



Increasing Card Activation and Use Through Limited-Time Bonus Loyalty Rewards Promotional Campaigns

Offering a limited-time promotion that provides extra rewards to cardholders who activate and spend on their new cards



How can an issuer encourage more and faster activation of its cards while also increasing card spend? One solution: Develop a campaign offering people who activate new cards bonus loyalty rewards if they spend a certain amount within a set time frame. To improve relevancy, tailor the bonus rewards incentive to distinct customer segments.

- > **CLIENT:** A leading global financial institution
- > **CHALLENGE:** Increase card activations and capture more loyal cardholders
- > **SOLUTION:** TSYS Loyalty Targeted Direct Mail Campaign
- > **OUTCOME:** Increased new cardholders' activation time, grew the number of activations and boosted per-cardholder spend

The Challenge

A leading global financial institution (FI) was concerned about missing out on potential loyal cardholders and consulted TSYS[®] for solutions on how to stimulate card activation and drive increased cardholder spend across multiple cardholder segments.

Success Story

The FI sought to create a campaign that would communicate its card benefits within two weeks of customers' receipt of a new card and encourage them to begin using their cards quickly to take advantage of the card and program benefits. TSYS designed and executed a promotional campaign that reached cardholders within two weeks of them receiving their new credit card in

the mail. Using data and analytics, TSYS and the issuer identified the two most-promising cardholder segments to target with a promotional direct mailing. The offers were tailored to ensure maximum relevancy for each of the distinct segments, yet they adhered to a core message: "Use your card today to start taking advantage of these card benefits."

The promotions spanned a three-month time period and required customers to achieve a certain spend level over that period to qualify for the reward offering. The promotions varied by segment. The first offered 25,000 bonus points for spending \$3,000 on the card and the second offered 50,000 points for \$10,000 in card spending.

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The campaign's results revealed that cardholders who received the promotional mailings activated their card faster and used it for purchases sooner than those who did not receive the mailer. Fifty-seven percent of those who received the mailing conducted their first purchase 37 percent earlier. By comparison, only 40 percent of those who did not receive the promotional mailer activated and used their new card within that same period.

The campaign also boosted card-activation rates. Eighty-five percent of those who received the promotional offer activated their cards compared with just 74 percent among those who did not. Lastly, the campaign helped increase the number of card transactions and overall spending. Cardholders who received the promotional offer spent up to \$4,000 more on their new cards. Specifically, encouraging a cardholder to activate their card sooner with the promise of 25,000 bonus point led to an average additional \$2,236 of spending on the card, while those with a 50,000 bonus point offer spent an average additional \$4,217. After the promotional campaign period the majority of all the participating cardholders – regardless of the bonus rewards offer – continued to use their card. One month following the campaign 92 percent remained engaged. Two months after the campaign approximately 80 percent continued to be engaged and after three months nearly 70 percent. The total monthly spend, across all participants after the campaign period, averaged \$2,456, which exceeded expectations.

The campaign accelerated the card activation time by 37%.

Cardholders who received the promotional offer spent up to \$4,000 more on their new cards.



After the promotional period cardholders remained engaged and used their card:

92%
Month 1

80%
Month 2

70%
Month 3



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