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MasterCard logo becomes more discreet

Paul Beckett

MasterCard International's trademark red and yellow circles may soon disappear from the front of its credit and debit cards.

The second-largest card network last week voted to allow certain banks that issue MasterCards to move the well-known logo and accompanying hologram to the back of cards. In return, the banks must issue more MasterCards.

The change, while largely cosmetic, reflects an increasing willingness at both MasterCard and the biggest card network, Visa USA Inc., to be flexible to the demands of the few huge companies that now issue the bulk of all plastic. (MasterCard and Visa are associations owned and funded by the banks and other companies that issue cards on their networks.) For its part, Visa's international board in June gave permission for a new pilot program under which any US member can put the Visa logo on the back of debit cards.

MasterCard's decision, which applies to its members world-wide, makes the latest step in a decades-long process whereby the association's presence on a card has become increasingly discreet, pared down to 15 per cent of the card's front now compared with the entire card in the 1970s. Consumers could see tests of the latest change within the next few months. There are about 210 million MasterCards in circulation in the U.S. and about 370 million world-wide.

Moving the logo to the back of cards has become the flash point of a much larger dynamic within the card industry. Faced with massive industry consolidation and fewer small portfolios to poach, big issuers such as Citigroup Inc., Bank One Corp.'s First USA unit and Chase Manhattan Corp. increasingly need to attract new customers by making their brands stand out both from each other and from Visa and MasterCard. Indeed, MasterCard's perceived willingness to allow the logo relegation was a prime motivation for Citigroup to resign its two seats on Visa's US board earlier this year and switch as much of its business as possible to MasterCard.

"We have looked to MasterCard to be somebody who would be responsive to the needs of its members and this can enhance the Citi brand," said Robert Willumstad, Citigroup's head of global consumer lending.

In allowing the change, MasterCard may run the risk of diluting its brand name. "By deferring to the bank brand, they are deferring to the banks as the connection to the customer," said Elsie Maio, president of Maio & Co, a New York brand consultant. That is ironic given MasterCard's big "Priceless" advertising campaign that stresses the value of relationships.

But, MasterCard officials say they have taken steps to prevent such a dilution by insisting that the logo will remain in color on the back to distinguish it from the black and white logos of other networks that typically appear, such as the NYCE or Cirrus automated-teller-machine networks.

“We've kept the consistency and integrity of the brand and we will continue to invest in the brand,” said Nick Utton, MasterCard's chief marketing officer. Moreover, MasterCard isn't letting just any bank do it. It will only give the option to banks that agree to “a commitment to increase MasterCard issuance,” which could be measured both in terms of the overall number of MasterCards and the percentage of cards a bank issues on MasterCard's network compared with Visa's. Most big banks issue cards on both networks. MasterCard's share of the U.S. general-purpose card market stands about 25 per cent.

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