

Credit Card Rewards – Consumer Insights

Key Insights

1. Credit Card Rewards Programs Most Popular with Consumers

76% of consumers indicated they were members of credit card rewards programs compared to 27% who are members of debit card rewards programs.

2. Rewards Membership Influences Credit Card Usage

71% of consumers who are members of a credit card rewards program indicated that their membership was at least ‘somewhat’ influential in their decision of which credit card to use.

3. Cash Back Most Preferred Reward for Credit Card Rewards Programs

Cash back tops the list as most preferred reward for credit card rewards members. 56% of credit card rewards program members indicated they are currently receiving “cash back” rewards.

4. Most Consumers Not Willing to Pay Higher Rate for Rewards

Nearly two-thirds (65%) of consumers who are members of credit card rewards programs are NOT willing to pay a higher rate for a credit card with loyalty rewards.

5. Credit Card Programs Considered Most Unique by Consumers

16% of consumers mentioned credit card rewards programs as being the most unique with mentions for American Express (5%) and Discover (2%).

About this study

First Data Competitive Intelligence conducted the Consumer Loyalty Study with over 1,000 U.S. consumers in July 2008. The study focuses on rewards programs with Financial Institutions (FIs), the travel sector and the retail sector. This CI Market Brief provides consumer insights regarding credit card rewards. All 1,000 respondents were asked core questions related to their rewards program memberships and needs. 200 of those respondents answered detailed questions about their credit card rewards programs.

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Key Insight #1: Credit Card Rewards Program Most Popular with Consumers

A large majority of consumers surveyed (76%) belong to a credit card rewards program with the average number of memberships being 2.1 per consumer. Consumers who belong to credit card rewards programs are very active members with 89% of members indicating they have used the program at least once since signing up. In comparison, only 27% of consumers surveyed belong to a debit card rewards program with an average number of memberships being 1.1 (tied to the consumer's DDA account).

Membership by Industry

Industry Type	% of People Who Belong to Rewards Program	% "Active" Memberships* (Among Total Memberships)	Average Number of Memberships (per Participant)
Credit Card	76%	89%	2.1
Airline	65%	75%	2.5
Grocery	62%	91%	2
Specialty Retail	51%	89%	2.1
Hotel	49%	75%	2.3
Internet	38%	92%	1.7
Pharmacy	36%	91%	1.2
Debit card	27%	85%	1.1
Entertainment	24%	93%	1.4
Rental Car	22%	76%	1.8
Department Store	21%	91%	1.6
Gas / Fuel	18%	93%	1.3
Fast Casual	18%	88%	1.6
Coffee	16%	95%	1.3
Gaming Rewards	16%	87%	2.5
Discount Store	12%	93%	1.3
Other Banking	11%	91%	1.3
Fast Food	6%	90%	1.4

* For the purpose of this study, "active" is defined as follows: having used the rewards at least once since signing up for it.

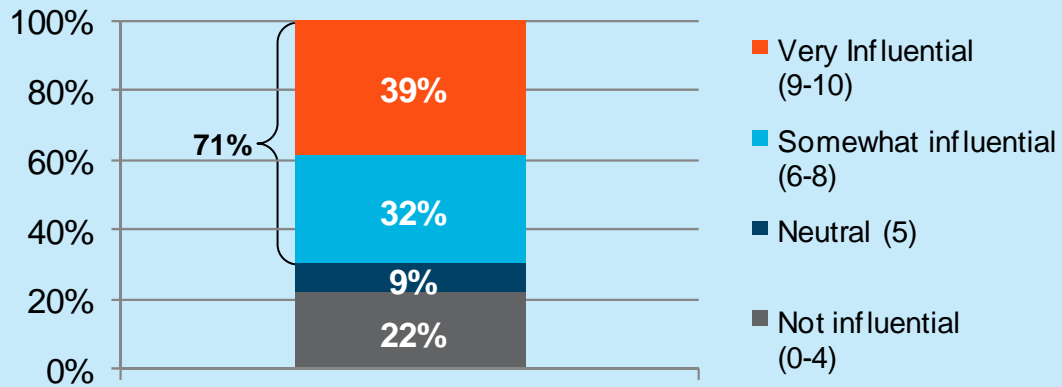
Date: July, 2008

N = 1,000

Key Insight #2: Rewards Membership Influences Credit Card Usage

39% of consumers who are members of credit card rewards programs indicated that membership was "Very" influential in deciding which credit card to use. An additional 32% said membership was "Somewhat" influential to their credit card usage.

Influence of Loyalty Membership On Credit Card Usage



Date: July, 2008

N = 200

Key Insight #3: Cash Back Most Preferred Reward for Credit Card Rewards Programs

“Cash back” was identified as the most preferred reward by consumers for both credit card and debit card reward programs. More than half (56%) of the consumers who are members of credit card rewards programs indicated that they were currently receiving this type of reward. “Points or miles redeemable for merchandise or upgrades” was rated by both credit and debit card rewards members as their second most preferred reward.

Credit Card Rewards Program

Preferred Rewards (in Order from Most to Least Preferred)	Percent Receiving Rewards
1.) Cash Back	56%
2.) Points or Miles Redeemable for Merchandise or Upgrades	47%
3.) Prepaid / Gift Cards	30%
4.) Free Merchandise or Upgrades	27%
5.) Money Added to a Prepaid / Gift Card	8%
5.) Discounted Prices for Merchandise or Upgrades	17%
7.) Discounts or Rebates on Gas	13%
8.) Discounts at the Point of Sale	0%
9.) Special Members-Only Benefits	14%
9.) Coupons for Discounts on Specific Items	14%
11.) Coupons for Discounts on Total Purchase	10%

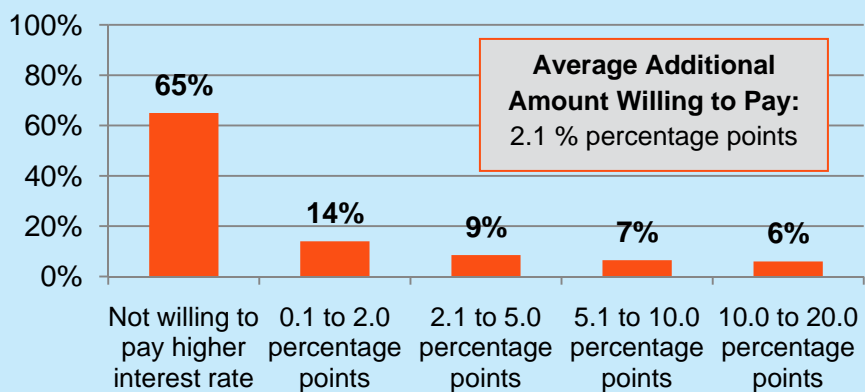
Date: July, 2008

N = 200

Key Insight #4: Most Consumers Not Willing to Pay Higher Rate for Rewards

Nearly two-thirds (65%) of consumers who are members of credit card rewards programs are NOT willing to pay a higher rate for a credit card with loyalty rewards. Members who are willing to pay a higher rate for a card with loyalty rewards averaged an additional 2.1% percentage points.

Willingness to Pay Higher Interest Rate for Credit with Loyalty Rewards



Date: July, 2008

N = 200



Key Insight #5: Credit Card Programs Considered Most Unique by Consumers

16% of consumers mentioned credit/debit programs as having unique programs with American Express being mentioned by 5% of consumers and Discover by 2%. Top characteristics of a unique program mentioned by consumers include: “Easy to use/redeem”; “Variety of Rewards to Redeem”; and “Good/Valuable Rewards.”

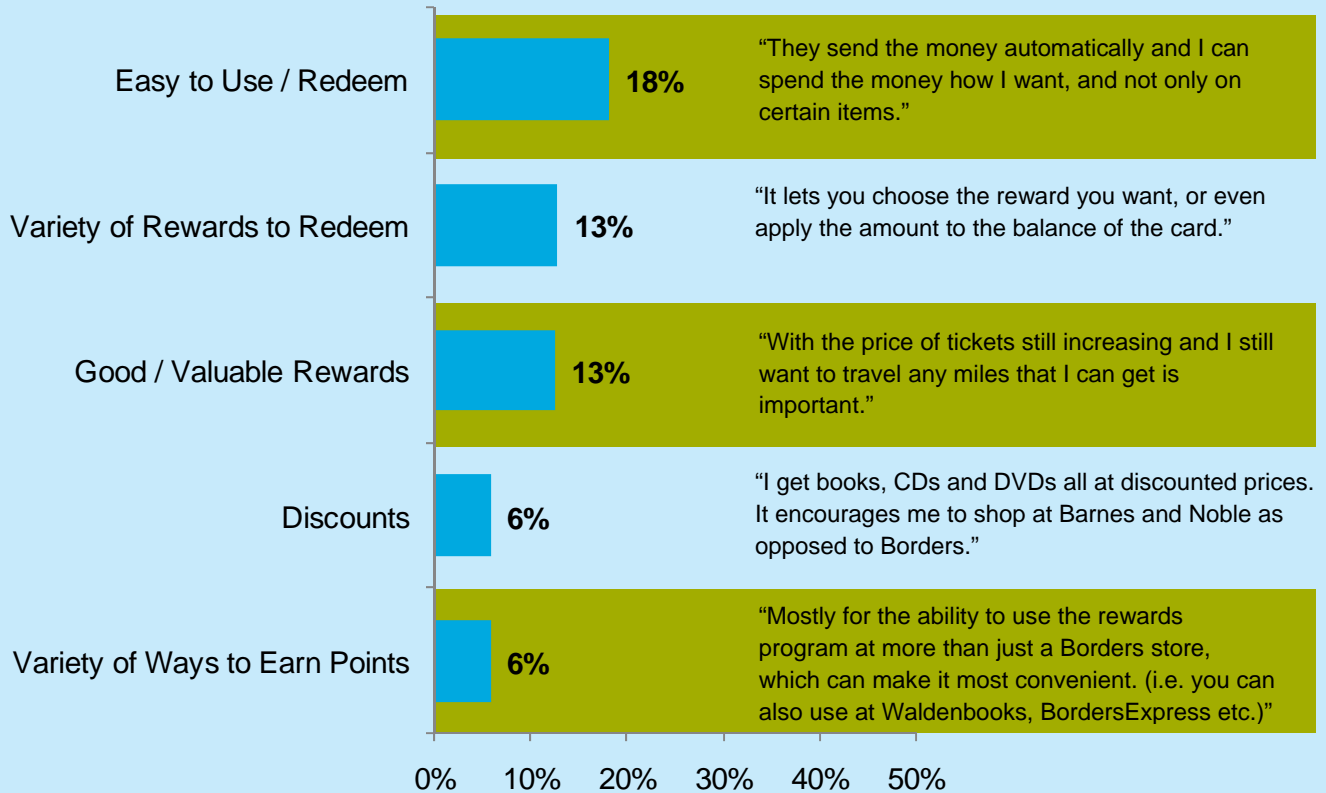
Unique Program Types*	
Credit / Debit Card	16%
American Express	5%
Discover	2%
Airline Frequent Flyer	7%
AA Advantage	1%
Delta SkyMiles	1%
Specialty Retail	7%
Best Buy	2%
Borders	2%
Hotel	4%
Hilton Honors	2%
Marriott	1%
Entertainment	4%

* 22% indicate that no rewards program is unique or different

Date: July, 2008

N = 1069

Characteristics of a Unique Program



Date: July, 2008

N = 1.069

