Co-Branded Credit Cards: A 2014 Product Review

Description: New Research Presents An Updated Review And Comparison Of Co-Branded Credit Card Programs In The United States

A staple of nearly every domestic airline and hotel loyalty program, the co-branded credit card has become commonplace in today's consumer credit marketplace. Defined as a credit card branded by a network (American Express, Discover, MasterCard, or Visa) issued by or for a commercial firm (i.e., not a bank) under that firm's brand name, co-branded cards have become ubiquitous in the U.S. marketplace. A variety of firms, including retailers, supermarkets, gasoline companies, and entertainment venues in addition to providers of travel services, now offer co-branded credit cards.

The financial terms and value-added features and services associated with many of these cards have become conventional over time. But some nuances are beginning to emerge as both issuers and brand partners seek differentiation within this homogenous product set. Mercator Advisory Group's most recent research report, Co-branded Credit Cards: A 2014 Product Review, analyzes trends in today's leading offerings, highlights a few particularly creative programs, and examines various issuers' strategies for setting reward levels and pricing.

“The ability to offer an attractive value proposition to all stakeholders has contributed to the success of co-branded credit cards in the U.S. market,” comments Michael Misasi, Senior Analyst at Mercator Advisory Group and author of the report. “Issuers and brand partners must continually look for new ways to add value in order for their products to stand out.”

The report analysis is based on a review of the universe of major co-branded credit card programs and updates data from a similar review in an earlier Mercator Advisory Group report, Co-branded Consumer Cards 2010: Mature Products Ripe for Change. In total, the new report makes use of data collected from the websites of more than 100 leading co-brand reward programs.

Highlights of this research report include:

- A list of more than 100 leading co-brand credit products, including issuer and network partners and a summary of interest rate, annual fee, and reward offerings
- Analysis of co-brand credit penetration among the top 50 North American brands and the top 100 U.S. retailers
- Segmentation of the leading co-brand credit programs by issuer, network, and industry vertical
- An analysis of APRs for key co-brand industry verticals, including a comparison to 2010 data
- Analysis of annual fee and reward earn rates at the network level as well as for major issuers and key industry verticals
- Answers to questions such as, “How do consumers select among multiple credit cards to use at the point of sale?” and “What are the main reasons consumers use co-branded credit products?”

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