Synovate Mail Monitor Shows 29% Increase In US Credit Card Offers Year On Year

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During 2009, the worst recession seen in years, the economy and legislative pressure caused issuers to dramatically pull back on offers, and annual mail volume dropped to its lowest levels since 1993.

However, during Q1 2010 US households received 481.3 million credit card offers, a 29% increase versus the 372.4 million offers mailed during the same time a year ago, according Synovate Mail Monitor, the direct mail tracking service from global market research firm Synovate.

"In Q4 2009 we began to see issuers release the pause button and mail more, and in Q1 2010 that trend continues. Throughout the remainder of the year we expect to see mail volume continue its slow climb upward," said Anuj Shahani, Director of Competitive Tracking Services for Synovate's Financial Services group.

Capital One was one of the largest mailers for the quarter, second only to Chase. In its Q1 earnings statement, Capital One announced its intention to re-enter the subprime market after an almost 100% pullback in Q3 2009.

True to that commitment, Capital One more than doubled their mailed card offers versus the prior quarter.

However, this wasn't the only surprise. HSBC, which had briefly considered leaving the US credit card industry behind, doubled its mail volume in Q1 2010 versus Q4 2009 and more than tripled its mailings versus one year ago.

"This is a massive commitment in terms of expenditure for the issuers as direct mail is one of the most expensive channels to acquire new cardholders. This tells us that the issuers are not just dipping their toes in the water, they are diving in head first," Shahani added.

In addition to receiving more offers, US households received better offers.

Credit card issuers determined to take on new debt extended introductory purchase APRs while shying away from balance transfers. Sixty-five percent of the total mailed offers for Q1 2010 carried an introductory purchase APR versus 58% in Q4 2009. However, only 54% of offers carried an introductory rate for balance transfers in Q1 2010 versus 66% a year ago.

Also, one of the feared consequences of the CARD Act mostly went unfounded. The belief was that most credit cards would start charging annual fees yet the data suggests that less than a third of the mailings are charging annual fees, including subprime mailings, which always charge an annual fee.

"Although the percentage of annual fee mailings has increased slightly, it is nowhere close to what consumers or the industry feared. The majority of the offers consumers receive are still no-fee credit card offers," said Shahani.

The mean annual fee across all cards has fallen from $93 in 2009 to $68 in Q1 2010 as low fee offers become more popular. Issuers such as Amex and Citi are charging $30 or $50 annual fees on some of their mailings, bringing down the 'mean' annual fee significantly.

"Issuers' movement towards newer and better offers isn't just good for business; it's good for the consumer. And consumers are responding. Our latest consumer economic pulse study found that consumers are feeling better off financially than they did a year ago and the majority (70%) feel their financial situation is the same, if not better, compared to others," said Claire Braverman, Senior Vice President of Synovate's Financial Services group.

"In Q1 2010, US consumer spending rose at the fastest rate in three years and contributed to a 3.2% growth in the GDP. With consumers feeling more confident and spending more money, this is a prime time for credit card issuers to surprise consumers with great offers," Braverman added.

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