

Growing Card Balances is a Matter of Timeliness and Targeting of Cardholders



When it comes to marketing its credit card, Texas Dow Employees Credit Union (TDECU) has found that timeliness and targeting of cardholders and members are the keys to a successful promotion.

Since the end of 2006, TDECU has seen 10 percent growth in active accounts, to more than 16,000 today. The portfolio's overall outstanding balance also grew 10 percent, to \$47.4 million at the end of 2007. Average net retail sales grew 12 percent overall in 2007, and were 17 percent higher in the fourth quarter of 2007, compared to a year earlier.

"We've learned that one of the best times of year to promote our card is during the fourth quarter," said Ron Wright, vice president of payment systems for Texas Dow Employees Credit Union. "While the results of each of our 2007 promotions were strong, the promotions during the holiday season brought in more cardholders and balances than any other time of year."

Out of the more than 13,000 cardholders that received the fall balance transfer offer, 2.5 percent responded, transferring an average of \$4,300. This generated more than \$1.4 million in new card balances for TDECU, while a card acquisition campaign brought in more than 435 new cardholders, just in time for holiday spending.

Overall, the portfolio's aggregate credit line now stands at nearly \$175 million, a 27 percent increase over the end of 2006, with utilization at just over 27 percent. And as far as the bottom line is concerned, the card portfolio's net yield for 2007 was a healthy 7.54 percent.

Wright added that TDECU has found what works for its membership and coordinates with its card processing partner, TNB Card Services to ensure that card promotions are in line with the credit union's overall marketing approach. With TNB's marketing expertise and program flexibility, TDECU is able to tailor its promotions to members by segmenting promotional rates based on credit union criteria, as well as the ability to customize promotional materials designed specifically for TDECU's membership.

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