



- Significant marketing spend is currently being wasted
- Additional insights on credit data to enhance targeting
- Tools to increase effectiveness of risk pre-screening
- More detail on competitors' share of individual wallets
- Leveraging the profitability potential of customers

A share of wallet 'game-changer'

Marketers would benefit significantly from using credit data more flexibly to reduce risk and improve targeting, says Callcredit's ADAM LESLIE. New analytical tools mean they now can.

Credit marketing looks set to be transformed with the launch of a new suite of profitability tools that use data from the live credit referencing database to assess market-wide share of wallet.

Marketers in financial services rely on credit information to attract new customers at minimum risk. However, information on credit risk held in the marketing database tends to be more black and white than it could be. Marketers commonly base their decision about targeting an individual, for example, on today's credit profile. But it's far more valuable to look at a wider credit history and to see how that individual uses credit with competitors.

Recognising this market need, Callcredit has developed a unique and innovative product – nGauge. YouGov research recently commissioned by Callcredit shows that lenders are failing to target their credit offers accurately – 56% of people think the credit offers they receive are not relevant to their financial situation. This rises to 63% amongst retired adults and highlights the amount of marketing spend currently being wasted.

The research also highlights a significant amount of marketing wastage due to the lack of consumer insight: 13% of adults are surprised to receive credit offers as they don't use credit. And 13% also say they'd been mailed about a credit product that they have never used and never would use.

It's clear from these figures that credit

SEEING HOW CONSUMERS USE CREDIT WITH COMPETITORS ENABLES MARKETERS TO UNDERSTAND INDIVIDUALS' PROFITABILITY POTENTIAL.

marketers would benefit from an extra level of insight when it comes to credit data. To increase the profitability of their marketing, it's essential that lenders have a holistic view of consumers' activity so they know exactly what's going to hit the mark. Not only do they need to know how a consumer uses credit with them, but also how they borrow from competitors.

This in-depth credit information enables marketers to understand individuals' profitability potential, ensures that people are targeted with the right products, marketing spend is prioritised and messages are differentiated to target offers more effectively.

As well as a need to enhance targeting, Callcredit also identified a need to increase effectiveness of pre-screening for risk and identifying credit trends. Marketing to consumers who can't afford a credit offer can be distressing for the customer and it's clearly a waste of money and marketing resource. Most credit marketers see the value in pre-screening and look at an individual's credit score to see if they are a suitable candidate to market, but more detailed

information such as credit history can really help to increase marketing efficiencies.

The research also shows that 9% of adults have been surprised to receive a marketed credit offer due to their poor credit history, rising to 15% in 35-44 year-olds. The importance of assessing this risk is clear as 12% of 35-44 year olds acknowledge that they've responded to a credit offer knowing they might not be able to keep up repayments, raising the risk of bad debt in the future.

This research delivers another strong message to FS organisations – getting it wrong can also have a massive impact on consumers' view of a brand and could drive a significant number of customers away. Almost four in ten adults (39%) confirm they wouldn't deal with a brand again if they were mailed a credit offer, only to be turned down when they applied.

Marketers would benefit significantly from a much more flexible approach to using credit data, not only to reduce risk but also to improve targeting. Innovative tools have recently been launched that can deliver just that.

WHAT YOU KNOW ABOUT YOUR CUSTOMERS IS LIMITED TO THEIR TRANSACTIONAL ACTIVITY. WHAT YOU *DON'T* KNOW IS WHAT THEY'RE DOING WITH YOUR COMPETITORS.

Callcredit's new nGauge Profitability tool is uniquely designed to maximise customer conversion and accept rates. It aims to help marketers increase customer value. Additional nGauge risk tools also support credit pre-screening against current risk and future credit trends.

What lenders know about their customers' behaviour is limited to their transactional activity. What they don't know is what their customers are doing with their competitors and what share of their wallet they actually have – vital insights that can make a big difference when it comes to maximising marketing spend and targeting direct marketing activity. There's no other tool like it that can help marketers prioritise marketing spend and develop differentiated messaging to customers according to their profitability potential.

nGauge Profitability's 'share of wallet' information can show marketers which individuals use competitors' products and therefore may be

likely to use one of their own similar products. Take, for instance, a credit card provider looking to attract customers for a balance transfer card. The ability to target those who are using balance transfer cards with competitors can be a far more profitable approach than targeting any credit card users with a suitable credit score.

More efficiently targeted marketing activity also helps to keep customer satisfaction levels up as brands spend less time promoting products customers don't want. You can prioritise efforts accordingly to what the customer is most interested in.

At Callcredit, we've spent a year aggregating all our data sources, incorporating compliant usage of our live credit referencing database. Access to such data means that business departments can work more effectively together on a strategy to identify which customers to approach and with what.

This information can be game-changing. It's all about an informed approach – not only using internal transactional data but also information from wider compliant sources. No matter how good your data is and your analysts are, you need solutions which are based upon more than predictions or assumptions. nGauge Profitability is accurate because it's based on real events and real transactions across all providers – a unique product that will transform the future of credit marketing.



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Note: All research figures, unless otherwise stated, are from You Gov Plc. Total sample size was 2,011 adults. Fieldwork was undertaken between 22-24 February 2011. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).