Innovation: Earning More Rewards on Every Purchase

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Co-Founder & CEO
Why is engagement important?

Key Stats:
- A repeat customer spends **67% more** than a first-time customer
- Engaged customers:
  - Buy **90% more** frequently
  - Spend **60% more** per transaction
  - **5x more likely** to stay loyal to one brand
- Only **25%** of millennials are fully engaged

*source: Capgemini, Rosetta, Gallup*
Case Study: Nordstrom Credit Card

EARN POINTS, GET NOTES

For every 2,000 points you earn, you get a $20 Nordstrom Note. Notes expire one year from the date they were issued.

- **Nordstrom Rewards members** earn one point per dollar spent when paying with cash, check or a non-Nordstrom credit
- **Nordstrom cardholders** earn two points per dollar on their Nordstrom credit or debit card purchases in stores or online everywhere they shop with us, earning Notes twice as fast.

TAKE NORDSTROM WITH YOU

- Get free shipping and returns, all the time.
- See what's in stock at your favorite store right from the app.
- See something you love? Search with a photo. Quickly snap one using the camera in the app to shop similar items.
- View your Nordstrom Rewards points and use Nordstrom Notes anytime.
Case Study: Nordstrom Credit Card

Get Notes faster by earning **2 points** per dollar at Nordstrom, Nordstrom Rack, HauteLook and Trunk Club.

Shop during **Anniversary Sale Early Access**.

Pick your own **Personal Triple Points Day(s)**.

Get reimbursed in Notes for **alterations**.

Reach new levels and enjoy more privileges, like our private holiday shopping party and **VIP access to in-store events**.

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Was it successful?

May 2016 Loyalty Relaunch
Focus on flexible payment options, personalization and frictionless sign up

Results:
- 1.7 million new members in 3 months
- Annual anniversary sale hit an **all time high**
- Members now account for **44%** of sales
- Members also spend **3-4x more** than non rewards customers

“We look at (the data) rigorously and frequently and see what incremental sales we get from customers who have our cards. It is substantial.”
– **Steven Mattics**, President of Nordstrom Credit
So what’s the problem?

The Average US Consumer Is Enrolled In 13 Loyalty Programs

source: Bond
Beyond that

- 75% of consumers belong to at least **10 programs**
- On average, only **6** of these programs are active
- Every co-brand credit card is different and has different reward schemes, perks and benefits
- **64%** of consumers say that reward programs are overcomplicated and **63%** say they’re hard to use
What we do at Birch

Free app that helps consumers manage their loyalty programs, optimize their credit card rewards, and find the best cards for their spending.
Birch

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## Birch Members

<table>
<thead>
<tr>
<th>Average Use Per Week</th>
<th># of reward cards linked</th>
<th>Typical Age of User</th>
</tr>
</thead>
<tbody>
<tr>
<td>3x</td>
<td>4</td>
<td>26-40</td>
</tr>
</tbody>
</table>

- Ability to influence spending behavior
- Don’t target consumers with revolving balances
- Majority of our users spend at least $1300/mo. On their credit cards
- **4-6% click “apply”** on a credit card recommendation

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Different Co-Brand Cardholders

Newbie
- New to credit cards
- Big educational component
- Will easily switch

Optimizer
- Moderate to high knowledge
- Aspirational reward goals
- Likely to stay loyal

Casual
- Focus is on easiness of loyalty program
- High loyalty, typically long time cardholder
What Consumers Want

- Personalized Offers
- One Hub for all accounts
- Stupid simple earn/burn

The most successful credit card programs are able to tailor their reward programs for their most engaged consumers are highly personalized and make it stupid simple to redeem rewards with high perceived value.
81% of consumers are loyal to brands who are there when they need them, but otherwise respect their time and leave them alone.

Source: Accenture
3rd Parties Drive Engagement

• By consolidating all reward programs in one place, we can be top of mind and wallet beyond the normal loyalty program touch points

• We have data from all of their bank accounts, credit cards and loyalty programs

• Act as an aspirational intermediary

Driving co-brand engagement is incredibly important as individual programs struggle with ongoing retention and activity. It’s estimated that 80% of airline loyalty accounts are inactive

source: Skift
Long Term Goals

- Deeper partnerships with co-brand credit cards to increase consumer engagement for both the earn and burn
- Point of sale engagement
- Aspirational driven redemption partnerships

Our focus is to reduce credit card churn and engage consumers with the loyalty programs that make sense for their spending. It’s a win-win-win model.
Thank You

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