EQUIFAX

5 Ways to power your marketing with household financial and economic insights

Marketers are focused on reaching the right audience, arguably now more than ever before. For financial firms, that may be consumers with significant assets or that have a specific financial need. For brand and consumer marketers, that could be audiences who are interested in buying products or services. After all, many consumers have long wish-lists of financial goals, or tech products, automobiles, leisure, and other items that they would like to purchase, but not all of them have the financial ability to achieve these wishes right away. What's more, many households have altered their investment and consumption behaviors, whether they are on the top of the pandemic-induced "K" (not much impact to their finances) or the bottom (suffering from income uncertainty).

In today's shifting economy, it is even more important to understand which consumers may have the financial resources to invest and to spend. If you are a marketer who wants to maximize your marketing dollars and boost your Return on Marketing Investment (ROMI), then it is critical to reach those consumers that can open their wallets, invest for the future, or make the purchase – all while being as efficient with your marketing budget as possible.

How well do you know your customers financially?

Dig into the data you are currently using to drive your targeting. How much do you know about the finances and economics of your customers and prospects? For example, which consumers have...

- **Extra cash available to invest or spend, after accounting for necessities?**
- **The income levels to purchase your goods and services?**
- **Invested assets held at other firms?**
- **The right financial profile for pay-over-time products and services?**

Moreover, can you differentiate which consumers are likely to overcome current financial hardships and develop into high-potential customers of tomorrow? Or identify which consumers may need assistance today, but will establish loyalty when they're back in better financial standing?

The bottom line is – it's very difficult to know much about consumers' bank accounts and financial inflows and outflows. But having insights such as these could have huge impacts on your marketing.

Financial and economic insight for nearly every U.S. household

Our unique insight into the household wallet is what distinguishes us from any other segmentation and targeting options available today. Based on a foundation of over $20 trillion in **aggregated**, **anonymous** U.S. consumer investable assets – about 45% of all investable assets – and credit data for over 220 million consumers in the U.S., our financial and economic insights help companies identify the opportunity in their customer-base and find more customers like their best. These insights are built without using personally identifiable information.

Financial and economic insights to drive marketing

With insights into the consumer wallet, marketers can better reach households that are most likely to have the right financial profile to invest, spend, or pay for obligations.

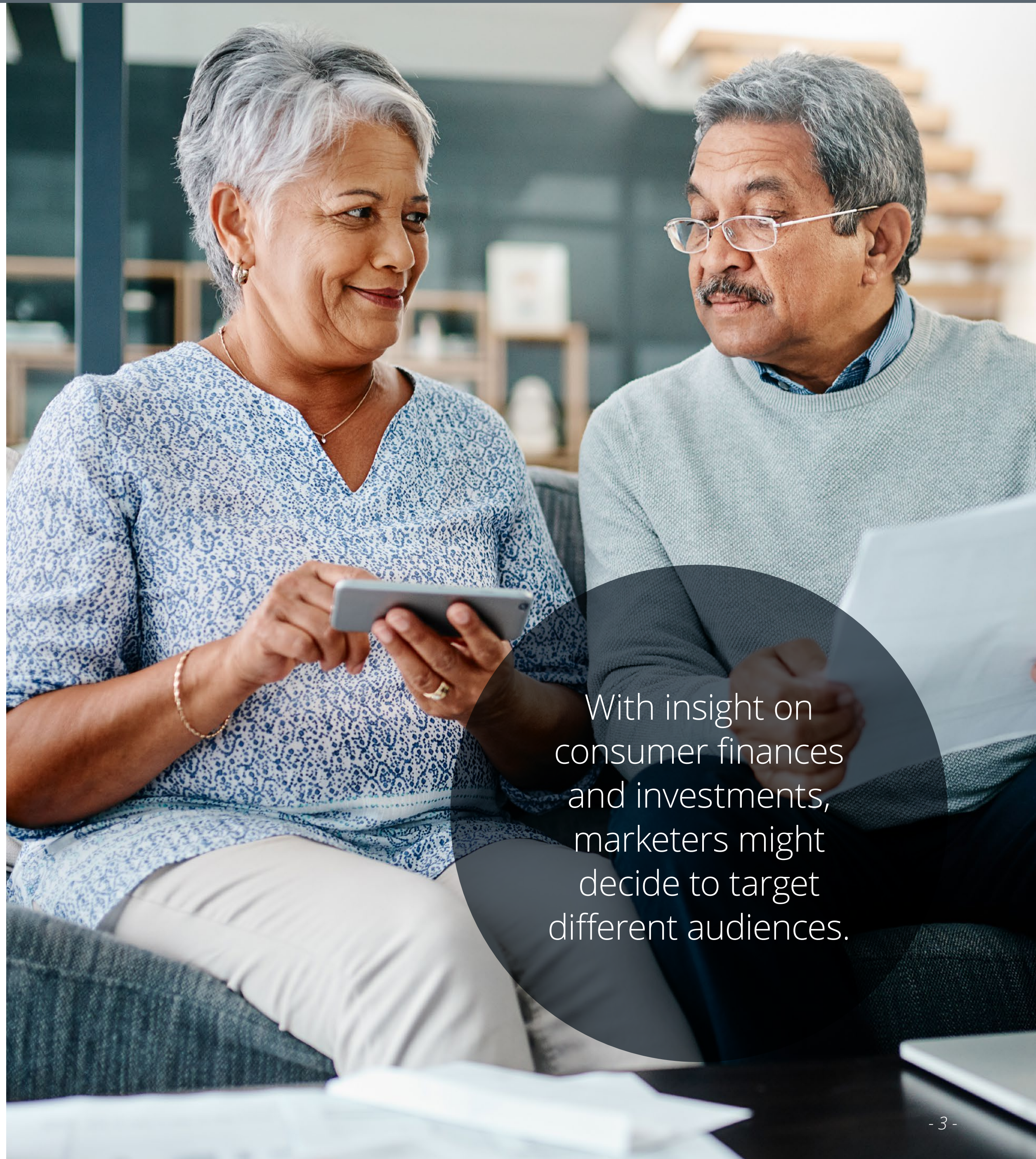
What exactly are financial and economic insights? They are the key ingredients that drive consumer investments and spending and can include anonymous estimated household metrics such as:

- **Assets**
- **Income**
- **Discretionary spending**
- **Credit needs and usage**
- **Financial durability**

With insight on consumer finances and investments, marketers might decide to target different audiences. Or offer different products or services than originally planned. Or promote premium service levels to previously ignored customer segments. For companies that rely on regional marketing, geographic teams might even change advertising and location-planning strategies based on the economic profiles of local areas.

True wealth is consolidated in the hands of the few: affluent households hold 69% of the nation's assets, yet represent just 7% of households*. With financial and economic insights, you can find these valuable consumers, as well as households likely to have moderate assets now or those likely to have higher assets and income in the future. If you are marketing to Millennials, it is even more important to factor in financial insights, as so far, their share of wealth has not kept pace with prior generations. Having the right financial insights means you can craft the right messaging to better engage each audience.

*Equifax, 2020



Weathering the storm: financial durability

An emerging set of insights that should be on the radar of today's marketing organizations focuses on financial durability. Financial durability measures a household's resilience to economic stresses (such as a COVID-19 economic or income loss). This type of insight can be extremely beneficial in understanding how households' financial ability to deal with difficult conditions might impact their investments or spending, or their resources to pay for longer term financial commitments.

Financial durability considers multiple facets of economic capacity, including estimated income (from salaries, invested assets, and retirement savings) and discretionary spending, as well as key ratios such as debt to income and credit utilization. Because financial durability leverages diverse economic attributes, it can be a helpful tool to differentiate households that might have the same credit score, or those with lower credit scores that may in fact have strong durability.

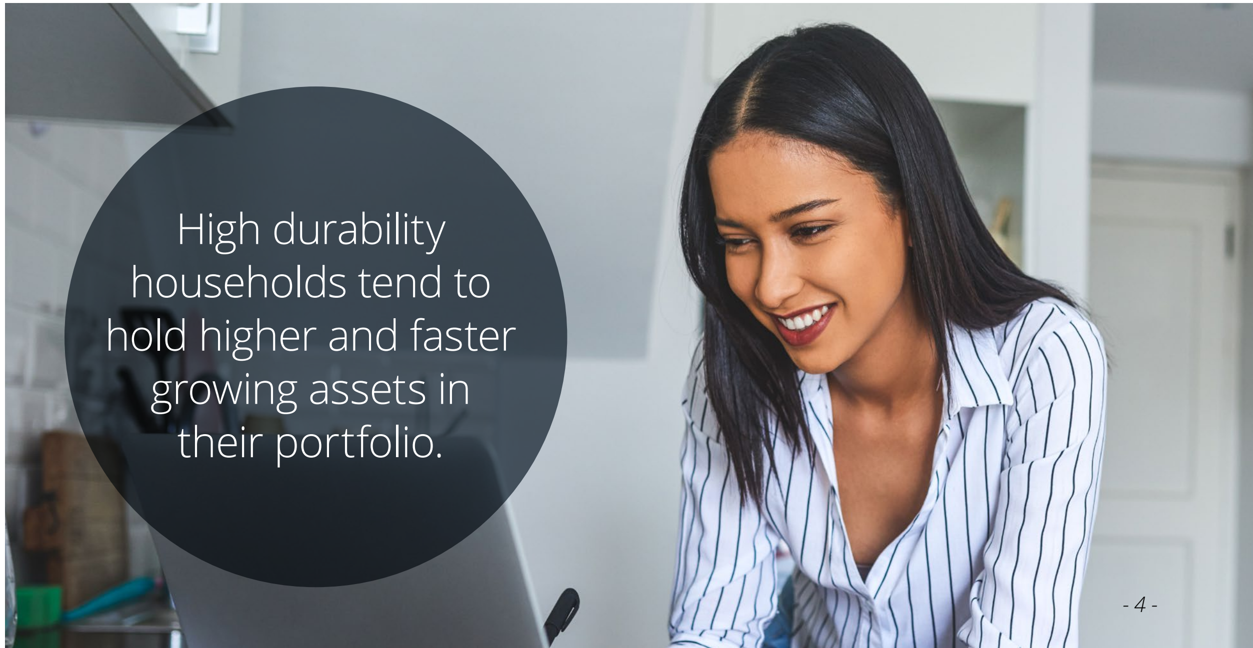
Durability can be used to inform marketing strategies. For example, consumer marketers can use financial durability to identify pockets of the population that represent more of the spending power. In fact, high durability households have 86% greater spending power than the general population. Breaking this down by generation shows that durability matters across all life stages, but especially amongst younger segments:

- **For Pre-Retired Baby Boomers, high durability households have 68% greater spending power than all households in their generation.**
- **For Gen Z, high durability households have 114% more spending power than all households in their generation.***

*Equifax Wealth Trends, 2021

Financial durability can also be a helpful data point for marketers that offer monthly-billed or pay-over-time products and services, such as automobiles, telecom packages, or even furniture purchases. By integrating financial durability metrics into their segmentation practices, marketers are more likely to be able to differentiate households that have the long-term ability to pay for these goods.

For financial marketers, financial durability can be used in combination with asset estimates to better identify households that are more likely to offer long-term growth potential. High durability households tend to hold higher and faster growing assets in their portfolio, presenting possible opportunities for premium treatment and cross-sell. This compares to lower durability households which are more likely to have smaller portfolios growing at suboptimal rates and may be in need of more financial advice.



01 Enhance prospecting to zone in on high potential households

Marketers aspire to identify and target consumers likely to have significant potential. For financial firms – that's asset potential. For consumer marketers – that's spending potential.

With financial and economic insights, marketers can find and market to these high-value audiences. Directing resources to the right audiences is critical, especially for companies experiencing shrinking marketing budgets.

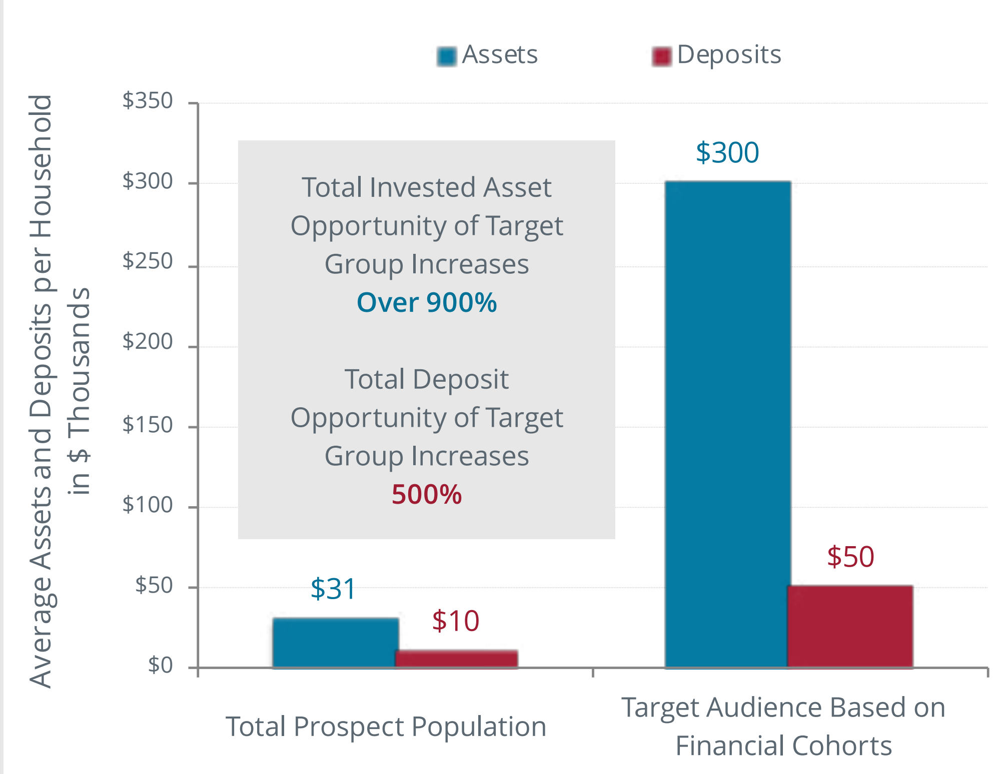
Regional bank: Identified and pursued $54 billion in potential new assets

A regional bank wanted to target younger, mass affluent consumers for its prospecting campaign. With financial insights, the bank was able to identify prospects likely to have **between $100,000 and $1 million in invested assets**, plus match the profile of the bank's existing best customers.

The result for this bank:

- **Narrowed the target audience by 90%**
- **Increased invested asset opportunity by 900% (from $31K to over $300K per household), translating into $54 billion in potential new assets**
- **Increased the deposit opportunity by 500% (from $10K to over $50K per household), translating into $9 billion in potential new deposits**

Use financial insights to identify and pursue $54 billion in potential new assets

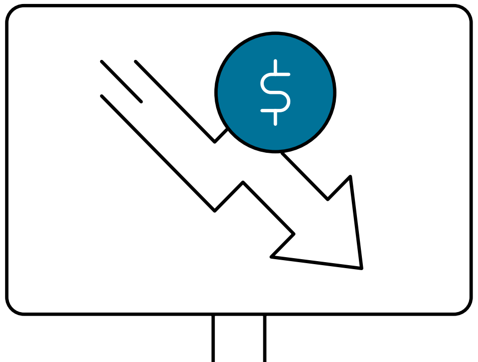


Consumer brands: Narrowed prospect lists by 10 - 40%

Consumer brands seek to market to audiences with high spending potential, either nationally or within local markets. With economic insights, companies can profile their best customers by likely total income (e.g. $100K - $200K) and discretionary spending levels (e.g. $75K - $100K) and then develop prospect target audiences using the same criteria.

Expected outcome for consumer marketers:

- **Reduce the size of prospect lists by 10 - 40% while still reaching a high-potential sweet spot of potential buyers**
- **Reduce marketing campaign spend by as much as 60 - 80%**



60 - 80%
reduction in marketing campaign spend

Marketing budgets are shifting heavily toward digital, and in fact, digital marketers already have access to tons of targeting segments to help them reach their desired audience for their online campaigns. But if ad impressions are served to audiences that are unlikely to have the financial or economic capacity to invest or buy the product, then the ad spend is wasted.

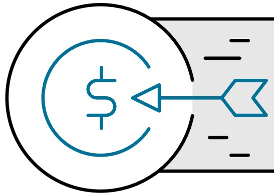
That's where digital targeting segments fueled by financial and economic insights can make a difference.

Financial services firm: Achieved 88% increase in opening balance

A financial services firm wanted to advertise to wealthy online audiences in order to increase the opening balance for new accounts. By using asset-based digital targeting segments, the firm could target audiences likely to have over **$100,000 in invested assets.**

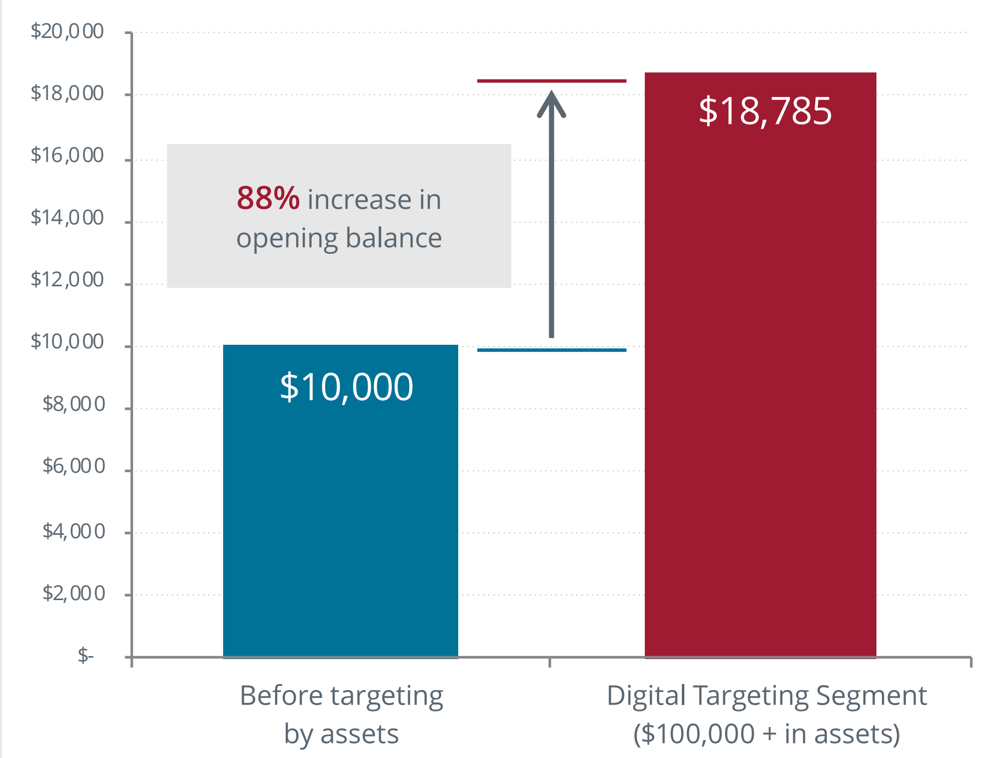
Results for this firm:

- **Reallocated 78% of impressions from likely low value to high-asset audiences**
- **Increased expected opening balance for new accounts by 88%**



Increased expected opening balance for new accounts by 88%

Increase new account opening balance by targeting high-asset audiences



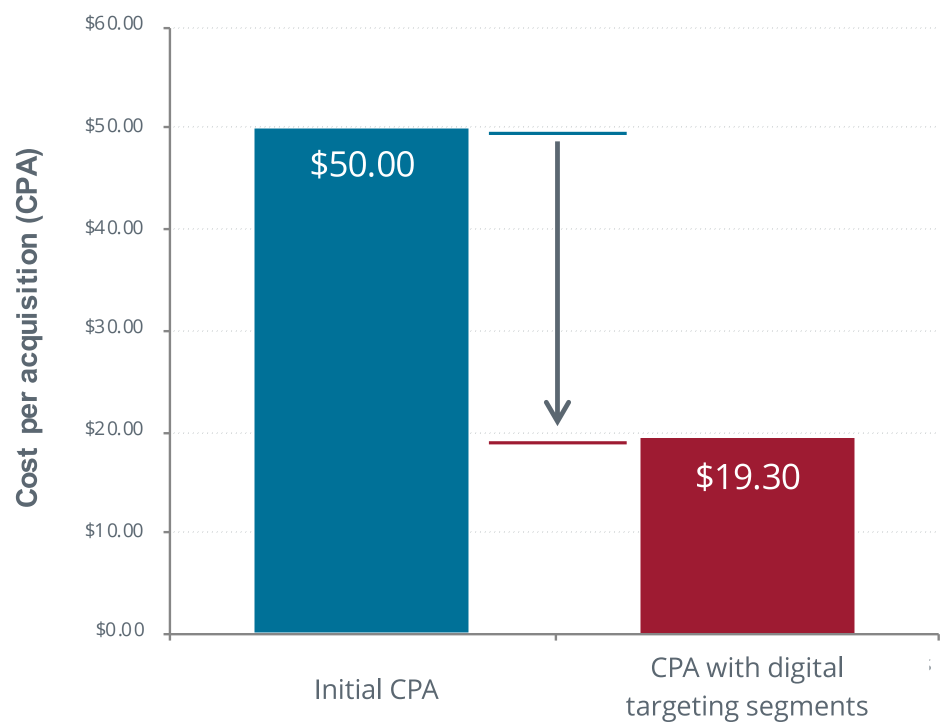
Provider of subscription-based service: Achieved 62% decrease in CPA

A large brand running an online display advertising campaign promoting a subscription-based tool wanted to reduce the campaign's CPA below $50, the average performance of previous campaigns. The company used economic insights to determine that past subscribers had estimated **total household income between $77K and $187K.** The company then served ads only to prospects that fit this criterion.

Results for this provider:

- **Narrowed the target audience by over 53%, thus reducing spend on prospects that were unlikely to be qualified**
- **Decreased CPA by 62%**

Ad campaign CPA decreases 62% with economic based targeting



03 Assess financial durability to define future target groups

For companies that offer monthly-billed or pay-over-time products and services, it can be helpful to integrate households' financial durability to pay for services – even during tough times – into targeting strategies.

Marketers can use financial durability metrics to analyze their existing customer base in order to reveal the financial and economic attributes of households that present higher risk, and then apply those attributes to enhance future marketing campaigns.

Communications provider: Identified accounts that present 10x more risk

A communications provider wanted to be able to better identify accounts in its portfolio that were most at-risk for non-payment. The provider applied **financial durability metrics** to its portfolio, including household-level estimated **income, spending capacity, and aggregated credit measures**.

The provider discovered:

- **A segment of accounts that was 10x more likely to have a non-pay disconnect of their service**
- **For accounts with FICO® Score Range of 600+, 1 in 4 accounts had low durability and a 2.5 times higher non-payment risk**

A segment of accounts that was **10%** more likely to have a non-pay disconnect of their service

With so many consumption options available to them, consumers switch service providers and brands much more frequently than years ago. To help grow and maintain customer loyalty, companies need to focus on their top customers and provide them with premium service and special offers.

Using financial and economic insights can help companies segment households by their likely growth potential, so they can prioritize high value customers and minimize spending on low-value segments.

Leading bank: Reassigned 17% to premium service level to grow revenue by $700 million

A leading bank had traditionally relied on internal data to determine service levels for its customers, but knew it was over-servicing some, while underserving others. The bank used household-level **total asset** estimates to segment and identify customers that either had high asset levels at the firm, or had significant assets held at other firms indicating high growth potential. Both of these groups were assigned to premium service levels.

Results for this bank:

- **Reassigned 17% of customers to premium service level**
- **Raised the balance of these customers by an average of over $1,200 (up 12.3%), translating into increased revenue of $700 million**

Metric	Results
Percent of customers realigned	17%
Average increase in account balance	$1,200
Average percent increase in account balance	12.3%
Increase in revenue	$700 million
Revenue trend to service realigned customers	Changed from -05% to .7%
ROI	Over 500%

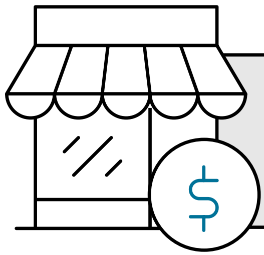
Retail brands: Increase revenue potential by as much as 25%

Retail marketers strive to provide top service and offers to their best customers, yet often struggle to determine the potential value of each customer – both new customers and existing.

By segmenting households by their likely **spending capacity** (e.g. discretionary spending of $75,000+), retailers can better identify those customers that warrant premium service and loyalty program benefits.

Expected outcome for retail marketers:

- **Invite about 10% of current long-term customers with high spending potential to join the loyalty program**
- **Reduce marketing dollars for about 20% of current loyalty program members that have lower spending potential**
- **Increase revenue potential and marketing efficiency by as much as 25%**

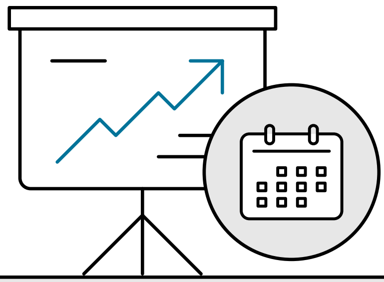


Increase revenue potential and marketing efficiency by as much as 25%

05 Evaluate local markets based on financial and economic potential

With today's rapid shifts in consumer finances across the nation, it is paramount for all companies with geographic outlets or advertising to assess the investment or spending potential within each of their existing and target markets. Some markets will recover from the pandemic economy, while others will struggle for years.

By incorporating financial and economic insights into their market analytics, companies can better understand market opportunity – or lack thereof – to find untapped markets for new locations, pinpoint existing branches/outlets that are underperforming, plus identify sites for possible closure.



Some markets will recover from the pandemic economy, while others will struggle for years.

Bank: Rethought branch goals and resource allocation

A leading bank wanted to enhance its branch management strategy and compare performance to other brands. With total **investment and deposit** estimates for defined geographic regions, the bank could better assess market opportunity; assess market share for each branch; identify underperforming branches; and optimize branch location, staff, and resource deployment based on market demand.

Results for this bank:

- **Several geographies required an additional branch to meet market growth in assets**
- **Some branches thought to be low performers had high asset market share**
- **A number of branches were discovered to be in low asset markets and considered for closure**

Use market-level asset insights to assess branch goals and performance

SEGMENT 2

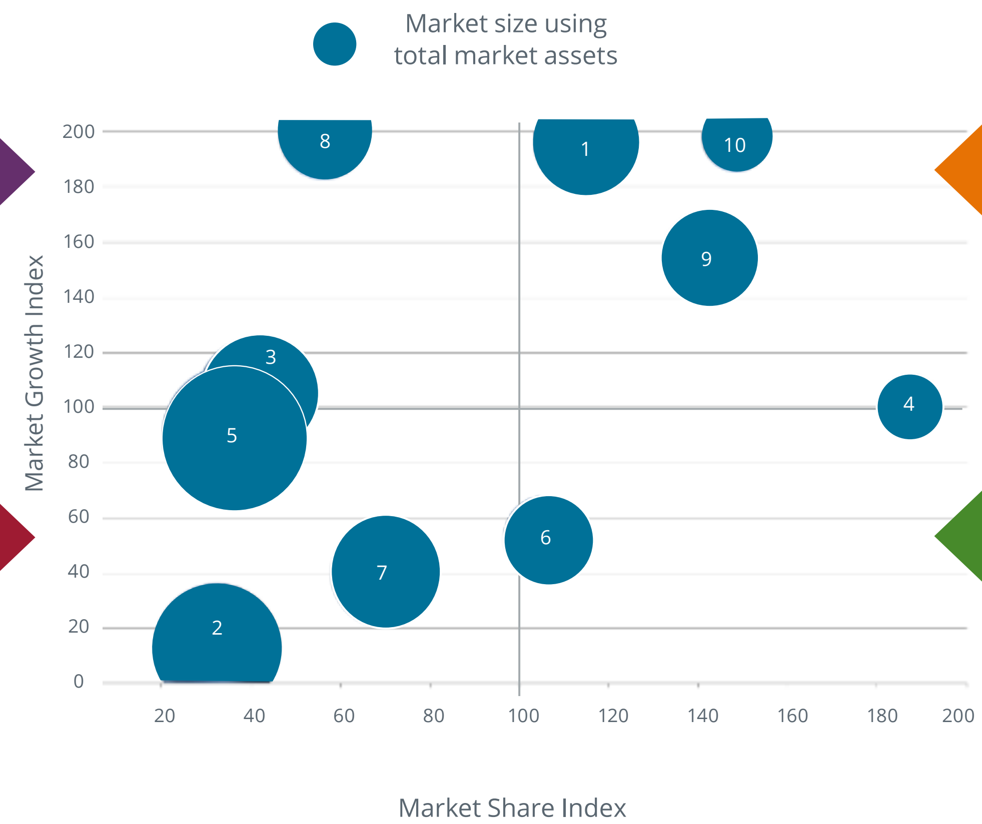
Status: Low market share in a high growth market

Strategy: Add to staff and/or add a branch

SEGMENT 4

Status: Lower market share in a lower growth market

Strategy: Reduce staff, consider closing a branch



SEGMENT 1

Status: High market share in a high growth market

Strategy: Leverage staff and exploit best practices

SEGMENT 3

Status: High market share in a low growth market

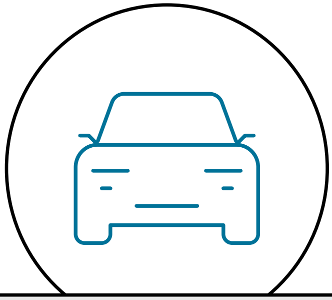
Strategy: Maintain, combine branches and/or reduce staff

Auto dealer: Narrowed target markets by 50%

An auto dealer was seeking to choose sites for new dealership locations, plus also assess purchase potential surrounding existing dealership sites. By analyzing the economic profile of customers in its top performing dealership markets in terms of likely household-level **income, spending power, and segmentation data**, the dealer could compare the findings to better evaluate new potential markets and other existing sites.

Results for the auto dealer:

- **Narrowed its list of 20 possible new markets to 10**
- **Identified several dealerships for resource reduction, based on lower spending potential for consumer households in surrounding markets**



The auto dealer narrowed its target markets by 50%

Dealers can compare findings to better evaluate new potential markets

Advance your marketing with financial and economic insights

Financial and economic insights offer marketers the data they need to find the right audiences and engage them to reach their full purchase, payment, and investment potential. Contact us to integrate financial and economic insights into your marketing strategies.

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About Equifax

At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics, and technology company, we play an essential role in the global economy by helping financial institutions, companies, employees, and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by more than 11,000 employees worldwide, Equifax operates or has investments in 25 countries in North America, Central and South America, Europe, and the Asia Pacific region. For more information, visit equifax.com.

Results of case studies may vary based on actual data and situation.