Converting Loan Applicants

Competitive Strategies for Improving the Funnel

hitwise

Big Picture: Comparing Conversions

The path to borrowing today is paved with choices. Consumers can easily research terms, APRs and TARs within seconds, and get approved within minutes. This accelerated application process enables lenders to reach more borrowers — but also to lose them more easily to competitors.

The trick is identifying *where* in the funnel you lose a prospective borrower. Why do people visit your website, then apply for a loan with a competitor? Who is *starting* an application, and leaving before finishing? Let's dig into exactly how to figure that out.

Below we compare the conversion funnels of three major lending sites, LendingClub, SoFi and Prosper, and see major differences in their ability to attract and convert prospective borrowers. What can the other two learn from Prosper's success?

LendingClub has the most traffic *and* loan application starts. However, they have the **lowest application completions** relative to SoFi and Prosper.

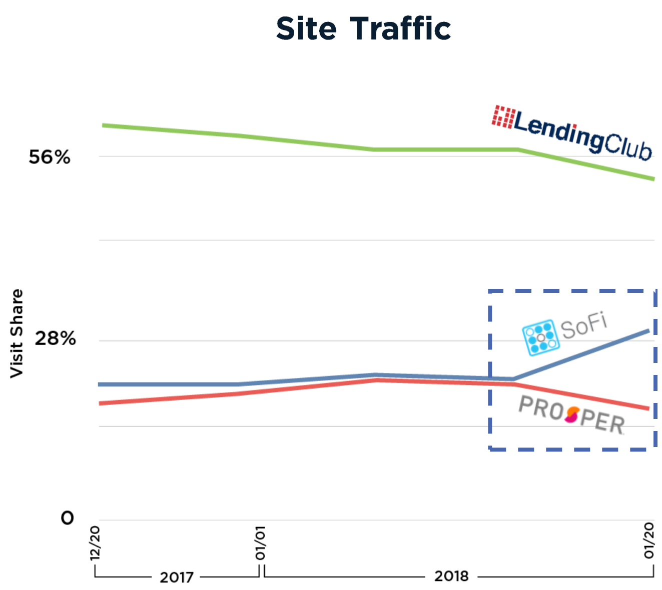
	Website Visit Share	Loan Application Start	Loan Application Complete
LendingClub	53%	61%	18%
SoFi	30%	20%	33%
PROSPER	17%	19%	49%

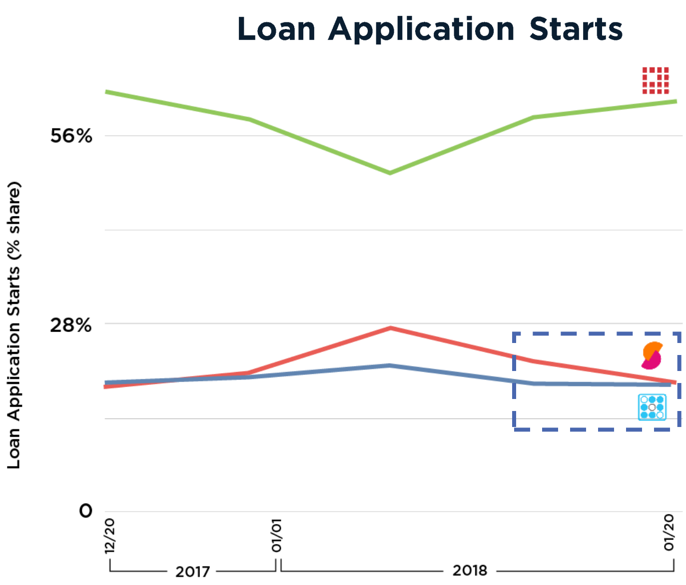
In spite of having lower traffic than the others, **Prosper** converts more of their own visitors. **12.8%** of people who visit Prosper.com end up completing a loan application, compared to only **1.5%** of Lending Club visitors.

*Conversion funnel based on week ending 1/20/2017

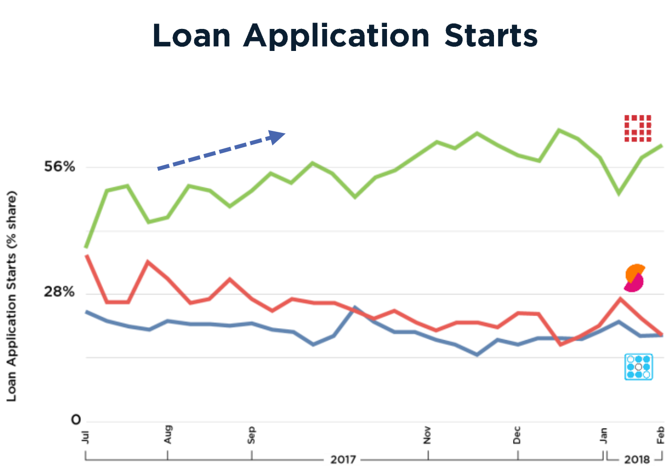
Tracking the Funnel Over Time

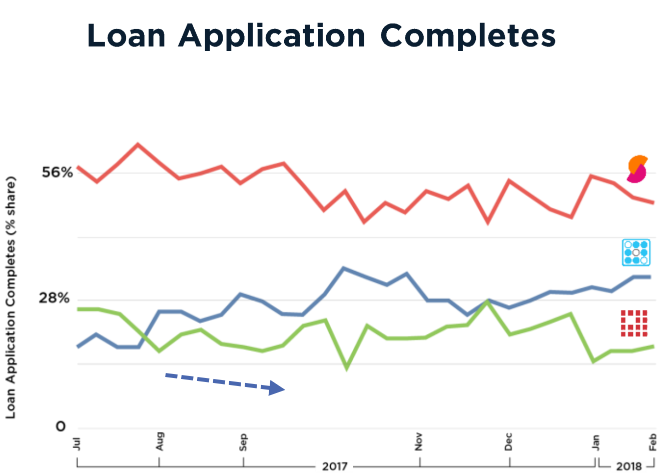
Competitive traffic benchmarking is a staple of every brand's digital strategy—but many don't benchmark their relative *conversions* over time. Doing this can paint a richer picture of your true competitive performance. For example, below we see that although **SoFi**'s traffic went up in the beginning of 2018—and they appear to pull traffic away from LendingClub—this didn't result in an increase in loan applicants.





Taking a more macro view, we see that although **LendingClub** has steadily improved at getting visitors to *start* loan applications, they have stagnated where it counts — *finishing* applications (a.k.a actually converting people).





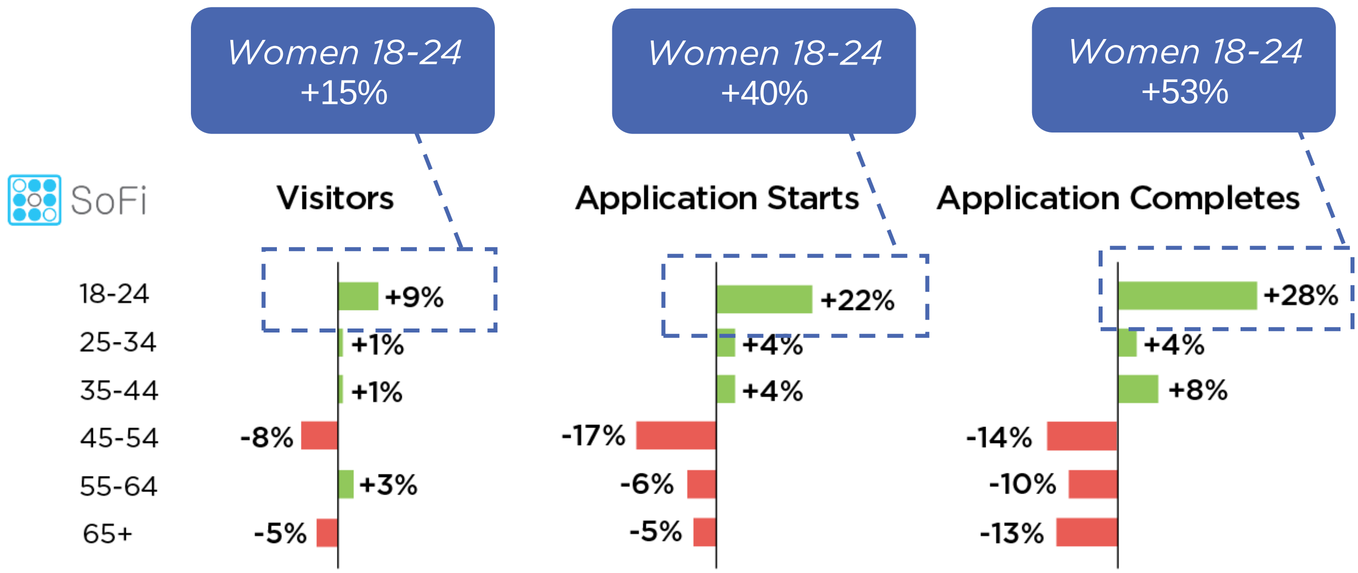
Let's explore how, armed with this information, these lenders can improve their conversion strategies.

*Weekly charts based on 12/20/2017 – 1/20/2018 (top) and 7/2/2017 – 1/20/2018 (bottom)

SoFi's Uniquely Youthful Audience

SoFi's funnel performs rather consistently, but they could be better about getting more visitors to start loan applications (on the first page you can see their "start" rate dips in comparison to the others). SoFi is known for going after the Millennial age bracket, and the numbers suggest they're doing a good job at this so far.

SoFi attracts and converts young people more consistently than the other two brands. In fact, their 18-24-year-old index increases further along the funnel, most likely due to strong student-loan-seeking contingent. Although SoFi's overall gender split actually skews towards men, they are particularly excellent at converting young women aged 18-24:



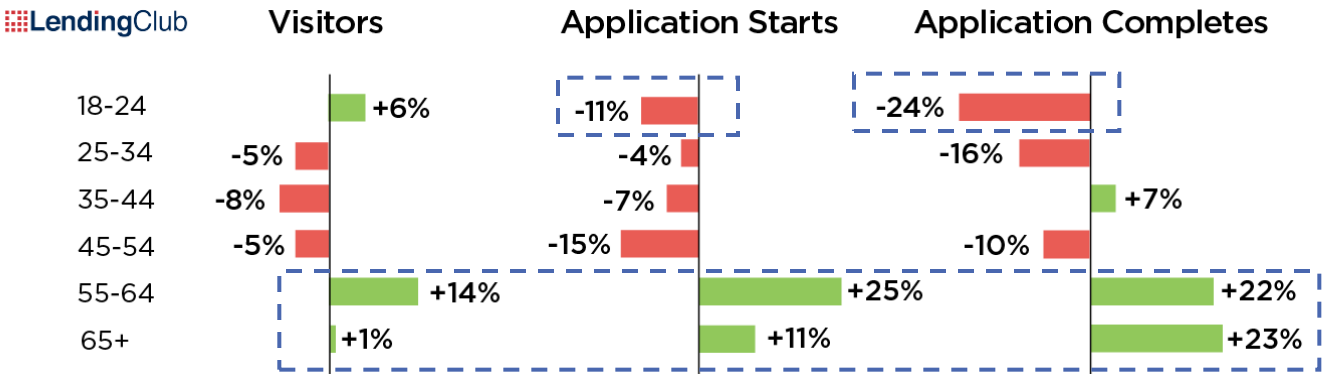
SoFi doesn't perform as well with older visitors, but this may reflect a conscious choice to double down on their target audience. That being said, they have an opportunity to nurture older Millennials and Gen Xers, who show consistency in completing the SoFi application process and — as we'll see later — are much weaker segments for the other two lenders.

Fun Fact: Did you know that Millennial loan seekers are more likely to pay for financial advice than any other age group? See our Infographic about how different audiences seek loans >>

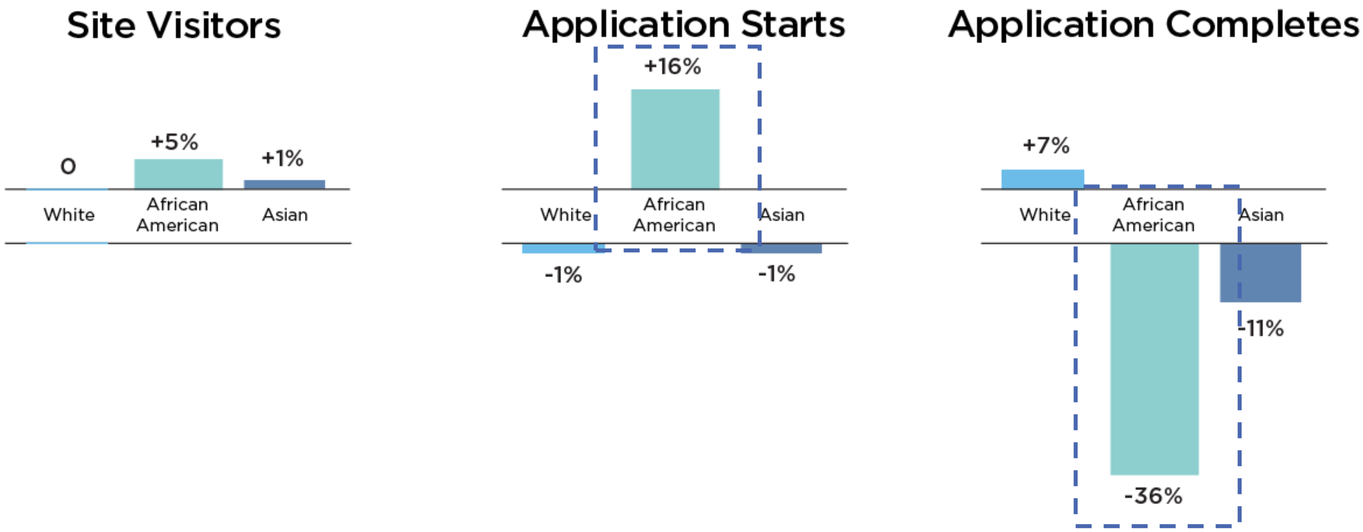
LendingClub – Closing the Leaky Funnel

Lending Club gets more traffic than all three lenders, but has trouble converting their visitors. Where is their funnel "leaking?"

Unlike SoFi, LendingClub is mostly losing young people in the funnel, and only succeeds in converting their oldest audiences — this is true for both men and women. This senior age group may be their "sweet spot" for now, but their inability to retain younger borrowers could be troublesome for the future of the company.



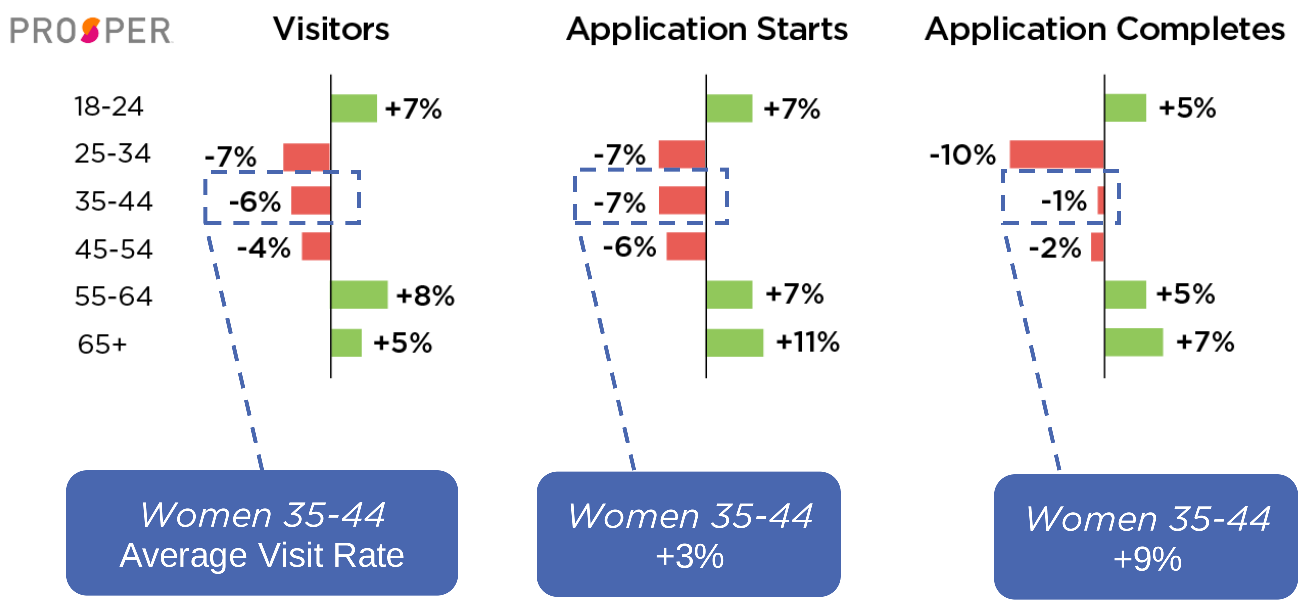
LendingClub misses a major opportunity with their African American applicants. This group is more likely to start an application with LendingClub than with either of the other lenders — but the *least* likely to complete their application. Why are they losing this segment, and how they help them follow through with the final steps of the process?



Why Prosper is Prospering

It's hard to attribute Prosper's conversion success to a single thing. It may be due, in part, to their very simple one-page loan rate form — the other lenders require visitors to click through several pages before receiving offers.

Prosper also maintains both younger students and older audiences fairly steadily throughout the funnel. So where can they expand next?



None of the three lenders maintain Generation X applicants along the funnel very well. As you see above, Prosper under-indexes for this middle age group. *However,* these low numbers are largely due to male applicants. Women aged 35-44 *increase* in likelihood to engage along the funnel, suggesting engaging with young moms or female business professionals could be the next segment for Prosper to target.

Methodology

This data is based on share of relative websites visits (Visit Share), visits to a loan application start pages (Application Start), and visits to completion or thank you pages (Application Complete) on prosper.com sofi.com and lendingclub.com. Pulled over 4 weeks ending 1/20/2018, unless otherwise specified.

If you're interested in benchmarking transactions and conversions against your competitors, click the button to learn more or set up a free demo of Hitwise:

Lets Talk