

## **They're Baaaaack: Card Marketers on Campus**

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Credit Card Management

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Credit card issuers fell out of favor on many college campuses because of worries about growing student debt. But now issuers are ingratiating themselves with administrators and getting readmitted-and even helping to develop classes.

It wasn't so long ago that many college administrators threw credit card marketers off campus. But now, restrictions on campus credit card solicitation are loosening up. In fact, a growing number of issuers are starting to invade campuses through the classroom, as well as through application sign-up tables.

Increasingly, colleges and universities are inviting card marketers onto campuses to sponsor education programs. At a growing number of universities, credit card marketers are being allowed to develop classroom curricula. Card-industry firms recently expanding activity in this area include MasterCard International, Citigroup Inc.'s **Citibank**, J.P. Morgan Chase & Co., and Capital One Financial Corp.

The caveat: the credit card brand name moves into the background, and credit card applications are not part of classroom educational activities.

But issuers are jumping at the opportunity to reach college students on this level and with the approval of institutions, even if their brand marketing must be somewhat subdued.

"College students are among the very toughest people to target, because they don't watch much TV, their media tastes change constantly, and they're very savvy about brands," says Ann Brown, vice president of business development for US Concepts, a New York City-based company that specializes in youth and mobile marketing. "The most powerful way to reach kids is through experiences." US Concepts has had credit card clients in the past, and is in talks with one now.

Policies barring credit card marketers from on-campus solicitation are gradually relaxing in many areas, to the relief of card marketers. The shift follows a widespread movement among school administrators in the late 1990s to shut card marketers out as a reaction to students' growing debt burdens and perceived exploitation by marketers. Hundreds of campuses banned card marketers, according to credit card marketing sources.

Talk of legislation to prevent credit card marketers from exploiting college students also has died down. But plenty of on-campus card solicitation continues, and controversy about it smolders in some circles.

Robert Manning, a professor at the Rochester (N.Y.) Institute of Technology, has emerged as a widely quoted opponent of direct solicitation of students by credit card marketers, which he claims leads to thousands of students going bankrupt and failing at school each year.

"It's clear that students are carrying more cards each year, and are getting into debt at an earlier age than ever," he says. "And with the tough economic climate we're in, it's only going to get worse."

His chief complaint is the fact that although many of the nation's largest universities claim to have banned the credit card marketers as a whole from campus, these same schools have inked marketing contracts with top issuers such as MBNA Corp. and Bank One Corp., both of which have long tenure in campus marketing. The deals generally provide exclusive credit card marketing access to students, faculty and alumni, including tabling at campus events.

"The universities say they are restricting campus marketing of credit cards to students, but their policies are only keeping out rival marketers," says Manning. "The preferred issuer is still doing big business with students on campus."

The University of Tennessee reportedly has a seven-year, \$16.5 million contract with Bank One to market an **affinity** credit card featuring the school's logo. Manning says students are caught in Bank One's marketing net on many levels, particularly at popular sporting events, where tabling is widespread.

Other universities with Chicago-based Bank One **affinity** card programs that also claim to have banned on-campus marketing include the University of Louisville and San Diego State University.

A Bank One spokesperson counters that although some students may be exposed to card solicitations through tabling at college events, they are not the primary target of its marketing initiatives, and represent only a "tiny fraction" of cardholders.

"College students tend to have very low credit limits and low balances, and they are not the focus of our university-affiliated cards," says the spokesperson. "Our main thrust is in reaching alumni, who are far more profitable to us than college students, with low credit limits and low usage volume, would be."

'Unrealistic'

The University of Oregon in Eugene also has an **affinity** card with Bank One, but it takes the opposite approach in its on-campus marketing policy. Any credit card company is welcome to market on its campus, but they must pay a higher fee than non-credit card marketers, says Elizabeth Bickford, director of student financial aid and scholarships at the Eugene, Ore.-based institution. At the U of O, fees are as high as \$400 a day for a 10-by-10 outdoor tabling opportunity and as low as \$200 per day for indoors in the student union in a small vending area.

"We recognize that credit cards are an everyday necessity for college students, and to restrict credit card marketing campus is unrealistic and isn't going to accomplish anything," Bickford says. "Whether the (credit card) marketing happens inside or outside the campus is not that relevant; what's important is that we promote financial responsibility as an overall educational objective."

At many institutions, credit card marketing is limited to two days per month, and card marketers must pay fees ranging from an average of \$50 to \$250 per day per tabling effort. Many issuers are capitalizing on these opportunities, using independent marketing agencies to visit campuses throughout the year. These third parties pitch card applications and often offer premiums to students who fill them out.

Most campus administrators insist on approving the scripts and premiums. Currently, the most common premiums are T-shirts or water bottles customized for the institution.

"The number of schools restricting access for credit card marketing has thankfully leveled off after the initial crackdown several years ago," says Ed Solomon, president of Philadelphia-based College Credit Card Corp., one of the nation's largest marketing agencies specializing in campus marketing and tabling efforts. "It's still a maze negotiating the specific rules and restrictions of each campus, and making sure students are also getting information about handling credit responsibly is required at just about all schools."

## Venues

Bookstores located near campuses are a very popular channel for credit card promotions, as well as posters with take-one applications posted on and nearby campuses, he says.

Among issuers still focusing on meeting students directly is Riverwoods, Ill.-based Discover Financial Services. Although it has no **affinity** cards for colleges, Discover visits campuses across the U.S. throughout the year. Each student who fills out a Discover application receives educational materials about responsible credit handling along with the application, says a spokesperson, declining to disclose which universities Discover visits or which marketing agencies it uses.

Another college-marketing veteran, American Express Co., currently has no on-campus marketing efforts underway. Recent AmEx advertising, however, does try to steer college students to the issuer's Web site for information about its Blue Card for Students, says a spokesperson.

Meanwhile, the opportunity to integrate credit card information into the university experience is relatively new and growing fast, say college marketing experts. Examples now include the "**Citibank** Credit Education Program," which is integrated with university marketing courses, usually in the business department. Each participating college class receives a budget of \$2,500 from **Citibank** to create a marketing campaign aimed at helping to educate other students with key facts about the need for credit cards and how to use them responsibly.

The program, in its third year, involves five schools annually. This fall it will be introduced at the University of Akron and at Temple University in Philadelphia.

A **Citibank** executive visits each participating class to provide real-life information about the credit card industry. Students then gather market research from their peers about credit card awareness, while studying credit card competition and the marketing strategies used by various issuers.

### Real Campaign

The students' data are used to create on-campus advertising and public-relations programs about credit cards in general and not specifically to promote **Citibank**'s cards. A competition among five universities in the program last year resulted in a real-life credit card awareness public-service publicity campaign developed by a class at Portland State University that Citi used in several markets. The campaign was themed, "Paper or Plastic?" EdVenture Partners, Orinda, Calif., developed the program and executes it for **Citibank**, which offers additional credit-awareness and credit card responsibility materials through colleges and online.

"**Citibank** is the supporter, not the subject, of the marketing campaign, but when the students have contact with an actual **Citibank** executive, there is a definite connection to the brand during the program," says Tony Sgro, chief executive of EdVenture Partners. "Generation Y is very focused on firsthand experience, and this program introduces college students to the brand at a deep level, which helps build general loyalty."

Capital One tested college classroom channels for the first time last fall, offering credit card education programs for credit at Washington State University, Texas A&M University and the University of South Florida, says a Capital One spokesperson.

Relying primarily on credit card education materials provided by Visa, Capital One also offered grass-roots training about credit card responsibility throughout the campuses, including workshops in dormitories and athletic departments, says the spokesperson. The issuer plans to continue the program this fall at the same universities.

### Tools

Larry Chiang, chairman of Oak Brook, Ill.-based United College Marketing Services, says his credit card marketing agency offers seminars for new students to explain the advantages and risks of credit cards. Schools have become more interested in such programs in recent years as a way of helping students head off credit problems early, he says.

Issuers are allowed the opportunity to promote their brands in conjunction with the seminars, which usually last about 20 minutes, and occasionally the colleges allow applications to be offered as well.

"Colleges know that students are getting credit cards and using them, so they want to give students as many tools as possible for coping," says Chiang.

MasterCard, according to a spokesperson, has reached "thousands" of college students over the past several years with its campus education program introduced in 1999 called "Are You Credit Wise?"

The program offers paid internships for college credit to one student on each of 15 different university campuses. Each year more than 100 students compete for the internships, through which students hold seminars and workshops for other students using MasterCard-developed materials about credit usage and smart money management.

Chase joined the program last year by sponsoring two interns and plans to continue next year, says James Taylor, vice president of marketing for Chase Cardmember Services. Chase also promotes responsible credit card usage by delivering credit education information to student customers via monthly statement inserts that focus on topics determined by which stage of the school year students are in, according to Taylor.

Visa U.S.A. also offers an assortment of credit and financial-services educational materials for students and teachers, from preschool through college, under its "Visa Practical Money Skills for Life" program, which is available online. The site offers lesson plans and guidance for teachers. Visa is mentioned as the presenter of the information but its products are not promoted in the text.

For MasterCard, reaching college students in peer-to-peer settings with relevant information is effective, even without the opportunity to push its brand heavily.

"Even without having a big sales effort, simply having students see MasterCard's name at the end of a presentation is a very powerful one-on-one association when it's presented by another student," says Catherine Cummings, MasterCard's vice president of consumer affairs.