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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the LendingTree, Inc. Fourth Quarter 2021 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to your speaker today, Andrew Wessel, Vice President of Investor Relations. Please go ahead.

Andrew Wessel

Thanks, Dawn, and good morning to everyone joining us on the call this morning to discuss LendingTree's Fourth Quarter 2021 Financial Results. On the call today are Doug Lebda, LendingTree's Chairman and CEO; J.D. Moriarty, President of Marketplace and COO; and Trent Ziegler, CFO. As a reminder to everyone, we posted a detailed letter to shareholders on our Investor Relations website earlier today. And for purposes of today's call, we will assume that listeners have already read that letter, and we'll focus on Q&A.

Before I hand the call over to Doug to give his remarks, I want to remind everyone that today -- during today's call, we may discuss LendingTree's expectations for future performance. Any forward-looking statements that we make are subject to risks and uncertainties, and LendingTree's actual results could differ materially from the views expressed today. Many but not all of the risks we face are described in our periodic reports filed with the SEC.

We will also discuss a variety of non-GAAP measures on the call today, and I refer you to today's press release and shareholder letter, both available on our website at investors.lendingtree.com for the comparable GAAP definitions and full reconciliations of non-GAAP measures to GAAP.

And with that, Doug, please go ahead.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

Thanks, Andrew, and thank you -- thank all of you who are joining us today. Following our recent Investor Day event, I'm going to forego some of the normal quarterly items and focus my comments on how we are positioning the company to become the ultimate consumer champion in the financial services space. The strategy process we completed in the second half of last year was a deeply meaningful exercise for LendingTree. We engaged employees from all levels of management across the organization and the feedback from our team was clear. We want to create fantastic customer experiences that build trusted and lasting relationships with our customers throughout their financial lives.

The fintech space has created a multitude of digitally enabled lenders and insurers. Established companies have responded with increased investment in digital fulfillment channels to defend their market share. Consumers clearly enjoy the convenience that these advances have generated. The ability to take care of all of their personal financial needs digitally has been well received and the adoption curve has been swift. But the market lacks a shopping experience to differentiate between ever-increasing number of financial products offered. There is no trusted digital adviser that leads with choice and best pricing for the consumer across the entire range of financial products in one easy-to-use experience.

As we execute on our strategy, we are well positioned to continue our leadership in the consumer finance space. We are harnessing the incredible power of our brand with its consistently high levels of aided awareness, and combining it with our unmatched depth of partner relationships to be the ultimate resource for consumers wanting to take control of their financial lives.

This is the next iteration of LendingTree, but it remains firmly rooted in the core reasons I founded the company 25 years ago. In that time, we've helped over 100 million customers shop and compare financial products and have facilitated billions in funded loans, yet we believe this is just the beginning. We're building on our legacy, strengthening our routes and investing for growth. We are energized by the path we have ahead of us and 2022 will be a critical year as we execute on this vision. I look forward to sharing our progress with you in the coming quarters.

Now operator, we're happy each to open up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Jed Kelly with Oppenheimer.

Jed Kelly - *Oppenheimer & Co. Inc., Research Division - Director & Senior Analyst*

Great. Just two, if I may. One was on insurance, just going through the shareholder letter. Can you update us on the Medicare strategy? And then my second question goes into just on capital management, short of measuring share buybacks. I saw you made an investment in a payment processing company. And then just given the valuations out there, how are you thinking about M&A?

Trent Ziegler - *LendingTree, Inc. - CFO & Treasurer*

Yes. Jed, I'll take the first one on Medicare. I mean, look, we -- obviously, we invested a fair amount into scaling up the capability there on the Medicare agency throughout last year. I think like many of the other players in that space, there was a fair amount of competitive pressure in the sense that you saw a lot of folks chasing that opportunity, and you've got a lot of agents selling those policies where there's very little differentiation. And so there's some competitive intensity in terms of just getting to the customers. That leads to kind of lower policy persistency, which does impact the -- it impacts the revenue streams that you expect to collect on those policies.

Now in our case, we're uniquely positioned in that space. And that, a, we're not at the same level of scale and not nearly as dependent as many of our competitors on that product. But b, we're actually recognizing the cash flow from those policies upfront. And so we feel good about the progress we made certainly in that business. Obviously, the environment that we saw in the fourth quarter will inform how aggressively we intend to scale that business in '22. Right now, we're focused on kind of the unit economics in that business and how we think we can improve them. So don't expect us to scale that too aggressively in '22. So that's kind of what we learned from the fourth quarter and how we're approaching it going into this year.

That said, we -- as you saw at the Investor Day, we think there is some opportunity to scale on the P&C side the agency capabilities because that's really how you can improve the customer experience and ultimately tie that into My LendingTree and create kind of the holistic cross-sell opportunities that we're going after.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

And then do you want to talk about buybacks, too, and then J.D. can talk about M&A?

Trent Ziegler - *LendingTree, Inc. - CFO & Treasurer*

Yes. So on the buyback front, as you saw, we did $40 million in the fourth quarter. We remain in the market, as we said at Investor Day, here in the first quarter. And so look for us to continue to be opportunistic with the buyback. We're fortunate that we've got $250 million of cash on the balance sheet. We continue to generate cash, and we'll look for ways to return that to shareholders effectively. J.D., do you want to take the M&A piece?

John David Moriarty - *LendingTree, Inc. - COO & President of Marketplace*

Yes. Jed, thanks. We're excited about our investment in EarnUp. EarnUp is a San Francisco-based fintech focused on payments, they have a borrower pay solution that enables a consumer to pay their mortgage and other debts, but initially mortgage and they're transitioning to an enterprise model where originators and servicers can provide this for their consumers and thus be better tied to their consumers. So it's very consistent with our strategy to work toward a better consumer experience and a natural fit with our home business, right? So you could envision a consumer in My LendingTree down the road being able to pay their mortgage through LendingTree. And it removes a lot of the inefficiency when a mortgage transitions from the initial originator to another servicer. And so that's really the opportunity. We think it's great for the consumer and we think it can be great for our originator customers and servicers as well. So that's what we're excited about with EarnUp.

Now more broadly on M&A, probably an undertold story over the last year is how much our balance sheet has improved. And so we find ourselves in a really good position, both to execute on the M&A that you've seen us do over the last several years, but also buy back our stock. And so we're really happy with the refinancing that we did. We're very happy, obviously, with the convert that we did in 2020, the refinancing that we did over the last year and where we find ourselves in terms of free cash generation. And quite obviously, multiples have come down quite a bit. So we've been disciplined for the last 2 years, but it presents us with a very good opportunity to be acquisitive going forward. So that will remain a key part of our strategy, and we're happy with the discipline that we've had over the last couple of years.

Operator

Your next question comes from the line of John Campbell with Stephens Inc.

John Robert Campbell - *Stephens Inc., Research Division - MD*

On the combined credit cards, like personal loans, small business rev, that's moving along really nicely for you guys. I'm thinking that the bulk of that rev is probably pretty similar to Credit Karma just overall, and it looks like you grew that kind of at the same rate sequentially. And then on the credit card side, it looks like you're faring better than NerdWallet. There's obviously been some kind of share loss narrative out there with some investors. So I think at least with this quarter, it seems that, that seems to be defeated. But with all that said, can you guys talk to just kind of the main changes in the business that supported that type of recovery? And then maybe bigger picture, how you're feeling just where you guys sit competitive position wise versus your market peers?

John David Moriarty - *LendingTree, Inc. - COO & President of Marketplace*

Sure. And it's a little different story with each of the 3 verticals -- sorry, John, it's J.D. I'll take it. Small business has been a great business for us. It recovered really nicely. We're really happy with the solution that we provide for not only small business owners, but for lenders as well. Personal loans and small business has something in common, which is we used the opportunity presented by the difficulties of 2020. I think our network has just improved. And so if you look at the diversity of the lenders on the network, it's dramatically improved from 2019 levels. So while we've talked to you about revenue on a monthly basis and how personal loans in the fourth quarter got back to 2019 levels and small business got back to and exceeded 2019 levels. Credit card is still not there, but you're seeing nice improvement. Now I think in credit card, our biggest challenge, as we've talked about in the past, has been driving the margin, so we can track revenue improvement, and clearly, issuers are back, which is great to see, but it's very competitive on the cost side.

And so the way I think about it for credit card is there is improving the business, which we can do from marketing wins. We clearly need less dependence on paid search, okay? So that is improving the business. And you could see the benefit of that in 2022, and we're pretty confident that we will see the benefit of that in '22.

Then there is what I would call fixing the business or building moats around it. And that's where we talk about TreeQual. And TreeQual will initially benefit credit card and personal loan most profoundly. If you think about what we want to do for a credit card issuer or a personal loan lender, it is not only bring them volume, but also bring them the customer that they want, right? And credit card, in particular, is focused on don't just bring me cardholders, don't just bring me customers, bring me the right customer. And so TreeQual is going to enable us to do that in a way that is friendly to the issuer and it's hard to do. And so it will improve the quality of that business. We're working through it right now. We're really excited about the enthusiasm of our TreeQual partners. So those are the credit card issuers and personal loan lenders who are enthusiastic to work with us. We're working with Acxiom. We're working with the bureaus, and we think it's going to build a great barrier to entry for us. We think we're doing it the right way. The business that it will improve first, as I said, is credit card and personal loan. But it really is extensible to our other verticals. And at the end of the day, it's really about taking that marketing efficiency and delivering it to our partners.

But also on the consumer side of things, we don't want a consumer in My LendingTree clicking on a credit card ad going to the issuer and getting turned down. In My LendingTree, we want to present them with the card that's right for them, and it's available for them. So TreeQual prequalification and pre-approval is key to that. So it's very core to our strategy over time.

If we're doing better than -- if you see us doing better than NerdWallet and in card, that's wonderful. But we're focused on the long game, and that's fixing the business. TreeQual is part of that.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

And the only thing I'd add to that from the competitive environment is as you look at the fintech universe broadly, the great thing that LendingTree has always been able to do versus competitors, and I think it's showing itself more and more now, is the solidity, if you will, of the business model. If we were able to operate the consumer business profitably last year in a tough monetization environment because of what our partners were going through, we'll -- we can do obviously much better as things go forward, as you're already seeing.

But at the end of the day, you need a business model that can -- regardless of your product that can bring customers to you in a sustainable way that's actually lower than what your revenue is. And I think the LendingTree brand and our marketing execution has shown that, and that gives us the ability to weather many different markets and still do it very profitably.

John Robert Campbell - *Stephens Inc., Research Division - MD*

Okay. And then one more here on mortgage. Industry refi, I think, is down 50% year-over-year or so in the quarter. You guys -- mortgage business was kind of flat, I think, down 2% or so. Revenue per lead, I think that was up over 50%, so that's definitely providing support. But I guess, curious, is that just coming off a low comp or how that look on kind of a 2-year basis? And then over the next couple of quarters or even longer term, how should we think about the upside potential of revenue per lead and then your kind of ability to stave off lower volumes?

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

So on the mortgage front, and you've been around here a long time, so you're well aware of people not getting this. As lenders need us more as rates are rising or just regardless of rates when their volumes are dropping. They open filters, they increase bids, they expand to more states, they take different -- they take additional types of volume. They also expand into purchase. They expand to home equity. All of that raises -- makes your RPL naturally rise, which enables you to go market. And we were just talking about this yesterday at our Board meeting, given the fact that we're originating roughly 2% of the mortgages in the United States, we would see that go up in a more purchase environment. And that's what you're seeing happening. Now we're also getting some client wins.

The other thing I'd say is that at times like these lenders are willing to innovate with us, which goes to how you continue to push RPL higher, which is really through conversion rates from lead to fund and also through our site. I've seen some really exciting work. We talked about a number of the initiatives at Investor Day. And those are all aimed at improving conversion rates. And as our lenders improve their conversion rates, then they are more profitable and then they can bid even more.

So that's our intent to get through this environment. You're seeing us already outperform the broader mortgage environment, is working with our partners, helping consumers close more loans. And if we do that, RPL rises and then we can market into it.

Operator

Your next question comes from the line of Ryan Tomasello with KBW.

Ryan John Tomasello - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

I guess just following up on the mortgage question. I mean certainly understanding the countercyclicality that LendingTree can benefit from performance its lenders' partner to backfill these pipelines that are declining. But just looking at some of the recent results across The Street, for example, [Rocket] recently indicated with its guidance that it's actually choosing not to chase volumes, given uneconomic margins as gain on sale compresses. So I'm just trying to understand how you're thinking through the puts and takes of the guardrails this year and what data points you're really focused on for the mortgage business relative to the conviction in the guidance range.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

Yes, I'll start and then J.D. can add in as well or Trent. A mortgage company really operates through, obviously, its profitability and its margins, but also through the capacity of its loan officers and its processors. So it's not as much about their end pipeline as much as it is about their marketing efficiency and their pull-through. So they -- mortgage companies will operate up to the breakeven point, if you will, then they'll go slightly negative. They start to reduce their capacity. I always compare it to airlines at some point of air fares go down low enough, putting another person on the plane isn't good enough. You need to take a plane off-line. And that's the way they work.

So the indicators that we look at is our lender profitability, the cost per -- end cost per funded loan for our lenders and how that then relates back to our marketing machine and what we can do there. And the big driver is the fact that LendingTree is, look, the big -- the reason that I know that we can grow through this is, one, we've done it before several times. And two, if you look at just the millions of people who are coming through LendingTree that then relate to roughly the 8,000 or 9,000 loans that get closed every month in mortgage, there is a whole lot of dropoff between visiting our site, starting a form, finishing a form, pressing submit. And then importantly, pressing submit, getting phone calls, picking a lender and closing. And that 8,000, 9,000 loans a month could be 15,000 loans a month. It could be a lot higher based on you just simply improving your funnel conversion. You don't need to do much more than that.

Now to improve your funnel conversion, you go back to our strategy, and you see we're doing with the marketplace CRM. And you see the same thing on TreeQual on the consumer side. And when you -- as you execute those, as you're better for the consumer. And as I said before, our lenders are now more willing to adopt changes to their process and working with us more closely now that they're not just awash in volume, and now they really got to be sharp to win on the marketplace. That's what gives us confidence that we can improve conversion rates and then monetization. J.D.?

John David Moriarty - *LendingTree, Inc. - COO & President of Marketplace*

No, no, no. Ryan, first of all, good to have you on the call and good to have you as part of our coverage group. I guess the only thing I would add is we spend a lot of time talking about the cycle for our lenders and then our cycle and recognize that it's pretty dynamic, and we have to work with them to understand cost per funded loan, as Doug pointed out, if we can drive better conversion. So it's not unlike a credit card when I was talking about the right customer for them. Well, that's about conversion, right? So if we can drive better conversion, we can manage that cost per funded loan effectively even in an environment where, as you say, they're not stretching.

We acknowledge that this next 12 months for many of our refi-centric originators is going to be harder. What you're going to see us and you've seen it already in the RPL for purchase, which we talked about at Investor Day, what you're going to see is more focused on purchase, more focused on home equity and more focused on us getting the right consumer efficiently. The other thing that you're going to eventually see is the cost for our marketing expense, our cost to acquire drop, right? And so we've been in a high RPL environment, but you got to recognize that the way this cycle will play out, we have to manage it on both the RPL side and the cost side. So that is the next leg of this, and we have a lot of experience, obviously, navigating these cycles. When we go through these cycles, our goal is to help our lender partner, but also just grow our business, right?

And so if we look back at the last 5 years and you look at periods like 2018, which is the most recent comparable period where rates rose and lenders went through a difficult time with -- and we're laying off loan officers, et cetera, we worked with them through that period, and we grew our business, right?

So that's the way that we're going to manage it, and we've planned for it this year. If you think about our numbers this year, they've already been set with an expectation that refi would be down, and we're just executing through that period.

Ryan John Tomasello - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Great. Appreciate that. And then I guess a follow-on question would be the 2022 guidance seems to imply a normalization in brand marketing expense, by my math, back to 2019 levels. So I guess as you continue to focus on the consumer-centric strategy, including with My LT. Is there a way to put any guidepost around the time and amount of brand marketing spend that you think will be necessary to drive that next leg of brand awareness of the platform? And is any of that starting to come through at all in 2022 here?

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

Let me start and then hand it off to Trent in terms of numbers. Our view on -- when we say brand, we think of that as TV advertising. It's the highest cost per CPA, cost of customer acquisition, but it's also the most enduring. And you never -- the TV advertising, we view TV just like we view every other ad source from the standpoint that what does it cost us to get a customer to take a certain action. And you only are on TV when your monetization is high enough and your demand is high enough. Obviously, the last couple of years, our TV spend has been relatively modest. That's because monetization was pretty much down across the board from where you need to be on TV. I would expect as monetization increases that we have some TV spend in the budget. But again, for us, that will pay off certainly within a year, and in the past, it's been, call it, 6 months. And as we do something like that, we would certainly let everybody know. But it's really baked in. We have a great handle on it. And what I would also say is I wouldn't expect us -- to see us on TV until some of the consumer experience issues, which are right up in our strategy, get fixed to the point that we have a consumer experience that we think is best-in-class. And then we think that we can be on TV again marketing into high RPLs. One thing I've said to investors in the past is when you see us on TV, you know that we are -- that the business -- monetization side of the business is incredibly healthy. Trent, what else would you add?

Trent Ziegler - *LendingTree, Inc. - CFO & Treasurer*

Yes. Ryan, I would just say your assumptions are right. We did allow in the guidance for the brand budget to be up to be up over 2021 levels, closer to '19 levels. That said, we've got a CMO who is 6 weeks into the job, right? And so we're going to -- we had to put a placeholder into the budget, but we're going to be flexible with it, and we're going to be intentional about how we use those dollars. And the business will dictate whether we flex up or flex down from there.

Operator

Your next question comes from the line of Rob Wildhack with Autonomous Research.

Robert Henry Wildhack - *Autonomous Research LLP - Analyst of Payments and Financial Technology*

Just a quick question TreeQual. I know you're live with 3 credit card issuers. Are you live with anyone on the personal loan side or any new partners trialing that product on personal loans?

John David Moriarty - *LendingTree, Inc. - COO & President of Marketplace*

We have a couple of lenders testing it, but not yet fully live. So -- but it will be in tandem. It's not going to be a phased approach of credit card first and then personal loan. It will be in tandem. We have some lenders who are actually engaging in both.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

And J.D., you might want to comment on the presentment and representment the fact that it's a little more complicated to get up and running here, but it also creates a barrier.

John David Moriarty - *LendingTree, Inc. - COO & President of Marketplace*

Yes. I mean, Rob, so we -- there are some subtleties in terms of when we work with Acxiom and we work with the bureaus, each of our each of our TreeQual partners has a different bureau, TransUnion, Equifax, Experian that they want to work with. So we're working with those bureaus as to what is permissible in using their data store so effectively that their list of preapproved customers at Acxiom.

And when we can present a new offer to a consumer, that is initial presentment versus representment meaning something that they otherwise get through direct mail.

So there is some complexity here that we're working through which, as I said, is work that I'm happy that we're doing because I think it's complicated and embeds us more with our partners, and that's what we're focused on. As I said, the initial deployment is card and personal loan for some of our lenders. It will be in actually in both products. And then we have certain issuers in card who don't want to work in that fashion. They have their own API that they want us to hit. And so we're working with them as well.

The good news is that, universally, there is great receptivity to this pre-approval notion, right? Because, ultimately, we're just delivering that marketing efficiency to our partners. And so we're really excited about the response to it. And I think also, if you think about the dynamics in both personal loan and credit card as we go into '22, we're in the right market to be presenting something new and interesting to our issuers, right, as opposed to a click-out model without a whole lot of qualification of the consumer.

So we're really excited about it. We think it's a great opportunity, and we think we'll see some results in '22, but results will be lenders and issuers engaging with us. And financially, it should really impact us in the out year, but it's one of our most important projects this year, for sure.

Robert Henry Wildhack - *Autonomous Research LLP - Analyst of Payments and Financial Technology*

That's really helpful. One more on the Medicare business, too. How did the competitive intensity, your results in the quarter and the results from some competitors compare to your expectations when you set out and decided to invest and expand this business?

Trent Ziegler - *LendingTree, Inc. - CFO & Treasurer*

Yes, Rob. I mean, to be totally transparent, we came up a little bit short of kind of what we had modeled out going into the open enrollment period. It seems like we were not alone in being kind of surprised by the level of competitive intensity. Well, look, for us, like, that was a bet that we were placing, and we feel really good about the progress that we made there and kind of the infrastructure that we've built out that we can leverage across the rest of the business. So that's going to inform us and make us smarter as we progress throughout this year.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

Yes. And what I -- my comment on Medicare would be -- and we've seen this in personal loans, and we restarted that and made a marketplace there, and we've seen in some of the other businesses we've been in that we've had to exit. If there are a number of companies who want to reach consumers in an insurance product or a lending product, we can create a marketplace.

If the underlying companies have issues or the industry has issues, it's harder to create a marketplace. And if you see more competitors in creating noise, then you really -- then it gets -- your cost of customer acquisition goes up and the unit economics get more difficult. And then what we do in all of our businesses, then we just adjust. So it's not like we laid down a huge bet in Medicare. We're building it slowly. We made our investments there. We think it's still a business that is sound and it's also not one we're betting the farm on because -- but at the same time, the whole notion in insurance, if you think about it, and J.D. referred to this in credit card, the thing there is moving beyond simply calls, clicks and leads to an agency business where you have a lifetime relationship with that customer, whether it's home insurance, auto insurance, Medicare insurance or whatever other kind of insurance you can see.

And then when you stitch together the lending side and the insurance side, which is still a dream, not fully realized, and then you can share the data between your agency and your lending side. And if you're getting auto insurance, well, maybe you need a car loan refinance with that and vice versa. So that's the -- I wouldn't view Medicare as much as it's a stand-alone business, more it's LendingTree's pivot to the agency model. So we have a very, very competitive mode of differentiation from our competitors in that space.

Operator

And your next question comes from the line of Melissa Wedel from JPMorgan.

Melissa Marie Wedel - *JPMorgan Chase & Co, Research Division - Analyst*

I appreciate you taking the question. I was hoping to touch on the revenues that you -- I would say you didn't restate anything. It was just a shift in methodology for attributing revenues to My LendingTree. When I compare the current methodology, which incorporates transactions outside of being logged into the app, it would really seem to indicate there's a lot of activity happening or it has been happening of users transacting outside of the app. And I was curious to get your thoughts on sort of what would drive consumers to transact outside of My LT and how you interpret that to sort of inform the strategy going forward?

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

It's a great -- it's a really good question. So if you think about a user experience, let's say you've signed up for My LendingTree, but then you see a display ad and you click on that. Today, when you come in, you could -- you come in and you go and you might be looking for a refinance and you come in and you get dropped into our normal flow. In the future, we would obviously hope to be able to identify you, but we need some information first as a My LendingTree user. And as J.D. has talked about, and Jorge talked about, in My LendingTree, we will also have unique user experiences such that you'll want to go in the same way in my Amazon -- that Amazon knows and I'm an Amazon Prime customer and all my information is there and can make recommendations, if perhaps I just went to Amazon.com. That's the way that I would think about it.

But the thing that it tells me is that there's a lot of -- if you think of my LendingTree is repeat business, what that change in methodology and that revenue shows you is that you've got people who have signed up for My LendingTree use this for something and they want to come back for something else. And so for me, that's incredibly rewarding to see that repeat usage. That is what we're after, which is surrounding the customer with all the financial products such that you don't need to go anywhere else because you can trust us to get you the best deal because everybody in the market is on our marketplace. And if you're a log-in user, even better.

John David Moriarty - *LendingTree, Inc. - COO & President of Marketplace*

Melissa, it's J.D. Can you hear me? Sorry about that. We got some feedback. I apologize. Melissa, the only thing I would suggest is internally, we found it pretty confusing to talk to our teams about 2 numbers. And so we just sort of simplified and said this is the revenue from the base of My LT users that we are looking to generate. And obviously, we want to know how productive those users are. Now we historically tracked something called optimal revenue. And what we did there was we backed out the incremental marketing expense to effectively reacquire a customer. We still can track that, obviously, internally, and that's a marketing efficiency that we're looking to deliver. But honestly, there's a part of this where we're just trying to simplify how we track the importance of those users to the overall platform. And then externally, it's much more simple thing to track as well. So that's really the idea.

Now the other thing I would just say about My LendingTree, when we look back at 2021, we're really happy with the growth. But more importantly, we started to see some real growth in users coming from our mortgage funnel. One of the things that we talked about is that is the linkage between personal loans and My LendingTree. And about 70% of our base today was generated through our personal loans funnel. And that has its own implications, right, in terms of the credit quality of the consumer.

So we -- as we open up our other funnels, which is one of our objectives in '21 to drive My LT usage, to drive My LT membership, you will see a change in the credit quality of the base that will, in turn, benefit our marketplace business, right?

So if you think about our credit card business, the best -- if our base is entirely generated by personal loans, it has implications for our credit card business. As that base becomes more diversified, our credit card business will benefit more from the My LendingTree base. So that is one of our objectives as we grow that My LendingTree base in '22, is not only to grow it, but to diversify it in terms of where it's originating from. And there's a lot that we can do just in terms of directing consumers from our marketplace business to My LT. We don't do that uniformly today, but we have every intention of doing so as the year progresses.

Melissa Marie Wedel - *JPMorgan Chase & Co, Research Division - Analyst*

Okay. That makes a lot of sense. As a follow-up question, you touched on the shareholder letter about getting some increased adoption with Plaid integration and getting some consumers to opt in to connecting bank accounts. Can you go over that piece of the strategy? How important that is given the higher conversion rates and how you can incentivize consumers to do that?

John David Moriarty - *LendingTree, Inc. - COO & President of Marketplace*

Absolutely. And Jorge Decastro presented at our Investor Day and one of the things he and I were just discussing actually just yesterday was we've done the hard part of integrating Plaid. We don't have sufficient value prop to a consumer, to a My LendingTree user for why they should do it, right? We've historically talked to the consumer and said, you want to see your cash flow. Well, seeing your cash flow is great, but what we're finding is that's not really engagement that people are excited about.

So we need to transition from using that Plaid integration to deliver something of value, meaning if you're spending a lot of money on groceries or gasoline, we want to present you with a credit card that is aligned with your spend. So it is going to be tied to something of value for the consumer from a shopping perspective, from a saving perspective, not simply look at your cash flow.

So we've had good success getting new My LT sign-ups to link their Plaid accounts. We've had frustrating times trying to go back to the existing base and give them a reason to link their accounts. We need to have a very clear value prop as to the why. And as we work on transitioning My LendingTree from a free credit score app to a digital adviser, that is part of the strategy. It's all about that value prop and making sure that somebody understands what's in it for them to link their accounts. So it's going to be very much tied to what they're going to see.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

The only thing I would add to that is all that Plaid integration and a lot of that, call it, plumbing work that those are all part of prior year investments that now, as J.D. talked about, we're talking about value props, marketing and more consumer-facing things, which are -- which you can test into at a lot lower cost than building foundations and doing plumbing work. Now we still have plumbing to do, but a large part of that is over.

Operator

And your next question comes from the line of Mike Grondahl with Northland Securities.

Michael John Grondahl - *Northland Capital Markets, Research Division - Senior Research Analyst & Head of Equity Research*

Yes. At a high level, could you kind of talk about revenue visibility you have today versus sort of the historical visibility you've had for revenue? Has it changed much?

Trent Ziegler - *LendingTree, Inc. - CFO & Treasurer*

Yes, Mike, I'll take that one. One of the things I would say is -- one of the things that helps us greatly with regard to visibility for each of our businesses is kind of the diversity and the health of the network and J.D. hit this subtly earlier. But one of the things we're seeing as we kind of ebb through a cycle in mortgage over the last couple of years, certainly, a cycle on a rebound in the consumer segment and now we're dealing with a bit of a different cycle in insurance is kind of coming out of each of those cycles, the diversity of partners on our network and kind of the health of the network, the lack of concentration risk in any of those businesses really improves our visibility and it's something we feel really good about it and something we've seen in each of those businesses as we've moved through cycles. Obviously, there's macro risk and different cyclical risk in each of these segments that you got to be mindful of. But the health of the network is something that we are proud of and it does really give us kind of greater visibility and less volatility in the numbers day to day.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

And in addition to that, the only thing I'd add is the business has always been fairly predictable, at least in the short run in the medium term. But the cash flow or EBITDA visibility, while your revenue can sometimes be volatile based on what's going on in the market, your marketing costs to acquire customers typically move in tandem, sometimes with a little lag, sometimes a little forward. But your customer acquisition costs also move with that, which enables the model to be very durable and resilient during whatever market we see.

Michael John Grondahl - *Northland Capital Markets, Research Division - Senior Research Analyst & Head of Equity Research*

Got it. And then secondly, as you think about your outlook for '22, what are the 2 items that maybe you have the most uncertainty about or that cause you a little bit of stress that something has to fall in the place for it. Any 2 things stick out there?

Trent Ziegler - *LendingTree, Inc. - CFO & Treasurer*

No, Mike. I mean, obviously, we've been conservative with regard to our expectations in mortgage. The guidance, I think, sufficiently allows for refi to be down as expected. And our business will be down. It will be down less than the market is. And we have pretty strong conviction in that. At the same time, we do expect purchase and home equity to kind of pick up some of the slack as it relates to the home segment. So we feel good about that.

The insurance business, obviously, we're -- the speed of recovery in that business. There's some variability in that. That said, we're already seeing pretty good trends here in the first quarter. That business, we expect to bounce back really nicely from a revenue standpoint, Q4 into Q1. And so we feel pretty comfortable about the plan there. And then the consumer businesses continue to hum and get better every quarter.

Candidly, if anything, what I would say is that our guidance does not assume any massive incremental improvement from a lot of the strategic initiatives that we've been talking about, and that's where our focus is. And so to the extent we can get those things to start clicking and humming, we feel like there could be some upside if those things hit.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

Yes. I think Trent hit it with the insurance comeback, but that's as we've looked at it and dug into it, it's a timing issue. So could it be a little later? Sure. And then you're talking about guidance. But at the same time, the business is still really healthy and it's coming back. So whether it comes back in 1 month or 2 months or 3 months, that's somewhat dependent on insurance carriers getting approvals from states. But what we're hearing from the market, from our carriers is that they're chomping at the bit once their new rates get approved, that they want to be back partnering with us. And we've got -- just even the last couple of weeks, we've had a couple of significant client sort of win backs in terms of volume. And so we're starting to see it already and it's really just a matter of time. But from a guidance perspective, I think that's probably the biggest "uncertainty."

Operator

And there are no further questions.

Douglas R. Lebda - *LendingTree, Inc. - Founder, Chairman & CEO*

Great. So I'll just give some closing remarks, and then we'll look to see you all next quarter. First of all, thank you all for your time and attention. We really appreciate and cherish the relationship with our shareholders and with our analysts. And we appreciate your support, and we also appreciate your comments and you all pushing us.

What I'd say is this, as I think about our quarter and where we are and particularly coming off of 2 years of COVID, I feel that our strategy is incredibly solid and sound. We took a lot of time doing it. We did a lot of research, and we have a united company behind it.

Second, the execution of that strategy is working. It's working at all levels. It's working all across the company from process to how we're changing the way we do things to a commitment to the customer.

Third, I'd say that our employees are energized. People are ready to get back to work. They're ready to continue to build great products. We're ready to see this market continue to evolve. We feel very confident in our leadership position, and our employees are fired up. And then fourth, our brand is strong. I believe it's never been stronger. And as we've seen other companies come and go over the years, and we had another recent spat of those. It just shows you the strength of the LendingTree brand that's been built up over 25 years and billions of dollars in ad spend.

All that adds up to us winning. And who are we winning for? We want to win for our partners to grow with us, to grow your business with us to build an enduring business around us. we want to win for consumers to save money through us to give you the right and quick answer to save you money, to help you build a better financial life. And if we do both of those things, we think there is tremendous shareholder value to be added for all of you and for our shareholders.

Thank you very much for your time. We look forward to talking to you soon and have a fantastic day.

Operator

Thank you for participating in today's conference call. You may now disconnect.