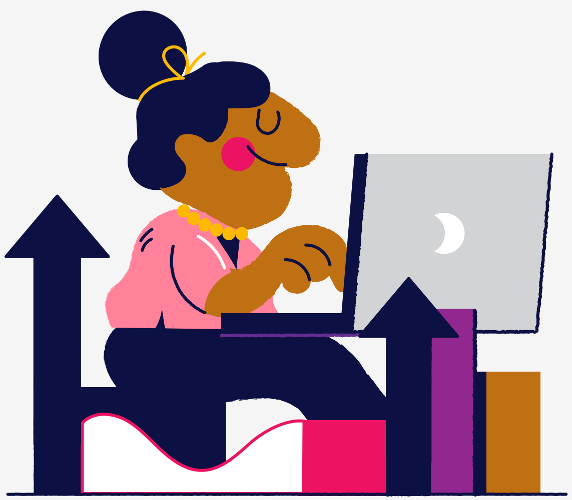
Intent Marketing Trends in Consumer Finance 2019

How to Leverage Intent Marketing to Reach New Consumers

Executive Summary

1. Understand Your Users' Online Behavior

Intent marketing starts with knowing your target audience. Non-branded searches, such as "best mortgage lenders," are on the rise across all financial services, but are growing faster in the car insurance industry than in personal loans or mortgages. Millennials behave differently than older groups, and are less likely to search for any particular brand than their parents.



Non-Branded Search Volume: Yearly Change ('17-'18)

Personal Loans	Mortgage	Car Insurance
+13%	+26%	+36%

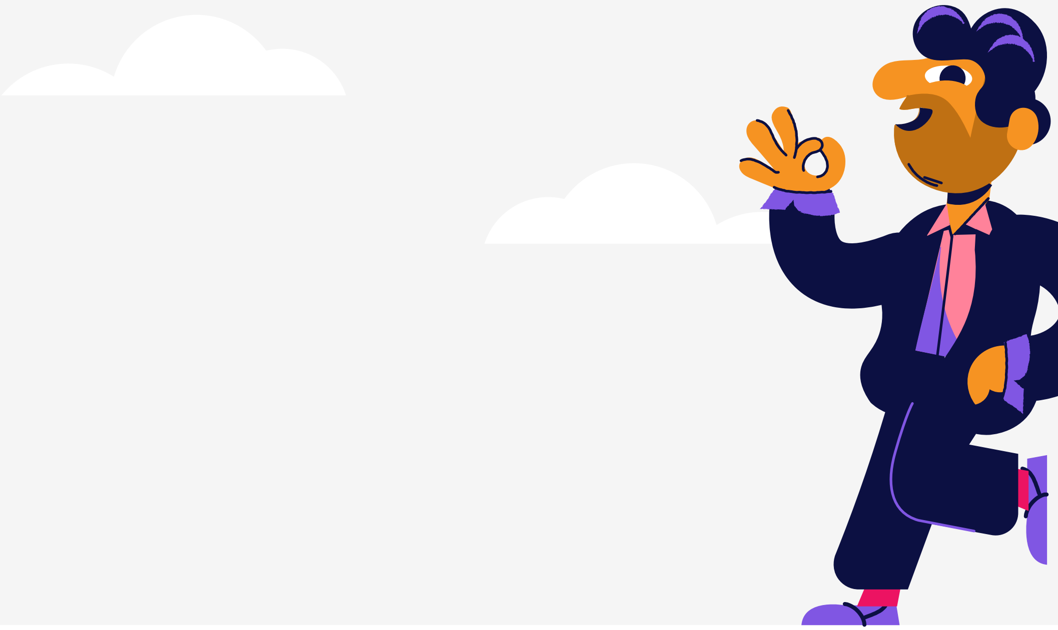
Executive Summary

2. It Pays to Pay for Click

Loans, mortgages, and other financial services are among the most expensive keywords in terms of cost-per-click (CPC).[1] While competition is driving up the CPC of keywords, the reward is higher conversion rates and average order value. Borrowers with excellent credit have the highest CPC but offer the greatest rewards: they are 8 times less likely to default than borrowers with good credit, who themselves are 8 times less likely to default than borrowers with poor credit.

3. Know What Inspires Your Users to Action

Consumers are increasingly looking to research and compare before settling on one lender or insurer. In this environment, it pays to provide useful information and be transparent on rates. Even simple actions like inviting users to "get rates" rather than "get started" can increase click-through rates.



1. https://www.nahb.org/en/research/housing-economics/housings-economic-impact/housings-contribution-to-gross-domestic-product-gdp.aspx

1. Understand Your Users' Online Behavior

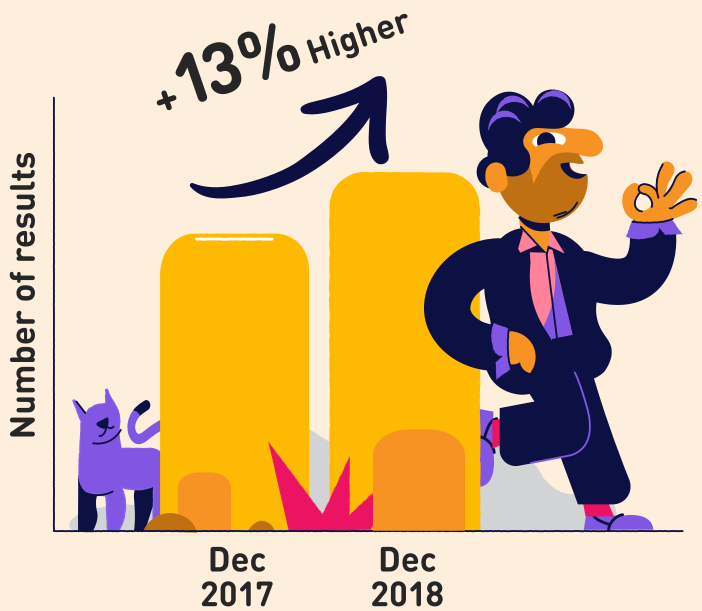
Personal Loans

According to Natural Intelligence research, searches for personal loans are highest at the end of the calendar year. This makes sense, given that 61% of Americans anticipate spending more than they would like to during the holidays, according to a Marcus by Goldman Sachs survey. The same survey[2] found that more than a third of Americans rely on credit cards to pay for holiday spending.

> **More than 60% of borrowers take out a personal loan to consolidate debt or refinance credit cards, according to LendingTree.[3]**

2. https://www.marcus.com/us/en/resources/personal-finance/signs-of-the-holidays
3. https://www.lendingtree.com/personal/personal-loans-statistics/

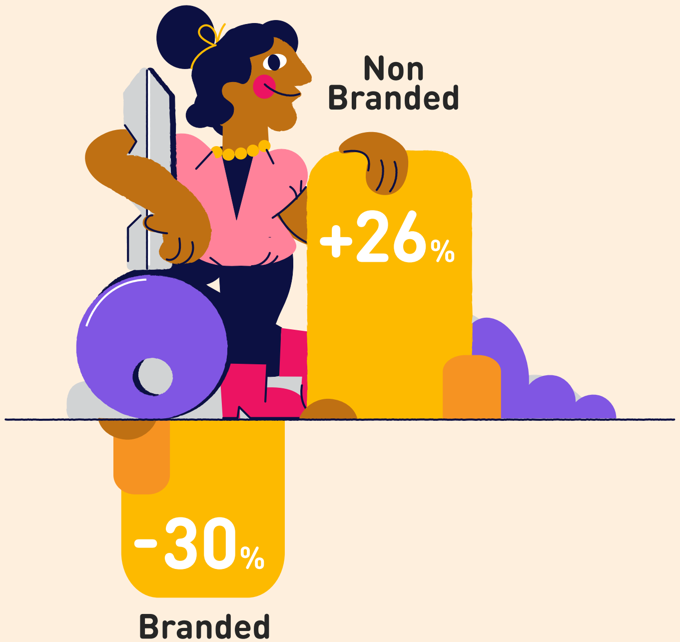
Non-branded searches



Personal Loans (continued)

Because of the seasonal nature of personal loans searches, we can learn by comparing search volumes on a year-over-year basis. In year-end 2018, the number of non-branded searches for personal loans, such as "best personal loans" and "top personal loans," rose 13% compared to year-end 2017. Throughout 2018, the volume of non-branded searches was almost 6 times higher than the volume of branded searches for the largest personal loan lenders, such as "Lending Club" and "SoFi."

Branded vs Non-branded searches for mortgages, 2018



Mortgages

Non-branded searches are in fashion in the mortgage industry too. According to Natural Intelligence, non-branded searches for mortgages rose 26% and branded searches fell 30% in 2018. The pace of non-branded searches accelerated toward the end of last year, with volume increasing 37% in Q4 2018 compared to Q3.

Millennials, the generation now aged 20-39, are largely responsible for this shift. This cohort accounted for 36% of all home purchases in 2018,[4] and more than 60% in 2 cities: Somerset, PA, and Odessa, TX.[5]

According to a 2018 Velocify survey, millennials are 45% more likely than baby boomers to find their mortgage lender online. Baby boomers are 87% more likely to stay loyal to their existing lender. Thanks to millennials, borrowers are now 3.7 times more likely overall to find their lender through online research or social media than 5 to 10 years ago.[6]

4. https://www.nar.realtor/newsroom/millennials-lead-all-homebuyers-even-as-some-can-t-escape-their-parents
5. https://www.elliemae.com/mortgage-data/origination-insight-reports
6. https://velocify.com/blog/digital-mortgage-home-buying-experience/

Car Insurance

Car insurance is also seeing a rise in non-branded searches, albeit slower than the personal loan and mortgage industries. Non-branded searches such as "best car insurance" were up 36% in Q4 2018 compared to Q4 2017, according to Natural Intelligence research. Branded searches were down 14% in the second half of 2018 compared to the corresponding period the previous year.

Average car insurance premiums hit a record-high $1,427 in 2017, a 20% increase compared to 2011, according to The Zebra's annual State of Auto Insurance Report.[7] Furthermore, premiums are likely to keep rising in the short-term, Deloitte predicted in its 2018 Insurance Outlook.[8] As premiums go up, borrowers will feel an increasing urgency to compare insurers. This should lead to a greater volume of non-branded searches like "cheap car insurance" and "cheap auto coverage."

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7. https://www.thezebra.com/state-of-insurance/auto/2018/
8. https://www2.deloitte.com/us/en/pages/financial-services/articles/insurance-industry-outlook.html

2. It Pays to Pay for Clicks

Personal Loans

Clicks for borrowers aged 35-44 are most expensive, although these borrowers tend to have stronger credit than borrowers aged 18-35. High CPC may be seen as a deterrent by some lenders, but other lenders are willing to pay up. Only 1%-2% of borrowers with a credit score between 740 and 850 are likely to default on their personal loan. Compare this to borrowers with credit less than 579, who present a 61% risk of becoming delinquent.

CPC for borrowers using desktop averaged $6.80 - $10.50 in Q4 2018 depending on the keyword quality, compared to $2.9 - $4.50 for mobile. Desktop clicks are generally considered better indicators of intent than mobile clicks, because consumers typically use mobile for researching and desktop for completing an application. Savvy lenders can increase mobile conversions by installing a click-to-call button on their website or by optimizing their website to enable borrowers to upload documentation straight from their phone.

Mortgage

The popularity of non-branded search terms has a price. According to Natural Intelligence, non-branded queries, like ‘best mortgages” and “best home loans,” have an average CPC of over $13. This is almost 7 times more expensive than branded terms, like “Bank of America home loans” or “Wells Fargo mortgages,” which have an average CPC of around $2.

Mortgage lenders pay more for desktop clicks than for mobile clicks, although the gap is less pronounced than in personal loans. In Q4 2018, mortgage providers paid an average of $6.40 - $14 CPC for desktop and $3.50 - $8 CPC for mobile. Mortgage lenders can take advantage of mobile’s lower CPC by optimizing their website for mobile.

> **“Natural Intelligence has found that companies that respond to user intent by displaying interest rates and APRs generate higher-quality leads than companies that hide this information.”**

Car Insurance

Natural Intelligence has researched the costs associated with advertising car insurance on social media platforms like Facebook. It has found that a similar gap between desktop and mobile exists on social media as on Google Search. Throughout January, for example, CPC for car insurance ads on Facebook was $2.33 for desktop users and $1.48 for mobile users.

These days, it's estimated that 8 out of every 9 users log on to Facebook using their mobile device.[9]

> **"With that in mind, the lower CPC for mobile provides a tremendous opportunity for car insurance companies that are willing to go that extra step and optimize their mobile sites for conversions."**

When searching for auto insurance, in order to have sufficient exposure and appear on the first page of results, there is a high cost of $20, if not more, for the highest intent keywords. Insurance has the highest CPCs in the market, the most expensive of which being car insurance. This high CPC is attributed to the high lifetime value of customers in this industry.

9. https://blog.hootsuite.com/facebook-statistics/

3. Know What Inspires Your Users to Take Action

Personal Loans

When a borrower uses a non-branded search term, this suggests that: a) they want to learn more about personal loans before making a decision; and b) they want to compare lenders.

For this reason, Natural Intelligence has found that reviews and the following types of guides and informational articles enjoy high conversion rates:

- Do's and don'ts of taking out a personal loan
- Guide to personal loans
- Guide to debt consolidation
- How to calculate your credit score

> **"Review pages have the highest yields, with a 14.2% conversion rate, Natural Intelligence has found. In comparison, other types of content typically have conversion rates of less than 10%."**

Another important thing to be aware of is that borrowers like to see rates. We tested 2 CTAs—"Get Started" and "Get my Rates" and found that "Get My Rates" enjoyed a 2.3% better click-through rate.

Mortgage

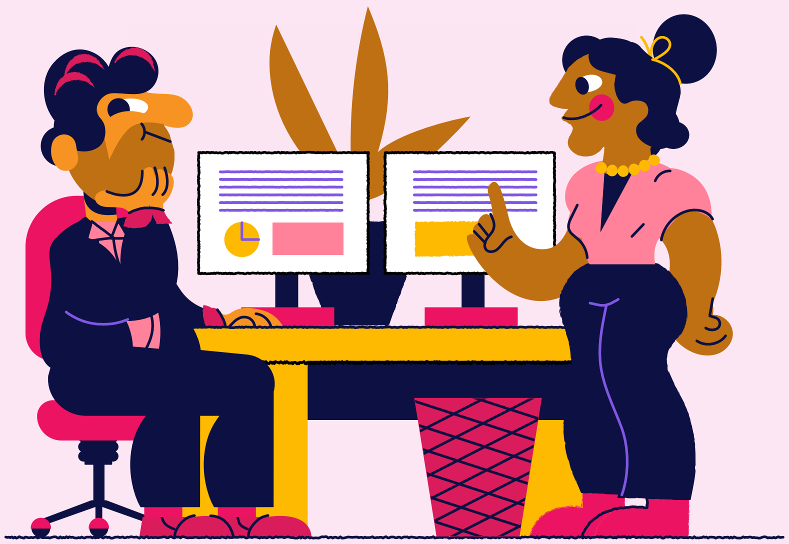
When it comes to mortgages, Natural Intelligence has found that the more interactive a page the better. For example,

> **“Quizzes that take into account the users’ answers before showing them the best lenders have a 10% better click-through rate than a regular chart page.”**

How-to guides do well, although content doesn’t convert as well in the mortgage industry as it does in personal loans. Charticles-articles that show a chart of 3 or 5 top mortgage lenders, are the best type of content, with a 48% conversion rate. Again, pages that show rates convert better than pages that don’t.

Car Insurance

Car insurance can be a difficult industry for consumers to grasp, due to the multitude of large and small insurers and the different rules from state to state. Natural Intelligence has found that content that employs infographics and other types of rich imagery to explain the car insurance market enjoys a 40% better click-through rate than text-only content.



Having an online form pop up the moment a visitor enters your site helps sort high-intent users from low-intent users. Natural Intelligence requires users to enter their zip code the moment they land on its car insurance comparison site. Sixty percent of users bounce off the site automatically, while an additional 10% leave on the following page.
A 70% bounce rate might seem high, but the lesson here is that the remaining 30% show very high engagement.

Help Customers Conclude Their Journey

Gone are the days when brand recognition was enough to drive your business. In order to succeed in the digital age, lenders and insurers would be wise to adopt intent marketing. Find customers that show high intent, without brand consideration, and offer them rates and deals at exactly the moment they intend to buy.

The lending and insurance sectors are competitive spaces and consumers are less committed to brand names than ever before. Companies that adapt to this new reality give themselves the best possible chance of acquiring new customers and expanding their business.

Natural Intelligence, a global leader in intent marketing, operates comparison websites that drive high value customer acquisition. These comparison sites connect millions of online users with hundreds of leading global brands across a wide range of industries, including mortgage loans, personal loans and car insurance.

Ready to apply intent marketing to your brand?

Let's talk >>