Global Coalition Loyalty Programs

Report prospectus

August 2015
# Prospectus contents

<table>
<thead>
<tr>
<th>What is the research?</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>What methodology has been used?</td>
<td>4</td>
</tr>
<tr>
<td>How do programs surveyed break down?</td>
<td>5</td>
</tr>
<tr>
<td>Which coalition loyalty programs have been researched</td>
<td>6-7</td>
</tr>
<tr>
<td>What is the report structure?</td>
<td>8</td>
</tr>
<tr>
<td>What are the key features of the research?</td>
<td>9</td>
</tr>
<tr>
<td>How can the research be used?</td>
<td>10</td>
</tr>
<tr>
<td>How can the PartnerBASE™ be used?</td>
<td>11-12</td>
</tr>
<tr>
<td>Who can use the research?</td>
<td>13</td>
</tr>
<tr>
<td>What are some of the key findings?</td>
<td>14-17</td>
</tr>
<tr>
<td>What is the cost and format?</td>
<td>18</td>
</tr>
<tr>
<td>How can the research be purchased?</td>
<td>19</td>
</tr>
</tbody>
</table>
What is the research?

*Global Coalition Loyalty Programs* is a report and related CoalitionBASE™ dataset about the growth in the number and membership of coalition loyalty programs that has occurred globally in recent years and the affinity and partnership marketing opportunities that they offer to a huge range of organisations serving consumers as their customers, members or supporters. In particular, the research suggests that as at mid-2015, 2.07 billion consumers were likely to be members of at least one coalition loyalty program, equivalent to around 28.4% of the world’s population.

Coalition loyalty programs are potentially attractive partners for consumer-facing organisations for several reasons. These include: that they tend to have a high number of members relative to other affinity groups in any given country; that they are generally growing more quickly than other affinity groups; that their membership is often made up of consumers with specific characteristics (e.g. individuals with above average wealth in the case of hotel group schemes); that they incentivise consumers to buy products or services on a regular basis by awarding them points or miles in return; and that they are normally underpinned by sophisticated technology which facilitates advanced customer relationship management and marketing activity.

Indeed, this study is only the world’s second ever systematic analysis of coalition loyalty programs (following an original publication released by Finaccord in 2011) and is based on global research covering 235 such programs active across a very wide range of geographies.
What methodology has been used?

Finaccord’s research for this report was carried out during the first half of 2015. In total, 235 of the world’s leading coalition loyalty programs were investigated, breaking down by country, sector of origin and award mechanism as shown in the pie charts overleaf. This research itself follows on from Finaccord’s preceding analysis of retailer payment and loyalty cards worldwide which was instrumental in identifying many of the programs covered by this study.
How do programs surveyed break down?

**BY COUNTRY**
- Turkey, 7
- Australia, 6
- Canada, 6
- Italy, 6
- Japan, 6
- Russia, 6
- US, 6
- South Africa, 5
- South Korea, 5
- UK, 5
- India, 4
- Philippines, 4
- Spain, 4
- Other single country, 46
- Multi-country, 12
- International, 107

**BY SECTOR OF ORIGIN**
- Airline, 93
- Banking, 31
- Retail, 29
- Hospitality, 18
- Other travel, 9
- Other - specific, 11
- Other - non-specific, 44

**BY TOTAL MEMBERS**
- Less than 1 million, 24
- 1 million to 1.99 million, 24
- 2 million to 2.99 million, 19
- 3 million to 4.99 million, 11
- 5 million to 7.49 million, 16
- 7.5 million to 9.99 million, 9
- 10 million to 19.99 million, 26
- 20 million to 49.99 million, 16
- 50 million or more, 6
- Not disclosed, 65
Which coalition loyalty programs have been researched? (1)

Coalition loyalty programs included in the research are…

- AA Smartfuel
- AAdvantage
- ABSA Rewards
- Advantage
- Aerolíneas Plus
- Aeroplan
- Air Miles (Canada)
- Air Miles (Middle East)
- Air Miles (Netherlands)
- Airpoints
- Alfursan
- Alpha Bonus
- Amigo
- Amtrak Guest Rewards
- ANA Mileage Club
- ANZ Rewards
- Asia Miles
- Asiana Club
- AtlasMiles
- Audience Rewards
- Avios
- Avis Preferred
- Axess
- bahn.bonus

- Barclaycard Freedom
- Basma
- BDO Rewards
- Best Western Rewards
- BIG
- BinterMás
- BLU Members
- Bonus (Aeroflot)
- Bonus (Turkey)
- Bonus Card (Romania)
- Bonus Card (Switzerland)
- BonusLink
- Boomerang Club
- CAA Dollars
- China Rewards
- Choice Privileges
- Club Carlson
- Club ITC
- Club Premier
- CommBank Awards
- Cumulus
- DeutschlandCard
- dotz
- Dynasty Flyer
- EarlyReturns
- Eastern Miles
- eBucks
- Egret Club
- EgyptAir Plus
- eleVate
- Elite Hotels Guest Program
- enJoy Card
- Enrich
- Etihad Guest
- EuroBonus
- EuroClix
- Falconflyer
- Finnair Plus
- Fly Buys
- FlyBuys
- FlyerBonus
- Flying Blue
- Flying Club
- Flying Returns
- Fortune Wings Club
- Free Spirit
- Frequent Flyer
- Frequent Traveller
- Fuel Rewards
- FuelCircle
- Fun Miles
- GarudaMiles
- Genting Rewards
- GetGo
- Globe Rewards
- Gold Circle Club
- Gold Passport
- Golden Lotus Plus
- Golden Panda
- Goopon
- Happy Go Card
- Hawaiian Miles
- HBC Rewards
- Heathrow Rewards
- Hilton Honors
- Hyundai Card
- Iberia Plus
- IHG Rewards Club
- Infinity MileageLands
- Italo Più
- JAL Mileage Bank
- Jet Privilege
- Juneyao Club
- K-Plussa
- KrisFlyer
- Labricard
- LanPass
- Le Club Accorhotels
- Legacy Lifestyle
- LifeMiles
- Mabuhay Miles
- Magna Rewards
- Mahala
- Malina
- Malmö Aviation Frequent Flyer
- Marriott Rewards
- Max Get More
- MaxiCard
- Maximiles (France)
- Maximiles (Italy)
- Maximiles (Spain)
- Maximiles (UK)
- Maximum
- Maybank TreatsPoints
- MedMera Kort
- Megocard
Which coalition loyalty programs have been researched? (2)

... and...

- Membership Rewards
- Mercator Pika
- Meridiana Club
- Mileage Plan
- Mileage Plus
- Miles & Bonus
- Miles & More
- Miles & Smiles
- MilleMiglia
- Mnogo.ru
- More Rewards
- Multiplus
- MultiPlusCard
- Multipont
- MySchool
- MyVillage
- MyPlanet
- MyAirEuropa
- MYER One
- NBK Reward Points
- Nectar (Italy)
- Nectar (UK)
- Norwegian Reward
- Oasis Club
- Octopus Rewards

- Oh! Point
- OK Cashbag
- OK Plus
- OKcard
- Oki Doki
- Panorama Club
- Paro
- PAYBACK (Germany)
- PAYBACK (India)
- PAYBACK (Italy)
- PAYBACK (Mexico)
- PAYBACK (Poland)
- Pegasus Plus
- PhoenixMiles
- PINS
- Plenti
- Plus
- Plus!
- Ponta
- Premia Karta
- PremierMiles
- Privilege Club
- Programa de Puntos RACC

- Punct Card
- R&R
- Rapid Rewards
- RBC Rewards
- RealRewards
- RewardsCentral
- Ripley Puntos
- Rocketmiles
- Royal Orchid Plus
- S’Miles
- S7 Priority
- Säästukaart
- Safar Flyer
- Samsung Card
- SATA IMAGINE
- Scandic Friends
- Shopkick
- Shukran
- Sindbad
- SJ Prio
- Sky Pearl Club
- SkyMiles
- Skypass

- Skywards
- SM Advantage
- Smiles
- Spasibo
- Starwood Preferred Guest
- Stash Hotel Rewards
- Status
- StayCredits
- Super Kartica
- Súper Puntos
- Supercard
- SuperShop
- Sure Loyalty
- Svyaznoy Club
- T Point
- Tata Empower Card
- Tesco Clubcard
- Thanks Again
- The Marco Polo Club
- The Ritz-Carlton Rewards
- Top Club Q
- topbonus
- Toyota More

- Transaero Privilege
- Travel Club
- Travel Miles
- TrueBlue
- trumf
- Tudo Azul
- Turyocio
- Ufly Rewards
- UniClub
- Upromise
- Velocity
- Victoria
- VOILÀ Hotel Rewards
- Voyager
- Webmiles
- WestJet Rewards
- Westpac Altitude Rewards
- Wings
- World
- Wyndham Rewards
- YES!
- you&eni
- ZAP
What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale, description of methodology and other related notes.

2. *Program Overview*: comprising a global overview of the 235 coalition loyalty programs researched including analyses of the launch history, growth and total membership number of these schemes worldwide – including their rates of penetration within the adult population of the country or countries in which they operate – plus reviews of both their approaches to currency earning and redemption (i.e. their number of external partners and the categories to which they belong) and their co-branded cards, and discussion of the likely future directions for coalition loyalty programs at a worldwide level.

3. *Program Profiles*: for each of the 235 coalition loyalty programs investigated, the CoalitionBASE™ dataset contains a profile composed of launch year, approximate number of members and other key facts, the number of partner organisations with which members can collect and redeem points or miles, the sectors in scope in this respect (i.e. air travel, other travel, car hire, hospitality, entertainment, insurance, credit cards, other banking, fuel, other retail, energy, telecoms, general merchandise from a catalogue, and other sectors), and details of co-branded payment cards associated with the program.
What are the key features of the research?

Key features of this report include:

• the world’s most comprehensive research systematically investigating the rapid global development of coalition loyalty programs, including frequent flyer and frequent stayer schemes;

• for the majority of the programs researched, availability of launch year and total member data, illustrating the degree to which they have been successful in attracting members;

• unique analyses plotting the growth in outright number and combined members of coalition loyalty schemes, segmented by sector of origin (i.e. air travel, other travel, banking, hospitality, retail, other - specific, other - non-specific);

• detailed coverage of the degree to which organisations across a range of different sectors are working with coalition loyalty programs as affinity partners as a means of winning new customers and driving incremental revenues out of existing customers;

• identification and evaluation of innovative coalition loyalty program models launched in the more recent past such as China Rewards, Fuel Rewards, Legacy Lifestyle, Oh! Point, PINS, Plenti, Rocketmiles and ZAP.
How can the research be used?

You may be able to use this report and the CoalitionBASE™ that accompanies it in one or more of the following ways:

• to gain access to a reliable and detailed source of information that will provide you with comprehensive information about a concept for nurturing consumer loyalty that is experiencing success on a worldwide basis;

• to understand which coalition loyalty programs are the largest, which have been established the longest, which are growing most quickly and which have achieved the highest rate of penetration within the adult population of the country or countries in which they are active;

• to appreciate how programs developing out of the banking, retail and other sectors (such as automotive, energy, entertainment, fuel, insurance and telecoms) are catching up with the frequent flyer and frequent stayer schemes of airlines and hotel groups, respectively;

• to develop an international strategy for your own organisation to create partnerships with coalition loyalty programs that is fully informed by wide-ranging research on the subject conducted at a global level.
How can the CoalitionBASE™ be used? (1)

LAUNCH YEAR, APPROXIMATE NUMBER OF MEMBERS AND OTHER KEY FACTS

Launch year
2011

Approximate number of members as at mid-2015 (million)
1.6

Principal web page
www.aa.co.nz/aasmartfuel

Country (or countries) in which active
New Zealand

Owner
AA New Zealand

See launch year, number of members and other key facts (e.g. AA Smartfuel)

View external currency-earning and currency-redemption partners (where ten or fewer) (e.g. HBC Rewards)

CURRENCY-EARNING AND CURRENCY-REDEMPTION METRICS

Number of external currency-earning partners
9

Identity of external currency-earning partners (if ten or fewer)
Air Miles, AskingCanadians, Canada Life, CanadianForex, Optima Insurance Group, Esso Extra Points, SecuriGlobe, True North Mortgage, Western Financial Insurance

Number of external currency-redemption partners
8

Identity of external currency-redemption partners (if ten or fewer)
Air Miles, Beauty Gives Back, Canadian Athletes, Canadian Red Cross, Esso Extra Points, Habitat for Humanity Canada, HBC Foundation, The Breast Cancer Research Foundation

Source: Finaccord CoalitionBASE™
How can the CoalitionBASE™ be used? (2)

**CURRENCY-EARNING AND CURRENCY-REDEMPTION CATEGORIES**

<table>
<thead>
<tr>
<th>Category</th>
<th>Currency earning</th>
<th>Currency redemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air travel</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Other travel</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Car hire</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Hospitality</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Entertainment</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Insurance</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Credit cards</td>
<td>✓</td>
<td>n/a</td>
</tr>
<tr>
<td>Other banking</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Fuel</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Other retail (not catalogue)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Energy</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Telecoms</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>General merchandise (catalogue)</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Other</td>
<td>✓</td>
<td>✗</td>
</tr>
</tbody>
</table>

**CO-BRANDED PAYMENT CARDS**

- **Co-branded payment card(s) available?** Yes
- **Payment network(s)**
  - American Express, MasterCard, Visa
- **Card issuer(s)**
  - Banco de Bogotá, Banco de Occidente, Banco Itaú, Banco Pichincha, BBVA Francés, BCP, Santander, U.S. Bank

Source: Finaccord CoalitionBASE™

Filter information concerning co-branded credit card programs (e.g. LanPass)

Understand currency-earning and currency-redemption categories for each program (e.g. Megacard)
Who can use the research?

1. **Loyalty management companies**: owners of coalition loyalty schemes include dedicated loyalty management firms as well as airlines, banks, hotel groups, retailers and other types of organisation - this report is the most comprehensive worldwide review of your market;

2. **Payment card issuers and networks**: Finaccord’s research establishes that at least one co-branded payment card has been developed in association with 168 (over 70%) of the 235 coalition loyalty programs investigated - the share of partnerships of card issuers and brands is detailed in full;

3. **Banks, insurers and firms offering emerging payment means**: coalition loyalty programs also provide a potential gateway to a huge number of consumers for other financial institutions including both mainstream and niche banks, insurance companies and providers of mobile and other emerging payment services;

4. **Other consumer-facing organisations**: coalition loyalty programs additionally constitute a compelling affinity marketing opportunity for other international consumer-facing organisations which could include companies from sectors as diverse as car hire, computing, electronics, energy, entertainment, floristry, food service, hospitality, media, travel and telecoms;

5. **Management consultancies**: are you helping a client firm to understand its own strategy with respect to coalition loyalty programs? This study will provide you with rapid global insight into the subject, saving time and effort on researching the subject yourself.
What are some of the key findings? (cont.)

1. Having risen above 2 billion, the total number of members of coalition loyalty programs worldwide is likely to have doubled between 2010 and 2015

Estimated total number of members of coalition loyalty program worldwide (billion)

- Airline
- Banking
- Hospitality
- Retail
- Travel (ex. airline)
- Other (specific)
- Other (non-specific)

Source: Finaccord CoalitionBASE™

Note - data is estimated using the information gathered for the 235 coalition loyalty schemes investigated for this report as a basis with no adjustment made for individuals who are members of more than one scheme.
What are some of the key findings?

2. Across the total of 235 programs, it is most commonly the case that members can earn currency from entities in the credit card, hospitality, non-catalogue retail, miscellaneous other and air travel categories.

Category penetration within global coalition loyalty program currency-earning and currency-redemption systems.

Source: Finaccord CoalitionBASE™
What are some of the key findings? (cont.)

3. Further evidence for the growing popularity of coalition loyalty programs can be seen from the fact that major retail brands worldwide are adhering to them to an increasing extent.

% segmentation of 6,000+ major retail brands worldwide according to adherence to coalition and / or proprietary loyalty programs

Source: Finaccord research
What are some of the key findings? (cont.)

4. Key findings from the executive summary include:

• around 2.07 billion consumers worldwide are likely to be members of at least one coalition loyalty program, which is equivalent to around 28.4% of the world’s adult population, and this number has almost doubled since 2010 given an estimate of 1.07 billion for that year;

• the programs that have achieved the highest rates of penetration among the total adult population (aged over 18) of the country or countries in which they are active are South Korea’s OK Cashbag (operated by SK Corporation) and Finland’s K-Plussa (operated by Kesko);

• across all 235 programs, the average number of external currency-earning partners per program at the time of the research was 92.9 with an equivalent figure for external currency-redemption partners of 72.7;

• looking ahead, the established model of accumulating program currency through expenditure for future redemption on rewards can be expected to expand further in new directions such as earning opportunities related to lifestyle choices and redemption opportunities linked to members’ social or emotional goals such as gaming, social media activity and making charitable donations;

• moreover, the evolving behaviour and needs of program members, especially so-called ‘millennials’, means that loyalty cards will be superseded gradually by mobile device apps that perform multiple functions in addition to currency redemption, and that will be tied to mobile wallet providers.
What is the cost and format?

Global Coalition Loyalty Programs is available as a standard PDF document. The CoalitionBASE™ that accompanies it at no further charge is in Excel format. Costs for this research set and selected other comparable, international titles are as follows:

<table>
<thead>
<tr>
<th>REPORT</th>
<th>PRICE *</th>
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<tbody>
<tr>
<td>Global Coalition Loyalty Programs</td>
<td>USD 3,495</td>
</tr>
<tr>
<td>Global Automotive Manufacturers: Strategies in Finance, Insurance, Warranties and Assistance</td>
<td>USD 4,195</td>
</tr>
<tr>
<td>Global Bancassurance: Product and Partnership Strategies of the World’s Leading 150 Retail Banking Groups</td>
<td>USD 5,595</td>
</tr>
<tr>
<td>Global Bancassurance: Product and Partnership Strategies of the World’s Leading 500 Retail Banking Groups</td>
<td>USD 11,195</td>
</tr>
<tr>
<td>Global Emerging Payment Means: A Worldwide Review</td>
<td>USD 2,795</td>
</tr>
<tr>
<td>Global Expatriates: Size, Segmentation and Forecast for the Worldwide Market</td>
<td>USD 4,195</td>
</tr>
<tr>
<td>Global Mobile Operators: Strategies in Payments, Banking, Insurance and Assistance</td>
<td>USD 4,195</td>
</tr>
<tr>
<td>Global Retailers: Strategies of the World’s Top 120 Retailing Groups in Payments, Banking, Insurance and Assistance</td>
<td>USD 3,495</td>
</tr>
</tbody>
</table>

For Singapore-based clients, GST at the prevailing rate will be added to the basic price. Costs quoted are for a single site user licence only. For a corporate user licence, please see the final slide for further details. Invoices can be paid in EUR or GBP, at the prevailing exchange rate, if preferred.
How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord website, create your account (if you do not have one already) and place your order online. Products paid for online by card will be delivered immediately by e-mail but please allow up to one working day for delivery by e-mail if you choose to pay on receipt of invoice.

With regards to the corporate user licence, you will be asked to choose one of the following options:
1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

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