

Plain Vanilla Cards The Flavor Of The Month, Reports Mintel Comperemedia

Contributed by Mintel Comperemedia
Tuesday, 28 February 2012

Credit card direct mail offers for plain vanilla cards—cards with no annual fee or rewards—declined during the recession and following new card regulations, but are now back with a vengeance as issuers attempt to satisfy consumer appetite for credit.

According to Mintel Comperemedia, plain vanilla card offers accounted for 30% of acquisition mail volume in Q4 2011, compared to just 13% in Q4 2010.

“Plain vanilla cards target revolvers who typically carry a balance from month to month,” says Andrew Davidson, senior vice president, Mintel Comperemedia. “During the downturn, plain vanilla became a niche segment as access to credit from all sources dried up nationwide. Card issuers focused their attention on consumers with excellent credit histories, resulting in a proliferation of credit card offers promoting rewards and other perks.”

Frequently mailed offers for plain vanilla cards include the Citi Simplicity card, the Slate card from Chase and Capital One’s Platinum MasterCard. “Unlike plain vanilla offers mailed pre-recession, today’s plain vanilla offers typically boast additional post-CARD Act features so they are not just competing on rate.

Citi’s message is one of clarity and no late fees, whereas Chase’s Blueprint feature helps customers manage their spending and borrowing. Capital One, on the other hand, is targeting consumers looking to re-establish their credit and will provide access to a higher credit line once a cardholder makes five on-time payments,” notes Andrew Davidson.

The Federal Reserve, with its commitment to low rates until 2014, is facilitating longer durations for 0% teaser rates thereby fueling a competitive environment for plain vanilla cards. Among offers with an intro APR for balance transfers, 72% promoted an introductory period of 13 months or more compared to 58% YAG.

Plain vanilla offers with 21, 18 or 15-month intro rate durations for balance transfers were not uncommon during Q4 2011, proof that the Federal Reserve’s commitment has resonated with issuers.

“Direct mail volume dipped in December, but mailings for the entirety of 2011 made huge gains. Consumers received 5 billion direct mail pieces in 2011, compared to 3.6 billion in 2010,” adds Andrew Davidson.

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Chicago - 27 February 2012