

RBC Visa cardholders can buy travel points

TORONTO—Royal Bank of Canada (RBC) Platinum Avion Visa cardholders with insufficient points to book air travel can now get the additional points needed directly from the RBC Rewards Travel Redemption Centre.

Top-up points are available in increments of 1,000 RBC Rewards points at a cost of \$0.04 per point. For instance, it would cost \$40 plus applicable tax to purchase 1,000 air travel points. At the time of air travel booking, Avion cardholders can buy anywhere from a minimum of 1,000 points to a maximum of 15,000 points. They need to have at least half of the required points for their desired zone, to be able to acquire the additional points.

"Our goal has always been to help our Avion clients fly wherever they want, as easily as possible," says RBC Vice-President of Rewards and Partnerships Andrew Mitchell. "We offer a multitude of airlines and we don't have reward seat limitations, blackout periods or points that expire. This is one more way we can help our clients who are ready to redeem their RBC Rewards points for air travel, but don't quite have enough for the trip they want, especially during the busy holiday travel season."

More Avion Visa cardholders redeemed their RBC Rewards points for travel in 2006 than in any previous year. More than eight billion points were redeemed, enough to fill more than 900 Boeing 767 jetliners. Points are most often redeemed during peak travel periods, particularly over the holidays.

The top-up points option is the latest feature to be added to RBC's Avion program during the past year. The program no longer requires two weeks' advance notice, or a Saturday-night stay for travel within North America. Starting last month, this enhancement was extended to travel outside of North America. It means Avion cardholders will now be able to fly anywhere in the world within hours of booking an eticket. ■



RBC Vice-President of Rewards and Partnerships Andrew Mitchell says the goal has always been to help Avion clients fly wherever they want. The top-up purchases are one more way to assist clients who are ready to redeem their points for air travel, but don't have quite enough.

What the data doesn't tell you

Despite the vast stores of data banks and credit card issuers have on their customers, the information isn't always sufficient to differentiate customers enough to market to them effectively. Here is an example.

By Emma Warrillow

Credit cards issuers have vast stores of information about their customers. Their marketing departments use the information to target customers for additional products, to attract others like them, and up-sell them (e.g. to gold or platinum products).

And if my credit card statements are any indication, they are analyzing transactional data in a fair bit of detail. They now provide me with a breakdown of my spending in various categories from travel to entertainment – monthly and annually. One can only presume that these breakdowns are valuable inputs into their decision making.

However, this information doesn't supply all the answers.

This is an old story but one that still rings true. A number of years ago, I was presented with the results of some attitudinal research that had been conducted by a major bank on its credit card portfolio.

Three distinct groups

The analysis had identified three distinct customer groups with respect to self-reported credit card usage and attitude. The three groups were best described as: "revolvers" (those who carry a balance on their card regularly and have a credit card primarily to extend their borrowing capacity), "safety netters" (those who like to know they can revolve if they get into trouble) and "contentious objectors" (those who use their cards for convenience and object to paying any interest on their cards).

The bank had asked me to find these customer groups on their database. I gave the standard response from database marketers to such a request... "no can do."

Market research uses only a small sample of customers, so the information used to define the clusters is not available for the rest of the database. However, the bank urged me to try since the defining variables were so closely linked to actual behaviour (e.g. revolving activity).

Fortunately the bank had kept the client identification numbers for the sample population so I had a sample of each customer group and all known data about them. So I set about looking for differences between the groups.

The results were fascinating. While it was relatively easy to identify the "contentious objectors" by their lack of revolving activity, the other two groups were completely indistinguishable. There was no correlation between any of the known data elements and their segment membership.

Both groups revolved on their credit cards nearly every single month. They carried similar



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balances, and had comparable demographic profiles. Their completely different attitudes to credit existed nowhere in the data. So, unfortunately the answer remained "no, can do."

Marketing nightmare

This was, of course, a nightmare for marketing staff. While the data could assist them in some targeting efforts, it couldn't tell them what to say.

The "revolvers" wanted them to shout about the 1.9 percent interest rate; however the "safety netters" wouldn't think it applied to them. Worse yet, the research had shown that "safety netters" were offended by the idea that the bank thought they would "need" to revolve on their cards.

While transactional and demographic data can provide you with many clues about your customers, it doesn't have all the answers. What people feel and how they think are not typically captured in operational or marketing data stores. This is a critical part of your marketing efforts and needs to be incorporated if at all possible.

There are a number of ways that people have started bringing this data to bear in database marketing. These include segment-specific surveys, surveys designed to link back to the database, and the distillation of the survey into a few key questions that can be asked at all customer touchpoints.

Don't be satisfied with even good database information. Even credit card companies can benefit from an understanding of not only what customers do, but how they think. ■

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Starbucks card excels as a gift alternative

SEATTLE—In the five years since giant coffee retail chain Starbucks, based here, launched its Starbucks Card, it has become an important piece of plastic in the wallets of millions of loyal customers. It has also grown into one of the company's most heavily promoted and hottest-selling holiday gift items.

Most major retailers have been offering gift and loyalty cards for years. But few have seen so many of their customers keep them as long, use them as frequently and reload them as regularly as they do with Starbucks, which has the advantage of being a well-known brand purveying an everyday product to consumers.

During the 2005 holiday shopping season, customers activated a record 15 million cards that took in almost US\$170 million once they were redeemed. It represented 12 percent of the company's North American sales that quarter.

"The card has exceeded our expectations, absolutely," Starbucks' Marketing Program Management Director Sandra Stark tells *Associated Press*. "We knew it would be a great program. We had no idea that we would reach 12 percent of tender."

Approximately 96 million Starbucks cards have been activated in Canada and the U.S. since November 2001, and customers have reloaded them about 38.6 million times. They have accumulated US\$2.17 billion in revenue in that time period.

Last November, Starbucks began offering its card in Britain. It sold so many it had to reorder more than double the number in the original allotment to meet demand. The card is also available in Spain, Germany, Greece, Australia, Thailand and Japan.

During the last Christmas holiday season, Starbucks gave its cards greater visibility by placing them in display cases near counters. It offered purchasers free rhinestone-studded stocking-like holders.

The National Retail Federation, Washington, DC, estimates U.S. gift card sales exceeded US\$24 billion the last holiday season, about US\$6 billion more than the previous year. This was based on a survey conducted by market research firm BIGresearch.

Gift cards were once considered a stigma, resorted to by people who couldn't be bothered buying presents. But they have become more popular recently as people realize that cards giving recipients the option of buying what they want are more appreciated than receiving presents that are neither wanted nor needed. Whether received as gifts or used like debit cards, customers find the Starbucks cards provide a quick, convenient way to satisfy their caffeine habit.

Companies can't claim the money loaded onto their cards as revenue until a customer redeems it toward an actual purchase. However, they can earn interest on unredeemed card balances.

There are about two million registered Starbucks card holders. They can reload their balances at the cash register, online or sign up to have their banks automatically reload their cards whenever they drop below a certain balance. ■

Gift card is created specifically for kids

STAMFORD, CT—By Kids For Kids Company (BKFK) late last year reached a licensing arrangement with ECOM Financial Corp. to bring the BKFK Kid's MasterCard gift card to market. The card features pre-loaded amounts of \$25, \$50 or \$100 and will also include multiple promotional incentives from participating retailers. This gift card, the first of its kind created especially for kids, will be sold in retail stores in the first quarter of 2007.

By Kids For Kids inventor Scott Barnhill first created the "Security One" card in 2001 when he was just nine years old. This handy card saves plastic and space in the user's wallet because the magnetic strips of several cards are loaded onto one card.

The full power of Barnhill's invention will be incorporated into the BKFK Kid's MasterCard. Together with back-end software already developed by ECOM Financial, it will enable multiple retail promotions all to exist and activate from one magnetic strip.

"I am excited that By Kids For Kids has negotiated this deal on my behalf with ECOM Financial," says Barnhill. "My likeness and story will be featured on the cards which we hope will inspire other kids to invent."

Parents will also be able to use the BKFK Kid's MasterCard as an "allowance card," providing kids with an easy method of learning how to manage their spending. Parents will be able to track their children's card use online, and can discuss their spending habits with them.

"Scott and the entire By Kids For Kids organization provide innovations that help kids in numerous unique ways," says ECOM Financial CEO Isidore Papadopoulos. "Coupled with the

features offered on the ECOM MasterCard product, kids and parents will be able to conduct commerce more efficiently and more securely. We look forward to working with BKFK."

"We are delighted to partner with ECOM Financial on the BKFK Kid's MasterCard, featuring technology developed by Scott Barnhill," says BKFK Founder and CEO Norm Goldstein. "It's great to see Scott's invention utilized on this special card that will benefit kids and parents alike."

BKFK is a global marketing, branding and licensing company dedicated to making kids' ideas a reality. Its mission is to inspire, motivate and stimulate the innovative spirit within all children.

In addition to providing free support and educational resources, BKFK supplies entrepreneurial experiences for young inventors.

ECOM Financial Corp. is preparing to launch the ECOM MasterCard, a worldwide patent-pending payment card that addresses a \$7 trillion market. The card will be accessible and usable by anyone. There is no need to apply for it or secure it with other credit cards, bank accounts or credit lines. Card activation and redemption utilizes the existing retail transaction infrastructure.

ECOM is a patent protected process, methodology and technology that promises to enhance online commerce and also allow offline payments to proliferate. Neither a credit nor debit card, its inherent security is seen changing the method by which payments are made on the Web. It will also allow payments to be made by those who currently have no means to pay (besides cash) at traditional offline merchants. ■

Gift card searches soar as Christmas gets close

NEW YORK—Internet searches for the term "gift cards" more than doubled as Christmas approached, reports online competitive intelligence service Hitwise, based here. Shoppers evidently scoured the Web in the hunt for gift cards that could resolve their last-minute purchase requirements.

During the week ending Dec. 16, lookups for the term "gift cards" rose 109 percent, while searches for more specific searches strings surged as well. "American Express gift cards" rose 184 percent, "iTunes gift cards" climbed 69 percent, and "Visa gift cards" went up 19 percent, says Hitwise.

"For the second year in a row now, we've seen a pattern of increased searches on gift cards as Christmas day approaches," says Bill Tancer, general manager of global research at Hitwise. "This year branded credit and charge gift cards dominated the top searches as gift givers opted for the most flexibility for their gift recipients."

Additionally, Hitwise reports that "iPod" was the leading product-related search term that sent visitors to Web sites within its shopping and classifieds category during that week.

Visits to Hitwise's Retail 100 Index sites increased 4.3 percent, as opposed to the comparable week a year earlier. Amazon.com was the most-visited site receiving almost 14 percent of all visits among sites on the Retail 100 Index. ■

Card helps people reduce mortgages

TORONTO—MCAP and MBNA Canada Bank have partnered to offer the new MCAP MasterCard with WorldPoints credit card, which includes the features and benefits of the WorldPoints program.

The program lets cardholders earn one point for each dollar in retail purchases, receive 1,000 bonus points with their first retail purchase, and an additional 1,000 points on every anniversary. What is distinctive to the new MCAP MasterCard with WorldPoints is cardholders can redeem points to reduce their mortgages. They can also redeem WorldPoints for travel, merchandise and gift certificates.

"MCAP's goal is to enhance our customers home ownership experience," says John Thompson, senior vice-president of product development and strategic alliances at MCAP. "This credit card offering is a value-added product with features which are uniquely positioned to benefit homeowners through exclusive offerings on home renovation materials, as well as the option to redeem WorldPoints to pay down their mortgage." ■