

Member Access Processing

Portfolio INSIGHTS

Using Data Analytics to Enhance Member Service and Foster Strategic Portfolio Growth

Best Practices for Cardholder Lifecycle Marketing

Benefits of Cardholder Lifecycle Marketing

Cardholder lifecycle marketing refers to a value driven approach to Debit and Credit cardholder messaging. The objective is to create value at every stage of the cardholder lifecycle by using a structured and targeted marketing approach that delivers the right message to the right cardholder at the right time. Using relevant and targeted messaging to highlight the value of your card allows you create value for the member and helps ensure that the member will in turn drive value for your credit union. Visa studies show that an effective cardholder lifecycle marketing strategy can lead to:

- a) Increased card usage [which can lead to an increase in transactions and interchange revenue]
- b) Increased cardholder engagement [which can lead to an increase in products held with your credit union such as mortgages, auto loans, and credit cards]
- c) Increased cardholder satisfaction with your credit union
- d) Decreased likelihood of switching financial institutions/increased tenure with your credit union

Why Targeted Marketing is so Important

Marketing that is informational and service-oriented tends to resonate better with cardholders vs. that which primarily focuses on promoting and selling. In order to deliver the right message to the right cardholder at the right time, it is important to have an understanding of the member's current situation, i.e. their current phase in the cardholder lifecycle. This level of understanding is attained primarily through the analysis of card/account usage. Studies show that a "one message fits all" approach to marketing is unlikely to be as effective as a targeted approach. Below are a few examples of the cardholder lifecycle phases used in cardholder lifecycle marketing:

- New Cardholder
- Low Usage Cardholder

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- High ATM Usage Cardholder
- Low eCommerce Usage Cardholder
- Low Bill Pay Usage Cardholder
- Cardholder that holds a Debit card with your credit union but not a Credit card

Messaging for members in the above segments should be unique and should refer to their current phase. For maximum impact, all messaging should include at least one of the following elements:

1. **Value Proposition** – Your value proposition for your product should be aligned with the status and payment needs of the member (e.g. position your card for everyday spending by highlighting the benefits that it provides vs. cash in a High ATM Usage campaign)
2. **Education** – Highlight how and where to use your product and/or address any common concerns or potential barriers to usage (e.g. highlight your card's built in security features in a Low eCommerce Usage campaign)
3. **Incentivization** – Offer a tangible reward to prompt the member to change their ingrained behavior and try a new way to pay (e.g. offer a statement credit to members who perform a certain number of transactions in the next month in a Low Usage campaign)

A Global Best Practice for Driving Engagement with New Debit Cardholders

According to Visa Global Best Practices, the earlier you engage

with the member about the benefits of their Debit card, the more likely they are to start using it regularly for purchases. This drives banking primacy and fosters a deeper relationship with the member. One way to drive early engagement is to implement an Early Months on Book (EMOB) messaging strategy. The EMOB strategy is a comprehensive 60-day plan for engaging new cardholders from the day of account opening.

Using a structured Early Month(s) On Board (EMOB) framework (see example below) can maximize Debit card usage throughout the lifetime of the account. The development of a EMOB plan ensures activities are scheduled and consistently applied over the crucial first two months of a Debit member relationship. The EMOB plan framework is based on global best practice. Your objective should be to get the member to use their Debit card for purchase within the first 30 days of opening of their account. For existing member who do not use their Debit card for purchases, but do use it to obtain cash at an ATM, the actions in the last 3 columns of the framework are just as relevant as for new members, with the incentive positioned as a "let's get started" reward.

For more information on how MAP can help your credit union implement any of the Cardholder Lifecycle Marketing strategies discussed above, please contact Terrance Phillips at terrance.phillips@maprocessing.com or connect with him at this year's Annual Conference.

Example EMOB Framework

Cardholder does NOT activate their card for purchase

