The World Beyond Travel Co-brands
The Co-Brand Landscape
What is out there

Of the 158 consumer credit card programs tracked in market

53% Retail
17% Airline
11% Hotel

Why do we love travel co-brands?

- Affluent customers
- High spend
- Consumer acceptance and product understanding
Why do customers carry travel co-brands?

- Premier access
- Loyalty earning opportunity
- Brand loyalty
- Aspirational
Beyond Travel
The newbies to the market

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Starbucks Visa

★ Up to 3 Stars for $1 spent in store
★ 1 Star for every $4 spent outside
★ 8 Barista Picks

★ 2,500 Stars when there is $500 in spend in the first 3 months
★ 250 stars when you load your Starbucks Visa in the app
★ Automatic Gold Status
★ $49 annual fee

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Uber Visa

- Earn $100 for $500 spend in the first 3 months
- 4% back on restaurant, takeout, and bars
- 3% back on airfare, hotels, vacation home rentals
- 2% online purchases (including Uber, online shopping, video and music streaming)
- 1% back on all others

- $50 credit for online subscription services with $5,000 in annual spend
- No foreign transaction fees
- $600 mobile phone protection
- Visa Local Offers
- No annual fee

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What are these new products telling us?

- In app relationship with the consumer
- Daily interaction between the consumer and the brand
- Fast/unique redemptions
- Millennial target customer
Millennials and travel programs

- Traditional travel co-brands don’t always fit Millennials’ style (ex. Airbnb versus hotels)
- Rewards earned through bank-branded programs allow for brand flexibility and create competition
Marc Berman
Principal Consultant
Kobie Marketing
What lessons should Travel Co-brands learn from these new products that are making in-roads into the space that you once owned?

- Know your target audience
- Make sure your product resonates and “holds up”
- Test and Learn
- Ask!
- Innovate
INCREASING CUSTOMER ENGAGEMENT THROUGH MOBILE BANKING

CUSTOMERS BECOME MORE ENGAGED ONCE THEY ADOPT THE MOBILE BANKING CHANNEL

Multiple studies demonstrate that following adoption of mobile banking a customer will increase their engagement with the bank up to 200% or more.

Source: JD POWER May 2016

Source: TYSYS July 2016
Leveraging new technology – what’s on the horizon?

Cards that communicate with the bank and consumer in real time brought to market by Dynamics Inc.
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Cards that engage:

Redeem at POINT OF SALE!

To compete one is going to have to think outside their program

Real-Time Mobile Redemption.
Use your mobile device to instantly redeem points for almost any purchase

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CARD-LINKED OFFERS COULD BE THE NEW HOLY GRAIL FOR ISSUERS

US companies have been early adopters including:

- AT&T
- American Express
- Macy’s
- Enterprise
- Whole Foods
- Discover Card Services
- Bank of America
- Walmart
- Target

Source: Fidel: Card-Linked has arrived to put your Loyalty Program on Steroids

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WHY CONSUMERS ARE INCREASINGLY ADOPTING THIS CHANNEL

CONVENIENCE
• Saves time – consumers use their existing credit/debit card accounts
• No clipping and saving coupons required
• No checking-in required at merchant
• Instant deposit into payment/bank account

OTHER BENEFITS
• Instant credit to existing account – customer receives confirmation communication of savings via email or text message
• Opportunity to explore new stores and restaurants
• Offers are targeted and relevant based on spending behavior
HOW A CLO GENERATES REVENUE FOR A CARD ISSUER

THERE ARE SEVERAL DIFFERENT MODELS

1. Revenue from Customer Lists/Leads to Merchant Offers
2. Merchant Insights & Analytics
3. Increasing Card Spend
4. Increasing Card Holder Longevity
In other words - we are going to have to think outside the “plastic box” in terms of:

- Mobile versus traditional cards
- Allowing unique and alternate redemptions
- Create new partnerships and alliances
- Developing different products for different generations
- Adding more............engaging more........earning more!

Let’s talk!
Thank You!