

MORE THAN A CREDIT CARD SITE - AN ONLINE COMMUNITY

A conversation with the VP of E-Business for Discover Card

The Discover® Card site made a virtual sweep of the most recent Keynote Customer Experience Rankings for credit card prospects, finishing at the top of the list for a host of measures including customer satisfaction, online adoption, brand perception, privacy and security, customer support – the list goes on. Discover also made an impressive showing among credit card customers, particularly in customer service and brand impact. *Benchmark* sat down with Sarah Alter, Discover's vice president of E-business, to learn some of Discover's secrets for creating the ultimate credit card customer experience.

Benchmark: What are the most significant changes you've made over the past 12 months to enhance the experience for prospects shopping the Discover site for a credit card?

Sarah Alter: Probably the biggest change is that we just introduced live chat to our application process. We realized that, when a prospective cardholder is online with us, it's such a depersonalized experience. If the prospect has questions or concerns, to be able to give that potential cardholder access to one of our great customer reps is a very key thing – it helps personalize the experience. So, that's one thing that we have introduced.

We've also streamlined our application process, and we will be introducing a card selecting tool in the next couple of months, as well as the ability to track the status of your application and get real time availability in terms of where the application stands.

Benchmark: How has the live chat function been received? Are a lot of prospects using it?

Sarah Alter: We're seeing a positive response to it – we're getting positive feedback from the reps who are handling it. The customers are very receptive to the fact that they can reach out to a person. Even though it's an electronic connection, it still feels like there is a human element there.

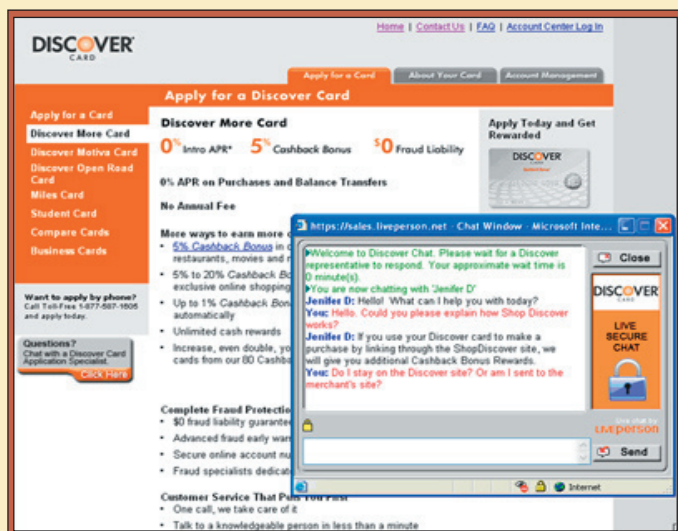
Benchmark: Have you done anything on the product side to enhance your prospect conversion rates?

Sarah Alter: We've introduced some new products – *Motiva* is one of the newer products that we just launched – and we've re-launched a couple of our other products – our *More* card, our *Miles* card, our *Gas* card – which are some of more popular rewards-based cards. We've also introduced two new loan sites to our cardholders, both personal and student. New products create reasons for us to continually enhance and to change our site as well.

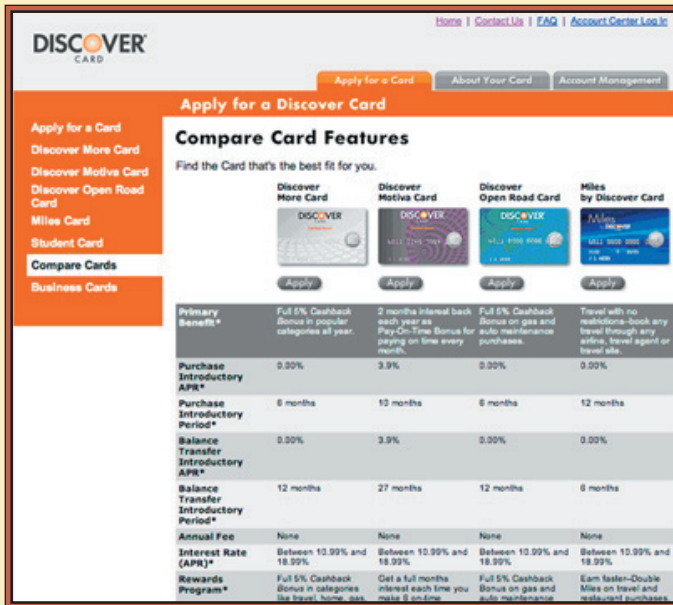
Benchmark: How do you go about determining what consumers want in the site and in the products? What kind of consumer data led you to the decision to add live chat?

Sarah Alter: We've got a number of pipelines that we tap into. The first is all of the great feedback we get from our customer service reps. They are the closest to the customer because they are in constant communication with them on a daily basis. They solicit feedback and then those comments are channeled over to our group.

We also do frequent phone and e-mail type surveys, and on our site we have a survey tool that can be strategically positioned in the Web site. If we've introduced a new product and we want to make sure it launches smoothly on the site, we can position a survey that pops up right after a cardholder has visited that area or completed a certain application. We've found that to be incredibly useful.



In an effort to personalize the inherently impersonal Web experience, Discover now gives prospects the option to chat live with customer service reps during the application process.



Discover's manageable selection of cards makes it possible to provide a straightforward card-comparison chart, simplifying the selection process for prospects.



Online security is a key concern for credit card prospects; Discover offers no less than three assurances of security on its application screen, before a prospect even enters their name.

And then we also do ongoing customer usability studies, which as you know is a must — “know that user for they are not you” is our mantra. You have to understand what your cardholder is looking for in their web or their email experience, not what we think they want. So we solicit ideas from them, we develop concepts and run the concepts by them, and then we use that to measure the success of an actual implementation.

Benchmark: Do you design and execute that research in-house, or do you work with outside vendors?

Sarah Alter: We do a mix. We have some outside vendors and then we have some in-house teams that we do count on. But it's absolutely pivotal to what we do. We realize that we're more than just a credit card company, and our customers are more than just credit cardholders. We're this community that they come to for financial assistance, and so we make sure that we survey across a variety of customer segments.

Benchmark: So do you conduct big customer experience research several times a year, or is it an on-going process?

Sarah Alter: There is always something going on — on a monthly basis, and in some cases with the on-site survey tool, we're operating on a weekly basis.

Benchmark: And how do you measure the impact of the changes you make to the site?

Sarah Alter: We have structured reporting — traffic volumes, conversion rates, click to open rates — the generic metrics. We look at the cost and the returns and then, most importantly, we look for that customer satisfaction level. We get that directly from the feedback that's funneled through the call centers and through the reps and emails that are sent in from our cardholders. So it's kind of a mix of qualitative and quantitative.

Benchmark: What is the one thing that you've done in the past 12 months that has had the biggest impact on your conversion rates?

Sarah Alter: One thing worth noting that we just introduced and have received incredibly positive feedback on is our new online community called Discover Edge. It's just chock full of information, tips, and advice that our cardholders can use to better manage their personal finances.

We've always had a passion and a strong focus on delivering a very optimal service experience. Realizing again that we're more than just a credit card company, we're here to really assist our cardholders in managing their personal finance. This is one of the areas where we felt there was a void.

So we introduced the Discover Edge community to our cardholders this past June, and we've seen above average click-through and open rates and conversion rates from activity that was spawned by traffic coming to this community.

Benchmark: On the customer side, what are you doing to increase loyalty and conversion to other products?

Sarah Alter: If you look at the industry, we have the highest level of loyalty out there. Our average cardholder's been with us for 8.6 years, and the industry average is at 6.2; even our attrition rate is probably the most favorable — we're just under 4%.

When you talk in terms of opening accounts online, the one thing we have seen, and I think our competitors probably see that exact same trend, is that we're more successful converting cardholders to online activities in the first six months of their engagement with us.

After that, they settle into a pattern and, quite frankly, when you're spoiled by that great customer service that all of our reps deliver through our call centers, they are more likely to want to talk to one of those individuals than perhaps moving over to the online platform where, as we discussed earlier, it's a little bit more impersonal. So we do sometimes see challenges with getting some of our older customers and more tenured customers to shift some of their behaviors and some of their patterns.

Benchmark: There is that segment however, that is very tech savvy, and embraces the new tools and technologies. What are Discover's plans, for example, for addressing the mobile audience who are heavy users of cell phones and handhelds?

Sarah Alter: That's a nice wide horizon isn't it? About a year back, we partnered with Motorola and did a pilot mobile program. We utilized employees, and had tremendous learning from that. We're now still in the process of exploring and developing a program that we'll be potentially launching externally to customers. Our employees were incredibly receptive, and a good majority of them are also cardholders, so they were a good proxy for our customer base.

Benchmark: Looking forward, what do you see as the biggest challenges Discover will face in the online marketplace in the coming 12 months?

Sarah Alter: It's that accelerated movement and migration online to both mobile and to the Internet. And we see it as a challenge because, as I've said earlier, it can be impersonal, it can depersonalize that experience. The way I see it as an opportunity is that, the more we're able to leverage technology, the more we can deliver a more personalized experience.

We're able to track each and every contact and we can leverage that contact and draw information from it. For example, what did that cardholder call in about, what could they potentially need or want based on their profile? We have tremendous systems in the back end now that track that information. So technology enables us to be even more relevant, even more personalized, so that's yet again another way we can try and better leverage technology and not necessarily let it be a challenge.

Benchmark: So one of the big keys for optimizing the Discover customer experience is to use the technology to personalize it for each individual?

Sarah Alter: If I wanted to leave you with just a couple of key messages it's that we need to be more than just a Web site, we really need to be a community that helps serve our card holders. And we clearly need to challenge ourselves, because as our community grows — and that's the great news, we're seeing nice strong growth rates in terms of our acquisition of new cardholders — but as we grow, we need to figure out how to make it more and more personal, how to make it more and more relevant, beyond just what we do for them as a credit cardholder, but what we do in providing them with financial service and assistance.

And that's the mission and the challenge and the opportunity that we have to tackle, and it's exciting, very exciting. Given all the power that technology can give us, there is really no limit to what we can do.



Sarah Alter
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Sarah Alter is responsible for leading Discover's E-Business team, which drives all strategic planning and operational activity supporting web and e-mail channels. Prior to Discover, Alter spent 10 years at Staples working on the office supply corporation's retail, catalog and Internet departments, and playing lead roles in marketing, creative branding and sales force management. Alter has a bachelor's degree in economics from Northwestern University and an MBA from Harvard.