



Next Generation Credit Card Acquisition

By Carolyn O'Malley, The Allant Group

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The effectiveness of traditional direct marketing channels for acquisition is on the decline. For credit card issuers, direct mail response rates are now less than 0.3%. With investments required in creative, lists, postage and telemarketing the cost to acquire customers is becoming unacceptable. Yet most card marketers are just now looking to leverage their acquisition engines to drive traffic to more cost effective channels such as the Web. It is estimated that more than a third of credit card applications will be submitted online in 2007, yet very few database marketers have integrated Web data with their other direct marketing activity.

What Steps Should Be Taken?

The first step for any card marketing organization is to understand the business challenges and opportunities that exist with regard to leveraging an integrated view of online and offline marketing activity. An assessment of data quality, coverage, and consistency with regard to integrating these channels is core to developing a robust reporting and analysis environment for building new test and learn marketing strategies.

The second step is to establish an environment where new multi-channel marketing strategies can be executed efficiently and effectively. This environment should be designed to augment existing marketing systems by focusing strictly on testing and measuring the effect of cross – channel (e.g. Web & Direct Mail) strategies that can ultimately inform and influence broader marketing programs that historically have been executed within a specific channel.

For most financial institutions, tracking and measuring marketing programs and consumer behavior across channels has proven difficult, at best, and more likely the metrics are completely inaccurate. How do you attribute an inquiry to the appropriate marketing effort? Was it the mail piece or the banner ad that drove the consumer to the web site? Leveraging a specialized environment that focuses on Web identity resolution and accurate response and inquiry attribution across channels will answer questions such as:

- At what point in a website visit am I able to recognize the user? To what extend and with what confidence?
- How does direct mail impact Web activities? What direct mail treatments drive the highest Web response?
- What is the appropriate follow-up messaging after an application is abandoned?
- How can Web conversion rates be improved to optimize my cost structure?
- What is the optimal contact strategy?

Utilizing a cost effective test and learn environment where new strategies can be tested, measured, modified and validated is a better mechanism for discovering opportunities to impact the top and bottom line, redeploy budget and get quick wins that can be rolled out on a larger scale.

Rolling Out Multi-Channel Learnings

Long term, card issuers must master the art of leveraging online and offline channels as part of a multi-channel contact strategy designed to optimize campaign performance results and acquisition costs. Stepping into this by validating new programs, then operationalizing these on a larger scale enables marketers to avoid the inevitable concern regarding what will happen when I stray from the "way it's always been done." Those that embrace this "test and learn" approach will solve this issue while proving measurable improvements can be achieved quickly and efficiently.