2022 Trends and Predictions

competiscan

Insights

After a year marked by macroeconomic challenges paired with economic recovery, how is 2022 shaping up for direct and digital marketers?

Inflation, rising costs, supply chain disruption, labor shortages, COVID-19 variants—these issues shaped the economic landscape of 2021. On the other hand, economic growth, direct mail recovery, and technological innovation were also at the forefront of the marketing landscape. These topics provide some insight into the challenges and opportunities direct and digital marketers will face in 2022.

Based on the marketing materials that Competiscan has collected from our panels of consumers, business owners, insurance producers, investment advisors, and mortgage brokers, our Insights Analysts have summarized our thoughts on what we expect to see in 2022 in several key verticals.

Financial Services

Marketing spend in the financial services sector recovered substantially throughout 2021 as banks, lenders, credit card issuers and credit unions adjusted to the new economic landscape. Competiscan anticipates continued growth in this vertical, with levels reaching, and even exceeding, pre-pandemic volumes in 2022.

Banking

Banks will be pressured to catch up to fintechs in the race to a fee-free banking landscape

Pressures from regulators as well as fintechs culminated in a wave of updates regarding overdraft practices in 2021. As banks look to remain competitive in a deposits landscape that is abundant with fee-free options, many traditional banks have responded in kind by slashing fees or by offering additional ways for consumers to avoid an overdraft charge. Competiscan anticipates that while many banks will struggle to completely eliminate overdraft fees, we will continue to see fee reduction announcements, process changes, and alternative options for consumers addressing fee practices. It is likely that over the course of the next couple of years, zero overdraft fees will be a fundamental expectation in consumer deposits accounts.

As the banking landscape evolves, continued consolidation is likely

The cost of digital transformation, scaling into new markets, and competition against a saturated market of megabanks and challenger banks has led many community and regional banks to turn to mergers. The year 2021 was marked by a historic number of merger announcements. During this time, Competiscan noted a 51% increase in marketing campaigns that discussed mergers and acquisitions compared to the year prior. Competiscan anticipates continued industry consolidation is likely as competition coupled with rising consumer expectations on digital experiences, low fees, and service capabilities remains high.

With an anticipated rate increase, competition will heat up for deposits marketers

The low interest rate environment of 2020 and 2021 caused a significant pullback on marketing spend in the deposits category. Promotions for savings accounts and money market accounts, which tend to feature the interest rate as a primary value proposition, plummeted to historical lows. However, as the Fed has signaled they will raise interest rates in 2022, Competiscan expects banks to have a renewed focus on marketing deposit products. While many consumers are concerned about the impact inflation and uncertain economic conditions may have on their savings, deposits accounts offering high yield interest rates may be particularly attractive. Competiscan anticipates that marketing spend in this category will increase substantially throughout 2022.

Credit Cards

Adding value through rewards

We anticipate rewards will continue to be a key area of emphasis and value proposition in the year ahead. In 2021 card issuers were faced with shrinking outstanding balances and growing disruption from Buy Now Pay Later (BNPL) point of sale entrants. This forced issuers to re-evaluate products to ensure they were aligned with the needs and interests of consumers. Issuers utilized their rewards programs to retain loyalty and differentiate themselves not only from other card products but also from the rapid surge of Buy Now Pay Later (BNPL) competition. This translated into new earning tiers added to existing rewards programs, the introduction of relevant cardholder perks, and for some the release of entirely new products.

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An expansion of options

Competiscan observed over 40 card launches in 2021. Most of which followed one of two trends, targeting a specific niche or offering a more well-rounded rewards program. Niche cards launched in 2021 included reward-earning opportunities for pet lovers, student loans, and even cryptocurrency. From some top issuers we saw redesigned cash-back cards enter the market that made the earning simple, personalized, or automatically adjusted based on the consumer's top spending. It is likely more issuers will move to follow this dynamic rewards trend where the effort of selecting categories is taken off the cardholder, adding to the ease of maximizing their rewards.

Product options will further grow in the coming year as credit card issuers reposition their product sets and consider launching their own installment plan option, while BNPL providers set their sights on moving deeper into financial services. This will set the stage for more cross-over between the two and heightened competition. The underpinning behind these strategic moves will be centered around giving customers more purchasing power through increased flexibility or added control in managing their funds.

Credit Cards (Continued)

Credit Building

Another area of the credit card industry which will see more emphasis on rewards is the credit-building segment. Typically, credit cards offered to subprime candidates are built as starter cards that extend a small credit line and higher than average APR with minimal perks or rewards-earning opportunities. Today, a handful of top marketed credit-building cards offer cash-back rewards in an effort to build deeper loyalty and to combat the runoff of cardholders to other card brands once they have established the proper credit to qualify for a rewards product.

For credit-building or low rate/balance transfer products that lack a rewards program, we can anticipate that issuers will look to find creative ways to differentiate themselves and create a unique value proposition amongst the competition. Standard APRs and promotional pricing are key areas of opportunity where issuers will focus. We have observed issuers reward cardholders with discounted APRs or extended promotional pricing terms based on proper card use and responsible payment history.

Subscriptions and Brand Partners

Lastly, teaming up with specific brands to offer cardholders discounts and perks grew rapidly in 2021 and will remain a strategic priority in 2022. If you name a popular subscription-based service, there is likely now a card that will reward its cardholders with a statement credit to pay for that subscription on their card. Ride shares, food and grocery delivery, and exercise/equipment brands were top categories in 2021 but the variety of offerings will continue to expand as issuers work to build stronger lifestyle perks and deeper incentives to show brand loyalty and card usage.

Buy Now, Pay Later

Upward momentum for buy now, pay later (BNPL) will continue into 2022

On the whole, the buy now, pay later (BNPL) space continued on a positive growth trajectory throughout 2021. Competiscan believes this upward momentum will continue into 2022. More and more consumers are deciding to try BNPL, and as these consumers become familiar with this payment option and experience the perceived benefits of paying over time, the likelihood of repeated usage will increase. Competitors in this space will also continue to hone and refine their approaches to marketing in an effort to keep users engaged. Retailers of all sizes have decided to offer BNPL due to consumer demand, as well as other reasons. If we are not at this point already, we are well on our way to a time when consumers expect most retailers to offer BNPL.

BNPL providers will continue to enhance the transaction experience for in-store purchases

In 2022, Competiscan expects to see continued emphasis around the ability to use BNPL in-store. The pandemic served as an ideal environment for BNPL competitors to build their foothold, as BNPL can be incorporated into ecommerce platforms with relative simplicity. Offering BNPL in-store presents a more challenging proposition to BNPL companies, but multiple competitors are utilizing one-time digital cards to enable consumers to complete BNPL transactions at the register.

Additional industry consolidation in the installment financing category is likely

Competiscan also expects to see more mergers and acquisitions in the BNPL space. In 2021, we saw Square acquire Afterpay, PayPal Holdings acquire Japanese BNPL firm Paidy and Goldman Sachs acquire GreenSky. Additional consolidation in this space seems virtually inevitable.

Card issuers will be respond to the BNPL threat with product innovation

Many credit card issuers are responding to the threat posed by BNPL by offering similar pay-over-time alternatives through their credit cards. As BNPL continues to evolve as a threat in the payments space, Competiscan expects to see a concerted effort by credit card issuers to claw back share of wallet. We expect many of the issuers who have not yet begun to offer a BNPL alternative to do so in 2022. Issuers will seek out effective white label solutions toward this end, and will emphasize the availability of these payment options to cardholders via marketing. One challenge credit card issuers will need to address is how to generate consideration of their pay-over-time offerings when BNPL options are offered to consumers at the point of sale while credit card-offered pay-over-time options are frequently offered to consumers after a transaction has already taken place.

Personal Loans

Personal loan marketing will become more specifically targeted

The composition of many personal loan companies evolved in recent years, with diversification of financial products and even the addition of bank charters positioning these lenders as holistic financial destinations for their customers. As this trend continues to permeate the personal loan marketplace in 2022, Competiscan expects to see further targeting specification of personal loan marketing. For example, a lender that previously marketed to a wide range of credit-worthy prospects may target lower-risk customers with installment loans and higher-risk customers with a low limit card focused on building credit. We also predict that cross-sell marketing will play a larger role in personal loan marketing in 2022 as lenders seek to establish multi-product retention among customers.

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Student Loans

Legislation remains a key area of focus

With the onset of the COVID-19 pandemic, many borrowers who have faced financial hardship have relied on the CARES Act, which has put a hold on federal student loan payments since March 2020. In mid-December 2021, President Biden announced that the CARES Act would be extended through May 2022, allowing borrowers extra time to prepare for the return of loan payments. In addition, the government has proposed other changes that could impact the student loan industry. Another executive order that passed in December 2021 will allow borrowers to manage their loans through a single portal regardless of their original loan servicer. Notably, several federal loan servicers announced that they will be ending their relationship with the government, so current borrowers will be transferred to new servicers. Congress has also proposed the Fresh Start Through Bankruptcy Act, which if passed, would allow borrowers to discharge their debt as bankruptcy after 10 years. Additionally, the Limited PSLF (Public Service Loan Forgiveness) Waiver program was passed in October 2021, which allows borrowers to receive credit for past payments that would not have otherwise qualified for the program. This temporary change will last through October 2022. As legislation changes and payments on loans resume, Competiscan anticipates a turbulent year for the student loan industry.

Auto Loans

Increased electric vehicle marketing

As electric vehicles increase in popularity and with the presidential executive order to have 50% of new vehicles sold to be electric by 2030, marketing volumes for electric vehicles and green auto loans are expected to increase. Green auto loans provide incentives and discounts to customers who purchase an electric vehicle. Common incentives in 2021 were free charging stations and rate discounts. With many auto manufacturers planning to launch new electric vehicles in 2022, we can expect them to partner with lenders or use their own financing solutions to provide customers with incentives to switch from gas to electric vehicles.

Home Loans

Rate hikes from the Federal Reserve will impact the mortgage industry in 2022

The COVID-19 pandemic continued to spur a homebuying demand in 2021. Consumers were able to benefit from record low rates on new home loans and refinances. However, economic concerns like inflation have developed into a critical issue. Consequently, anticipation is that the Federal Reserve will raise the federal rate soon. With rates climbing, refinancing demand and marketing spend is likely to decrease in the near future.

Shrinking industry workforce

With a looming Federal Reserve rate hike on the horizon, homebuying and mortgage demand is likely to decrease as mortgage rates increase. Mortgage companies are already experiencing an impact in declining originations and several have made significant staff reductions. Ramped up workforces in 2021, higher interest rates, higher home prices, and less refinance demand will likely accelerate layoffs in 2022.

Small Business

Small business lending offers will continue to increase

After the latest round of the Paycheck Protection Program (PPP) loans ended in May 2021, small business promotional marketing volumes started slowly increasing in Q3 2021. As federally backed small business lending programs were phased out at the end of 2021, Competiscan believes the volumes will continue to increase for non-federally backed small business loans in 2022. Whereas this space has seen marketing from few players since initial shutdowns last year, additional lenders are likely to re-enter this space for a more competitive market going forward. With continued changes and uncertainty for small businesses due to COVID-19, the recovery in this space will depend on macroeconomic conditions and general legislative changes.

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Offering a more comprehensive suite of products to small businesses

During 2021, financial institutions introduced several new banking and merchant processing solutions aimed at offering a more comprehensive suite of products to small business owners. Competiscan expects the trend of adding product offerings targeting small businesses to continue, particularly among fintechs as this will allow them to offer “all-in-one” platforms to small business owners. Credit card issuers are likely to promote travel credit cards targeted to small business owners as the travel industry continues to open. Competiscan saw this trend in 2021 and expects the promotion of points and miles to continue well into 2022.

Investing & Retirement

Personal investing and retirement plan marketers will be challenged in 2022 to meet expectations as new product trends and industry consolidation continue to heat up competition in this marketplace.

Personal Investing

More investment firms will embrace crypto

2021 saw numerous companies expand into the crypto trading marketplace. Competiscan observed that the number of personal investing emails mentioning cryptocurrency sent to investors in 2021 more than quadrupled Y/Y compared to 2020. As the idea of buying and selling cryptocurrencies has become increasingly mainstream, we expect to see more traditional investment firms will move into this space in 2022.

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Youth and custodial accounts will grow in popularity

A variety of personal investing solutions targeting teens were launched in 2021. These products address a gap in the marketplace for financial tools and services that help younger consumers learn and practice good financial habits. Competiscan anticipates additional products will be launched along these lines as competitors look to attract a younger audience.

Retirement

Product innovation in the Financial Wellness space

Over the course of the pandemic, demand for financial wellness programs has grown. Given the difficulty employers have had in 2021 with recruiting and retaining talent, it's likely financial wellness programs offerings will expand to meet the growing demand for more robust benefit packages. In fact, just in 2021 Competiscan observed participant communications promoting financial wellness increased nearly 50% Y/Y. In recent years, Competiscan has observed an uptick in dedicated initiatives that address the unique financial wellness concerns for marginalized populations. As diverse populations have unique needs that shape their financial priorities, we anticipate more initiatives like this will continue in the near future.

Despite challenges like the rising inflation rate and continued impact of the COVID-19 virus, consumer demand for insurance products remains high. Competiscan anticipates marketing volumes and spend in the insurance category will remain stable in 2022.

Property and Casualty Insurance

Inflation will remain a hot button issue in 2022

As the post-pandemic economy opened in late 2021, inflation rates drastically increased, and carriers have been addressing the resulting issues in their communications to agents and policyholders. Overall, we have seen a 255% increase in mentions of inflation in P&C communications Y/Y. The types of communications range from informative newsletter content (where carriers discuss how inflation may directly affect the agent or policyholder) to carriers announcing necessary increases to “inflation guard” products. Given the multiple factors associated with inflation – including rising consumer demand and supply chain issues – we anticipate an even greater focus on this topic in carrier communications in 2022.

UBI/Telematics will continue to be a main topic of interest for carriers in 2022

Since 2018, Competiscan has observed a steady increase in mail pieces related to UBI/Telematics. The increase is likely due to at least two factors. First is the rising popularity of pay-per-mile offerings from traditional insurers and insuretechs. Secondly, carriers recognize that policyholders are interested in saving on auto insurance, as many are driving less as a result of the pandemic.

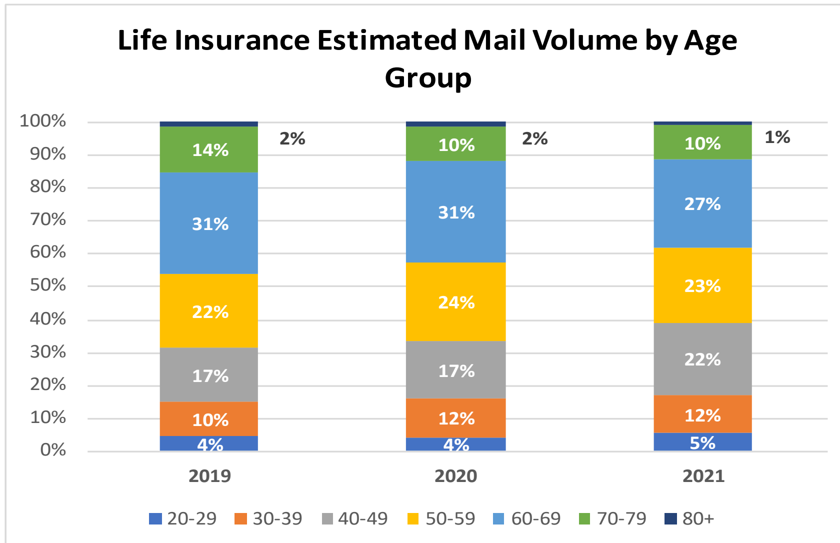
It is becoming more seamless for carriers to provide customers with telematics options, as mobile apps are replacing On-Board Diagnostics (OBD) devices. As a result, customers may immediately participate in telematics programs upon approval by the carrier, instead of waiting until they receive an external device.

Another trend we expect to grow in 2022 and beyond involves the entrance of automobile manufacturers into the auto insurance industry. Many newer automobiles have “smart” capabilities that can be used to track driving behavior. In other cases, auto manufacturers are sharing data for carriers to offer personalized rates based on customers’ driving behavior.

Life Insurance and Annuities

New targets and new products

Since the start of the COVID-19 pandemic, life insurers have been targeting a younger audience. In 2019, individuals 59 and under made up 53% of life insurance mail consumers. This number rose to 57% in 2020 and grew to 62% in 2021. Competiscan also observed a 29% increase in the 40-49 age group over the same time period. We expect for this shift to continue into 2022.



In addition to targeting a younger audience, life insurance carriers have switched their marketing to include more product types. Since the onset of the pandemic, we have witnessed an uptick in communications related to Final Expense and Juvenile – Whole Life. While the uptick for Final Expense may be due to grim circumstances, the Juvenile – Whole Life rise is due to more families prioritizing the future of their children. We expect for the market to continue to diversify in 2022 as more consumers want products tailored to their needs.

Continued adopted NAIC model regulations

Recently, Kentucky and Mississippi became the 17th and 18th states to adopt NAIC model regulations. As we turn to 2022, we expect more states to adopt these models. While this can be a unique situation for carriers to handle, many communications in the new year will be centered on how to react and adjust to the new procedures.

Health Insurance

Continued evolution of virtual health services

Even as telehealth services became more commonplace during the COVID-19 pandemic, carriers have continued to target other opportunities with enhanced virtual health programs and plans. Several carriers introduced virtual first plans that offer access to care teams on a virtual basis and only connect to in-person care when absolutely necessary. Competiscan anticipates that additional carriers will launch similar plans, particularly as consumers and employers have grown more accustomed to accessing health services from the comfort of their homes.

Increased focus on health equity

As the pandemic has showcased in stark terms, access to convenient and quality healthcare has not been made readily available to all segments of our society. This past year has seen carriers increasingly focusing on social determinants of health, which are the conditions that impact healthcare access and quality-of-life outcomes. Competiscan expects that more carriers will strive to address health inequity through the introduction of new programs as well as investment in impacted communities.

Worksite Insurance

Increased focus on worksite benefits to improve employee retention and acquisition

The second half of 2021 saw Americans resign from their jobs at a record pace. With job openings increasing and less workers available to fill these jobs, competition for American labor has never been higher. While higher wages help employers retain and attract employees, worksite benefits are also becoming a larger part of an employer's arsenal to offer the best compensation package to an employee. Competiscan anticipates that worksite benefits will become a larger area of focus for employers as they compete for America's quickly adapting workforce.

First day benefits

Several large American employers have begun to implement first day benefits for employees. Under this implementation of benefits the employee begins to receive benefits on their first day of employment rather than waiting for a probationary period to pass. For employers trying to acquire new talent, offering benefits on the first day of employment is a large competitive advantage in an environment where employers are competing with each other for workers. Competiscan anticipates that we will see wider adoption of employees offering benefits on day one of employment.

Telecom

Marketing volumes in the Telecom sector accelerated throughout 2021. Competiscan anticipates activity in this area will continue to grow through 2022 as consumers continue to turn to their devices as COVID-19 variants have kept many working and socializing from home.

Wireless

3G cellular networks will retire in 2022

Throughout 2022, all major cell service providers, such as AT&T, Verizon, and T-Mobile, will retire their 3G services as faster 5G networks expand in availability. As a result, users of older cell phones will be unable to make phone calls, text, or use mobile data as 3G mobile phones and certain older 4G mobile phones that do not support Voice over LTE will be affected by the switch in networks.

Existing customers are being offered free phone upgrades from their wireless carriers as their service migrates to 4G. Customers with 3G cellphones don't have to upgrade to 5G while 4G remains heavily relied upon. We anticipate 4G networks will be available for many years to come as newer technology continues to develop and providers are still invested in it.

Broadband

The future of the Emergency Broadband Benefit

On May 12, 2021, the Federal Communications Commission launched the Emergency Broadband Benefit Program which provided a discount of up to $50 per month towards broadband service for eligible households and up to $75 per month for households on qualifying Tribal lands. The program will last until funds are exhausted or six months after the Department of Health and Human Services declares an end to the pandemic. In addition to Internet service discounts, households can also receive a one-time discount of up to $100 to purchase a laptop, desktop computer, or tablet from participating providers if they contribute more than $10 and less than $50 toward the purchase price.

With COVID-19 showing no signs of slowing down, we anticipate the Emergency Broadband Benefit Program will continue providing relief to low-income families and households in 2022. The Biden Administration's $1 trillion infrastructure bill included $14.2 billion to the Federal Communications Commission to establish an Affordable Connectivity Program, an extension and revision of the Emergency Broadband Benefit that provides $30 monthly broadband subsidies for eligible households and up to $75 per month for households on qualifying Tribal lands. According to the FCC, "Households enrolled in the Emergency Broadband Benefit Program as of December 31, 2021 will continue to receive their current monthly benefit until March 1, 2022."

Enrollment for the Affordable Connectivity Program began on December 31, 2021.

Retail

With inflation, COVID-19 variants, and changing behaviors around how consumers shop, there are many significant unknowns confronting retailers moving into 2022. Retail marketers will continue to emphasize convenient and safe shopping experiences and payment options to remain competitive.

Macroeconomic conditions will continue to impact consumer shopping behaviors

Inflation is predicted to remain a concern, meaning retailers will need to determine the tactics they will employ to maintain profits and margins. Their options include strategies like reducing supply-chain inefficiencies, emphasizing higher-margin goods, and passing costs on to consumers. The way consumers will respond to inflation over time remains another uncertainty confronting the industry. Retailers should be prepared for shifts in shopping behavior, which could include people buying less often or switching to less expensive alternatives. The emergence of new variants has kept the pandemic top of mind for many consumers as well, and will likely provide another layer of uncertainty in 2022.

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Pickup, delivery, and e-commerce will continue to be heavily relied on in 2022

Many of the conveniences retailers focused on offering at the start of the pandemic have been integrated into the daily lives of consumers. This includes in-store and curbside pickup, a focus on e-commerce, and free/expedited shipping. In 2022 consumers will continue to utilize these conveniences and also continue to expect more. Shoppers have increasingly welcomed the convenience and safety of same-day delivery, and retailers must continue to refine their delivery capabilities to align with consumer demands. Many larger retailers have added fulfillment centers or adjusted their stores to allow for more efficient delivery. Competiscan expects more changes that will allow for quicker order fulfillment in 2022. Marketers should emphasize these capabilities as they develop and improve.

Energy marketing volumes remained relatively stable throughout 2021. Competiscan anticipates volumes in this vertical will remain consistent as decreased marketing around higher retail energy prices may be partially offset by growth in residential solar.

Retail Energy

Higher energy prices are likely in 2022

2021 concluded with numerous goods and services impacted by inflation. The energy sector was a primary industry that was affected. Consumers saw higher-than-normal energy bills from their electric and gas providers. Because it's unclear when the inflation dilemma will be resolved, Americans are likely to pay more for residential energy well into 2022.

Solar

There will be less red tape for renewable development

2022 will be the second year of the Biden Administration and we can expect continued support and pressure for clean energy development and decarbonization. The Infrastructure Investment and Jobs Act passed in November included funds for renewable energy projects, and while a second infrastructure bill seems unlikely for passage, the federal government and individual states still have clean energy targets. Paired with higher energy costs, this likely means less red tape and a boom in solar and wind developments in the upcoming year.

Travel

Travel marketing spend is expected to show significant growth despite many lingering challenges from the past two years. Although the demand for travel remains high, the travel industry will need to adapt to concerns like proof of vaccination requirements, labor shortages, and supply chain challenges.

The travel industry may see an uptick in international travel

The COVID-19 vaccine boosted domestic travel and helped this industry rebound in 2021. However, traveling internationally has not picked up to pre-pandemic levels. An evolving pandemic with waves of outbreaks and variants has led to worldwide restrictions preventing countries from allowing international visitors. Countries may ease their travel rules in 2022 and allow more tourists in by imposing vaccination requirements. Most cruise lines have already imposed or announced plans for mandatory COVID-19 vaccination. International travel will continue to face hurdles in the upcoming year, but we can expect an uptick.

Countries may ease their travel rules in 2022 and allow more tourists in by imposing vaccination requirements

The labor shortage may contribute to a continuation of airline headaches in 2022

Labor shortages hit all industries across the country. 2021 was notorious for unruly passengers, which exacerbated labor challenges within the airline industry. With these problems yet to be resolved, air travelers are likely to continue to experience delays, cancellations and long wait times into 2022.

The rental car market is likely to show signs of stabilization

Microchip shortages and low automotive inventory led rental car prices to soar in the past year. Microchip demand issues are expected to resolve in early to mid-2022 which should aid rental car companies in restocking their fleet. Consumers will likely see more affordable rental prices by summer 2022 compared to the previous year, although they are not expected to return to pre-pandemic levels in the immediate future.

About Competiscan

Competiscan gives our clients the ability to analyze direct and digital marketing activity. As a market intelligence innovator, Competiscan leverages the largest longitudinal panels of consumer, business owner, insurance professional, financial advisor, healthcare provider, and mortgage broker audiences in the marketplace to provide key insights and trends. For more information, visit www.competiscan.com.

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