40% of their budgets on acquiring new customers,[1] making it incredibly important to have a focused acquisition strategy.

We developed this guide to help marketers in the financial services sector build a data-centric acquisition program that eliminates wasteful spending, attracts high-value customers, and is aligned with business priorities to drive growth.

The four phases of program development

Phase 1: Establish a baseline and define objectives

Phase 2: Define your audience

Phase 3: Identify your audience's needs, motivations, and preferences

Phase 4: Put your go-to-market plan into action

Phase 1

Establish a baseline and define objectives

To build a comprehensive customer acquisition program, FinServ companies should begin with a high-level approach to planning. This includes understanding where your organization is today, setting marketing objectives, establishing criteria for success, and engaging key stakeholders across the organization.

A successful acquisition strategy:

- Supports business objectives
- Is data-informed
- Is people-vetted
- Represents a shared vision by all stakeholders and business leaders

The process begins with a deep analysis of past performance, current key performance indicators (KPIs), and acquisition needs across business units. This will ensure that the overarching acquisition strategy meets business goals and provides clear direction to all teams.

What key insights should guide you?

As a key first step, it's important to perform an analysis to understand the "why" behind your acquisition program and uncover insights to help you focus your efforts. For example, you may analyze your financials and find that your attrition levels are too high to meet revenue targets, or that you are not attracting enough high-value customers, or that your most profitable product line is used by fewer customers than a low-margin one. Insights like these will help you shift efforts toward the biggest potential revenue generators.

What are your goals?

After identifying insights about your organizational needs and the reasons why acquisition is important to your business, you can build a business case and seek buy-in from across the organization by tying estimated outcomes to specific goals. Common goals might include:

- Offsetting attrition
- Growing your customer base
- Hitting sales or lead goals
- Expanding into new territories
- Re-engaging previous customers

How will you measure success?

Next, you'll want to identify which KPIs and engagement metrics are important to every level of your business. For example, high-level acquisition KPIs could include cost per acquisition (CPA), return on advertising spend (ROAS), and the number of new customers acquired. Consider which KPIs matter most to your senior leadership, your finance team, and your marketing team. By identifying the KPIs that matter to key stakeholders now, you can ensure you're planning in advance for how to measure against them and report back on progress. In addition, you should establish which benchmarks will represent "success" for the acquisition program.

BRAND EXAMPLE

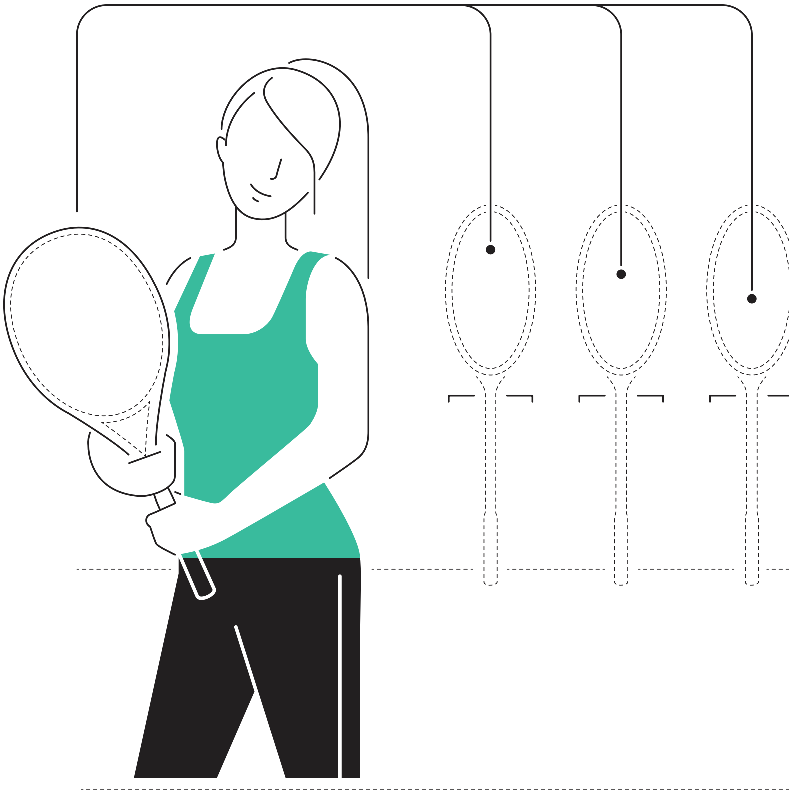
RBS Bank

RBS is one of the largest banks in the UK, and they have recently been focused on promoting their loan products to their current customers through digital channels, particularly push. The bank and their agency, Zenith, wanted to take advantage of the fact that people in the UK are spending more and more time on mobile apps, so they decided to focus on in-app advertising. The only problem with the plan was that RBS did not have a measurement solution that could account for customer conversion journeys across devices or measure ad influence.

To solve the problem of attribution, RBS turned to Facebook's attribution solution. This solution offered the bank the ability to connect conversions to media touchpoints across channels, devices, and browsers. Using the solution, RBS was able to figure out that their push campaigns resulted in a 20% increase in loan account openings via display advertising, a 16% decrease in display ad cost per attributable acquisition, and a 16% lower cost per attributable acquisition of in-app activity versus industry benchmark.[2]

What can you learn from past performance?

Unless your business is a start-up, chances are you've done some acquisition campaigns already. Reviewing past performance is a key step often missed when laying the groundwork for an improved acquisition program. Companies should analyze previous efforts to understand what worked (and what did not) and leverage recent learnings to make informed decisions going forward. For example, an analysis of past campaign metrics and results can help identify reasonable KPI benchmarks, allowing you to set expectations and goals for performance before you begin. Likewise, a channel analysis can help you determine which platforms and channels were most successful in previous efforts.



How can you build alignment across teams?

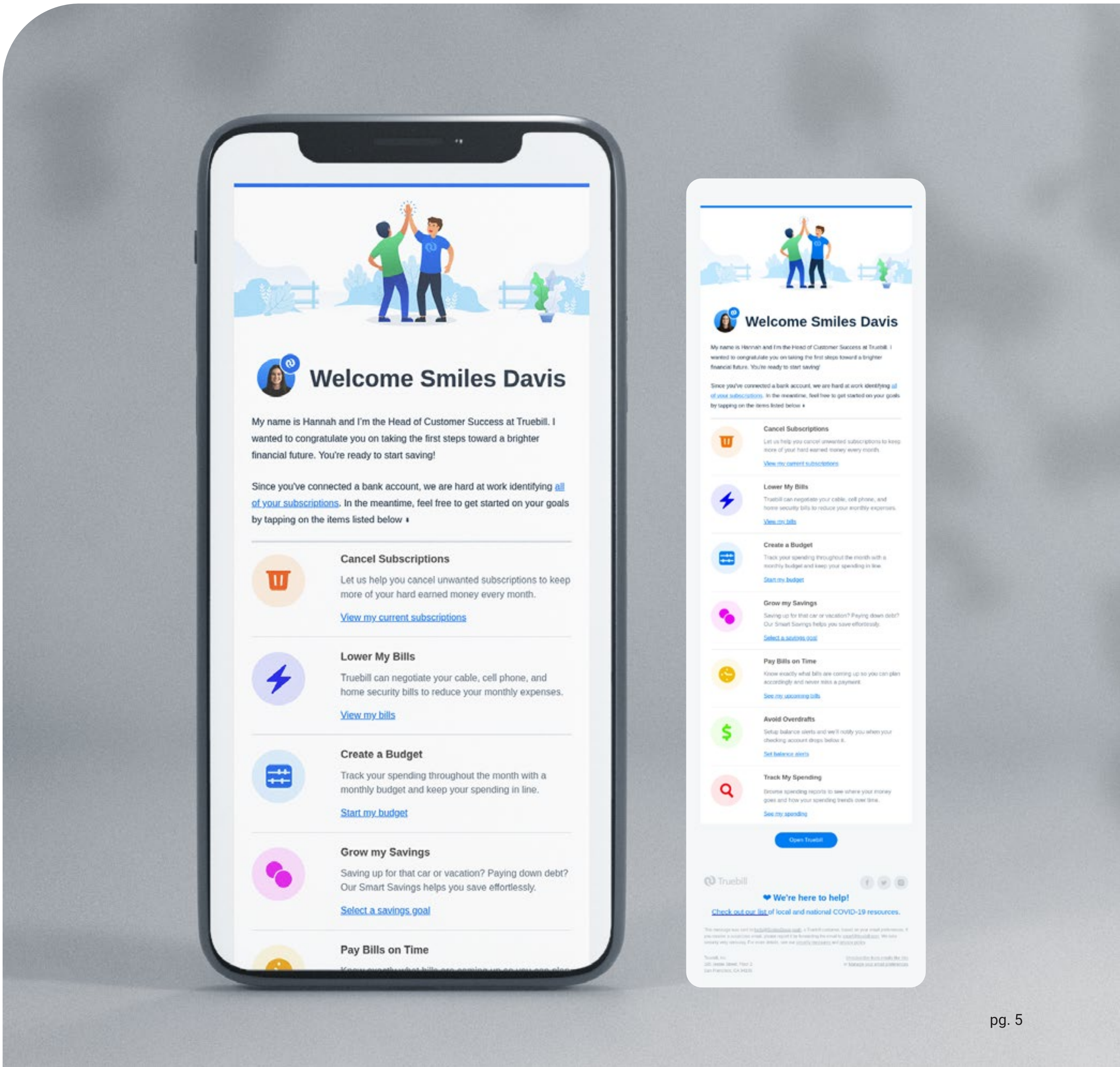
Executives should involve team members across all departments early in the process to ensure stakeholders agree on crucial insights and roles/ responsibilities for their acquisition program. Negotiating disagreements before the plan is put into place can help avoid frustration and missed opportunities later. In addition, solidarity across teams will make it easier to get budget and resources allocated to the project.

What is your plan for retention?

Once your company has acquired new customers, how will you drive long-term value? Given the high cost of customer acquisition, it's essential to have procedures in place (like [welcome and registration programs]) that will convert consumers from new buyers to repeat customers to loyal advocates. If your new customer onboarding or welcome program needs an update, make sure that it is part of your planning. To ensure your company is set up to realize the full value of new acquisitions, you should also review retention strategies.

BRAND EXAMPLE
Truebill

Fintech company Truebill wants to help customers manage their finances better. When a customer signs up, they receive a comprehensive welcome email from the Head of Customer Success at the company. The email outlines their various services and how to get started with each component. From canceling subscriptions to negotiating bills, customers can see how Truebill helps them and are encouraged to take advantage of everything the company offers, which boosts client retention.



Phase 2

Define your audience

Many marketers are familiar with Pareto's principle, also known as the 80/20 rule, which presumes that 80% of an organization's profits come from 20% of their customers. However, some companies lack the data to identify their high-value customers. To discover who to target with your acquisition efforts, ask yourself these key questions:

To identify who to target for acquisition campaigns, ask yourself these key questions:

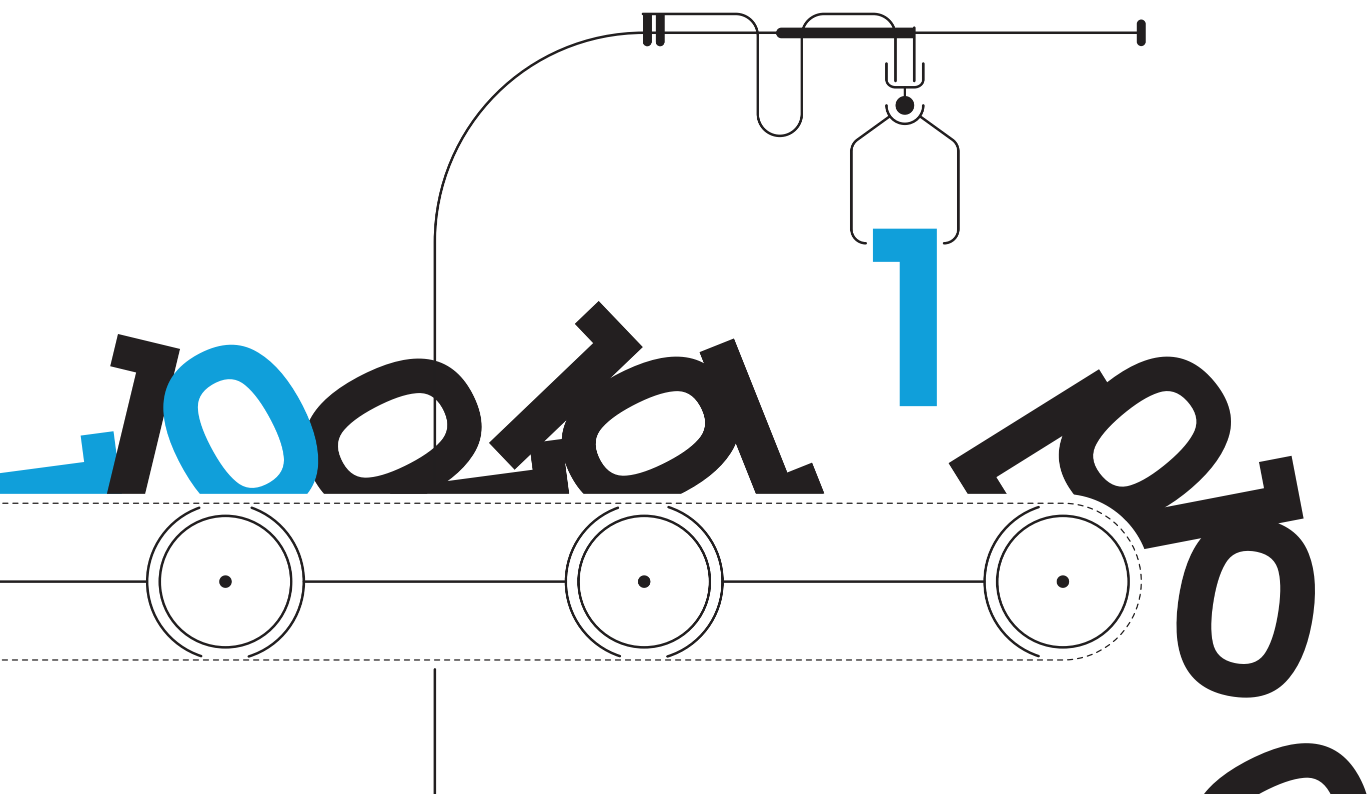
- Who do you have today?
- Who do you want?
- How much are you willing to pay to acquire them?
- How can you identify them?

Who do you have today?

Performing a comprehensive data analysis is key to helping companies understand their current customer base. Steps to take during this analysis include:

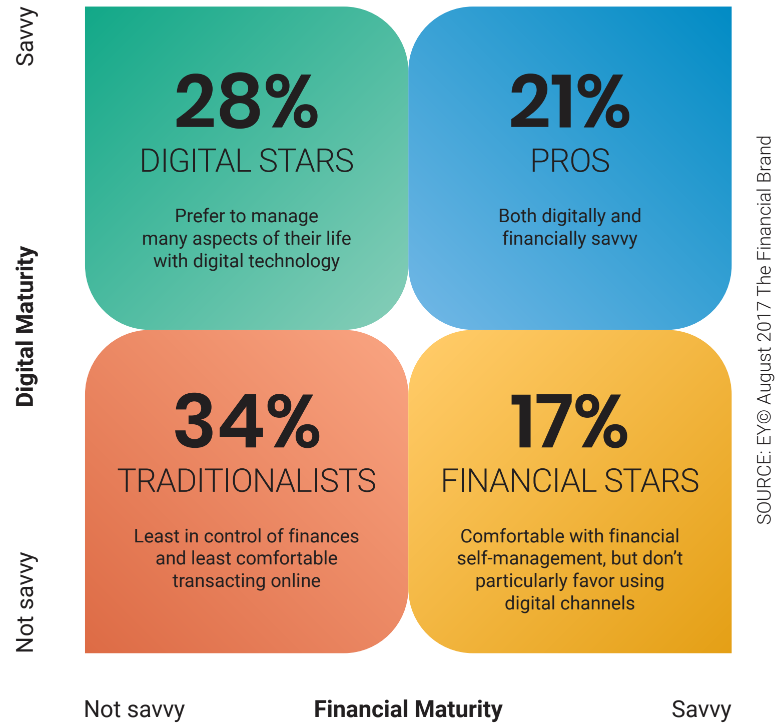
Take inventory of your data

Examine your first-party customer data to identify what intelligence you currently have and where do you need to fill in the gaps. Building a complete picture of your best customers often entails enhancing your existing database with third-party data. Working with a data provider like Data Axle allows you to understand key insights about consumers' lifestyles, values, and motivations. For example, you might layer on missing demographic information (e.g., age, ethnicity, etc.), psychographic data (e.g., values, interests, attitudes, etc.), or life event data (e.g., marriage, a new baby, etc.) to help you identify and understand your best customers, and find your best prospects.



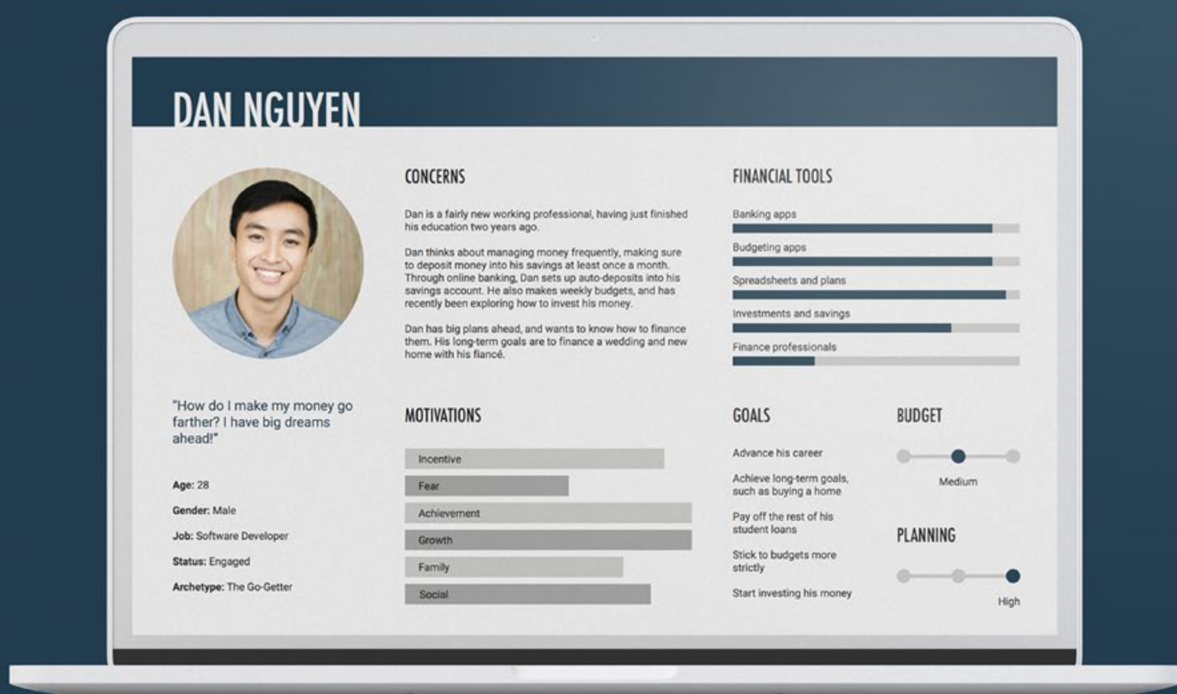
Build customer profiles

Marketers should analyze their databases and segment existing customers into unique groups to better understand their needs and behaviors. By combining multiple types of consumer data – from zero-party data such as surveys, to first-party data on customer interactions, to third-party data on demographics and life events – marketers can segment their customers based on their goals and defining attributes.



Use personas to paint a picture of your customers

Personas are fictional characters used to represent specific types of customers. Companies can use personas to understand their customers in a way that is rich in detail, actionable, and easily understood by all teams within the organization. Having well-defined personas can also help you develop more effective personalized messaging and creative.



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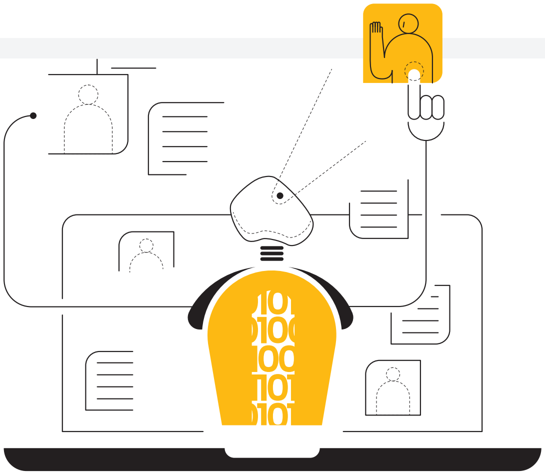
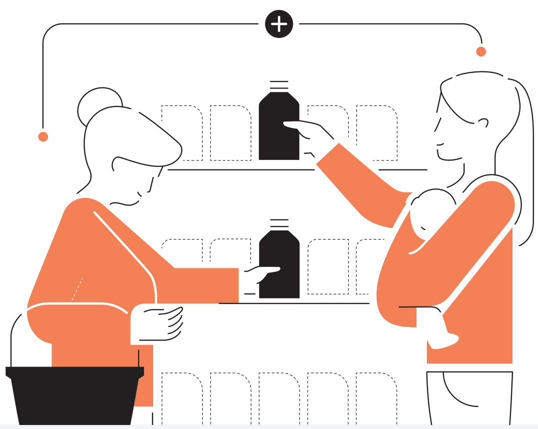


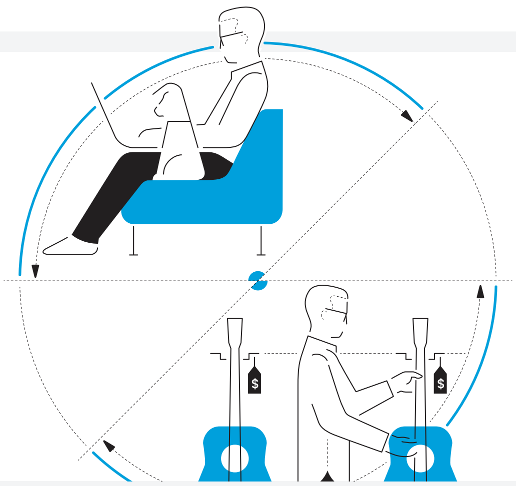
Assess customer engagement and satisfaction

By analyzing available data – such as Net Promoter Score (NPS), Customer Satisfaction Score (CSAT), campaign interactions, site visits, and the number of products/services used – companies can evaluate how loyal, engaged, and satisfied their customers are. This analysis can uncover which channels generate the most activity and conversions, allowing the company to understand customer perceptions and have a complete view of what is important to them.

Understand why they chose your company

It's important to identify what matters most to your customers. Why do they choose you over competitors? Why did they become a customer in the first place? Was it your reputation for providing a quality product? Your low service fees? Your excellent customer service? Understanding the answers to these questions can help you identify the aspects of your company that are most attractive to your prospective audience.



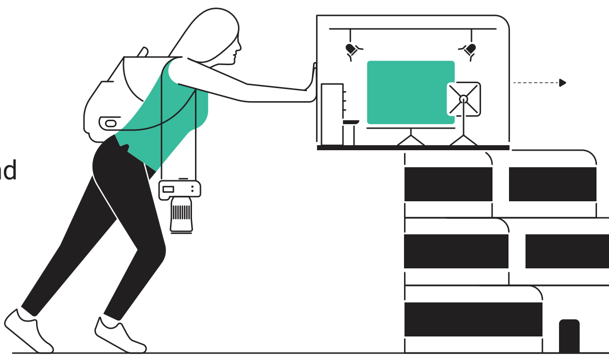


Appraise their value to your business

Most marketers know that 80% of your revenue comes from 20% of your customers. Identify your highest value customer groups by analyzing how each segment aligns with overall revenue. This can help you prioritize marketing budgets. Analysis of customer, product, and revenue data (using the RFM model built on recency, frequency, and monetary value) can help financial services companies identify their most valuable customers.

Quantify your lapsed and lost customers

Performing an analysis of lost and lapsed customers can help you understand who you're trying to replace and ideally why they left. This step is particularly important if attrition is a challenge for your organization.



Who do you want?

A key part of defining your audience entails asking who you should target in order to attain the business goals your organization laid out in Phase 1. *Ask yourself:*

- Do you want more of your highest-value customers?
- Are you looking to reach a new customer segment?
- Do you need customers who want specific services (business loan, retirement fund management, etc.)?
- Are you hoping to attract consumers in a new geographic territory?

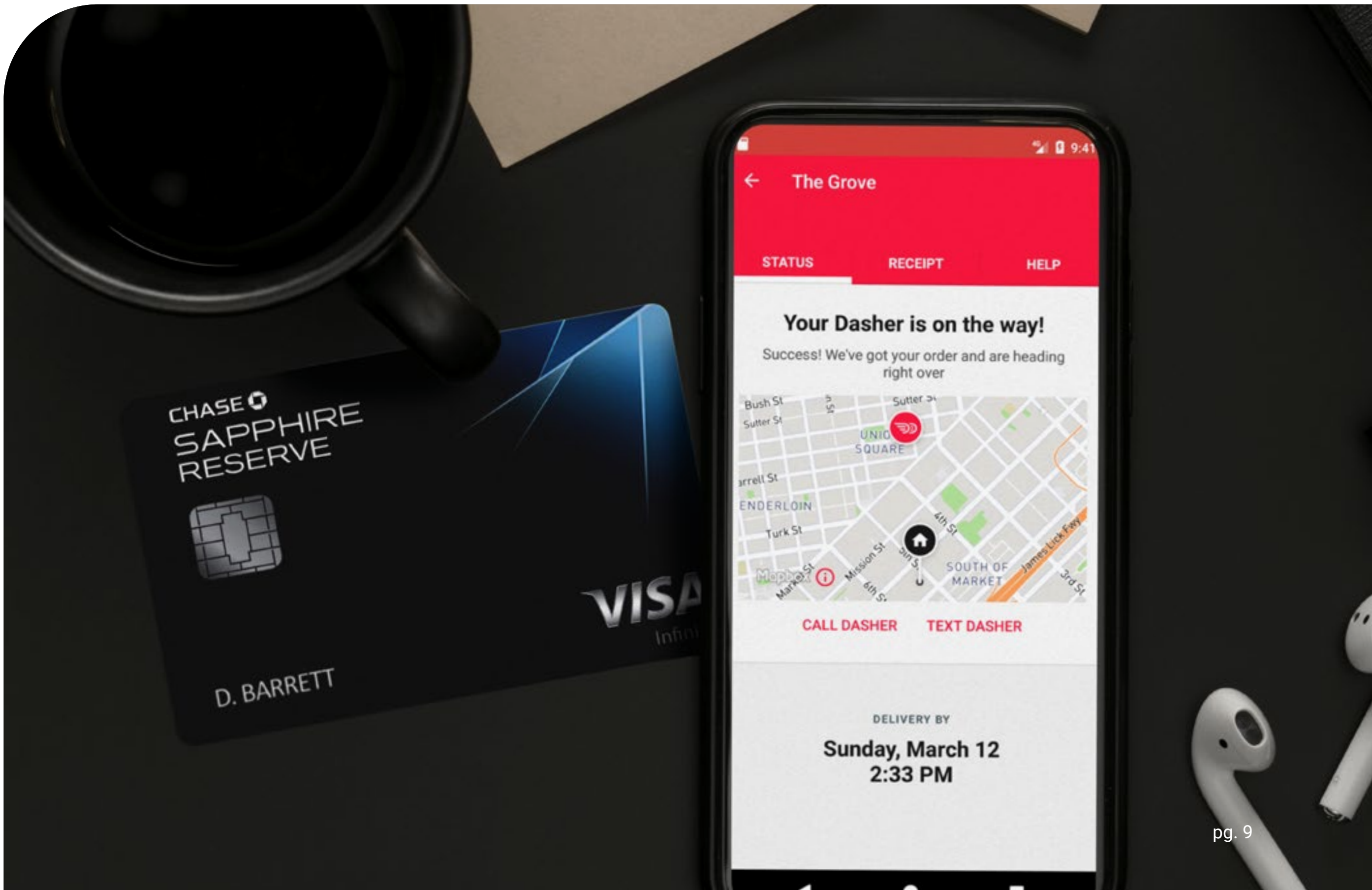
The more clearly a company identifies who they want to attract, the stronger their acquisition strategy will be.

BRAND EXAMPLE

Chase Sapphire Reserve Card

Millennials are a coveted group, particularly because of their potential long-term value. Financial advisors, Cerulli Associates, estimate the investable assets of millennials at $1.8 trillion.[3] Knowing that millennials choose experiences over material goods, Chase gives Chase Sapphire Reserve card rewards program members a sign-up bonus of up to $750 in travel credits and an annual $300 travel credit. Members can also book flights directly on the Chase website, a convenience that is another plus for their millennial audience.

Chase partnered with food delivery app DoorDash to waive delivery fees for customers using their Sapphire Card to feed millennials' takeout addiction. Knowing the millennial audience paid off well, and Gordon Smith, Co-President and COO at Chase, has stated that "The majority of our new Sapphire Reserve customers are millennials. That is significant because millennials make up the majority of our new deposit accounts today, and their wealth is expected to grow at the fastest rate of all generations over the next 15 years." [4]



How much are you willing to pay to acquire them?

Marketers often decide what to spend on acquiring new customers by performing an analysis of how much revenue the brand currently receives from newly acquired customers. They then determine an optimal budget by estimating the customer acquisition costs from previous efforts.

CPA

Cost per acquisition

CAC

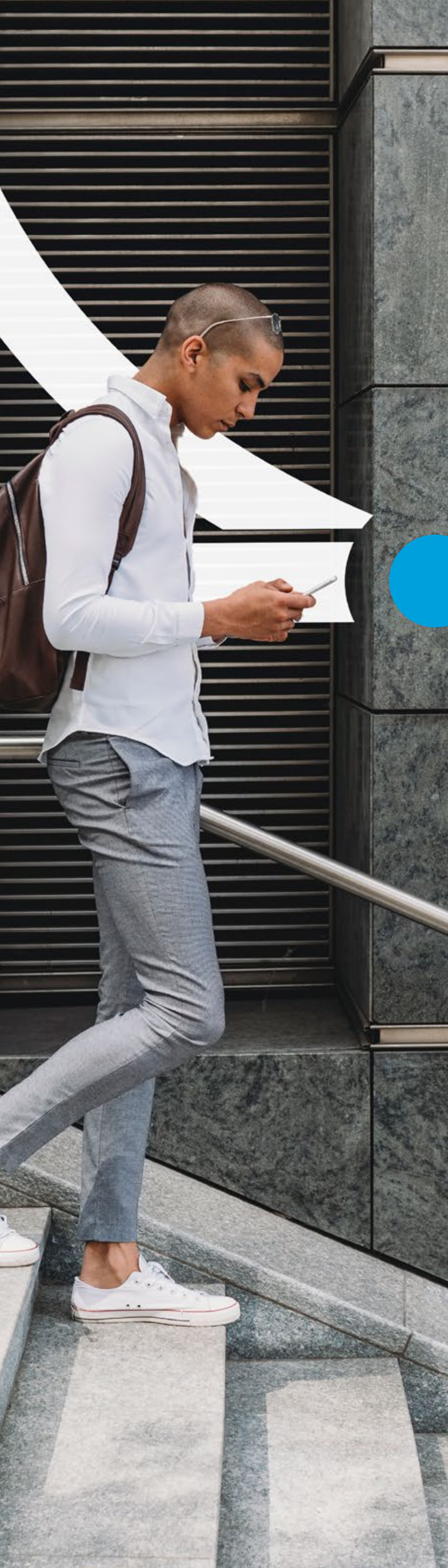
Total spent to acquire new customers / number of new customers acquired

Certain industries have a higher average CAC than others. For example, retail has a CAC of $7, and financial companies have a CAC of $175.[5] Companies can calculate longer-term metrics, like average customer lifetime value and revenue per customer, to inform how much they're willing to spend on new acquisitions. Since the finance sector tends to have high lifetime customer values and higher retention rates, financial service marketers tend to be willing to pay more for a new customer than, say, a retail brand, and tend to weigh decisions more heavily on lifetime value than initial revenue from an acquisition. Keep in mind that as you hone your acquisition strategy, results will improve, which means your acquisition costs should decrease over time.

BRAND EXAMPLE
HDFC Bank

HDFC Bank, one of India's leading private sector banks, wanted to reduce customer acquisition costs by 50%; no small feat in such a competitive market. The bank unified their customer data across channels and products to give them a complete view of their customers' behaviors and preferences.

HDFC started reaching out to customers through their preferred channel, be it SMS, email, or direct mail, and vary their offers based on past interactions. The focused acquisition campaigns performed better than expected and resulted in a 60% reduction in acquisition costs due to effective targeting and channel optimization.[6]



How can you identify your prospects?

Having a clearly defined target is extremely important because identifying the **right** prospects (those who provide the highest value and are most likely to convert) can reduce customer acquisition costs and decrease wasted spend. They can do so by using a variety of acquisition tactics to identify which prospects to target. Some examples include:

Look alike models

Lookalike models use demographics (e.g., age, gender, income) and psychographic attributes (e.g., interests, hobbies, values) to identify prospects with characteristics that are similar to those of your best customers. Lookalike models are one of the most popular methods to identify acquisition audiences. In fact, according to Google, companies that use their Similar Audiences feature (Google's version of lookalikes) generate 60% more impressions, 48% more clicks, and 41% more conversions.[7]

Response models

Response models help discover the prospects who are most likely to respond with actions that align to specific marketing objectives (using a loan calculator, clicking an ad, submitting a form, etc.).

Prospect valuation models

Prospect valuation models identify prospects with the highest predicted future value.

Custom audiences

Custom audiences involve a direct integration between digital advertising platforms and the financial organization's data management platform (DMP). For example, Microsoft Bing, Google, and Facebook all offer the ability to create custom audiences using your own first-party data.

Intent data

Intent data helps FinServ companies with B2B products (such as business loans, business credit cards, risk assessment tools, etc.) identify targets exhibiting specific behaviors and signals that indicate they are in the market for a certain type of product.

Lost and lapsed customer data

Lost and lapsed customer data can help you identify valuable audience members to reacquire through win-back campaigns.

Phase 3

Identify your audience's needs, motivations, and preferences

Once a company has completed an analysis to identify their target audience, they can focus on connecting with them. This process involves asking:

- What problem are prospects trying to solve?
- When do they need your product/service?
- Where can you reach them?
- What messaging will motivate them?

What problem are they trying to solve?

Understanding your audience and focusing on their needs instead of simply pushing your products is the key to successful engagement. Most consumers aren't looking to buy a product; they are looking to fill a need. For each customer segment, marketers in the financial sector should:

- Collect data (through surveys and other methods) about what problems their audience is trying to solve
- Analyze how their company addresses the needs of each customer group
- Examine how their company answers the need in a way that their competitors do not: understanding why consumers choose your company instead of the competition allows you to develop informed marketing strategies that emphasize these differences.

BRAND EXAMPLE

Acorns

It's no surprise that this FinServ darling is on the list for The Forbes Fintech 50, featuring the most innovative fintech companies of 2020. Started in 2012, Acorns saw a gap in the investment market. Investing in stocks is confusing and expensive. Acorns made it approachable and seamless by moving extra pennies from users' credit and debit card purchases into an investment portfolio. In 2020, Acorns added an option to invest money straight from customers' paychecks. The brand now has more than 6.8 million users, receives funding from some of the world's largest brands (Paypal, BlackRock, NBC Universal), and is valued at $860 million.[8]

When do your customers need your product?

Successful acquisition programs depend on reaching consumers at the right time. FinServe companies can perform an analysis based on what they know about their customers to uncover trends and pinpoint when consumers are looking for a certain product or service. Understanding what is driving the customer's need can help identify when they may be looking for information and how long their research and consideration phases may be.

"When" a consumer is receptive to your message can be influenced by a variety of factors. For example, consumers' needs for a product/service might be motivated by:

- The time of year (e.g., beginning of a new school year for student loans, start of summer for home improvement loans, holiday season for personal loans, etc.)
- Where a consumer is in their lifecycle journey (e.g., ready to buy, upgrade or just learn more about what you offer)
- Life events (e.g., looking to buy a home, planning a wedding, expecting a baby, about to graduate college, about to retire, etc.)

BRAND EXAMPLE

Ally Bank

Ally Bank enlisted the help of a media partner to target consumers in key life stage moments. Their partner created 21 content pieces on behalf of Ally Bank, which were delivered across their network's publications -- The Bump, The Nest, and The Knot -- and covered financial advice for having a baby, buying a home, and getting married. The campaign established Ally Bank as a financial partner for readers across these properties and enabled the bank to reach a millennial audience and position itself as the financial partner to help them meet any of their needs.

Where can you reach them?

Through an analysis of past acquisition campaigns, cross-referenced with customer data, finance companies can predict which channels will be the most effective for new acquisition efforts. For example, you might want to attract more customers who are in the market for advisory services such as retirement fund management. By performing an analysis of your current customers using that service and tracking their customer journey, you can identify where to focus your marketing budget. Which channels did they engage with, and which campaigns worked to attract these clients? Are channels and campaigns equally effective across customer segments, or does success vary based on unique attributes (e.g., are younger customers engaging on different channels than older audiences)?'

BRAND EXAMPLE

American Express

From connecting with friends to online shopping, Gen Z and millennials depend on Instagram for it all. Credit card company, American Express, harnesses the power of Instagram to reach their younger audience. The company works with influencers to tout the benefits of their services with their #AmexAmbassadors program. Amex partners with hundreds of social media influencers and offers them perks, such as exclusive experiences and parties, in exchange for posts about the brand.

Amex diversifies the type of influencers they reach out to in order to maximize their exposure to their target audiences. For example, they might target a travel influencer to capture the attention of travel enthusiasts and highlight the travel perks of a specific credit card. Alternatively, they might enlist the help of a home chef influencer who can easily tout the cash back rewards that home cooks, or DIY-ers would get on home and kitchen essentials or groceries.[9]

What messaging resonates with them?

Powerful creative is vital to reaching and enticing consumers. Starting at the highest level and taking a data-driven approach ensures messaging, imagery, and final creative are aligned across all media and consumer touchpoints for a cohesive experience.

Tools to develop messaging that resonates with your audience include:

Consumer research

There are several different types of surveys FinServ marketers can use, including customer feedback, market research, and brand awareness surveys. These surveys help finance companies understand how customers perceive their brand, which channels they respond to and how to best tailor messaging. These surveys can be designed to reach consumers on different channels, such as email, direct mail, phone, push, and SMS. This first-hand customer feedback is invaluable when it comes to shaping future campaigns.

Creative ideation/brainstorming

Marketing teams can hold brainstorming and creative ideation sessions, either internally or with a creative partner, to explore how they might bring their message to life for the consumer.

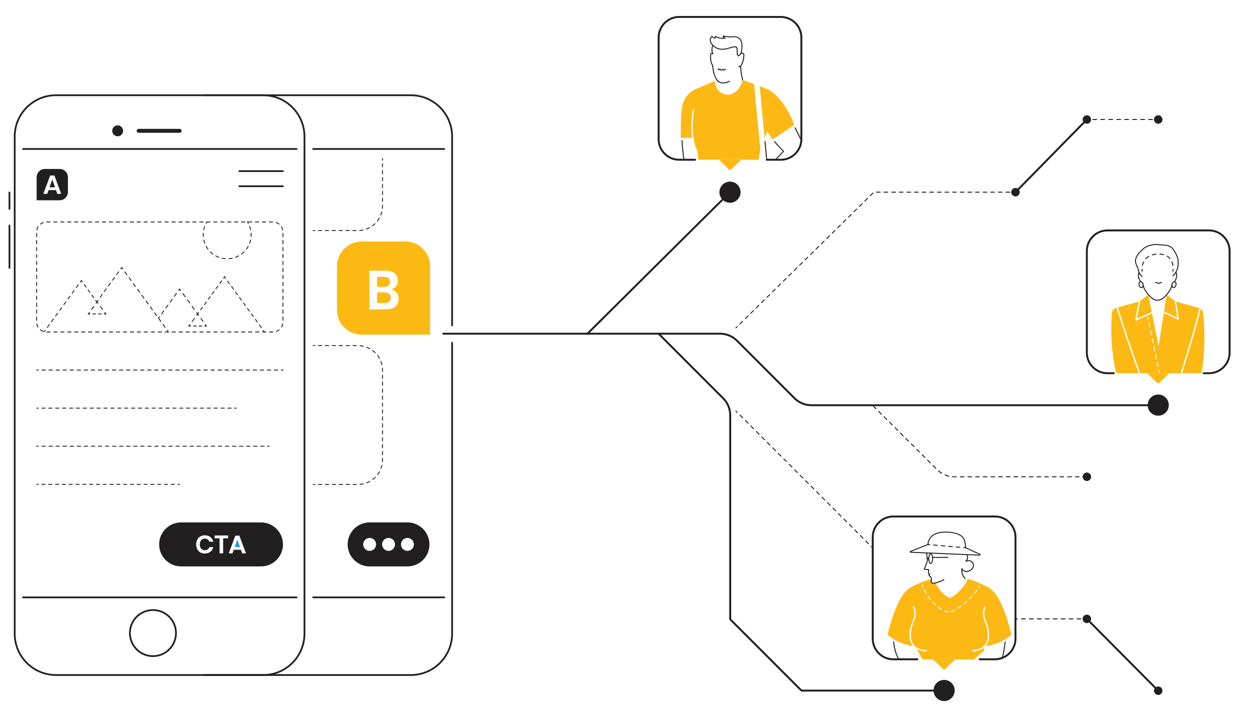
Concept testing

Conducting consumer focus groups or test panels can help evaluate creative concepts and ideas to understand consumer reactions. As an outcome of this process, you might want to look to identify one champion piece of creative and one challenger piece of creative to put into market.

A/B market testing

Finance companies can release multiple creatives to the market and conduct a champion/challenger(s) test to pinpoint the top-performing campaign messaging. When possible:

- Use testing tools to conduct a head-to-head matchup of both creatives to determine a winner. Companies should strive to understand which concept resonates best, both overall and by segment.
- Continue the A/B challenger approach to refine messaging to achieve optimal results. – Testing should be an "always-on" process.



BRAND EXAMPLE

One Main Financial

Started in 1912, One Main Financial offers personal loans. The bank wanted to home in on the types of messaging that would resonate with their target audience, so they turned to A/B testing to help them strike the right tone. The brand decided to test the language around email collection during the loan application flow, to increase email capture rates. The company tested three different types of messaging and the position of the email field in the loan application flow. They tested calling the email field "personal information," which performed poorly compared to the winner – "account information". Application completion rates for the test increased by 2% and email capture rates increased by 29%. During the testing period, One Main Financial was able to add 1,000 emails to their re-targeting campaign.[10]

The wording also allowed One Main Financial to streamline their account creation process. Eric Barba, VP of Digital Marketing and Analytics at OneMain Financial explained, "By capturing email addresses as 'account information,' we can pass that information through as the customer's username and only prompt him or her to create a password for account access (increased sign-ups and reduction in forgotten username). The extensions that the email has into other areas of our business is an even bigger win than just the increase in conversion and capture rates." [11]

View video

View video

Phase 4

Put your go-to-market plan into action

Phase 4 of enacting a customer acquisition program moves the strategy from concept to action by finalizing internal processes (i.e., how your team will work together), platforms needed to achieve your acquisition goals and plans for performance optimization.

What process will work for your team and deliver results?

In a recent survey, 35% of Chief Marketing Officers (CMOs) felt that new customer acquisition is a top expectation of the management team.[12] CMOs need to work closely with their product and sales teams to achieve the results they want to see. Brands can boost acquisition program results by focusing on tactical coordination when it is time to go-to-market.

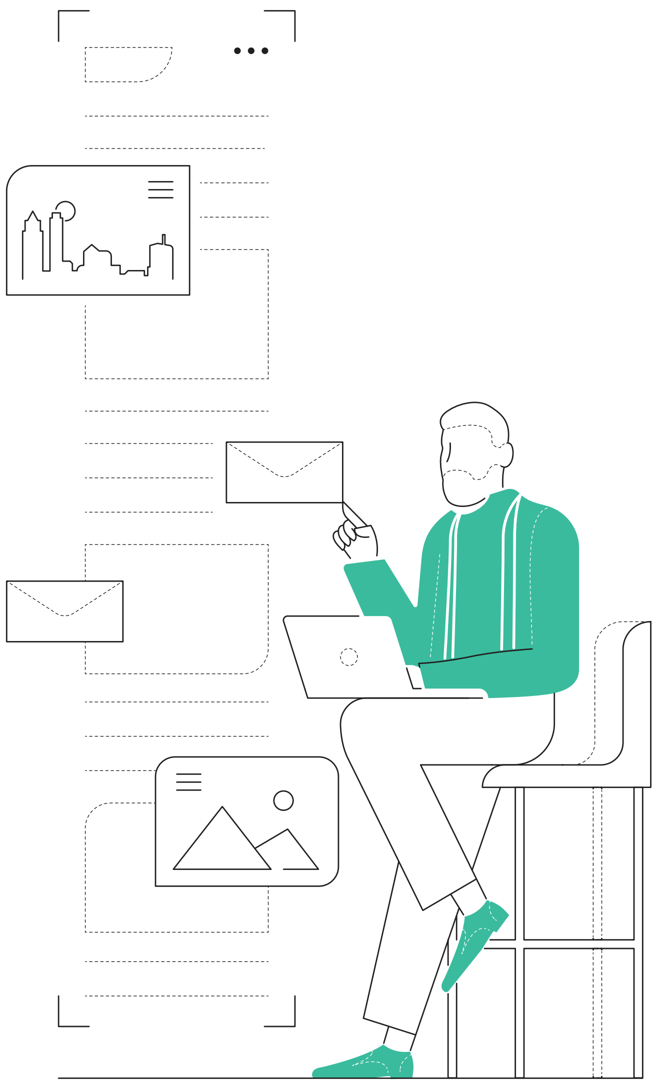
Specifically:

Team alignment
Finalize which teams, both internal and external, will be involved. Clearly outline expectations and timing so teams can plan and resource appropriately.

Creative
Ensure there is enough time for creative research, review, revisions, and testing before launch. Getting the message right is critical to the success of any acquisition campaign.

Media process
Identify which channels you are going to include in your marketing mix. Align all teams who manage these channels, including any external vendors, with an all-hands kick-off meeting to review the plan and confirm your ability to execute. Establish regular checkpoints and a central owner of the campaign to coordinate across parties.

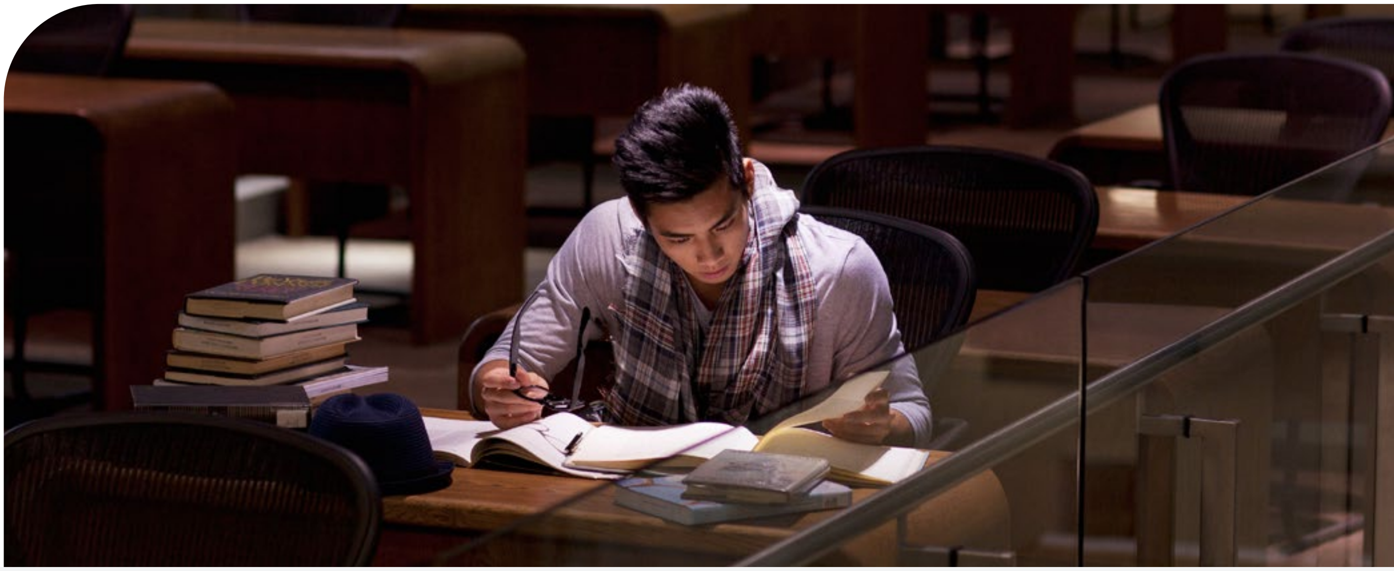
Reporting and measurement definition
Clearly document all required KPIs and ensure the ability to track and report on them ahead of the campaign launch. Set expectations around frequency and granularity of reporting for each group/stakeholder to ensure there are no surprises when you deliver reporting as the campaign goes into market.



BRAND EXAMPLE

Earnest

Financial services company, Earnest, which specializes in debt refinancing for student loans, took on a multi-year project to revamp their digital customer acquisition. As part of the initiative, they worked across internal teams, company leadership, and partnered with two outside agencies to expand their acquisition efforts. When the project started, they were utilizing just two acquisition channels and had only basic capabilities to track their success. After a year of working on the project, Earnest had boosted brand visibility by expanding their reach across seven channels. They also developed the ability to track complex customer journeys across advertising platforms and applied insights from their channel analysis to improve their overall acquisition program.



What platforms are best suited to delivering on your goals?

A survey by Nimbus Ninety found that half of mature businesses say their legacy systems are holding them back from undergoing a digital transformation that would increase customer acquisition.[13] To set your company up for a successful acquisition program, you need to select the right technology platforms and partners to meet your business objectives. *These could include:*

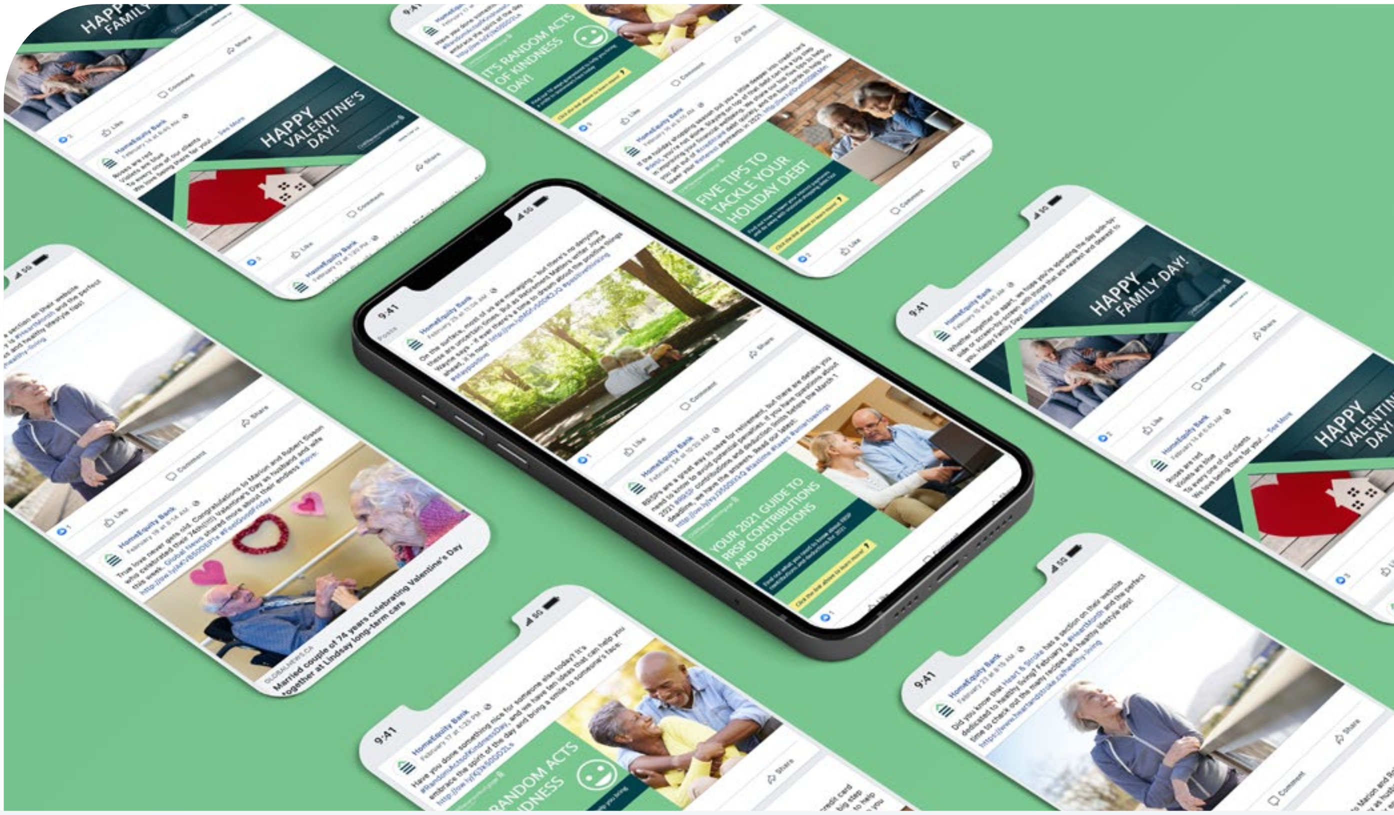
- Email service providers
- Data service providers
- Acquisition platforms
- Walled gardens (e.g., Facebook)
- Direct mail/media planning solutions
- Partner-based marketing solutions (also known as B2C lead generation)
- Affiliate marketing platforms

Finance companies can engage platform partners to ensure support and ongoing success. For example, platform partners can advise which technical capabilities might help you reach your acquisition goals; they can also help you understand how to leverage connections between your systems and how to automate processes to maximize ROI. You can also work with providers to enact a plan for how to manage platforms and test new features, particularly if you plan to add new tech products or capabilities as part of the program launch. Enlisting the help of platform partners can help you discover innovative approaches that might not have otherwise been considered.

BRAND EXAMPLE

HomeEquity Bank

Canadian mortgage lender HomeEquity Bank knew they needed help to reach their digital acquisition goals. They partnered with a solutions provider to help them achieve their vision of double-digit growth and lower acquisition costs through a plan that involved paid acquisition management (such as Pay-Per-Click, display, and remarketing), SEO, website, and landing page redesign, analytics tracking, and cross-channel optimization. Outsourcing their acquisition process has paid off for HomeEquity Bank. They have seen a 25% increase in leads YOY, a 10% reduction in spend YOY, and an 85% reduction in overall bounce rate.[14]



How will you measure performance for optimization purposes?

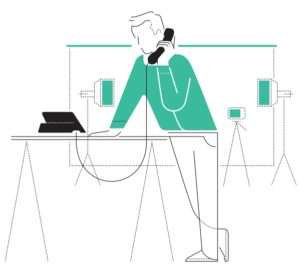
An essential task in your go-to-market strategy will be to finalize the process and tools needed to monitor your program's performance. Developing a reporting framework ahead of launch ensures that all stakeholders can see and approve the plan, making the process smoother in the long run. *These steps include:*

- For each platform involved in the acquisition program, establish regular reporting and finalize any platform integrations needed to allow you to roll up individual results into the overarching reporting and measurements required for the campaign.
- Automate and consolidate reporting wherever possible to allow more time for insights and optimization and avoid wasting time on manual work.
- Develop a comprehensive set of reporting dashboards that meet the stakeholder requirements outlined in Phase 1. Dashboards should account for KPIs and what is possible from each platform selected.
- Establish timing for delivery of reporting and how weeks are tracked (e.g., Sun-Sat, Mon-Sun).
- Establish a central owner to traffic all platform reporting and build reports in the dashboards.
- Establish responsibilities for data analysis and optimization recommendations.

Bring it all together with the right people

A stellar acquisition plan without the right people to make it happen isn't worth much. Once you've defined all elements in your acquisition program, including campaigns and go-to-market strategy, you must also ensure they have the right resources to execute on your vision. In taking this step, be realistic and conservative in your estimate. Develop a plan for how your company will find additional resources if needed, whether through hiring, contracting, or outsourcing to partners.

Data Axle offers resources in the following areas to supplement your internal expertise:



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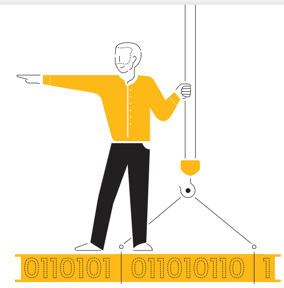

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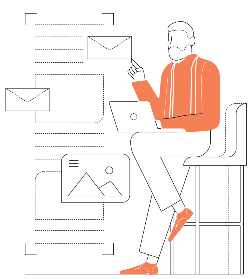

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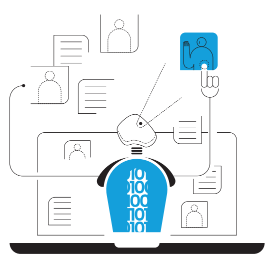

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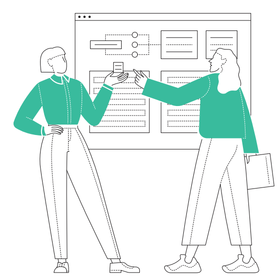

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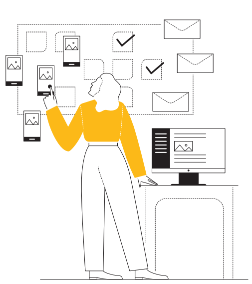

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Media Planning

Conclusion

Financial services companies can reduce costs and maximize marketing budgets with a collaborative and analytical approach to customer acquisition. Using consumer insights to guide targeting and message development, financial services companies can overcome customer acquisition challenges in their industry and build an efficient path to growth.

Does your acquisition program need a lift?

Connect with one of our experts for advice.

Talk to an expert

SOURCES

1 marketingcharts.com
2 facebook.com
3 cerulli.com
4 reports.jpmorganchase.com
5 demandjump.com
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