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Three Ways to Trigger Loan Marketing Success

Consumer confidence reached 101.5 percent in August 2015.[1]

Ravaged by a weak job market, falling home prices, and tighter credit standards, U.S. consumers reigned in their spending in recent years. But after seven years of penny-pinching and coupon clipping, they are spending and borrowing again. Many are beginning home improvements, buying new homes and autos, or financing their children's educations.

What is driving the rosier outlook? Consumer confidence reached 101.5 percent in August 2015. Strong job growth and improved business conditions are also fueling consumer spending.[1]

Rising confidence, increased spending

As consumer expectations and spending increase, so does borrowing. Credit inquiries increased by three million, to 176 million, in just six months.[2] Total household indebtedness reached $11.85 trillion, a 2 percent increase over the prior quarter.[3]

Consumer borrowing — led by automotive — is heating up

Since the recession, both card and mortgage underwriting has remained relatively tight, however mortgage originations have risen $97 billion to $466 billion since the previous quarter. Credit card accounts rose by five million, the largest increase since 2008, to 411 million. Auto loan originations reached $119 billion in August, a 10-year high.[4] As of March, HELOCs had grown by 36 percent in the last year.[5]

Along with steady growth in consumer confidence and spending comes increased lending competition. Financial institutions will need to be resourceful in identifying, targeting and acquiring creditworthy consumers.

Why event-triggered marketing makes sense

Banks and credit unions typically send a prequalified offer to every account holder who qualifies for a loan, credit card or other financial product. Unfortunately, the bulk of those mailings go to individuals who aren't interested. To generate sustainable loan growth today, financial institutions must rethink how to communicate with potential borrowers.

[1] Conference Board, *The Conference Board Consumer Confidence Index® Rebounds*, August 25, 2015
[2] Federal Reserve Bank of New York, *Household Debt and Credit Quarterly Report*, August 2015
[3] Creditcards.com, *Household Debt Report: Credit Card Balances Highest Since 2010*, August 13, 2015
[4] Federal Reserve Bank of New York, *Household Debt and Credit Report*, August 2015
[5] NationalMortgageNews.com, *More Consumers Applying for Home Equity Lines of Credit*, March 25, 2015

The best approach is to first understand who is in the market for loans, and then target them with offers that are specific to their needs when they are ready to borrow. Proactively responding to a credit inquiry will help you to stay engaged with current and potential new account holders. An offer made while a consumer is researching a product or service has far more relevance and saliency than one made outside the shopping window. Execute well on event-triggered marketing and you can expect your message to receive five times the response rate of non-targeted push messages.[6] Extending an offer while consumers are researching is highly cost effective. Selling to an existing account holder represents one-tenth the cost of acquiring a new account holder.[7]

Companies that execute well on event-triggered **marketing can receive 5x the response rate** of non-targeted push messages.[6]

A three-part strategy for loan marketing success

Sixty percent of all loan shoppers will commit to a loan within a week of a credit bureau inquiry.[8] Monitoring these inquiries and then countering with a quick, preapproved offer via the medium to which shoppers are most likely to respond — whether mail, email or phone — will help you stay one step ahead of the competition and win market share.

1. **Sign up for alerts**. Set up a program with one or more credit bureaus for notification whenever a credit inquiry is submitted for your account holders. Using all three credit bureaus is best, as it will provide 75 percent more coverage.[9]

2. **Use an omnichannel communications strategy.** Once the credit bureau(s) notifies you of an inquiry, it is up to you to determine how to reach that consumer effectively. A poorly designed campaign can wreck the entire effort. A loan inquiry should trigger branded, multichannel communications that feature an attractive offer.

3. **Act fast.** There's no time to waste when you learn that a consumer is in the market. Quickly send account holders a loan offer via direct mail, email, and/or professional phone sales representatives. Promptly forward positive responses to your branches, proprietary call centers or loan officers for follow up. Otherwise, you risk losing the loan to competitors.

60% of loan shoppers will commit to a loan within a week of a credit bureau inquiry.[8]

Affluent account holders prefer to borrow from their primary financial institutions.[10] In a perfect world, your account holders would never even think to inquire about a loan from a competing institution. But economic and technological times have changed, with myriad borrowing options now available. You can, however, effectively compete for your share of consumer loans with a three-part strategy that includes alerts and timely marketing.

[6] Gartner, *Five Event-Triggered Marketing Steps Marketers Aren't Doing*, February 5, 2013
[7] Harland Clarke Client Database, 2014
[8] ibid
[9] ibid
[10] Inside Mortgage Finance, *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey Press Release*, July 25, 2014

Our strategic, data-driven loan marketing programs are designed specifically for financial institutions. For more information, please call **1.800.351.3843**, email us at **contactHC@harlandclarke.com** or visit **harlandclarke.com/ShopperAlert**.

Related Resources:

- Case Study: Shopper Alert™ Generates 14% Response Rate in 60 Days
- Case Study: Shopper Alert Program Generates Millions in New Loans
- Case Study: Shopper Alert Delivers Remarkable 1,545% Return on Marketing Investment
- Sales Sheet: Discover When Your Account Holders Are Shopping for Loans

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