

Issuers Eye More Profit from Their Best Cardholders

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By [Maria Aspan](#)

Card issuers, which have spent the past several months tightening lending standards, are searching for ways to offset these pullbacks by making more money on their most creditworthy customers.

This week representatives from half a dozen major issuers filled a midtown Manhattan ballroom for a loyalty conference that promised strategies for banks to maintain and deepen their relationships with desirable cardholders.

"There's absolutely a shift in focus," Campbell Edlund, the conference chairwoman and the founder and president of EMI Strategic Marketing Inc., said Thursday. Instead of looking for ways to acquire new, and potentially risky, customers, "the issuers are very focused on retaining their good cardholders and maintaining their share of wallet, or growing it, as we go into 2009," she said.

Ms. Edlund said her firm, which designs marketing and loyalty strategies for issuers like Citigroup Inc. and Wachovia Corp., has seen its clients' interests shift from direct-mail to product cross-sales. "Overall, there is a downshift on acquisitions and an increased focus on retaining and selling more services to existing customers."

Almost 120 people attended the "Reinventing Loyalty" conference in New York on Monday — so many that organizers had to bring extra chairs into the room after a keynote address by R. Mark Ford, National City Corp.'s senior vice president of card products.

Mr. Ford suggested in his speech that more issuers need to develop rewards for revolving, but reliable, customers. Banks should reward customers for "paying on time, especially in this environment," he said.

In an interview after the speech, he said that such rewards would not conflict with issuers' tightening of credit standards. One possible type of reward would be a rebate for reliable customers who occasionally revolve but consistently pay more than the monthly minimum.

"Those people who just revolve every day, that's not really what we want," he said. "It's really going after those people who are combination users — they're revolving and spending at the same time."

Such tactics could even lure business away from rival issuers, Mr. Ford said. "You can't change people's personal preferences — but I do think if they revolve someplace else, we would love to have that. It's more of a steal from other issuers than it is a change in behavior for our customers," he said.

The Cleveland company, which is being sold to PNC Financial Services Group Inc. of Pittsburgh, introduced a relationship-based rewards program, Points from National City, in 2006.

Wachovia Corp., which is being sold to Wells Fargo & Co., has nevertheless continued investing in loyalty programs. In October, the same month that Wells and Citi fought for Wachovia, the Charlotte company reintroduced its credit and debit rewards programs, previously run on a Visa Inc. platform. Last month it introduced the Earn More Mall, a merchant-funded online component of its rewards program.

Bob Ryan, the president of Wachovia's card and payments solutions group, said in an interview at the conference that, though many merger decisions are still being made with Wells, Wachovia needs to continue cultivating its best customers.

"I'm glad we were in market" with the rebranded Wachovia Possibilities rewards offerings "before all the announcements," Mr. Ryan said.

"The merger's going to take a long time," he said. "We still have to care for customers. We still have to reward loyalty over that time."

The conference was held by SourceMedia Inc., the parent company of *American Banker*.

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