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MBNA - The affinity marketing success story.

by Ted Hamilton

The Maryland Bank National Association (MBNA) became one of the U.S.'s top credit card companies by bringing a new idea into the market: "affinity marketing." Affinity marketing is when a credit card makes a donation to a certain group every time the cardholder makes a purchase with their credit card. The bank was founded in 1982 by Charles Cawley. When the bank was founded, it was just a small bank inside a supermarket. This was during the credit card boom in the eighties and Cawley seen how much money he could make, but he wasn't sure how to market MBNA's credit card. In 1983, Cawley approached Georgetown University about getting their Alumni Association to endorse a credit card that would only be offered to it's members and would give money back to the Association and credit card companies seen the emergence of a fierce competitor while also finding a new marketing strategy.

Because of the immense success Cawley had in marketing his card to the Georgetown University Alumni Association, he approached other organizations about endorsing cards for their members. Next he approached groups like the American Dental Association, Aircraft Owners & Pilot's Association, the Sierra Club, Association of Trial Lawyers in America and many others. Two years after getting into the credit card business, MBNA was managing 1\$ billion in outstanding loans. By '92, 20% of doctors and lawyers in the U.S. owned an MBNA card.

One of the best things about MBNA is their customer service. They have always been known for their outstanding customer service. They were the first credit card company to offer 24 hour customer service. Not only that, but MBNA is very personal with their customers. Their phones are always answered by people and instead of using software to review applications they have employees that review applications. Other credit card companies would be hard pressed to match up to MBNA's high standards when it comes to customer service.

A lot of MBNA's credit card charge a \$20 or \$40 annual fee and while other cards were slashing or completely getting rid of annual fee's, MBNA kept theirs. The reason they could do this was because for every purchase their cardholders would make, MBNA would give some of the profits to that person's specific group. So thanks to MBNA's affinity marketing strategy, they were able to make money in the early 90's when the rates were depressed.

The next idea MBNA had was to make credit cards that were creative and unique. Personal cards could be bought with a families coat of arms on it or prominent locations of a person's hometown/state. Also added were cards featuring 200 different professional sports teams. Allowing people to pick from that many different credit cards enticed many people to go to MBNA when they want a credit card. By 2004, MBNA had more than 14 million customers and had cards for almost 4,000 different organizations. Until it was bought by the Bank of America in 2005 MBNA was the worlds largest independent credit card issuer and continues to push forward and bring new ideas to the credit card market place.

by Ted Hamilton

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