

How We Are Helping Issuers Capture Affluent Travel Spend



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Who doesn't want the affluent consumer as a customer? The affluent place a high value on luxuries and experiences with t

heir loved ones and shell out the money to make those dreams come true. If you're a card brand, that translates into big ticket spending on credit card products and a highly valuable consumer segment.

MasterCard is making a big push into the affluent segment, with a particular emphasis on travel. For MasterCard, "affluent" is defined as individual incomes of more than \$100,000, translating into an average household income of \$300-350,000 per year.

"We're very excited about this space," said Diana Robino, Senior VP Global Affluent Products at MasterCard. "Over the years, we have been researching the affluent segment – mass affluent and above – and what we have found is that travel is a central passion of theirs.

The MasterCard research indicates that about 50 percent of the affluent segment travels domestically five times per year, and over 24 percent of them are traveling internationally. And this is not exclusive to only those with a high net worth.

Robino says that while travel and enjoying experiences during travel remain in the top five for affluent consumers, their research suggests that over 50 percent of U.S. adults overall are planning to take a vacation this summer. That trend, says Robino, is present with Baby Boomers, Generation X, and Millennials – segments with the same passion for a travel experience, but different needs. The numbers, said Robino, are there, and she said that

MasterCard has seen the travel industry showing growth in volumes over the last three months. All of this MasterCard believes makes the travel space, particularly with the affluent, one with a lot of potential for it and its issuers.

Clearly, MasterCard is not the only player in the market trying to address the needs of these travelers. But according to Robino, MasterCard is looking for ways to provide their customers with unique advantages to using MasterCard products.

“We are trying to simplify the journey and make it enjoyable,” said Robino. “We want to become the best travel companion for the affluent traveler.” Of the customers surveyed who said they planned to take a vacation this summer, added Robino, 95 percent said they were stressed about the planning process.

Therefore, MasterCard is connecting everything they have to offer to facilitate the experience “from the time customers start dreaming about the vacation to the time that they book it,” she said. Customers want to be able to pay for their tickets, but they also want to feel like they have the right coverage during their vacation. MasterCard travel advisors can help with this, as they will ask the right questions and find the best deals, keeping within the customer’s budget.

Issuers benefit by having access to a resource that makes it simple and convenient for their customers to use – offering a big incentive for those customers to book using MasterCard resources and driving spend to their card.

“Airlines, for example, see integrated travel packages as very important. They enhance the customer experience,” said Robin. She added MasterCard is also moving away from making customers search on many different sites when planning a trip, instead, using MasterCard’s travel site or the issuers’ sites to book everything in one spot.

“The issuer recognizes that the traveler segment is very important and profitable,” she said.

“Enabling issuers to provide all of these benefits without too much sourcing of different vendors definitely simplifies product management from their end.”

After researching the top 21 countries where most of MasterCard’s issuers play, the habits, usage and attitudes of these consumers have shown to be very similar. Those who are traveling are technology-savvy, researching the best deals and offers. And in terms of what’s enabling the different geographies, said Robino, MasterCard has been able to develop a core set of travel benefits. The MasterCard Travel Services program is offered globally, and it provides consistent benefits to travelers across the world.

Beyond the travel space, MasterCard has a strategy for the affluent consumer segment overall. The affluent also tend to want to enjoy life at home with their loved ones, so dining, entertainment, sports, and music are all top passions for them in addition to travel.

“What we are doing at MasterCard is providing opportunities to fulfill all of these passions for the consumer,” said Robino. For one, she said, MasterCard has a concierge department that can find tables at top restaurants or spots at the best events. She added that the Priceless Cities program also offers great experiences for families and young professionals.

“We have been very focused on the affluent segment during the last 3 years, and have overall built a great set of programs,” said Robino. “These tools and services can really provide a differentiated experience for consumers.”

And a “Priceless” experience for its issuers.