Customer Analytics

Increased Campaign Conversion with Affinity-Based Marketing

The Challenge

A regional commercial bank wanted to promote a low-cost loan offering to well-qualified customers that could benefit from better rates. But in a highly competitive market, the bank needed something to help its message stand out as they promoted this product.

The Solution

The bank engaged the MX team to help analyze its customers' financial transaction data and identify attributes that would help the bank better understand and segment its customer base. Using this segmentation, the bank was able to reach out to its customers with personalized messaging.

Using Transaction Data to Know Your Customer

A regional bank that's committed to the financial health of its customers believes that by helping local families and small businesses, it can strengthen the greater community. As part of its mission to make a positive difference in people's lives, the bank offers multiple loan options that can help fund its customers' most important purchases — including homes, cars, home improvements and more.

Recognizing the value of their customer transaction data, the consumer lending division wanted to analyze that data to gather helpful insights. They believed this would enable the bank to reach customers with customized messaging that would strike each as relevant and meaningful. But accessing and analyzing customer data to create the messaging would require specialized expertise. Having previously partnered with MX to enhance its digital and mobile banking experiences, the bank knew that MX's expertise and experience in leveraging financial data could be a good resource. And so they turned to MX to help translate customer data to make it meaningful and actionable.
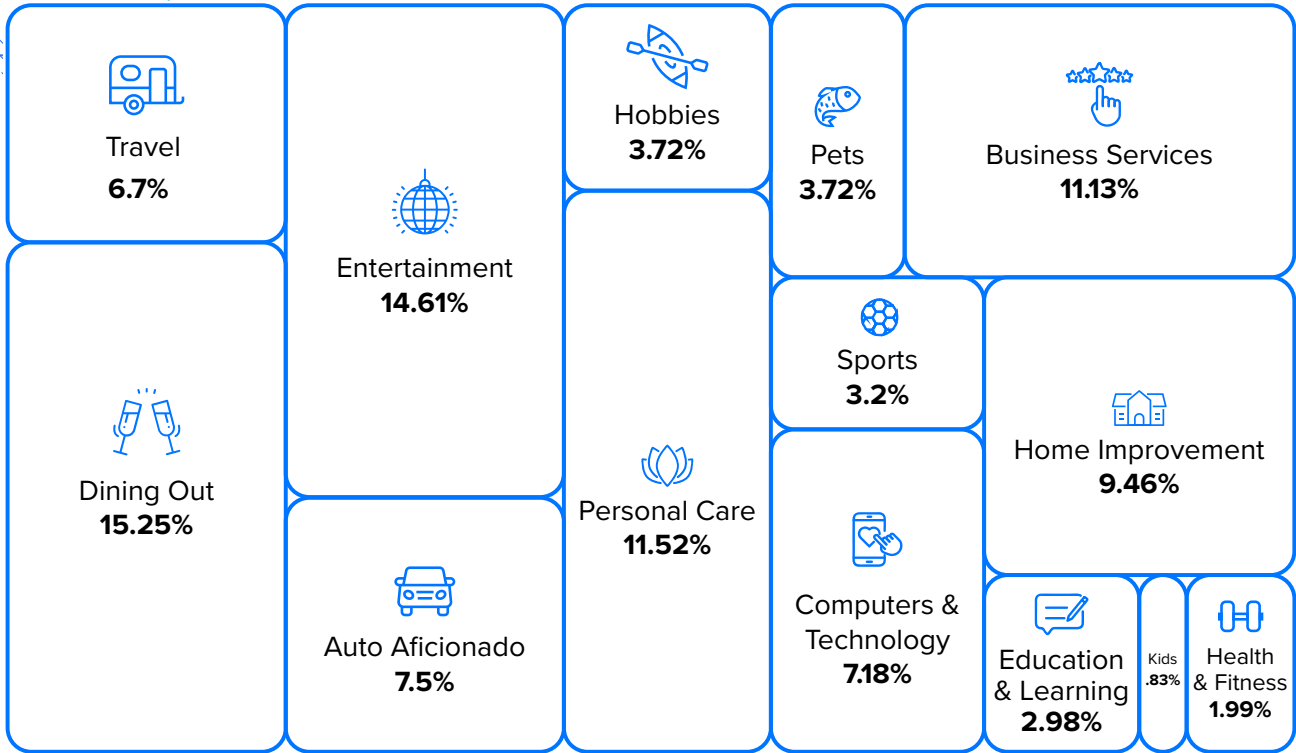
Uncovering Purchasing Affinities

MX conducted a Value of Data analysis and processed millions of the bank's customer transactions. Through this analysis, the MX team were able to identify multiple customer attributes, including purchasing affinities, demographics and financial health status. For instance, based on how customers were spending their money, MX was able to identify 14 different affinity segments that represented above-average spending at a statistically significant level relative to their peers.

Transaction data reveals not only how customers spend their money, but what they're truly interested in. By identifying purchase preferences, like a high level of spending on a pet or vacation experiences, in comparison to their peers, **we can create marketing messages and design products that create better customer experiences.**

Clint Johnson
Data Analyst, MX

Affinity	Description
Auto Aficionado	Interested in automotive repair and restoration
Business Services	Spending behavior leans towards accounting, advertising or legal services
Computers and Technology	Highest monthly spending on technology purchases or services like internet and hosting
Dining Out	Frequently dines out in restaurants, coffee shops or bars *(excludes fast food purchases)*
Education and Learning	Pays for books and school supplies or discretionary spending at colleges and universities
Finance and Investements	Pays for financial advisors and investment fees with brokerages
Hobbies	Interests include crafts, cooking and models
Home Improvement	Investing in new home furnishings, renovations or landscaping projects
Kids	Spending on daycare, babysitting services, or purchasing toys and children's clothing
Personal Care	Frequent spending for massages, spa treatments or salon services
Pets	Prioritizing spending on pet-related or veterinary services
Sports	Invests in gym memberships, sporting goods and attending sporting events
Travel	Frequently spends for hotels or airfare
General	No statistically significant spending patterns or investment areas from their peers

Travel
6.7%

Dining Out
15.25%

Entertainment
14.61%

Auto Aficionado
7.5%

Hobbies
3.72%

Personal Care
11.52%

Pets
3.72%

Sports
3.2%

Computers &
Technology
7.18%

Business Services
11.13%

Home Improvement
9.46%

Education
& Learning
2.98%

Kids
.83%

Health
& Fitness
1.99%

Strong Affinity Segments

With customer affinities revealed, the bank was able to craft customized marketing messages for its loan offering that would resonate with its customers and improve the performance of its promotional campaign. For example, those that fell in the "Pets" category saw an ad that featured a woman sitting next to a dog, while those that fell in the "Travel" category saw an ad showing a woman relaxing on vacation.
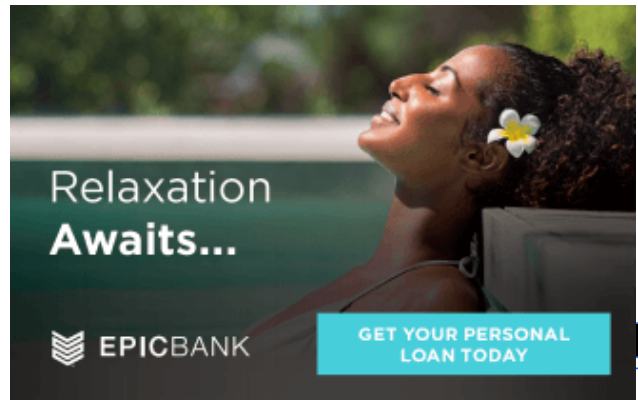
Marketing Messages that Convert

Using these affinity-based marketing campaigns, the bank saw better conversions than ever before. An analysis of campaign performance showed that by creating ads with customized creative assets, they increased conversion by 38%. This represented roughly $1 million in originations, resulting in an 18x ROI on ad spend.

Additionally, the bank saw lower long-term loan losses with the loans that originated from this campaign. Prior to this campaign, the bank had lowered their FICO threshold for its pre-approved loan product in order to meet campaign targets. When the bank did this, it saw the loan losses on these campaigns rise dramatically. To remedy this, the bank raised its FICO threshold back to previous levels — but in order to meet sales targets, it had to spend $48,000 on purchasing additional leads.

However, when the bank worked with MX and used affinity segmentation to personalize its marketing efforts, it was able to dramatically increase the campaign effectiveness. Because the campaign had such a high conversion rate, the bank was able to set a higher FICO threshold and be more selective about who it extended loans to — while still hitting its desired sales numbers without having to purchase additional leads. Thus, the bank demonstrated how using data to personalize marketing efforts can improve the response rate and reduce costs, risk, and losses.

Key Benefits

38%
increase in ad conversations

$1 Million
in originations

18X
ROI on ad spend

Conclusion

By leveraging the power of MX's cleansed and categorized data, the bank was able to better understand its customers' needs. In doing so, it not only improved campaign results, but also provided a more relevant experience for its customers.

About MX Insights

MX's Customer Analytics combines aggregated, discovered, and enhanced transaction data in a single place with pre-built dashboards to provide actionable insights and segmentation.

Learn More ›
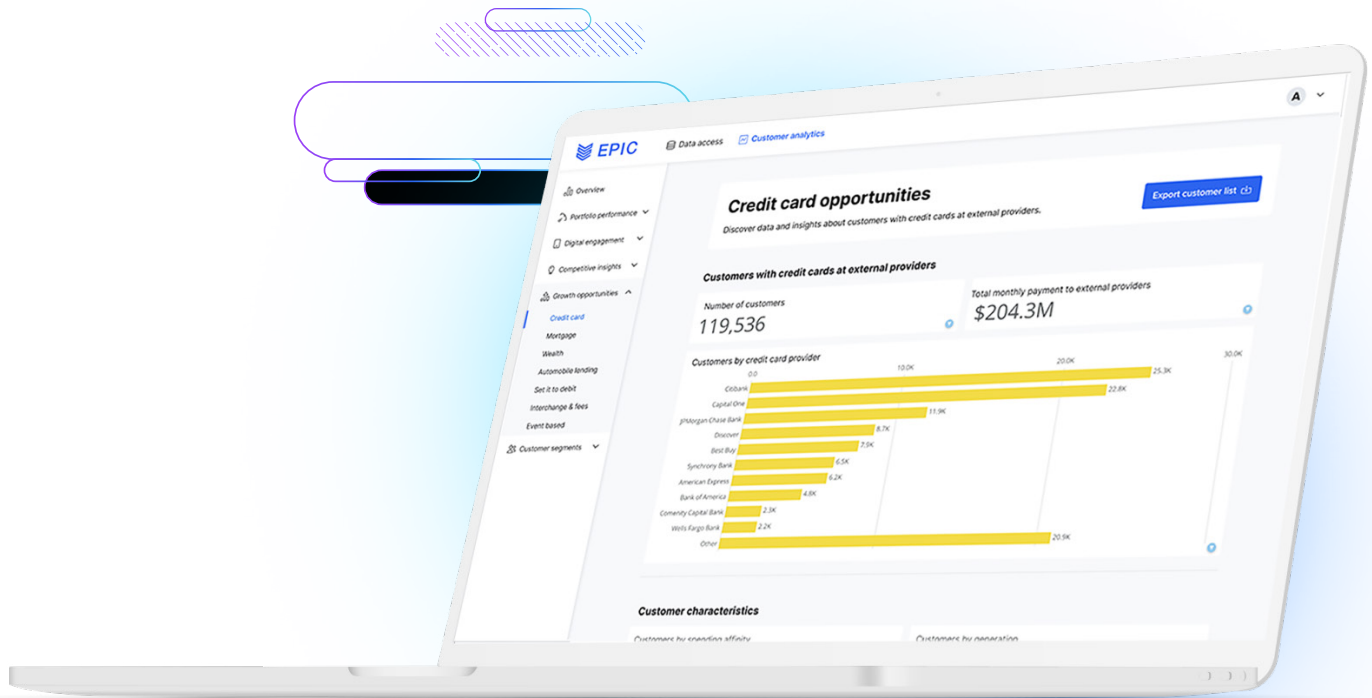
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