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## Credit-Card Appeal: A New Look, Smell

### Cool Designs Vie for 'Top of Wallet' Position, More-Frequent Use

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Forget about low interest rates, rewards points and free balance transfers. To attract new customers in a crowded market, the nation's credit-card issuers are pitching cards with sleek features, including a hefty one that its promoters say has "plunk factor."

Inspired by consumer interest in eye-catching products like retro toasters and fashionable can openers that have moved from the cupboard to the countertop, credit-card companies are creating unique cards aimed at winning the coveted "top of wallet" position -- the card pulled out the most often.

**American Express** Co. is testing a "Butterfly" card that folds in half and pops out of a silver case attached to a key ring. Other issuers and card makers are experimenting with cards that feature various textures, light and sound, as well as high-tech security features.



Patrick Conlon/  
The Wall Street Journal

"There is a lot of conversation about how to introduce innovation into the credit-card market and design is part of that," says Peter Vaughn, vice president of brand management at American Express.

There is good reason for it. After years of double-digit balance growth, the card industry is maturing. Financial institutions that issue cards can now count on only single-digit growth in balances, an important

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industry metric (also called receivables).

To combat the slowdown, card companies are working aggressively to steal customers from competitors. They also are trying to get consumers to put more small payments on plastic, taking market share away from cash and checks. To do both, they need to breathe new life into a nation that is awash in 1.5 billion credit, debit and gift cards, according to [CardWeb.com](#)<sup>1</sup>, an online publisher of payment-card information.

Although good-looking cards might not translate into low interest rates or juicy rewards, industry executives say that internal research shows consumers care about card appearance. In the 1990s, MBNA Corp., now part of **Bank of America** Corp., helped transform the industry by tapping customer emotions with credit cards that were splashed with pictures of their favorite universities, hobbies and sports teams. The increased popularity of gift cards has also sparked a slew of designs.

## Plastic Fantastic

A sampling of some unusual cards hitting the marketplace:

- **Wake Up and Smell the Card** This one has a coffee aroma; the maker has scores of other scents, including lemon and raspberry.
- **Heavy Metal** American Express' Centurion card for big spenders is now titanium, giving it what executives call "plunk factor."
- **Know When to Fold 'Em** The "Butterfly" card fits inside a key-ring case.
- **Get Smart** It displays a constantly changing password.

Taking that concept to the realm of science fiction, **J.P. Morgan Chase & Co.**, one of the nation's largest issuers, is offering "Battlestar Galactica" fans a fiery red, outer-space-themed card. Tied to the revival of the cult science-fiction television series, the card features an embossed tagline that identifies the cardholder as a "Galactica Fleet Member."

"It's one of the very few financial-services products that is tangible and very visible to others," says Monish Kumar, a director in the financial-services practice at the Boston Consulting Group in New York.

The card-design boom recently got a boost when American Express licensed the technology used to create its popular transparent credit card, Blue. The clear card's unusual look received a wave of attention when it was first issued in 2001. Company executives say that Blue cardholders hang onto the card longer than some other versions and consumers use it more often than the other cards in their wallets.

"Everyone wanted a Blue card because it was sexy and neat to have in your wallet," says Nicholas Cooney, president of Versatile Card Technology Inc., the closely held firm that acquired the rights to the technology American Express used to create the card. Based in Downers Grove, Ill., VCT is hustling to develop sample designs that it can pitch to banks, retailers and direct-mail companies.

The company has manufactured dozens of unusual cards in the past several years. Some ideas, though, might have limited appeal. VCT makes a scratch-and-sniff model that smells like coffee, as well as about 90 other aromas. It is in discussions with a retailer for a perfume-scented card.

The race to develop card designs was apparent on a recent afternoon at a VCT plant in South Plainfield, N.J. In a series of locked rooms that can be opened only with a magnetic card, workers -- wearing pocket-free smocks as a security measure -- put the finishing touches on two big card orders from clients in a rush to develop innovative designs. About 100 security cameras recorded movements throughout the facility.

Both batches of cards were coated with a new type of plastic that can be used to create texture and depth, such as the feltlike feel of a tennis ball or the grooved seam of a football. The company is bound by confidentiality agreements with clients and wasn't permitted to identify the card issuers or other details about them.

"These cards are a piece of art to the customer," said Merrill Martin, VCT's chief operating officer, stroking a pile stacked in an office at the South Plainfield facility.

The newfangled cards can cost as much as 25% more to produce than traditional cards, depending on the size of the order, Mr. Martin says. The price can be even higher when there are more bells and whistles.

Companies are willing to pay more for production of the cards in the hopes that the unique designs lure customers who will use the cards often. Frequent use translates into more profits for the card issuers.

American Express is replacing its high-end Centurion plastic cards with hand-crafted versions made of titanium. The new cards weigh 0.53 ounce compared with 0.17 ounce for a typical plastic card, prompting company executives to describe the heft as providing "plunk factor" when tossed onto a table. American Express wouldn't disclose the cost of the titanium cards, but it isn't charging customers more for them. The Centurion card is offered to those who charge at least \$250,000 a year.

Down the road, these unique cards may also have snazzy functions. Innovative Card Technologies, a closely held firm based in Los Angeles, has developed a card that displays a one-time numeric password similar to security tokens used by companies and banks. The card contains a chip that changes the numeric password with the touch of a button on the back. Alan Finkelstein, president, wants to build on that technology to create credit cards that can display the most-recent transaction processed.

Mr. Cooney of VCT says, "Our clients don't want to see us unless we have something new to offer. Pretty soon, there will be cards that can do everything but get up and walk away."

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