

New Credit Card Spots Show Fierce Competition for High-End Consumers

New Credit Card Spots Show Fierce Competition for High-End Consumers

<http://www.nytimes.com/2005/05/11/business/media/1ladco.html>

A campaign for MasterCard expands on its previous “Priceless” theme. The company and its rivals are aiming for the affluent customer.

By ERIC DASH

Published: May 11, 2005

WHEN MasterCard rolled out its new Willy Wonka-themed television ads last night, it was aiming for the credit card industry’s sweetest spot: the highly profitable “new affluent” consumer who spends several times what the average cardholder does and expects a cornucopia of rewards.

The ad, set in a candy store, follows a couple as they dive into bins stocked with miniature golf carts and iPods and cash. It is a fantasy world of reward options, a place where incompetent customer service agents, hefty late fees and extended airline blackout periods do not exist.

The MasterCard commercial is the latest iteration of McCann Erickson’s successful “Priceless” campaign, which has been running since 1997, or in advertising years, about as long as one of Willy Wonka’s Everlasting Gobstoppers maintains its taste. But along with spots introduced recently by Visa and [American Express](#), it highlights just how much the competition for high-end customers has intensified.

“We are all looking at the same numbers that show the outsize impact this segment has in terms of buying power,” said Nicole

Risafi, MasterCard's vice president for premium products. "The selling idea is that we can help you experience a rich life."

It is a notion that its competitors have been seizing upon as well. Visa, for example, is introducing a campaign this month promoting the luxury services offered on its Signature cards. American Express, long considered the card of the affluent, has been parading out celebrities like Ellen DeGeneres and Robert De Niro to illustrate the relationship its customers have to its prestige brand.

Like the candy and cola wars, the three-way advertising frenzy among the credit card companies reflects the challenges of a saturated marketplace. Until recently, the payment associations, which provide the electronic processing network and basic card platforms to their issuing banks, largely left product advertising to their members. But as debit card use has risen and credit card growth has slowed, the companies are struggling to find new customers and get existing ones to use the cards more. Airline miles and other rewards programs are now ubiquitous. Many wealthier customers could not care less about free balance transfers.

The competition is also a product of regulatory changes, which have opened the door for American Express and Discover to form partnerships with banks that were once beholden to either Visa or MasterCard. Today, both MasterCard's World and the Signature cards from Visa have no preset spending limit and offer perks like a concierge service and broad-based rewards, long mainstays of American Express. On the one hand, they see the larger profits from the increased spending and higher merchant fees wealthier customers bring. On the other, they are trying to prevent losing their best customers to another brand.

Indeed, economics has attracted credit card companies to what they call the emerging affluent class. Though each defines the segment a little differently, these customers tend to make

over \$100,000 and charge seven or eight times the annual \$3,400 or so that the average customer spends with his card. The affluent cardholders typically default a lot less, too.

All that makes them extremely profitable to the card issuers and brands. While the premium cards represent only 1.5 percent of the consumer credit cards issued by Visa, MasterCard and American Express, they accounted for almost \$270 billion, or 20 percent, of the spending by American consumers, according to the Nilson Report, an industry trade publication.

Yet, reaching this group can be tricky for marketers. While by most standards they are relatively wealthy, they still see themselves as middle class. "They are willing to shop at a [Wal-Mart](#) or Target so they can spend on shoes or a big item they want," said Jim McCarthy, a top Visa consumer credit products executive. "These people are saving for the big spend."

As a result, nearly every credit card issuer offers them some type of rewards, whether partnerships with airlines or luxury cards. But as the marketplace has become cluttered, the card brands have sought to distinguish their products by adding bells and whistles to their promise of acceptance.

Visa, whose first major Signature campaign began during the Olympics last year, is introducing a new one this month. Created by its longtime agency BBDO, it showcases the Signature card's add-on benefits, like restaurant reservations services or the chance to play golf at Pebble Beach. "Rewards are just the beginning," reads the tagline for one.

New radio spots featuring a butler will be broadcast in New York, Los Angeles and seven other big markets. The print ads have the black-and-white sophistication of a high-end jeweler. Last weekend, a new television ad broadcast during the Kentucky Derby showed a couple dining at an exclusive restaurant, but the background changed to have them sitting in

a vacation spot by the sea.

American Express, meanwhile, has expanded the “My Life. My Card.” campaign, developed last November by Ogilvy & Mather Worldwide in New York, part of the [WPP Group](#). Instead of just promoting specific card products, it now promotes the overall brand. It will also continue sponsoring sports and entertainment events like the United States Open tennis tournament or the TriBeCa Film Festival that attract a more sophisticated crowd, providing card members with special access or advance ticket sales.

The company’s marketing “is really designed to reinforce the relationship our card members have with their card,” said Judy Tenzer, an American Express spokeswoman.

MasterCard’s candy store campaign is the first major campaign for its premium World brand and will soon include print and online ads. Instead of promoting the “lifestyles of the rich and famous” mentality of its main rivals, Ms. Risafi said, MasterCard hopes to position its premium rewards program as providing experiences. The theme, which happens to coincide with the summer release of the film, “Charlie and the Chocolate Factory,” features an updated version of the “Imagination” song from the 1971 movie, “Willy Wonka and the Chocolate Factory.” And with options like airline tickets, she added, “the kid in the candy store is the perfect metaphor.” Indeed, if the campaign is successful, MasterCard, like the children who seek entrance into the chocolate factory, may have found its golden ticket.