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# The Role of Search in Credit Card Shopping

Google/Compete  
U.S., 2010

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# Background, Objectives and Methodology

# Background and Objectives

- Background

- Online research influences both online and offline application. However, there remain challenges in quantifying the role of the online channel – whether via search, display, or non-advertising content – in driving applications

- Objectives

- Assess the online and offline resources shoppers use when shopping and applying as well as the relative importance of different resources
- Quantify the impact online research has on application (both online and offline credit card application)
- Analyze differences between applicants applying for credit cards online vs. offline

# Methodology

- Targeting and Screening

- A survey was launched to Compete panelists who had been observed researching credit cards online between January 2010 and August 2010
- Surveys were fielded to Compete panelists in June-August 2010, 1282 consumers qualified and completed the survey
  - Qualifying requirement: Respondents who indicated they had conducted **online** research for credit cards within past 6 months

- Significance Testing

- For 2-variable significance testing, two asterisks (\*\*) indicates significance at the 95% level and one asterisk (\*) indicates significance at the 90% level
- For multiple variable significance testing, uppercase letters indicate significance at the 95% level and lowercase letters indicate significance at the 90% level
- Base sizes under 30 were removed from the study and any base sizes between 30-50 were marked (^) as low sample

# Definitions

- Searcher vs. Non-Searcher

- “Searcher” is a respondent who was search referred to a credit cards-related webpage (based on observed online clickstream behavior, not self-reported)
- “Non-Searcher” is a respondent who was not referred through search to any credit cards-related webpage between December 2009 and May 2010 (based on observed online clickstream behavior, not self-reported)

- (Planned) Applicants

- “Applicant” is a respondent who applied for a credit card after research
- “Planned applicant” is a respondent who had not yet applied, but planned to apply for a credit card
- “(Planned) applicants” is a respondent who had either already applied or planned to apply



## Key Takeaways



# Key Takeaways

- Online shopping activity was an important contributor to offline applications
  - For every 10 online shoppers who applied online, 1 additional online shopper applied offline
- Online credit card shoppers who utilized search were more valuable than those who did not
  - Searchers were 1.3X more likely to apply than non-searchers, inclusive of all application channels
  - Searchers were 1.6X more likely to spend \$3.5k+ monthly on credit cards
- Search was an important tool to attract new customers
  - Applicants who utilized search were 2X more likely to apply than non-searchers at brand that was not part of their original consideration set
- Online ads were an important tool to attract applicants
  - Shoppers who viewed online ads only were 1.5X more likely to apply compared with online shoppers who viewed offline ads only

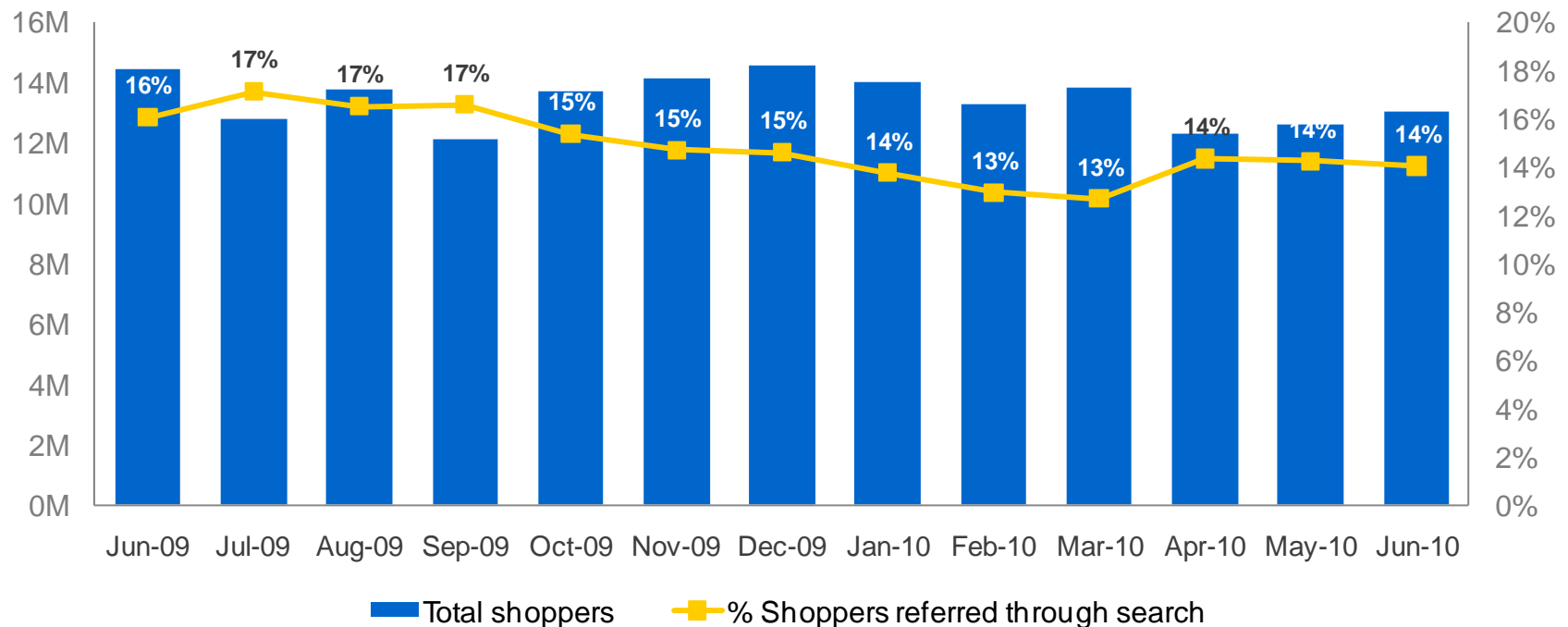


# Credit Card Market Overview

# Monthly Online Shopper Volume Remained Between 12-14 M

Share of search referred online shoppers declined from ~17% in Jul 2009 to ~14% in Jun 2010

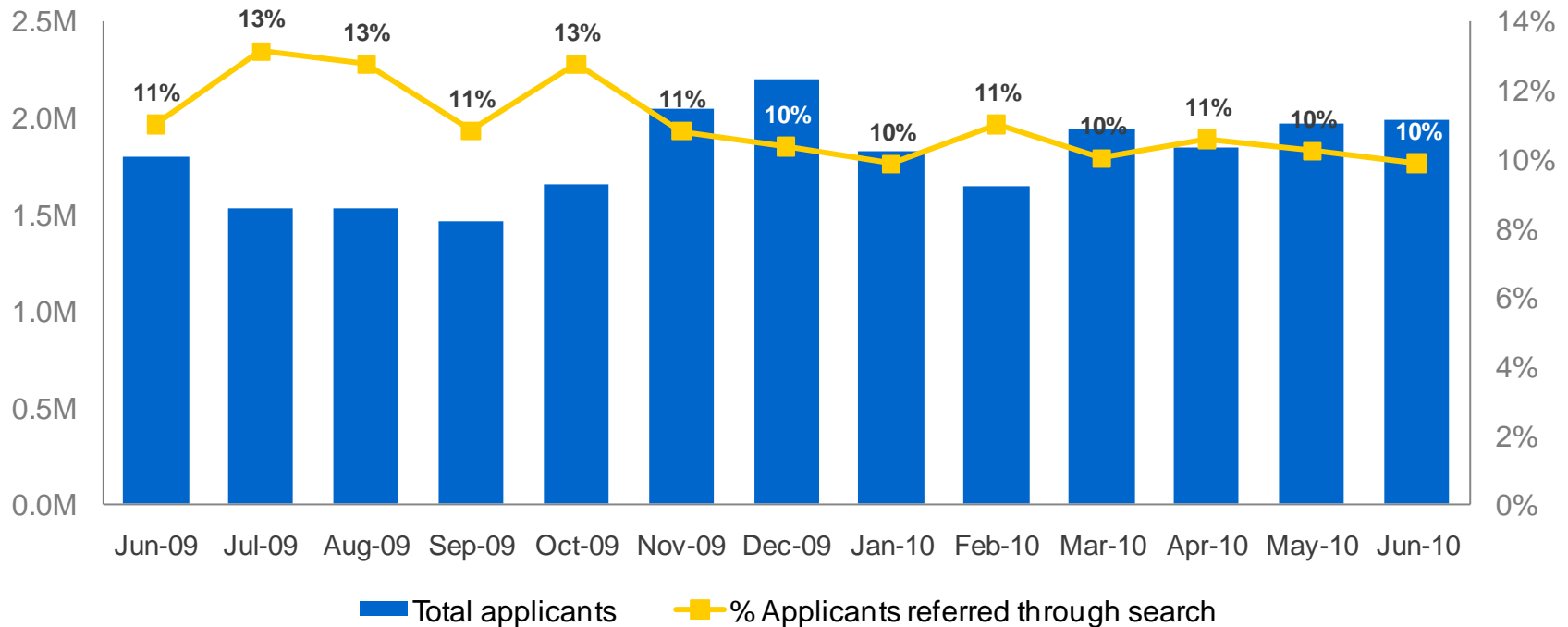
## Number of Online Shoppers & Share of Search Referred Shoppers (Jun 2009 – Jun 2010)



# Year-over-Year Applicant Volume Rose 10%

On average, 11% of applicants were search referred

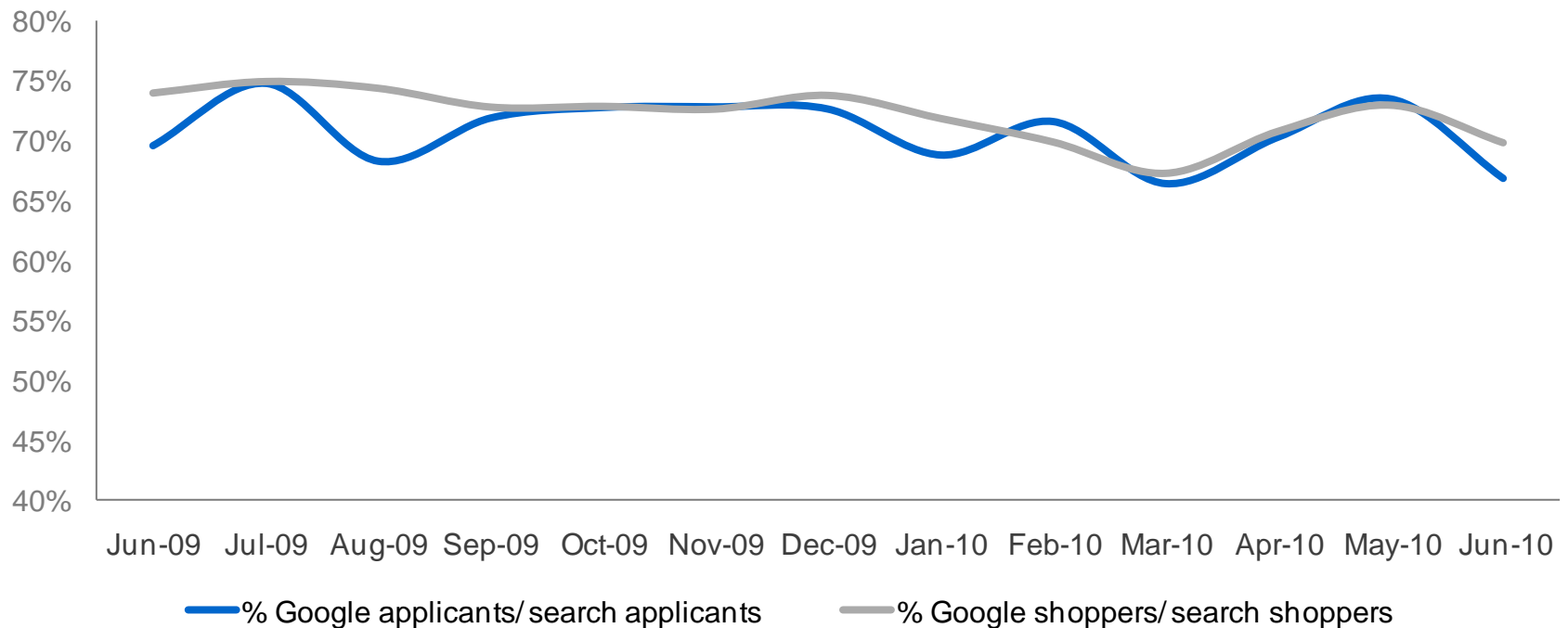
## Number of Online Applicants & Share of Search Referred Applicants (Jun 2009 – Jun 2010)



# On Average, Google Supplied 71% of Search Referred Applicants

Over the year, share of search referred shopper and applicant volume that were referred by Google ranged between 67-75%

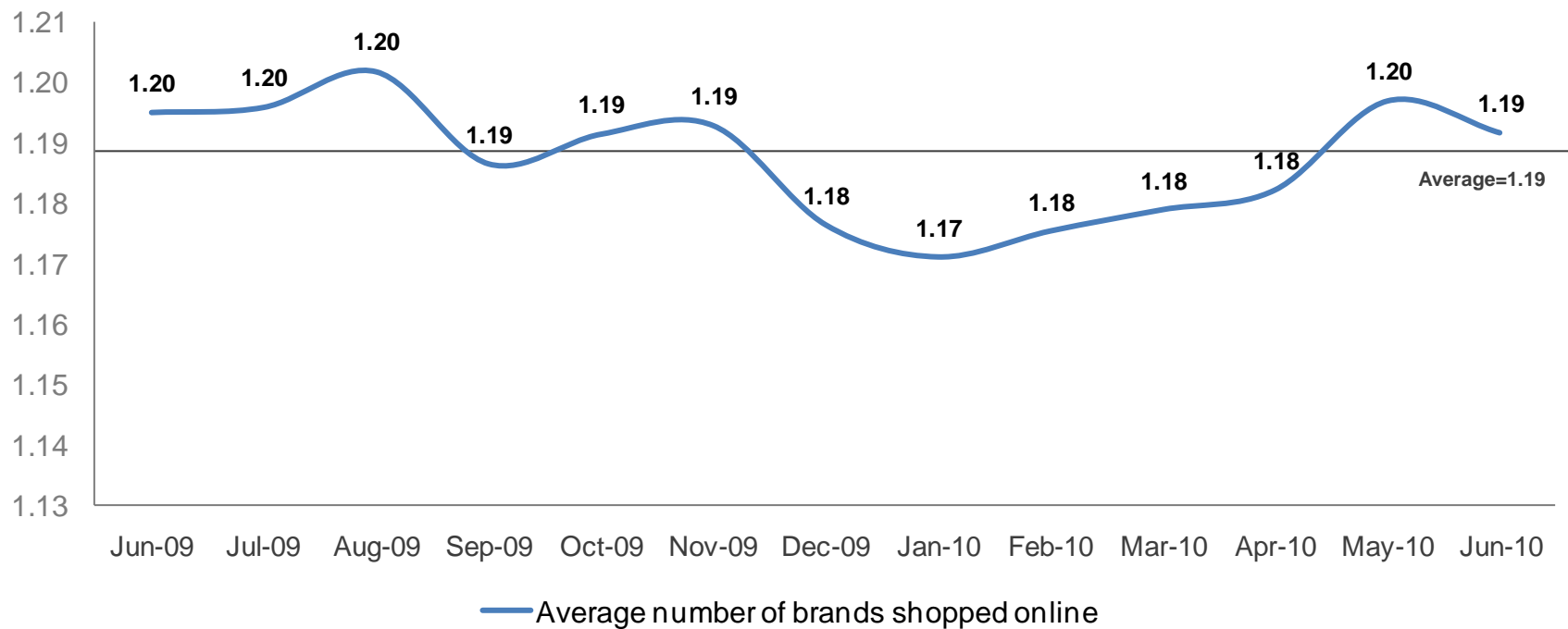
**Google's Share of Search Referred Shoppers and Applicants**  
(Jun 2009 – Jun 2010)



# On Average, Applicants Considered 1.19 Brands

Shoppers, typically, did not consider multiple brands as they have remained fairly constant

Number of Sites Shopped by Online Applicants  
(Jun 2009 – Jun 2010)

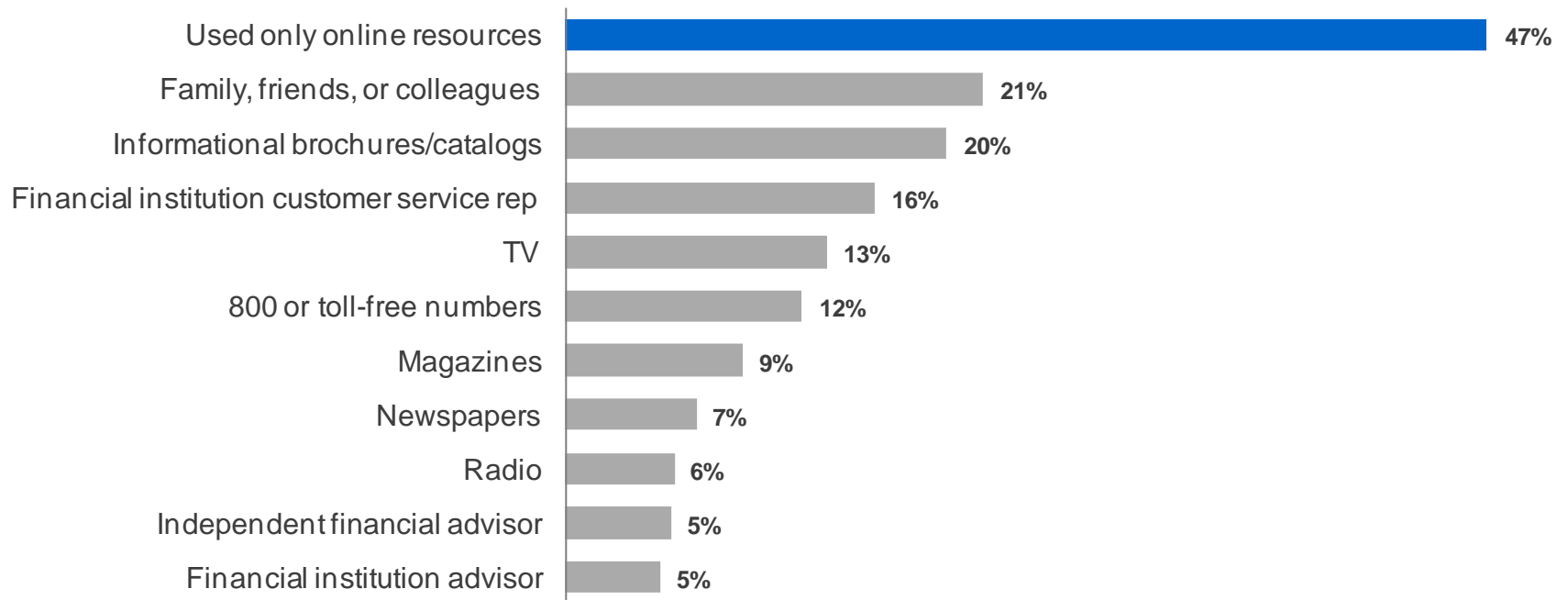




# Applicant Channel Usage and Preferences

# Almost Half of Online Shoppers Exclusively Used Online Resources

**Offline Resources Used by Online Shoppers**  
(Respondents Who Researched Credit Cards Online, N=1276)



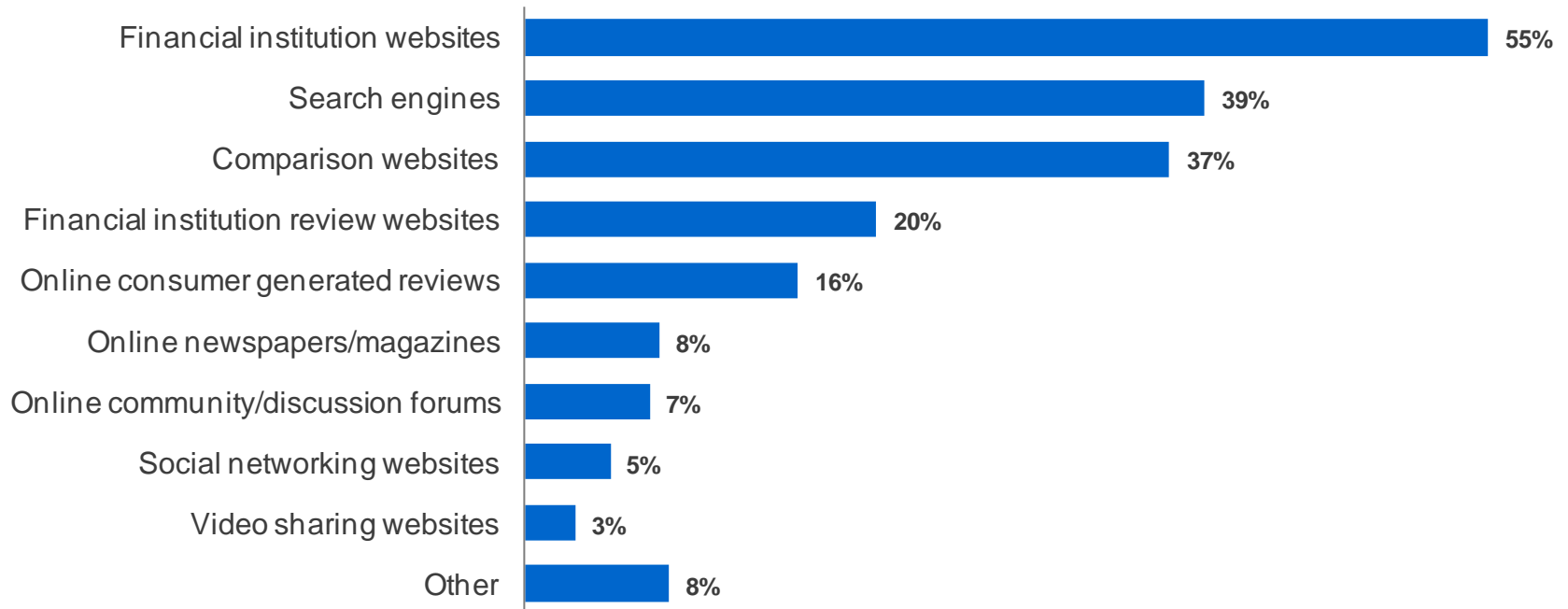
Q1. Thinking about this last credit card you researched, which of the following sources of information, if any, did you use in addition to the Internet? Please select all that apply. (Base: N=1276)



# Financial Brand Websites Most Commonly Used Online Resource

~40% of online shoppers used search engine

**Online Resources Used by Online Shoppers**  
(Respondents Who Researched Credit Cards Online, N=1276)

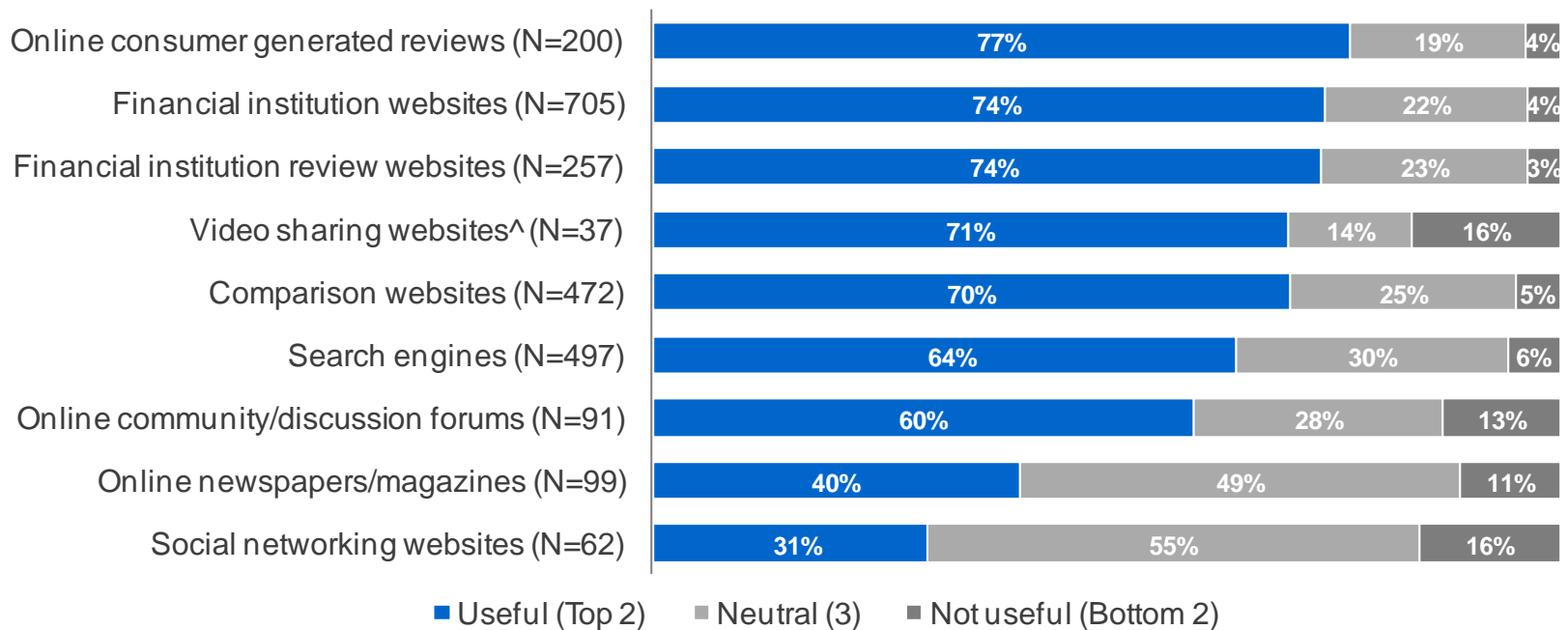


Q2. Specifically, which of the following online sources did you use to research this credit card? Please select all that apply. (Base: N=1276)

# Consumer and Third Party Generated Reviews Deemed Useful

Although only a small share (16%) of shoppers used online consumer generated reviews, 77% of these users found this resource useful

**Usefulness of Utilized Online Resources**  
(Respondents Who Used Specific Online Resources, N=1276)

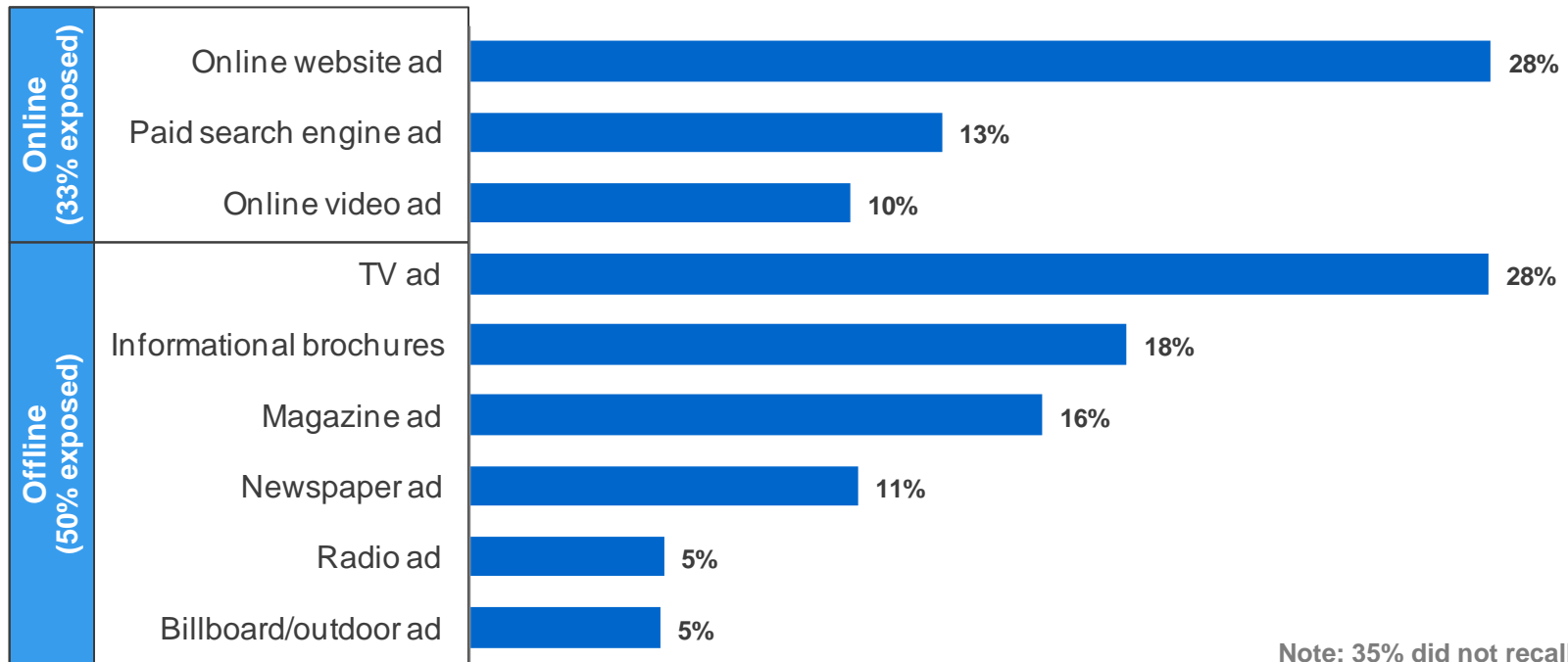


Q3. Please indicate how useful each of the following sources were as you researched this credit card. Please select a response for each source. (Base: N=1276)

# Online Website and TV Ads Recalled By Largest Share of Shoppers

While TV can be used to reach a wide audience for awareness, including website ads in marketing campaigns could also result in higher brand recall

**Ads Recalled by Online Shoppers**  
(Respondents Who Researched Credit Cards Online, N=1276)

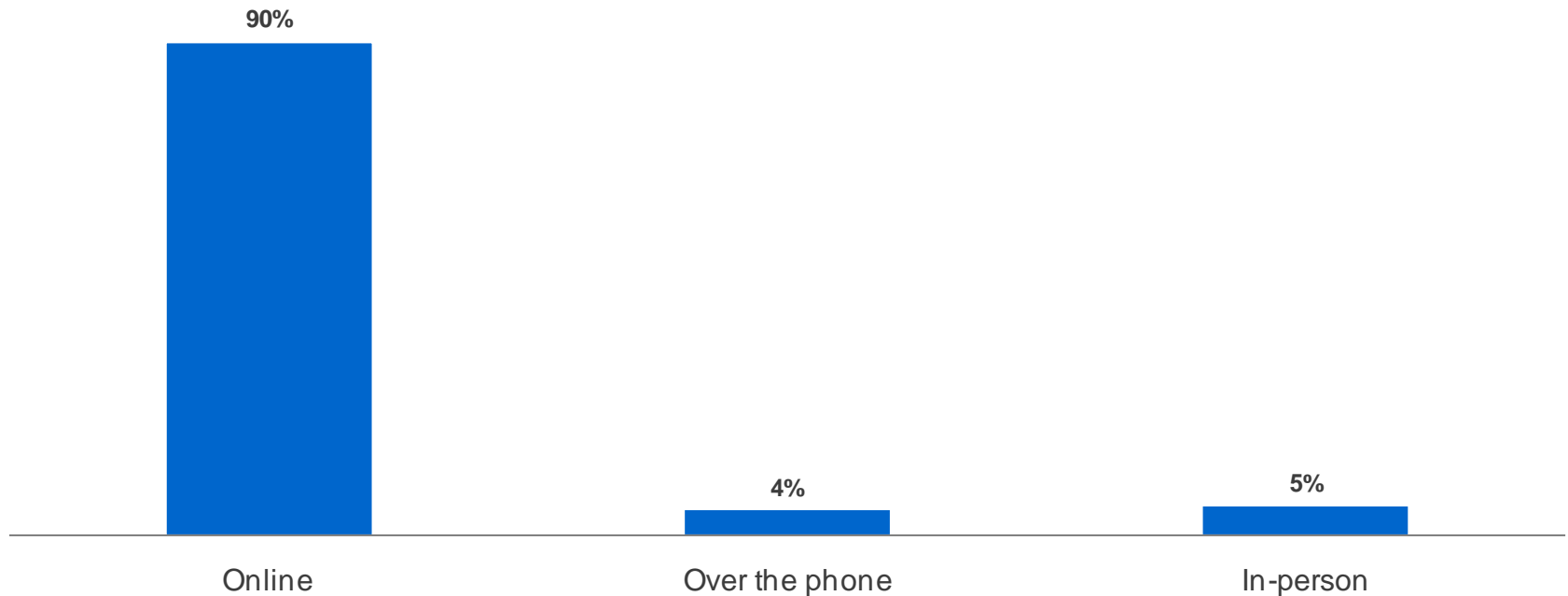


Note: 35% did not recall any ad

# 90% of Shoppers Applied Online

For every 10 online shoppers who applied online, 1 additional shopper applied offline

**Application Channel**  
(Respondents Who Applied, N=537)

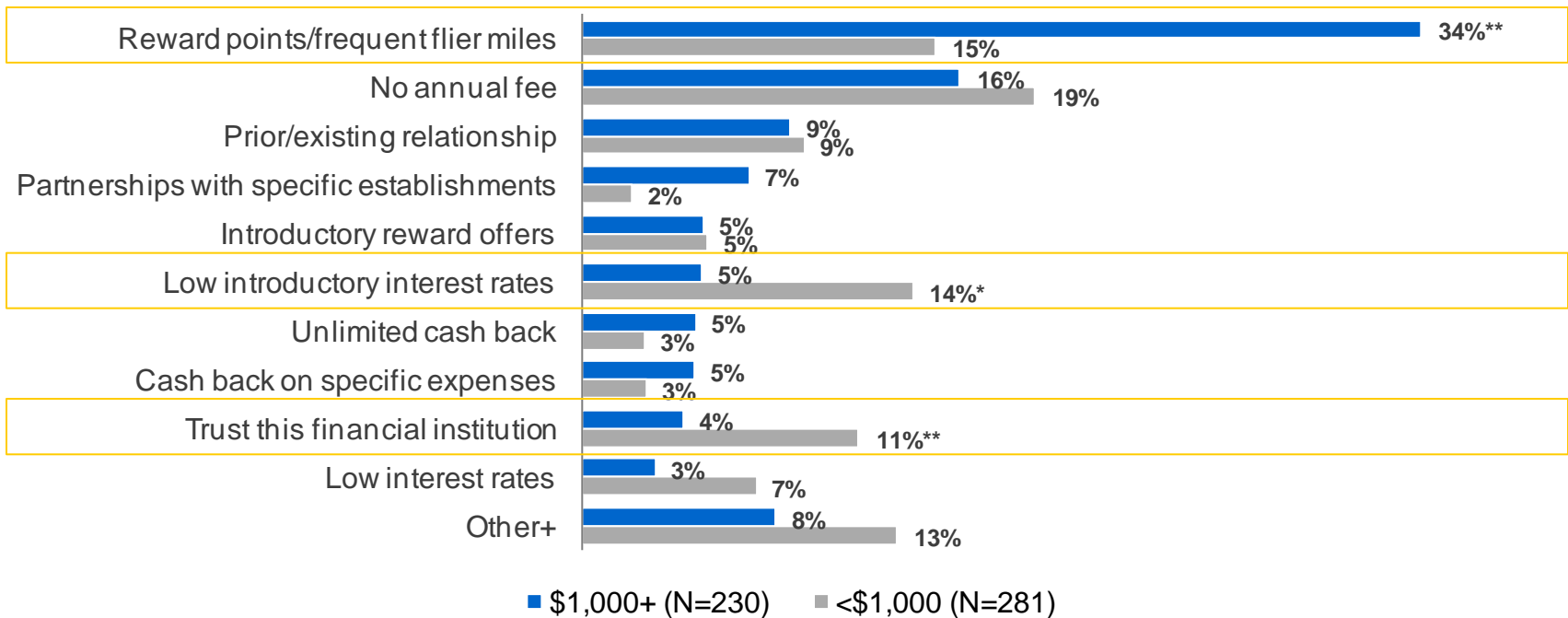


Q6. How did you open your most recently researched credit card? Please select one answer only. (Base: N=537)

# Overall, “Rewards” Were More Important Than “Low Interest Rates” or “No Annual Fee”

“Rewards/Miles” most important decision criterion for applicants that spend \$1k+/month on their credit cards, while low interest rates and “trust” key decision criteria for applicants spending less on their credit cards

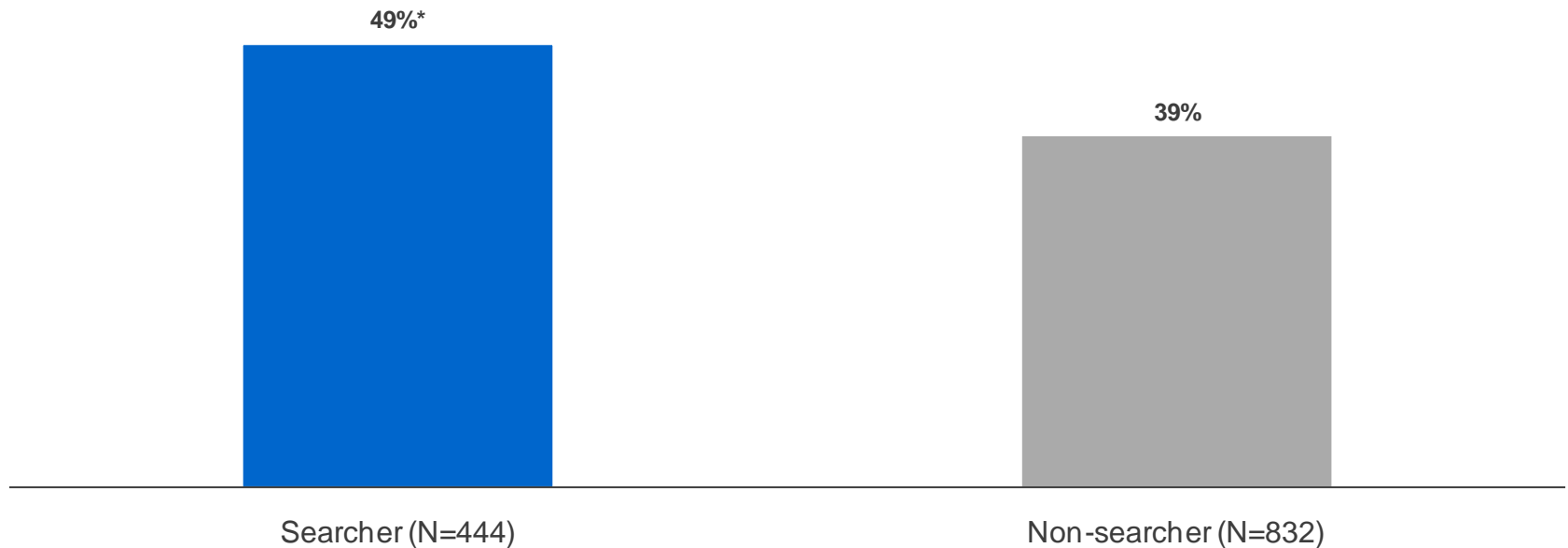
**Reasons to Choose Brand**  
(Respondents Who Applied, N=511)



# Searchers 1.3 Times More Likely to Apply Than Non-Searchers

Search is an attractive acquisition channel, as consumers utilizing search engines were more likely to apply than those who do not utilize search

**Application Rate by Searchers vs. Non-Searchers**  
(Searcher vs. Non-Searcher Respondents Who Researched Online, N=1276)

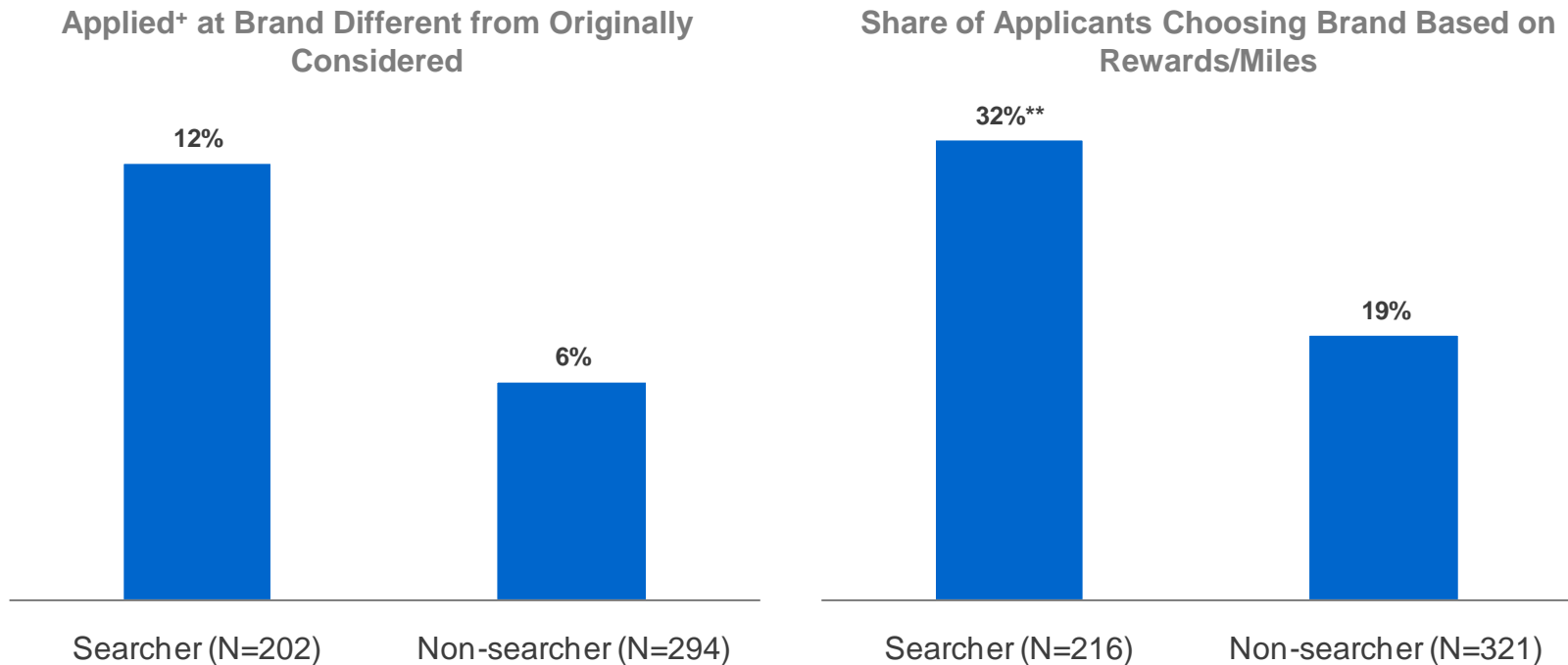


Q5. Did you open your most recently researched credit card with a financial brand? Please select one answer only. (Base: N=1276)

# Searchers 2x More Likely To Apply at Different Brand from Originally Considered

Searchers were also 1.7x more likely to choose brand based on rewards/miles received on card

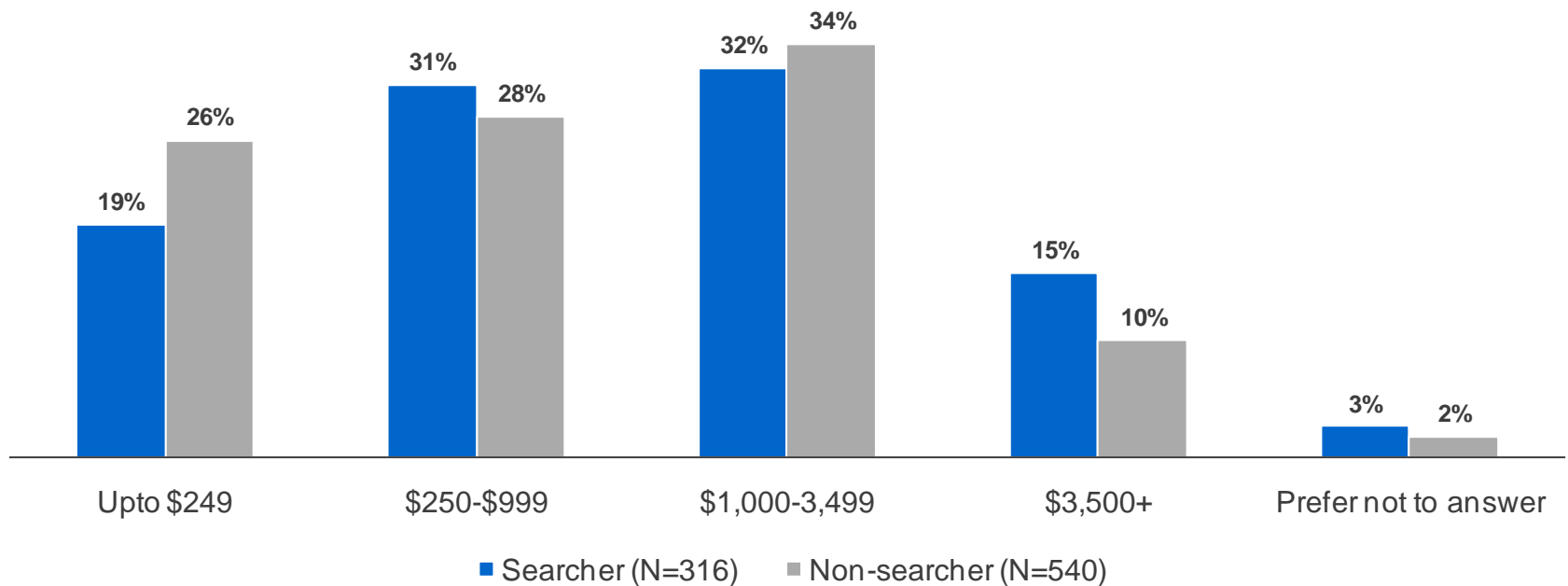
## Brand Chosen and Reason to Choose (Searcher vs. Non-Searcher Applicants, N=496, 537)



# Searchers Were 1.6 Times More Likely to Spend \$3.5k+ Using Credit Cards

Search provides marketers an attractive acquisition channel to attract applicants more likely to spend higher amounts using their credit cards

**Share of Searchers vs. Non-Searchers By Monthly Credit Card Bill**  
(Applicants/Planned Applicants Who Own Credit Cards, N=856)



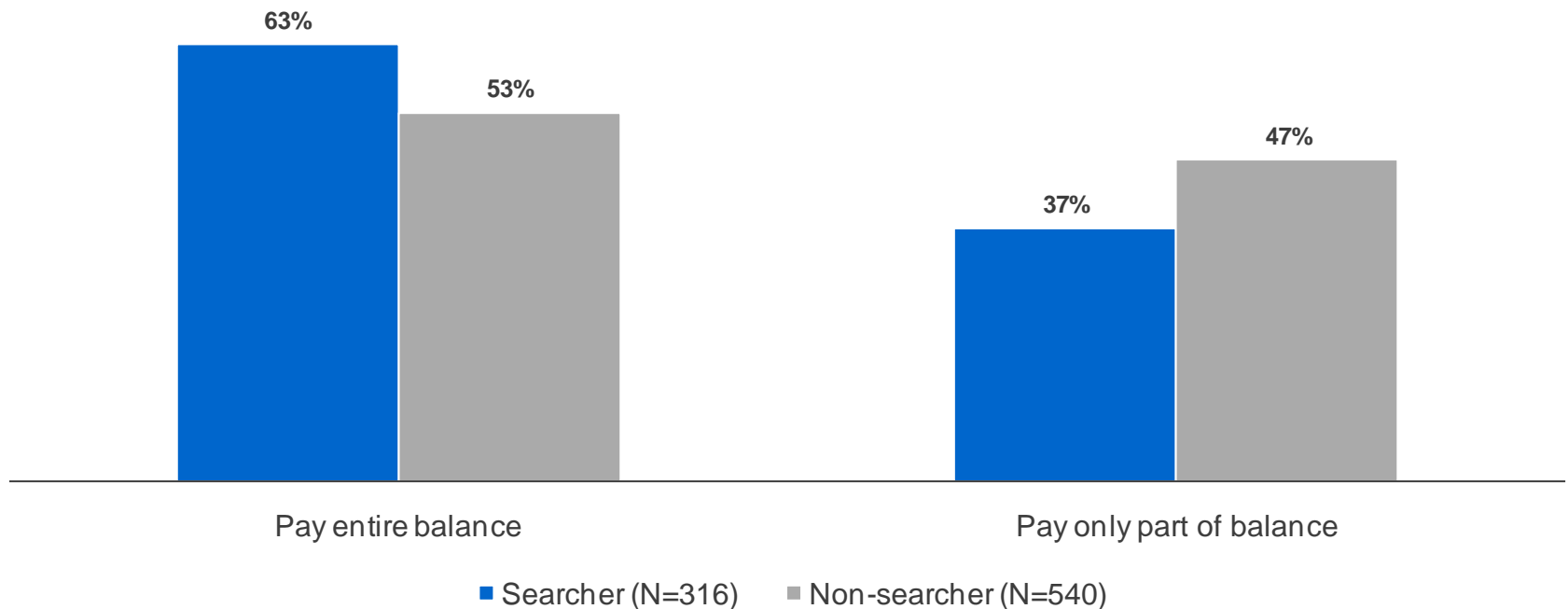
Q20. What is your typical monthly credit card bill for all your credit cards combined? (Base: N=856)



# Searchers 1.2 Times More Likely to Typically Pay Entire Monthly Balance

Search could be leveraged to balance risk by attracting applicants more likely to typically pay the entire credit card balance

**Share of Searchers vs. Non-Searchers By Payment Habit**  
(Applicants/Planned Applicants Who Own Credit Cards, N=856)

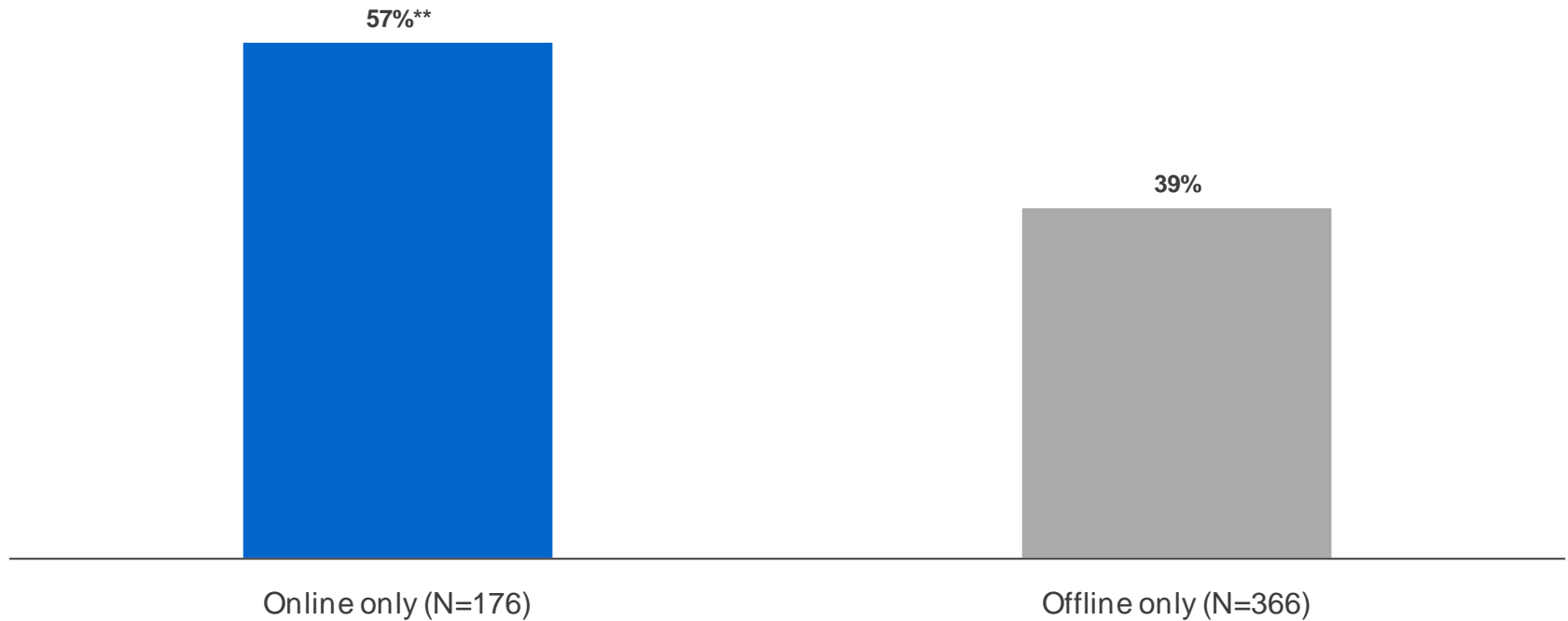


Q21 Which of the following statements best describes how you typically pay your credit card bill each month? (Base: N=856)

# Shoppers That Only Recall Online Ads More Likely to Apply...

Marketers should effectively use online ads to target shoppers more inclined to apply

**Application Rate by Ad Recall**  
(Respondents That Recall Only Online vs. Offline Only Ads, N=542)

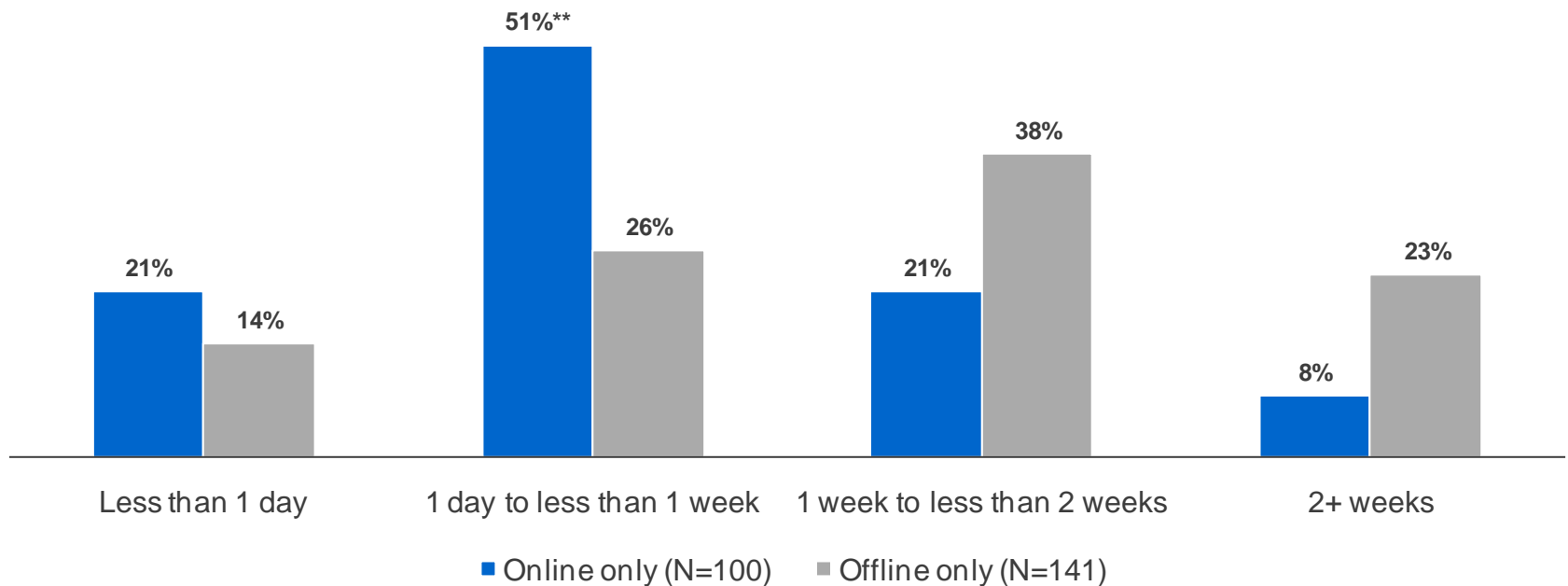


Q5. Did you open your most recently researched credit card with a financial brand? Please select one answer only. (Base: N=542)

# ...And More Likely to Apply Faster Than Those Recalling Only Offline Ads

Marketers could effectively leverage online ads to attract shoppers likely to apply quicker

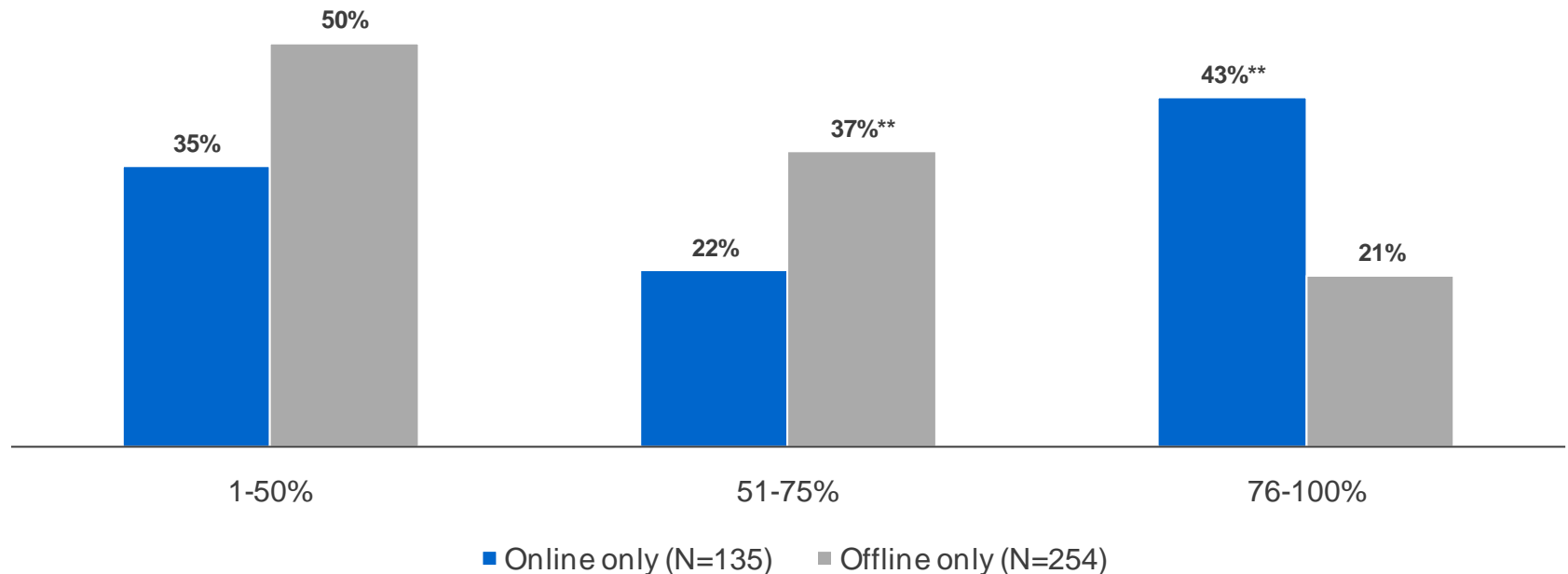
**Research Duration by Ad Recall**  
(Applicants That Recall Online Only vs. Offline Only Ads, N=241)



Q18. How much time passed from when you first started researching credit cards online to when you actually applied for a credit card? (Base: N=241)

# Those Recalling Online Only Ads Were More Likely to Use Credit Card for 76%+ of Expenses

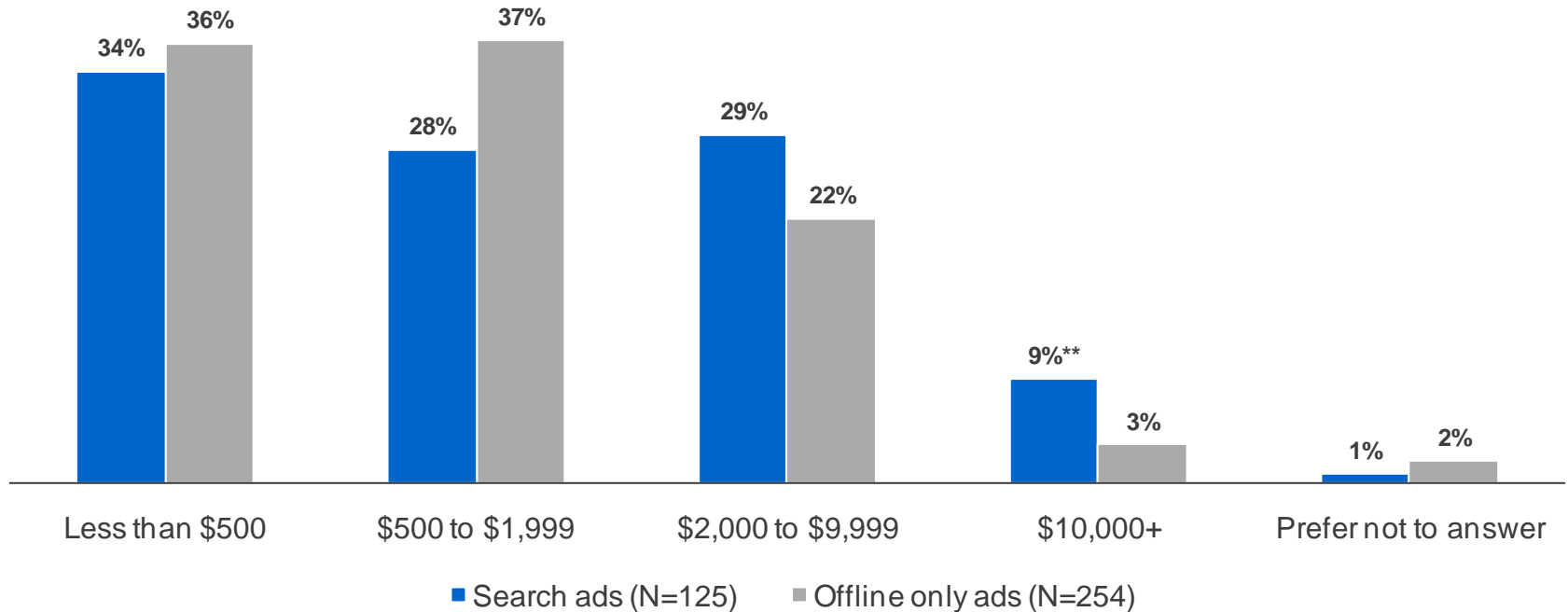
Share of Expense on Credit Card by Ad Recall  
(Applicants/Planned Applicants Recalling Online Only vs. Offline Only Ads, N=389)



Q22. Approximately what percent of all the expenses you incur during a typical month that can be paid with a credit card (e.g., airline tickets, electric bills, retail purchases, restaurant bills, etc.) do you actually pay with a credit card? Please select one answer only. (Base: N=389)

# Applicants That Recall Search Ads More Likely to Spend Higher Amount on Credit Cards

**Expense on Credit Card by Ad Recall**  
(Applicants That Recall Search Ads vs. Offline Only Ads, N=379)



Q20. What is your typical monthly credit card bill for all your credit cards combined? (Base: N=379)

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