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5 Ways to Boost Your Marketing ROI in Every Economy

Have the economic challenges of the last few years resulted in your financial institution making budget cuts that could potentially implicate your growth and strategy? While all teams get their turn on the chopping block, your organization's marketing budget is likely one of the first areas to be scrutinized. Investment in marketing, especially during times of financial uncertainty, is often viewed as more of a nice-to-have than a need-to-have when it comes to keeping the business running. Plus, marketers tend to struggle with demonstrating return on investment, making it an even easier target.

However, there is a strong case for organizations to maintain an investment in marketing through the difficult times, if at all possible. Cutting the marketing budget presents an obvious short-term solution, but it may have unintended longer-term consequences. Here are some things to consider when faced with an economic downturn.

Cut your marketing budget and the competition may gain ground that will be hard to recover.

Consumers are bombarded with marketers attempting to get their attention. According to Red Crow Marketing, the average person crosses paths with between 4,000 and 10,000 marketing "exposures" in a typical day.

These exposures include everything from traditional TV, radio and print ads to social media, emails, texts and phone messages, to the brands on shelves, in closets and brand-enhancing "events." Every message that's not yours competes with your financial institution's (FI's) position and awareness in the marketplace.

Reduced spending in these activities will obviously decrease your financial institution's visibility in the marketplace, giving your competitors a clear opportunity to build share of voice and make big moves to win over prospects and customers more aggressively. According to this VentureBeat article, a McGraw-Hill research study from the 1980s found that businesses that continued to market aggressively during a recession had sales that were 256% higher than those who chose to cut their marketing. Although a 40-year-old piece of market research might not seem like a data point worth referencing, keep this in mind: We haven't seen the current levels of inflation since that time.

And in a more recent example from the same article is how VRBO's decision to substantially boost its advertising spend relative to Airbnb during the height of the Covid-19 pandemic led to tremendous gains when travel restrictions started easing up in June 2021. Specifically, VRBO outspent Airbnb 10-fold during January and February in 2021 and saw its bookings recover by 61% in June compared to Airbnb's drop of 15% during the same period.

You can score good deals on ads.

If you have the ability to maintain (or even ramp up your spend) during uncertain times, it could be one of the best times to invest. As your competitors pull back spending on ads, the dip in demand will lower average ad costs. This means you could reach more prospects at a lower cost, increasing the overall ROI and impact of your efforts.

It's more expensive to get a customer than to keep one—and marketing can help keep your current customers.

According to the article published by the Harvard Business Review's recent article "Holding on to Your Marketing Budget in a Downturn", it can cost five times as much (or even more) to acquire a customer vs. keeping the ones you already have. Focus on marketing efforts that strengthen relationships with existing customers—especially your most profitable ones. Investments in customer experience can boost the bottom line through increased customer satisfaction, incremental portfolio growth, and a strong defense against competitive acquisition tactics.

Marketing can drive profits

The idea that marketing can be more than a cost center isn't new, but thanks to advances in data and technology--like those discussed an article "Is marketing (finally) becoming a profit center with MarTech? from More Than Digital - it's much easier for marketing departments to make this case.

For instance, the right combination of data and technology can uncover pockets of opportunity and allow an FI to invest in marketing only where it sees potential for incremental growth. This means super-targeted, highly efficient marketing efforts.

5 Ways to Get More Out of Your Marketing Investment

The reality is that sometimes budget cuts are simply unavoidable and you have to do the best with what you are given. In these cases, efficiency becomes critical. Here are tips to make your limited budget go a little further.

Leverage real-time data.

Between layoffs, inflation and market volatility, your customers' financial needs are changing rapidly. If you're relying on yesterday's data to decide when and how to connect with them, you're likely missing opportunities to target customers when they're most in need of your products and services. Rely on real-time data and you'll gain the real-time insights you need to make the most of your marketing efforts.

Enhance your segmentation strategy

Not all customers are created equal. Use segmentation data to help pinpoint the ones that are most likely to drive profitable growth and direct targeted marketing efforts their way.

For example, if a customer has $1,000/mo of spend across all their credit cards (those they hold with both you and the competition), and $900/mo is on your FI's credit card, you already have a high share of that customer's "wallet"(their business) and further investment won't drive corresponding growth.

But if your share of wallet is markedly lower for a particular customer — and especially if you're able to offer the customer a credit card with a more attractive rate than their current cards — this could be a prospect worth investing further in.

Focus on digital marketing channels

According to Forbes, the majority of Americans (78%) prefer to do their banking by digital channels, and show a slight preference for using mobile apps (41%) vs. websites (37%). Whether they're checking loan balances, paying bills or researching new financial services and products, consumers are reaching for their digital devices to tackle their financial tasks—which means your marketing efforts need to happen there too.

Serve up highly relevant, targeted offers through digital banking channels and you'll reach customers where they already are in a way that's engaging and cost-effective.

Simplify and streamline the customer experience

Customers want things to be easy, and they're also impatient—what a variety of business pundits have called the "NOW customer." Although you can't control the entire customer experience, you can drive engagement and conversion by making it easy for them to research the products you offer them—and easy to take advantage of the offers they're targeted or eligible for.

For instance, if you want to increase the likelihood customers will actually apply for the loan your targeted marketing efforts have selected for them, make the application short and simple. Research from the Financial Brand found that information hassles and application length were linked to low application completion rates—the FIs surveyed for their report lost more than 75% of the potential loan business they generated through digital channels.

If a current customer is applying for a loan that you've offered them—because you already know all about them!—it's pretty silly for your application to require information your database already has. Fewer clicks and fewer fields to deal with equals a more seamless experience, higher conversion and happier customers.

Partner, partner, partner

Ready to embrace these recommendations but not sure where to start? Don't feel you need to go it alone—in most cases the most efficient route is to select an experienced, respected fintech partner. Plus, this route will cut down significantly on upfront development costs while also increasing your operational efficiency. An all-in-one credit score solution like SavvyMoney can deliver the following benefits:

- **Heightened digital banking engagement.**
  Humans are naturally curious so making it easy (and free) for your digital banking users to access credit scores and reports via your digital platform can be a great way to drive repeated logins and consistent engagement.

- **Solutions for pre-qualified and pre-approved offers.**
  By leveraging a solution like SavvyMoney to access their credit score and report, the consumer is giving consent to leverage this credit data for pre-qualification. This allows banks and credit unions to steer clear of one-size-fits-all offers and instead show customers compelling rates and offers that they are likely to qualify for.

- **Highly effective loan marketing.**
  Consumers are increasingly becoming digital-first. For financial institutions, this means customers are interacting with mobile banking apps and online banking platforms more than ever. As part of its overall credit score solution, SavvyMoney's marketing engine streamlines campaign management across digital touchpoints.

- **A simplified customer experience.**
  Don't make it hard for a customer to engage with your brand or products. Too many clicks, too much reading, or too many questions can drive a wedge between you and your customer. SavvyMoney's dynamic loan-savings calculators and proprietary loan application products make selecting and applying for a loan product so much easier with zero impact to risk management.

- **Reliable tracking & reporting.**
  To strengthen your defense for the next budget season, you need to be able to quantify the impact of marketing efforts. Robust credit score solutions deliver tools needed to assess campaign performance and quantify ROI.

- **Real-time, actionable data.**
  Stale data can compromise your marketing efforts at a time when you need them to work harder than ever. Leverage fresh insights to refine your targeting, create more compelling offers, and increase response rates.

No one knows exactly what the future holds, but the right marketing strategy and tools can drive success for your FI—and your customers—regardless of the economy's ups and downs.