

Analysis on Female-oriented Credit Card Marketing in China

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Abstract

Changes over time in the women's consuming power and use of credit cards lead to the prosperity of female-oriented credit cards in China. This paper analyzed women's distinctive consuming behavior pattern and psychology that the financial marketers should be aware of, explored obstacles of infrastructure, cultural orientation and other limits to the rapid growth of female-oriented credit card business, and finally concluded that the local banks' competitiveness of the portion and profitability in the female-oriented credit card market depended in a crucial way on their ability to attain the existing, as well as new female credit card holders by choosing the most effective types of marketing methods.

Key words: Female-oriented credit card; Behavior pattern; Psychology; Marketing

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INTRODUCTION

Credit card becomes the modern urbanite's fashionable and convenient payment means in their daily life and distinctive credit consumption is full of infinite business opportunity in China. Currently, women are a very powerful consumer segment that influence purchasing decisions. Women have great potential power of

consuming, not just on stylish and fashionable clothes, cosmetics and shoes. Socioeconomic changes have prompted advertisers and marketers to spend money and time to investigate what women want. In China, women play an increasing influential role in financial management nowadays; so financial services targeting female customers have been quite popular here. Since China Life Insurance Co and Manulife Insurance launched China's first female-oriented products in late 1999, most domestic insurance companies are now providing a number of wide-ranging products specifically for women. The Guangdong Development Bank (GDB), the most popular brand name in China's bankcard market in terms of reputation, recognition, user satisfaction, safety, convenience and market competitiveness, issued its first domestic dedicated card named "Pretty Plastic" for women in 2002. Besides normal functions, the card holders can also enjoy the services in online club and female insurance planning. Till now more than 20 banks, including China Minsheng Banking Corp, Everbright Bank and China Merchants Bank, had issued their own female-oriented credit cards.

A survey conducted by Horizon Research, a market research and consulting group, shows that a large portion of those consumers who buy on credit are young or middle-aged professional women. These women have strong consuming power and use credit card frequently. Besides, women usually have better credit than men, which makes them creditable clients. The survey also shows that middle-aged career women tend to overdraw their credit limit more often than men, and they also generally have better credit because they pay their bills on time. What is more important is that female consumers love shopping than male. With women's rising consuming ability, women should be the apple in financial marketer's eye. Before marriage, women, especially working women, are economically independent with a strong desire to spend; even after marriage they are the ones in charge of daily expenses.

Besides their rising consuming power, women's demand for individual consumer credit and more convenient payment methods also grows. Therefore, the appearance of female-oriented credit card fits in with the market development and aims at targeting different groups with different services. A survey conducted by GDB suggests that 65 percent of local women earning more than 2,500 Yuan (US\$308) per month are interested in applying for credit card. This special card is designed not only to win over current credit users, but more importantly, to attract potential consumers.

Huaxia bank first launched Beauty Card in Wenzhou in 2000, as a pilot programme to get into the women's bankcard business. The pilot project was a success. Approximately 40,000 women in Wenzhou were using the Beauty Card within five months. The success of the pilot program led to the nationwide launch of the card in 2002. Profit from Beauty Card has been far greater than Huaxia's other products. Beauty Card holders enjoy discounts in over 2000 shops nationwide.

However, there are still some obstacles to rapid growth of the female-oriented credit card market, what exactly are the obstacles, how to promote this kind of card effectively and what is the significance on studying and developing it? The above questions will be solved in this paper.

1. MARKETING THEORY OF CREDIT CARD

Marketing theory of credit card includes the STP theory and marketing mix theory. STP theory means marketing segmentation, marketing target and marketing position. The four major elements that constitute marketing mix are 4ps, which include product, price, promotion and place. However, with the development of customer-oriented society, three extra ps have been added. They are people, process and physical evidence.

1.1 Definition of Credit Card

A credit card is a financial product issued with or without fee by a bank or a financial institution. It is used by the cardholder to credit money, goods, services or other valuable things with a promise by the holder for payment in the future.

With the development of credit card service, the credit card type unceasingly increases. To sum up, there are broad sense credit card and narrow sense credit card. In a broad sense, credit card includes accurate credit card, debit card, deposit card, cash card (the ATM card) and so on. In a narrow sense, credit card is mainly issued by the bank or other financial organization, namely to load or consume first and then pay fund back; domestic credit card mainly refers to the credit card namely accurate credit card (deposit first and then expend, and limited overdraft is permitted) Alternatively credit cards are issued by third parties, such as a bank or a financial services company, and used by consumers to purchase goods and services

from other companies. A credit card is different from a debit card in that the credit card issuer lends the consumer money rather than having the money removed from an account. It is also different from a charge card (though this name is sometimes used by the public to describe credit cards) in that charge cards require that the balance be paid in full each month. Charge cards, such as American Express, require the consumer to pay for all purchases at the end of the billing period. In contrast, a credit card allows the consumer to revolve their balance, at the cost of having interest charged. Credit cards such as Visa and MasterCard allow the consumer to pay a monthly minimum on their purchases with an interest charge on the unpaid balance. Credit card issuers receive revenue from fees paid by stores that accept their cards and by consumers that use the cards, and from interest charged consumers on unpaid balances. The credit card mentioned in this paper refers to the credit card in narrow sense, namely credit card.

1.2 Credit Card Marketing Theory

Market segmentation refers to divide larger market into sub-markets based upon different needs. A key factor in competitive success is focusing on little differences that give a marketing edge.

When segmenting market, customers should be profiled. A customer profile form can be used to confirm the potential market. A customer profile form includes age, income, gender (female-male), career (employed, unemployed, retired) how the customer get the message (media, word of mouth), children at home (under 6 years, 6-12, 13-18, over 18), in college, in military, married, employed outside the home. Ask the most important questions on the basis of one company's interest and confirm the category of consumers and their need.

For example, in April 2014, the Agricultural Bank of China (ABC) issued a new type of credit card targeting China's young mothers. The cards focus on the needs of new mothers with children up to the age of six by offering discounts on major baby product brands and early education institutions.

Another way to segment market is by product and service benefit sought by the customer. What benefits are customers seeking? Quality, Low price, or convenience? Identify the benefits customers' needs and create the product or service to meet the needs. Direct marketing efforts toward increasing customer awareness of those benefits. Sometimes it is difficult to accurately estimate the size of the customer group. Some customers are interested in two or three benefits, not just a single one. Knowing customers' needs and wants is basic to successful marketing.

Market can also be divided by groups of customers who use the product in different ways, such as loyal users and nonusers. The former refers to the users who take a product as their first choice or only choice. The later may

be the persons never choose a product. Market can also be divided by usage rate. Some customers use the product or service more heavily than the others. Therefore, the light users and the heavy users need different marketing plan.

Change in population influences the market as well. According to the industrial consulting, in 2014, the first generation of only child in China will reach the age of 35. They will have stable and good expected future income and will replace the 1970' consumer groups quickly and become the most powerful consumption group. The only child generation may, with its distinctive characteristics, lead a revolution in the way of consumption in our country fundamentally. There are other changes in: an increase in older people or an increased diversity in the population; available income due to changes in employment; supply of natural resources, such as energy or water and etc..

Targeting strategy is to select the customers one wishes to serve. Making targeting strategy include: choose segments to target and decide the quantity of each product to offer in each segment. All decisions will be affected by many factors, one of which is sexual maturity. Target marketing helps group customers and find out why they purchase.

2. ANALYSIS ON FEMALE CONSUMER MARKET AND PSYCHOLOGY

2.1 Analysis on Female Consumer Market

Women have been associated with shopping since the concept began. When it comes to big purchases like cars, homes, finances or technology, the conversations have primarily been directed to men. It seemed to be that men are always the main consumers that marketers target. However, it is clear that women are making a majority of both home and business purchases.

Those who will not consider the women's market as great potential will be left behind in the market. From the key holder to household purchases, women are now making or influencing, including automobiles, personal computers and other electronics. According to the statistics from Huakun Consumption Guidance Center for Women in the Chinese Women's Federation, in 2014, 77.3% of married women act as decision makers on money matters about daily purchase in their families, 22.7% of married women make or influence purchases of big-ticket items for themselves and their families, and the rest also influence the final decision about important family consumption to a large extent. 46.5% of married women control their personal income, only 2.2% of them give it up to their husbands, and others share income control with their husbands. In the corporate world, more and more women take part in purchase decision. In short, women are buying for themselves, buying for their families, and buying for their businesses.

Here come a few suggestions to the companies and marketers who must learn to develop their knowledge of

women. Women can be better defined by their interests and personal identities than by their gender. After all, women do invest, do drive cars, they do buy computers, and they do have hobbies. Therefore rising female consumer power is changing the way of companies' design, make, and market products.

There are about 360 million working women in China, emerging as a potent force in the marketplace, changing the way companies design, position, and sell their products. Although women earn less money than their counterparts, they make more than 80% of buying decisions in all homes.

Furthermore, women shop is different from the way that men's does: Females research more extensively and are less likely to be influenced by ads. Today's women are the chief purchasing agents of the family and marketers have to recognize that.

2.2 Analysis on Female Consumer Psychology

Women have been independent consumers. Women consume with a different style from men. They are often influenced greatly by the shopping environment. For example, convenience and quietness are important to them. Women like to linger and appreciate. They want to get shopping information from the retailer friendly and directly, so free workshops helps.

For women, the big three catching their attention include children, pets, and their health issues. It is suggest that a successful strategy should attract their attention, motivate their action, and in addition, inspire them to be loyal customers about a particular product or its brand.

A new survey by the Good Housekeeping Institute revealed that customer service is the top priority, outweighing brand and price, among female consumers looking to make a technology purchase. Only 12% of those surveyed reported feeling satisfied with the personal service or assistance they received when shopping for consumer electronics, and 85% of respondents indicated that customer service is important before, during, and after the point of sale. Approximately 1300 respondents (96% of them female) participated in the study, which was conducted online by Fairfield Research.

Therefore, when targeting female, marketers should be well aware that customer service is important because without customers there would not be business. Great customer service will get higher visitor members and greater customer diversity, increase sales volume, public image and satisfy customer and survive in competition.

Consequently, when it comes to decision-making, one needs to accommodate a woman's style. And it's not the same as a man's. Men tend to follow a relatively linear decision process, from awareness of a need or product to investigation to purchase. They eliminate data as they proceed. Women continue to accumulate data from multiple sources, including friends, trusted experts and salespeople. Women's decision-making process has

been described as spiral, encompassing hard data such as product information as well as emotional responses to the retail environment, customer service, word-of-mouth and other sources. Women absorb more impressions along the way, and they often care more about subtle negatives that many men would ignore (e.g., a messy waiting room, an indifferent sales clerk, a demeaning advertisement).

Once a woman is going to stop looking and learning, she'll let one know, and she doesn't want to be forced to close the sale. Listen to what she has said, answer her questions, but don't push. Because women want extensive information before making a decision, make sure one's Web site offer full details about one's products, services and company. Chances are good and she'll visit one's site for background before walking into one's office.

3. OBSTACLES TO RAPID GROWTH OF FEMALE-ORIENTED CREDIT CARD

With the rising of female consuming power and great potential of developing oriented credit card, card issuers and related business are clamoring at this field hoping to get a piece of the bonanza, there are still reasons to temper the optimism.

3.1 Obstacle of Infrastructure

Lack of coordination and poor infrastructure mean that cardholders with female-oriented credit card are not necessarily able to use any ATM. Not all retail establishments accept cards. Changing these two situations alone will no doubt greatly increase the numbers of people wishing to join the cardholding ranks.

The Overall Situation of Payment System Operation in 2012 issued by the People's Bank of China (PBA) shows that by the end of 2012, there were 415,600 ATM, 7.12 million networked POS terminals and 4.83 million merchants became accepting bankcards, which were 8.31, 26.36 and 25.44 times of the figures by the end of 2002 respectively. However, there are about 401 ATMs for every million Chinese people, while in the US the figure is over 1250 ATMs per million. In addition, only 60% of Chinese merchant locations accept cards at all, and about one-third accept international credit cards.

3.2 Cultural Orientation to Save and Spend Cash

In addition to the issues mentioned above, there are strong cultural factors that make going into debt extremely undesirable in China (as well as among ethnic Chinese elsewhere in the world). In fact, the founder of Huaxia Credit holds that trustworthy people in the U.S. are those who borrow and repay on time, while in China being trustworthy means never borrowing at all. Since the 80's, China has been in the high deposit period continuously, the great part of consumers' income is mainly used in depositing not expending. This causes obstacles to the development of credit card. However, consumer's expense

habit will change when the expense scale grows to certain extent, and the credit card's exterior development environment will be mature with the maturity of personal credit expense. Certainly, the problem that lacks infrastructure for wide usage of credit card can be solved.

3.3 Other Limits on Card Industry Profitability

Relatively speaking, the cost of card issuing in China is high, credit card issuers receive revenue from fees paid by stores that accept their card and by consumers who use the card (including annual fees and application fees). However, in the race to customers, banks have begun competing to have the lowest fees and some banks even cancel the annual fees. It is popular that the some banks, such as the Bank of China, promise to remit the annual fee of credit card if it is used five times annually, or some banks offer the cardholders a certain amount of goods or service coupons to cover their annual fee of credit card.

3.4 Unapproved Overdrafts, Bad Debt, Fraud and Other Risks

Besides, the main profit of issuing credit card comes from the interest of unpaid balance, but the market of Chinese credit card is not sophisticated enough, risks like unapproved overdraft, bad debt and fraud start to emerge, thus makes the issuers receive no revenue and even sustain losses in business.

The main nightmare for managers at Chinese banks is the unapproved overdraft, bad debt and fraud on credit card. In late 2003, several domestic banks, including China Construction Bank and China Merchants Bank, started intensive activities on promoting credit card. To attract customers, some banks simplified the procedures for assessment. Because of this, many customers find it easier to obtain a credit card, by merely filling in a form with personal information, a successful applicant is granted at least 5,000 Yuan credit limit on their card. In addition, some banks issued their credit cards to a crowd of people whose income was instable, including teenagers and students etc. As a consequence, card holders extended to high risk groups, and excessive consumption, overdraft and other high risk incidents occurred from time to time. In Shanghai, the Shanghai People's High Court tried 4 cases for credit fraud in 2003 and nine cases in 2004. The number of such cases soared to 24842 in 2013. Therefore, the notice is released to the growing credit card fraud, overdraft and other risk in China.

To prevent the risk or reduce it to the minimum, an integrated national credit information system with accurate individual financial records should be set up. The system focuses on three key areas: personal information (such as names and address), bank loaner records and credit card information, such as card issuers and payment histories. The individual payment histories for phone, water, electrical and gas bills need to be collected because they can provide rich data when evaluating individual credit

rating. In most developed marketers, only those with positive credit ratings can apply for loans and credit card. Therefore, banks should investigate an applicant's identity and credit record. They should first select companies and institutions with a reliable record as their target customers and then carry out promotion, such marketing will be more reliable and efficient.

Furthermore, the cooperation mechanism between the police, bank and the business should be improved; banks share blacklists of the names of those with bad credit regularly. When business discovered some unusual expense situation, they must reflect to the bank and police promptly. It is necessary to perfect the credit card control system, the manufacture technology and the legal framework to attack the credit card crime. The Federal Bureau of Investigation (FBI) is the agency responsible for prosecuting criminals who engage in credit card fraud in the United States. If China can establish a risk management system, develop advanced credit rating technologies and sound law, a healthy and booming credit card market is guaranteed.

4. EFFECTIVE PROMOTIONS ON CHINESE FEMALE-ORIENTED CREDIT CARD

Advertising, sales promotions, personal selling, and publicity, together constitute a promotion mix that marketers try to manage strategically. The most obvious type of promotion is advertising.

4.1 Basic Promotions

Advertising is powerful to influence the customers' mind. It helps customers get more knowledge or form an image of the product or service. Advertising is everywhere by any means of TV, radio, internet and etc. the ultimate goal of a piece of advertising is to lead consumers' choice.

Sales promotions induce consumers to buy directly. In China, sales promotions are made by reducing price, offering free samples and gifts. As to credit cards, the sales promotions include the usual benefits such as nationwide use, cash overdraws and no need for guarantors. The Lady card comes with a series of services for women such as exclusive Web pages, free information, an online club and various insurance plans. Cardholders can also book air tickets with free insurance, make hotel reservations in discount and even book tickets to music concerts. Red rose card of Taixin Bank (Taiwan) also offers free insurance packages for the card member and her family like an accident insurance cover for self and spouse, a child educational allowance, medical and purchase protection insurance.

By selling personally, a potential buyer and a salesperson interact directly. Personal selling is powerful for two reasons. First, it may attract consumers involving in the product and service more effectively. Thus, consumer may be more easy to make a decision on his

purchase. Second, the well targeted communication situation allows salesman to adjust their presentations to fit the needs of potential buyer better.

Publicity is a free way of advertising a company, products, or brand. For example, descriptions of a new female-oriented credit card in the newspaper or fashion magazine, or discussion of it on TV show. Compared with advertising, consumers may not screen out it so readily. In addition, publicity may be considered more credible.

4.2 The Promotion Mix

Ideally, marketing managers should develop a coherent overall promotion strategy that integrates the four types of promotions into an effective promotion mix. Major environmental forces in China over the past two decades have changed the balance of marketing effort devoted to the various types of promotions. A controversy continues in marketing about the relative importance of advertising versus sales promotions. As one might expect, most advertising agencies argue that advertising is the best way to create a strong consumer-brand relationship. Other marketers believe sales promotion can also enhance the consumer-brand relationship and has more powerful effects on immediate buying behaviors and eventual brand success. Actually, a long-range trend may be occurring in which advertising is no longer the centerpiece of a company's promotion mix. There is evidence that advertising is having a decreasing influence on consumers' behaviors, due partly to people's increasingly hectic lifestyles and growing pressures on their time. The promotion mix of the future is likely to be more eclectic with many more options, including sporting marketing, direct marketing, and public relations. These promotion types are being developed partly because of the high costs of advertising and partly because of the need to target customers more precisely.

Another factor in advertising's decline is the decrease in consumers' ability to remember advertisement they have seen. In 1986, 64 percent could remember, unpaid, an ad campaign seen in the previous month. This figure plunged to 48 percent in 1990. Attention to individual advertisements has decreased due to remote controls, the clutter of 30- and 15-second ads during commercial breaks, and consumers' dropping loyalty to favorite brands. Simultaneously, price has become more important as a choice criterion, further increasing the effectiveness of sales promotions, which are often based on price reduction.

The process of promotion can be summarized as followed: first consumers must be exposed to the promotion information. Then they must attend to the promotion communication and comprehend its meaning. Finally, the resulting knowledge, meaning, and beliefs about the promotion may be integrated with other knowledge to create brand attitudes and make purchase decisions.

To sum up, the case of Taixin Bank's Rose Card promotion can be taken as an example to further explain

the promotion method. Before Taixin Bank joined in the line of documenting group, Taiwan's credit card market is occupied by the Standard Chartered Bank and American's First National City Bank. Under that circumstance all documenting banks regard the overall market as single market management. In view of the rising female consuming power, Taixin Bank forecasts the feminine credit card market will have big development space, therefore will separate the feminine area as Taixin Bank credit card essential target market. In order to mold the rose card brand, it has launched a series of promotion strategies as follows. First, direct effect promotion. Directly aims at the female consumers to manage the card. In the place where people centralize in the entire province like gate of department store, movie theater and so on, the clerk directly contact with the goal object, thus it reduces the hesitation time and ensure the extremely high successful ratio. On the Seventh night of the seventh lunar month and Valentine's Day, the staff arranges the stall in the department store entrance, sends out the red rose and the rose card application form. Second, focalization promotion. After segmenting the female market, Taixin Bank carries on a series of Focalization promotion activity to aim at different groups of female. For example, Taixin Bank sends college female students application form, allows the year fee on 6.6 discount and the college students obtain the free SPA test group. The bank sends feminine magazine subscribers application form, allows the year fee on 6.6 discount and the magazine subscribers obtain free Givenchy cosmetics. In view of the name list gain outside, sends them application form, enjoy the lifelong year fee for free, and obtains free Hertz Lotus elegant cosmetics. Taixin Bank becomes the first one to promote the free lifelong year fee and causes a stir to the credit card market. Also the bank encourages the 50,000 Rose Card members who highly use card to recommend their relatives and friends for the Red Rose Card. Third, join with feminine magazine union. Taixin Bank participated in the Beautiful Woman magazine's third anniversary celebration and invited Rose Card members to their concerts and model shows. In ELLE magazine's feminine movie exhibition, chooses many well-known feminist film with rose card member free appreciation. Furthermore, Taixin Bank holds activities on Valentine's Day and the seventh night of the seventh lunar month, it presents women's favorite rose, chocolate which are connected with the red rose card as complimentary gift and Valentine's Day has become the red rose card.

Because of a series of remarkably plans, Taixin Bank's rose card successfully blooms in the credit card market and becomes the female credit card's top-grade brand. "The earnest woman is most beautiful" becomes the advertisement word, which is widely quoted by the people and becomes most important brand property of Taixin Bank's rose card. Taixin Bank's has issued 100 million cards in short time of one year and half, and red rose card

has become the leader brand of Taiwan female-oriented credit card market.

CONCLUSION

The appearance of credit card changes the way the world pays, especially the credit card for female consumers which indicates the maturity of the market- market segmentation, recognizing customer groups with varying needs and wants. Marketers, especially financial marketers, have to know what women need or women's consuming psychology throughout the marketing process. Women are different from men when consuming, they tend to gather enough information, link brand to symbol, focus on service and so on. Therefore, bank marketers must be aware of women's distinctive consuming psychology and behavior, there is no exact general behavior pattern because of gender differences in consuming.

The female-oriented credit cards are designed not only to win over current credit users, but more importantly, to attract potential consumers. The current female-oriented credit card market is still in its infancy. Under this circumstance, banks offer customized services to their target customers, who are mainly independent and affluent career women. Banks will lose customers if they try to appeal to all consumers. It is better to focus on a specific demographic. Though there are some obstacles to the rapid growth of female-oriented credit card currently, the potential of female credit card is tremendous: With the development of new channels and new technologies creating new opportunities, Female-oriented credit card will provide cardholders with choice, confidence, flexibility and security; with the rising of female consuming ability and changes of consumption concept, female-oriented credit card will occupy a portion of market.

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