
WHO CASHES IN ON CARDLYTICS' BANK LOYALTY PROGRAMS?



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As emerging technologies such as streaming video, on-demand ride services, and shared vacation rentals continue to disrupt established industries, customers have become more empowered—and more discerning—than ever before. Like players in other industries, banks are impacted by consumers' evolving preferences.

At Cardlytics, we look closely at how customers engage with their banks and our bank marketing solution, an online and mobile bank loyalty program that helps customers earn cash back on things they already like and buy.

By evaluating customer behavior across our 1,500+ financial institution partners, we identify how banks can increase engagement amidst the changing demands of their customers.

REPORT OVERVIEW

Among those using Cardlytics' online and mobile banking rewards programs, we found three key trends that banks can leverage to strengthen their customer experience and overall marketing strategy:

1



Young professionals and families are the most engaged

2



Mobile-first users check for rewards twice as often as online-first users

3



Emails garner high engagement

Read on to learn more about Cardlytics' bank loyalty users and how to keep them continuously engaged while providing great value.

HOW CARDLYTICS' BANK MARKETING SOLUTION WORKS

Through Cardlytics' exclusive bank marketing solution, customers receive relevant and valuable advertiser offers through their online and mobile banking experience. Customers can save money on their everyday purchases when they use their credit cards, debit cards, or bill pay services.

Using data from past transactions, Cardlytics' program provides relevant and timely offers that customers can redeem in three simple steps:



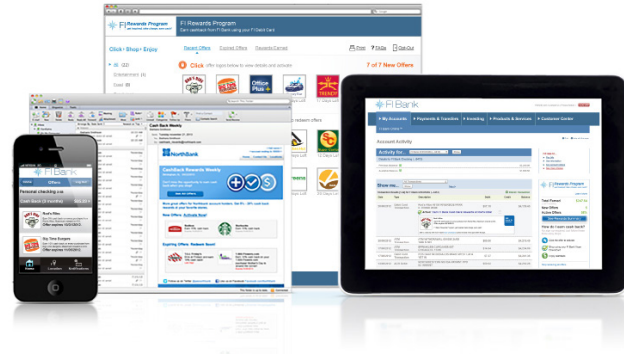
Click to activate personalized offers



Shop with ease either in-store or online—no codes or coupons necessary



Earn rewards that are automatically credited to their account



Cardlytics' proprietary technology was built with privacy in mind. Our patented, distributed architecture allows purchase information to be processed within a financial institution's own secure firewalls without any personally identifiable information ever leaving the bank.



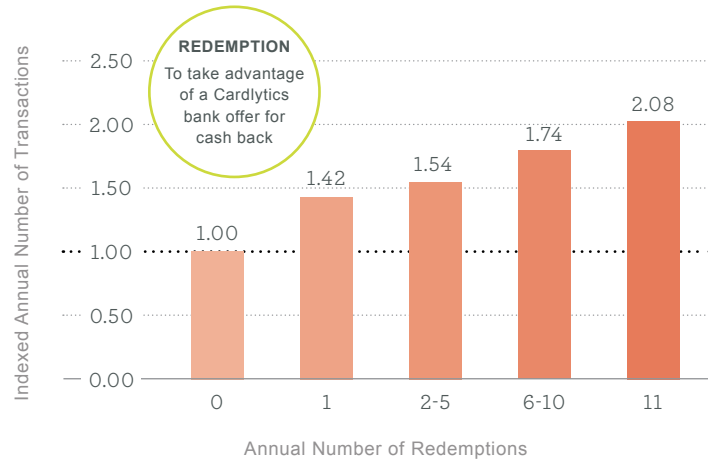
TREND #1: YOUNG PROFESSIONALS AND FAMILIES ARE THE MOST ENGAGED

Cardlytics' marketing solutions appeal to some of the most desirable customers in the market transitioning through new life stages. Customers ages 30-39 demonstrate the highest engagement levels across the Cardlytics network, redeeming the most offers per customer out of any age group. This group not only includes young professionals and parents with young children, but also the oldest millennials—all customers entering new life stages and open to exploring new ways to save for the future. Millennials ages 18-29 are nearly as engaged as their older counterparts, coming in a close second in terms of reward engagement.

What does this mean for banks?

Strong program engagement translates to higher and more frequent spending behavior.

AS REDEMPTIONS RISE, SO DO TRANSACTIONS



On average, customers who redeem at least one targeted bank reward make nearly **57%** more transactions per year with that bank account than customers who do not use the program.

Redemptions can also drive significant growth in overall spending volume. A customer's first redemption increases their spending by **5%** for that month and drives sustained growth for months to come—even if customers do not redeem each month.¹ A targeted rewards solution for these valuable customers helps banks drive new meaningful bank revenue and build deeper relationships. In fact, Cardlytics' bank partners have seen their net promoter scores increase by as much as 19 points after implementing Cardlytics' bank marketing solution.

¹ The Benefits of Card-Linked Marketing for Financial Institutions (Cardlytics 2014): <http://www.cardlytics.com/research/#financial>

CONVENIENT AND CURATED BRAND EXPERIENCES STRONGLY RESONATE WITH BANK LOYALTY USERS

REGULAR REDEEMERS ARE...

25%

MORE LIKELY TO RIDE WITH UBER

25%

MORE LIKELY TO LISTEN TO SPOTIFY

30%

MORE LIKELY TO WATCH NETFLIX

...THAN CUSTOMERS WHO DO NOT REDEEM.

In terms of how millennials, young professionals, and families are engaging with the program, frequent bank loyalty users tend to favor convenient and curated brand experiences. In particular, these customers show an affinity for tech-savvy brands that provide easy on-demand service.

Other merchants that score high with deal-seeking customers include online subscription services such as Nature Box, BarkBox, and Dollar Shave Club. With these subscription brands, customers sign up online to receive monthly packages containing a curated sampling of quality products personalized just for them (or their pets). These brands offer personalized, frictionless experiences appreciated by the 18-39 year old audience. To win, retain, and grow with these key customers, banks can offer a similar seamless, curated experience.

The rewards environment is a great place to promote valuable financial products and services

Consumers in their 20s and 30s experience key turning points in their financial lives; they're out of school, earning incomes, opening credit and savings accounts, buying homes, and raising young families.

At these key transition points, banks have the opportunity to deepen relationships by engaging customers with timely, relevant offers and information.

From signing up for a first credit card before heading to college, to opening a joint checking account with a spouse, to getting a mortgage for a new home—Cardlytics' unique insight into consumer purchase behavior can empower banks to better understand where their customers are in their lives and what matters most to them.

By promoting relevant financial products and education, banks can help customers successfully navigate their biggest financial decisions while driving additional loyalty.

ACTIONABLE IDEAS

Use Cardlytics' marketing solution to deliver more exclusive offers for the brands that support customers' demands and aspirations.



Leverage Cardlytics' insights to promote relevant bank products that simplify customers' financial lives, deliver great value, and provide compelling experiences.



Find customers who have signed up for recurring online subscription services and send them more information about online bill pay and other money transfer services.



TREND #2: MOBILE-FIRST USERS CHECK FOR REWARDS TWICE AS OFTEN AS ONLINE USERS

Consumers want easy access to relevant offers while on the go. Engaging consumers early via mobile can set the stage for significantly higher engagement in the future.

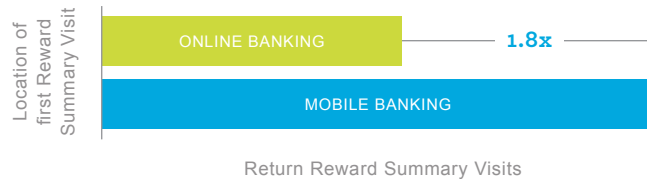
In 2015, mobile banking applications made a strong first impression with deal-seeking customers. **Customers who visited their Reward Summary for the first time in mobile returned to view their offers twice as often as customers who first viewed their offers while browsing their online banking websites.** This creates twice as many opportunities for customers to earn cash back and for banks to engage customers throughout the day.



MOBILE REWARD SUMMARY

Page within the customer's banking application that lists all of their offers in one place

MOBILE-FIRST CUSTOMERS CHECK THEIR OFFERS ALMOST TWICE AS OFTEN



Mobile fosters continuous engagement

On average, mobile offer activations—the number of rewards that have been selected on a mobile device—stay consistent throughout the entire week and occur at all waking hours. Conversely, offer activations within online banking are higher during the work week but drop off significantly on weekends.

During the work week, the majority of online banking activations occur between 8:00 a.m. and 4:00 p.m., suggesting that customers do most of their online banking while they are busy (or perhaps not so busy) at the office.

To keep customers engaged throughout the week and into the weekend, banks can take advantage of mobile-specific features such as geolocation and push notifications to reach customers while they are on the go and ready to make purchases away from their desks.

ACTIONABLE IDEAS

Invest in mobile functionality such as geolocation and real-time notifications to further spark engagement. These features will influence customer spending during off-peak times and while they are out and about.



Promote your mobile application to customers who are only accessing their statements through your online banking site.

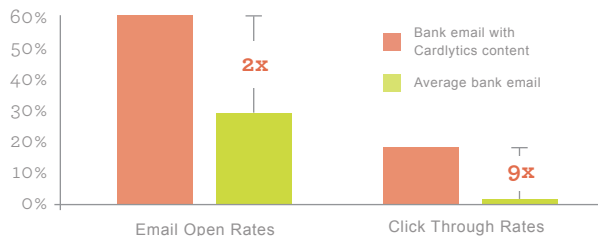


TREND #3: EMAILS GARNER HIGH ENGAGEMENT

Cardlytics' marketing solution doubles as an email content machine. In Cardlytics' recent Consumer Engagement Survey, all customers—whether online banking, mobile-first, or both—agreed: email is their favorite channel for offer-related communications.² Cardlytics' data show that customers are not only reading these emails more often, but they are acting on them. **Bank emails featuring Cardlytics content drastically outperform the average bank CRM email, demonstrating a 2x lift in open rates and a 9x lift in click-through rates.**

Higher email open rates translate into greater marketing influence. For example, Cardlytics' top-performing rewards email—which informs customers of missed reward opportunities on past purchases—drives a **65%** increase in activation rates and **110%** lift in redemption rates for the featured advertiser. In other words, sending dynamic rewards-related email content has a big impact on bank customers' spending behavior.

BANK EMAILS FEATURING CARDLYTICS CONTENT DRAMATICALLY OUTPERFORM THE AVERAGE BANK EMAIL



Automated email alerts give customers an even faster way of accessing relevant, money-saving information on-the-go. Because these alerts are opt-in, the customers reached are fewer but naturally more engaged.

Customers that subscribe to email alerts make up only **3.4%** of the program user population but account for **27%** of all network redemptions. They also redeem at a **42%** higher rate than their non-alerts counterparts. **Alerts also translate into increased bank engagement. These customers swipe their cards twice as often and spend twice as much as customers who do not leverage alerts-based emails.** Encouraging customers to sign up for email alerts is an easy way to establish a regular stream of communication that produces measurable bank results.

ACTIONABLE IDEAS

Increase email communications about specific advertiser rewards to keep the program top-of-mind and drive more redemptions.



Include a "subscribe for email alerts" button in all of your emails to unlock a valuable new stream of communication with your customers.



² Consumer survey conducted by Cardlytics in fall 2015; survey of over 500 of a top-10 bank's cardholders to better understand their awareness, program usage, and preferences around bank loyalty program and coupons services in general.

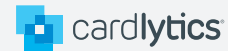
CONCLUSION

Banks are positioned to thrive in the midst of current tech disruption. Through deep insight into how cardholders spend their money every day, banks can uniquely provide their customers with relevant time- and money-saving information. Adopting innovative practices such as offering a robust mobile banking app, sending dynamic email content, or providing curated advertiser offers will help banks win, engage, and deepen relationships with customers.

FOR MORE INSIGHTS AND STRATEGIES, CONTACT INFO@CARDLYTICS.COM.

ABOUT CARDLYTICS

Cardlytics uses purchase intelligence to make marketing more relevant and measurable. We partner with more than 1,500 financial institutions to run their banking rewards programs that promote customer loyalty and deepen banking relationships. In turn, we have a secure view into where and when consumers are spending their money. We use these insights to help marketers identify, reach, and influence likely buyers at scale, as well as measure the true sales impact of marketing campaigns.



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