Chart Extracts From:

2016 Credit Card Monitor Report

Credit Card Rewards, Redemption & Merchant Loyalty Programs

Greg Weed
828-697-9192
Greg.Weed@phoenixmi.com

April 2016
## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Objectives &amp; Methodology</td>
<td>3</td>
</tr>
<tr>
<td>II. Findings &amp; Conclusions</td>
<td>4</td>
</tr>
<tr>
<td>III. Detailed Findings</td>
<td>8-41</td>
</tr>
<tr>
<td>A. Rewards Card Ownership &amp; Volumetrics</td>
<td>8</td>
</tr>
<tr>
<td>B. Last Time Rewards Were Redeemed</td>
<td>14</td>
</tr>
<tr>
<td>C. Perceived Value of Credit Card Rewards Programs</td>
<td>16</td>
</tr>
<tr>
<td>D. Attitudinal Agreement Ratings</td>
<td>22</td>
</tr>
<tr>
<td>E. Merchant Loyalty Programs</td>
<td>29</td>
</tr>
<tr>
<td>F. Single POS Payment and Loyalty Rewards Transactions</td>
<td>36</td>
</tr>
<tr>
<td>G. Most Important Sources of Information</td>
<td>39</td>
</tr>
</tbody>
</table>
I. Objectives and Methodology

Objective

- Investigate consumer usage, perceptions and attitudes toward credit card rewards programs and merchant loyalty programs.

Methodology

- The information in the documents is from the Phoenix Credit Card Monitor, an ongoing tracking study that has reported on the credit card market over the last 15 years.
- Data collection used in this report occurred in March 2016 among 3,003 respondents owning a general-purpose credit or charge card for personal use.
- Respondents were qualified to make all or most of the household purchases and pay all or most of the household bills.
Most credit cardholders own a rewards credit card. The high incidence of ownership (≈ 85%) has held steady over the past 3 years.

In March 2016, 87% of GP credit or charge card survey respondents reported owning at least one rewards card. It is estimated that this projects to about ≈ 79 million households.
Despite the clear correlation of rewards card ownership and income, nearly three fourths (73%) of the lowest-income group report owning a rewards credit card.

% Owning a Rewards Credit Card
(March 2016)

Low Point: 73% rate among the HHI < $20K group which represented 13% of credit card households in the March 2016 survey.
96% of rewards credit card owners say that their card-based rewards program is ‘very or somewhat’ valuable.

Value Perception of Rewards Cards Owned

All Rewards Credit Card Owners (March 2016)

- Not Very Valuable: 4%
- Somewhat Valuable: 29%
- Very Valuable: 67%

Top 3 Boxes (8,9 or 10)
Middle 4 Boxes (4,5,6 or 7)
Bottom 3 Boxes (1,2,3)

Rating on a 10-Point Scale:
“10” = Extremely Valuable
“1” = Not at All Valuable

“Again thinking about the rewards credit card that you use most often, how would you rate the value of your credit card rewards programs?”
Over 70% of rewards credit card owners report that they understand their rewards program, they know how to redeem rewards and they found the rewards program easy to understand.

Agreement Ratings on Attitudes About Rewards Credit Cards
(March 2016)

- **Understand rewards and how to redeem them**: 74% Agree, 23% Neutral, 3% Disagree
- **Rewards program is easy to understand**: 71% Agree, 26% Neutral, 3% Disagree
- **Rewards programs have gotten easier to understand**: 61% Agree, 33% Neutral, 6% Disagree
- **Rewards gives me good value on every purchase I make**: 60% Agree, 34% Neutral, 6% Disagree
- **Rewards gives me access to new opportunities**: 44% Agree, 35% Neutral, 21% Disagree

"Please indicate how strongly you agree or disagree with each of the following statements.”

Rating on a 10-Point Scale:
- “10” = Strongly Agree
- “1” = Strongly Disagree

Copyright © Phoenix Marketing International 2016. All rights reserved