



## **A Gem of a Rewards Segment**

**With Sapphire, JPMorgan Chase hopes to get its WealthyBack**

**By Sharon M. Goldman**

Back in 2006, companies courting the affluent were like Justin Timberlake's song "SexyBack"—everywhere, all the time, with a Timbaland bass track thumping in the background. Beer-makers like Miller Genuine Draft targeted upscale drinkers; Walmart jazzed up its stores to attract those with extra spending power; Vogue boasted over 625 advertising pages in its September issue; and banks including Citigroup and Bank of America were developing reach-the-rich cards to compete with American Express's famed Centurion brand.

As 2009 skids uncertainly to a close, it's almost hard to recall those heady pre-recession days when William Shatner graced the cover of *Cigar Aficionado*, private jet ownership was still taking off and there were 946 billionaires, according to *Forbes*—compared to only 793 in '09. In fact, the idea of the affluent as a target segment seemed to go into hibernation sometime around early 2008, replaced by the thrifty, the cost-conscious and, oh yes, the penny-pinching.

Perhaps that hibernation was short-lived: It appears JPMorgan Chase may be betting the worst financial crisis since the Great Depression is drawing to a close. The evidence: Chase's August launch of Chase Sapphire, a credit card targeted at households with an annual income over \$120,000.

However, the company's marketing efforts for Sapphire appear to be putting a new slant on the affluent angle. Rather than the carefree wealthy consumer with money to burn on all things decadent and outrageous, the new upscale consumers are careful with their money, and thoroughly consider rewards programs before choosing.

"Chase Sapphire represents the next generation of lifestyle-oriented rewards cards specifically designed to meet the needs of the affluent customer segment," says Rob Rosenblatt, General Manager of Customer Loyalty at Chase Card Services. "Chase Sapphire is the culmination of extensive research and development. It's targeted to customers who tend to have a strong travel and entertainment orientation."

Sapphire is one of a series of Chase cards offering the Ultimate Rewards program Chase launched in May. Cardmembers can earn Ultimate Rewards on the Chase Sapphire and Chase Freedom cards, and on three cards from the new Chase Ink family of cards designed for small to medium-sized businesses.

In addition to Ultimate Rewards, Sapphire boasts no annual fee and offers enhanced identity theft protection, upgraded purchase protection, and extended warranty protection. Chase Sapphire Preferred, offered for a \$95 annual fee (waived the first year), offers points worth 25% more when redeemed for airline travel via the Ultimate Rewards online booking tool. Preferred cardholders can also transfer points into frequent-traveler programs from select partners. Both versions feature direct access to a specially trained, dedicated customer service team available 24/7, and benefits range from an online shopping mall where customers can earn up to 10 bonus points per dollar of spend to instant online restaurant reservations via Open Table.

Rosenblatt emphasizes that the free Sapphire card being advertised is broad-based even though it's oriented toward the affluent. And he notes that Americans of all income levels have had to reassess their spending habits. "These days, the choice of payment card is more carefully considered by the customer than ever before," he says. "No matter what your income or lifestyle, the rewards really matter. The breadth, depth and flexibility of the rewards offering are key."

Customer experience, Rosenblatt says, is one way Chase Sapphire seeks to most stand out: "This requires us to provide a new level of service, geared toward satisfying the customer on the very first phone call. And from a rewards perspective, it requires that we provide an outstanding experience across every channel. Smart but cynical consumers who have been burned before by rewards programs can take comfort in the array of point redemption and cash back options in Ultimate Rewards. In today's world, our customers are using rewards to help live their lives."

And today's world, less about bling and more about savings, requires a new approach to marketing, even to the wealthy. Sounds like Chase believes the affluent appreciate a good deal—and good customer service—as much as any savvy shopper.

*Sharon M. Goldman is the Senior Editor for COLLOQUY.*

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