

Global Coalition Loyalty Programs

**Affinity Marketing Opportunities for Financial Services
Institutions and Other Organisations**

Report Prospectus

February 2011

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Prospectus contents

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What is the research?

Global Coalition Loyalty Programs: Affinity Marketing Opportunities for Financial Services Institutions and Other Organisations is a report 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 financial services institutions, especially banks and insurance companies, and other organisations. In particular, the data collected for this study suggests that almost 650 million consumers are likely to be members of at least one coalition loyalty program, which is equivalent to around 14.4% of the world's adult population.

Coalition loyalty programs are potentially attractive partners for banks, insurers and other 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 incentivize 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 marketing actions.

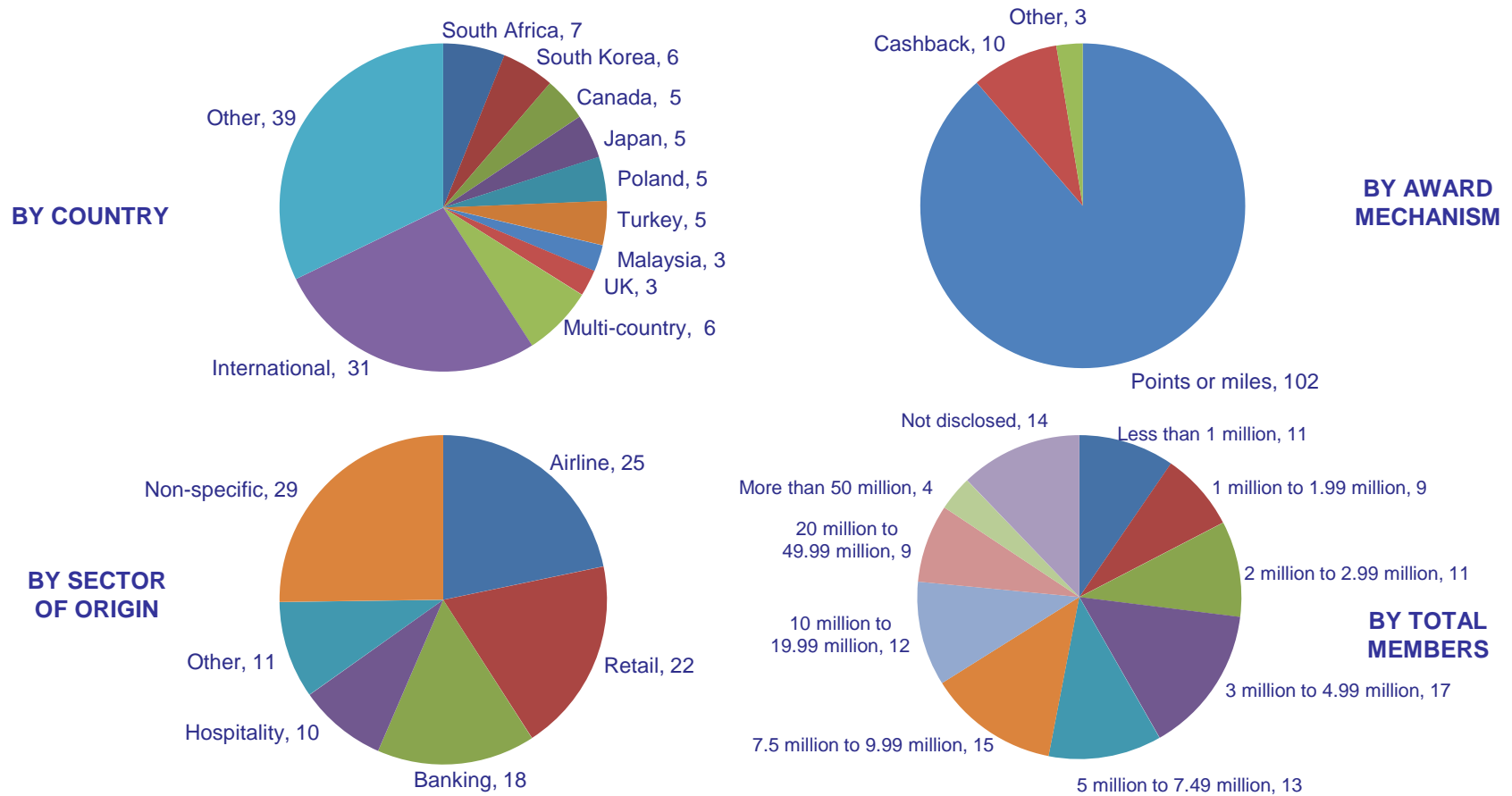
Indeed, this study is the world's first ever systematic analysis of coalition loyalty programs and is based on research covering 115 such programs active across a very wide range of countries.

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What methodology has been used?

Finaccord's research for this report was carried out between November 2010 and January 2011. In total, 115 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 previous 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?



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Which coalition loyalty programs have been researched?

Coalition loyalty programs included in the research are:

5Plus	CashReturns	Hyatt Gold Passport	Najm JCB	S-Etukortti
A Club	Choice Privileges	Hyundai Card	NBK Reward Points	Shukran
AAdvantage	CMR Puntos	Iberia Plus	NCB Loyalty	Sky Pearl Club
ABSA Rewards	DeutschlandCard	i-mint	Nectar Italy	SkyMiles
Advantage	Discovery Vitality	Infinity Rewards	Nectar UK	Skypass
Aeroplan	Dividend Miles	JAL Mileage Bank	OK Cashbag	Skywards
Agribonus	dotz	K-Plussa	OKcard	Smiles
Air Miles Middle East	eBucks	Labicard	OnePass	Starwood Preferred Guest
Air Miles Netherlands	Enel Premia	Lotte Card	PAYBACK	Supercard
Airmiles UK	enJoy Card	Mahala	Pika	SuperShop
ANA Mileage Club	Executive Club	Malina	Plus	Top Club Q
Asia Miles	FlyBuys	Marriott Rewards	pomm	Toyota More
Asiana Club	Flying Blue	Max Medicum	Ponta	T-Point
Axess	Flying Club	Maximiles	Premia Karta	Travel Club
Barclaycard Freedom	Frequent Flyer	Maximum	Premium Club	TrueBlue
Basma	Friendship Card	Maybank TreatsPoints	Priority Club	Turyocio
Bene+	Furora	M-CUMULUS	RealRewards	UOB Rewards
Best Western Rewards	Futura Rewards	MedMera Kort	RewardsCentral	Upromise
BLU Members	goldpoints plus	Mileage Plus	Ripley Puntos	Vacation Rewards
Bonus	Goopon	Miles & More	S'Miles	Wafapoints
BonusLink	Happy Go Card	More Rewards	Säästukaart	Webmiles
BSW	HBC Rewards	Multiplus Fidelidade	Samsung Card	World
CAA Dollars	HHonors	Multipont	ServiClub	Wyndham Rewards

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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 115 coalition loyalty programs researched including analyses of the launch history, growth and total membership number of such schemes worldwide followed by coverage of the financial services associated with these programs with separate consideration given to co-branded payment cards, other banking products (e.g. current / savings accounts, mortgages), insurance and assistance products (e.g. motor insurance, household insurance), and other financial products (e.g. identity theft assistance, travel money).

3. *Program Profiles*: for each of the 115 coalition loyalty programs investigated, this section contains a profile composed of an introduction, launch year and membership data details, a summary of member collection and reward mechanisms, identification of related co-branded payment cards, a listing of other financial services institutions affiliated to the program with which members can earn points, miles or cashback, and an overview of partner organisations from other sectors such as airlines, car hire firms, hotel groups, retailers, and travel entities.

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What are the key features of the research?

Key features of this report include:

- the world's first ever report systematically investigating the rapid global development of coalition loyalty programs, including frequent flyer and frequent stayer schemes;
- for the vast majority of the programs researched, availability of launch year and total membership 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. airline, banking, hospitality, retail, other, non-specific);
- detailed coverage of the degree to which banks and insurance companies are working with coalition loyalty programs as affinity partners for winning new customers and driving incremental revenues out of existing customers;
- consideration of the opportunities for other consumer-facing organisations to establish marketing relationships with coalition loyalty programs for a variety of different purposes.

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How can the research be used?

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

- 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;
- 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 their target consumer market;
- appreciate how programs developing out of the banking, retail and other sectors (such as energy, healthcare, insurance and telecoms) are catching up with the frequent flyer and frequent stayer schemes previously launched by airlines and hotel groups;
- develop an international strategy for your own financial institution or other consumer-facing organisation to create partnerships with coalition loyalty programs, benefiting from knowledge of what your competitors are doing in this field.

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How can the PartnerBASE™ be used?

Program name	Country	Owner(s)	Year launched	MOTOR INSURANCE Offered?	Operating model	Partner(s)
Miles & More	International	Lufthansa	1993	Yes	Multiple partners	Asstel Versicherung, Zurich Connect
More Rewards	Canada	Overwaitea	1992	Yes	Single partner	Canadian Direct Insurance
Multiplus Fidelidade	Brazil	TAM	2009	Yes	Multiple partners	Cisi & Calvente Seguros, Unique Brokers
NCB Loyalty	Saudi Arabia	National Commercial Bank	not disclosed	Yes	Single partner	Trade Union Co-operative Insurance
Nectar Italy	Italy	Groupe Aéroplan / Oney (Auchan)	2010	Yes	Single partner	Quixa (AXA)

Select country (points to Country column)
Search by owner (points to Owner(s) column)
Filter by year (points to Year launched column)
Choose financial product (points to MOTOR INSURANCE Offered? column)
Look up specific programs (points to Program name column)
Choose operating model (points to Operating model column)
Identify existing product partners (points to Partner(s) column)

Note 1 - other searchable fields include award mechanism type, sector of origin and approximate number of members.

Note 2 - other financial products covered include accident insurance, co-branded payment cards, current / savings accounts, health insurance, home assistance, household insurance, investments, life insurance, mortgages, personal loans, pet insurance, road assistance, travel insurance and unbranded payment cards.

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Who can use the research?

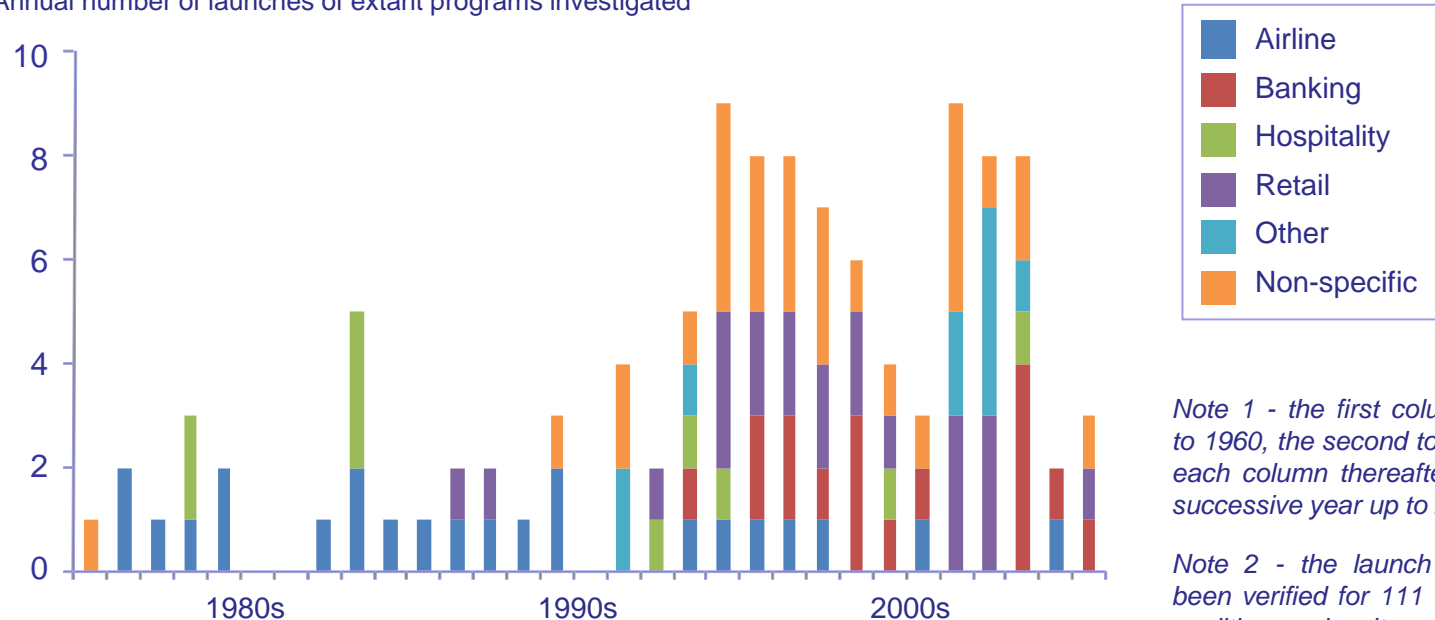
1. *Loyalty management companies:* owners of coalition loyalty schemes include dedicated loyalty management firms as well as airlines, banks, hotel groups and retailers - in effect, this report is the first ever worldwide review of your market;
2. *Payment card issuers and networks:* Finaccord's research establishes that at least one co-branded payment card has been developed in association with 92 (80%) of the 115 coalition loyalty programs investigated - the share of partnerships of issuers and networks is detailed in full;
3. *Banks and insurance companies:* coalition loyalty programs also provide a gateway to a huge number of consumers for other financial services institutions including providers of niche products, such as boat / yacht insurance and home assistance, as well as mainstream financial products;
4. *Other consumer-facing organisations:* coalition loyalty programs also constitute an exciting affinity marketing opportunity for other international consumer-facing organisations which could include companies from sectors as diverse as computing, electronics, energy, floristry, food service, media 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.

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What are some of the key findings?

1. While initially dominated by frequent flyer and frequent stayer programs, scheme launches have come increasingly from alternative sectors such as banking and retail in more recent years

Annual number of launches of extant programs investigated



Note 1 - the first column refers to 1960, the second to 1981 and each column thereafter to each successive year up to 2010.

Note 2 - the launch year has been verified for 111 of the 115 coalition loyalty schemes investigated.

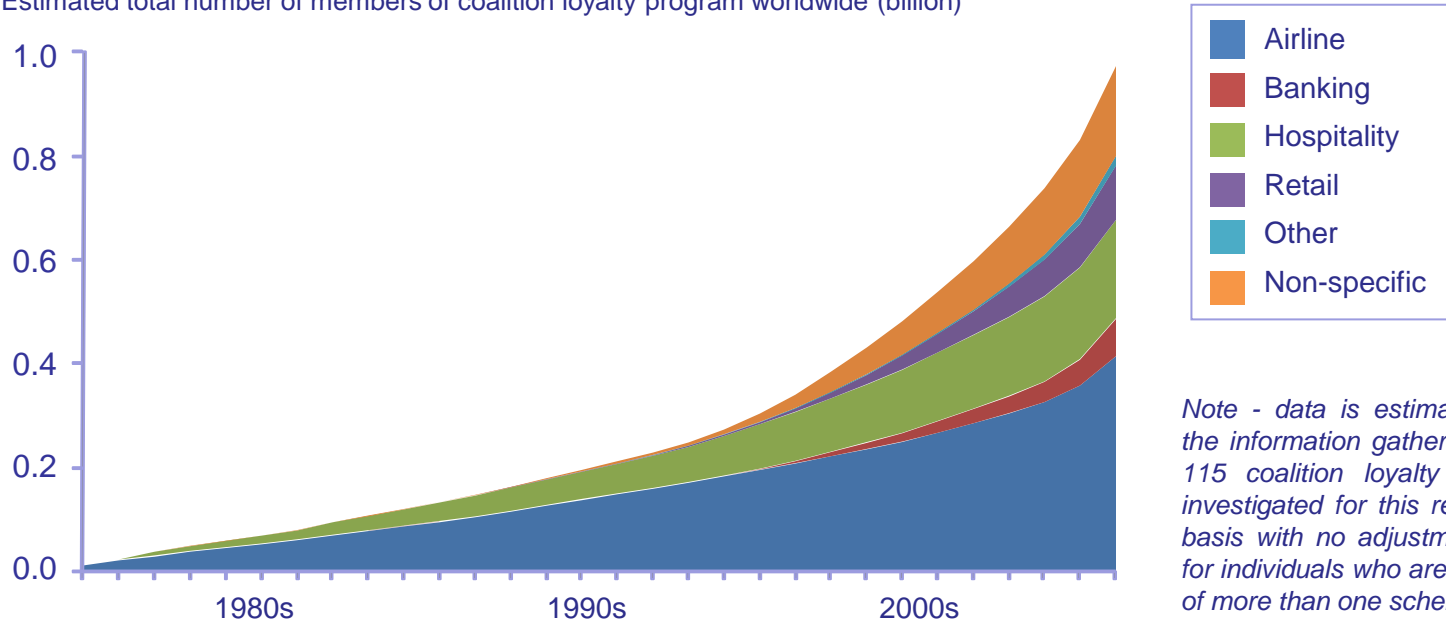
Source: Finaccord PartnerBASE™ for Global Coalition Loyalty Programs

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What are some of the key findings? (cont.)

2. The total membership of coalition loyalty programs worldwide is likely to exceed one billion in 2011

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



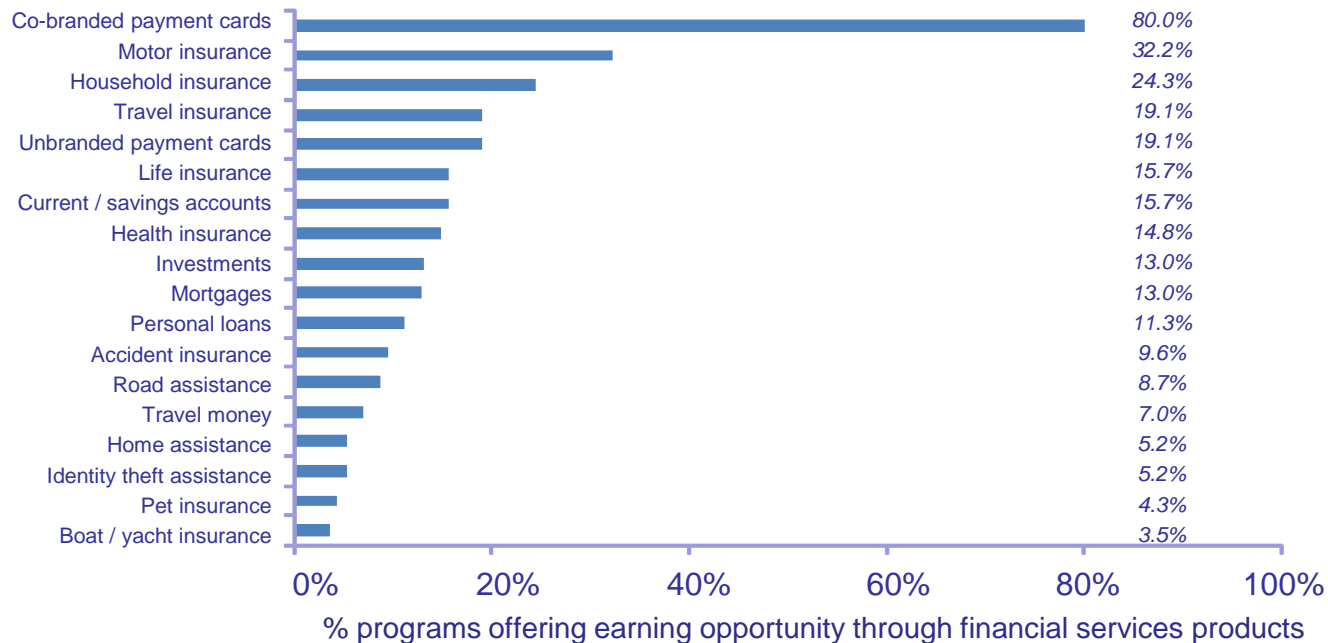
Note - data is estimated using the information gathered for the 115 coalition loyalty schemes investigated for this report as a basis with no adjustment made for individuals who are members of more than one scheme.

Source: Finaccord PartnerBASE™ for Global Coalition Loyalty Programs

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What are some of the key findings? (cont.)

3. As a means of earning points, miles or cashback, issuers of co-branded payment cards are, among financial services institutions, those that are most likely to have created affinity partnerships with coalition loyalty programs



Source: Finaccord PartnerBASE™ for Global Coalition Loyalty Programs

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What are some of the key findings? (cont.)

4. Key findings from the executive summary include:

- including consumers who are members of more than one scheme, Finaccord estimates that coalition loyalty programs around the world possessed total membership of around 974.7 million individuals in 2010, breaking down as follows by sector of origin: airlines - 416.5 million; hospitality - 189.2 million; non-specific - 173.7 million; retail - 104.3 million; banking - 71.6 million; other - 19.4 million;
- moreover, Finaccord believes that the total number of members across all coalition programs worldwide is continuing to increase at an average of slightly over 12% each year, an advance that is driven both by new scheme launches and by the continuing growth of existing programs;
- in descending order of their number of partnerships, American Express, Bank of America (including MBNA), Citibank, Barclays, GE Capital (including GarantiBank and Hyundai Card which GE Capital co-owns), Diners Club, Chase and HSBC are the firms that possess the most relationships as issuers of co-branded cards with coalition loyalty programs around the world;
- generally speaking, there is little compelling evidence to suggest that insurance providers have looked at coalition loyalty programs as a global marketing and distribution option: rather, initiatives are most typically made at a national level by the local subsidiaries of international insurance groups or by other insurance entities focused on the specific country in question.

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What is the cost and format?

Global Coalition Loyalty Programs: Affinity Marketing Opportunities for Financial Services Institutions and Other Organisations is available as a standard *Adobe Acrobat* PDF document and / or hard copy. The *PartnerBASE™* that accompanies it at no further charge is in *Microsoft Excel* format. Costs for this research set and selected other comparable, international titles are as follows:

REPORT	COST *	FORMAT
Global Coalition Loyalty Programs: Affinity Marketing Opportunities	GBP 1,995	c. 145 pages
Global Retailer Cards: Co-Branded, Loyalty and Private Label Programs	GBP 3,995	c. 550 pages
Global Retailer Insurance: Affinity Schemes in Supermarkets and Other Stores	GBP 2,495	c. 210 pages
Retailer Financial Services in Asia Pacific and the Middle East	GBP 2,495	c. 280 pages
Retailer Financial Services in Eastern and South-Eastern Europe	GBP 1,495	c. 170 pages
Retailer Financial Services in Northern and Central Europe	GBP 1,495	c. 240 pages
Retailer Financial Services in North and Latin America	GBP 1,995	c. 225 pages
Retailer Financial Services in Southern and Western Europe	GBP 1,495	c. 170 pages

VAT at the prevailing rate will be added to the basic price for UK-based buyers except for where the request is for hard copy only. Costs quoted are for a single site user license only. For a corporate user license options, please see the next slide for further details. Invoices can be paid in EUR, at the prevailing exchange rate, if preferred.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_global_apmr.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user license, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user license** please 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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