US credit card mail offers expected to reach 5.3 billion in 2007

Contributed by Synovate
Thursday, 11 October 2007

Synovate Mail Monitor predicts slight dip in overall volume, increased response rates

12 October 2007, NEW YORK â€" US households will receive approximately 5.3 billion offers for new credit cards during 2007 according to Mail Monitor, the credit card direct mail tracking service from global market research company Synovate. The full year projection shows a slight decrease from the 5.76 billion offers received in 2006, which was also down from the all time high of 6.05 billion card offers received in 2005. As a result of the decreased volume for 2007, Synovate predicts response rates will edge up slightly to 0.6% from 0.5%, representing some 32 million applications for new credit cards.

"Trends in credit card direct mail volume tend to be cyclical,â€• said Andrew Davidson, Vice President of Competitive Tracking Services for Synovate's US Financial Services Group. "Every few years we see a dip in volume driven either by industry consolidation or economic pressures," he said, referring to previous volume dips in 1999, 2002 to 2003 and 2006.

Davidson indicated that the 2007 dip is a continuation from 2006, and mainly due to the Bank of America/MBNA merger. "Bank of America mail volume is up versus last year but still below pre-merger levels," said Davidson. The decrease is also due to Chase and Capital One which, while still mailing huge volumes, have scaled back and diverted some of their marketing efforts to other channels such as TV advertising and the internet. "These two issuers send out so many credit card offers that anything they do will impact the total mail volume statistics," said Davidson.

Despite the decrease, 2007 will likely be the third heaviest year on record for credit card direct mail since Synovate first began tracking solicitations in 1988. "We have seen issuers with traditionally lower volumes such as HSBC, Washington Mutual and Barclaycard step up their direct mail activity significantly," said Davidson. "Other acquisition channels, particularly the internet, will play an increasingly important role but direct mail, with more than 50% of card applications, will likely remain dominant for the foreseeable future," predicted Davidson.

Mail Monitor tracks credit card acquisition volumes and response rates throughout the US and evaluates attitudes, behaviours, terms, and usage for each card in consumer's wallets. Synovate's projections for the full year are based on data collected through July 2007 and their experience tracking credit card direct mail for the past 20 years. At the time of the forecast, US households had already received three billion credit card offers.

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