

# BRAND STRATEGY INSIGHTS

HIGHLIGHTS FROM CORPORATE INSIGHT'S  
BRAND STRATEGY RESEARCH

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# SUMMARY

**The U.S. consumer banking and lending market is highly competitive, with long-established institutions vying against each other as well as with emerging fintech players to attract and retain customers. In this crowded field, having a clear and compelling brand strategy is critical for differentiation and growth. In this Brand Strategy Insights study, Corporate Insight provides an overview of how several leading financial institutions with card, banking and lending businesses are positioning their brands as we begin 2024.**

In this analysis, we evaluate the brand strategies used by six major institutions, with a special focus on Capital One. These six firms are:

- American Express
- Capital One
- Citi
- JPMorgan Chase
- PayPal
- SoFi

While diverse in their business mix and go-to-market approach, these firms are all competing for consumer mindshare and wallet share in the credit card, banking and lending areas. Understanding the brand strategies of these pace-setters can provide valuable insights for other financial institutions seeking to hone their own market positioning. What we see is that leading financial institutions are pursuing multi-faceted brand strategies to differentiate their offerings and drive customer acquisition in an increasingly competitive market.

For regional and mid-sized financial institutions, understanding how the top players are evolving their strategies provides valuable input for brand positioning and product development. While few can match the scale and resources of the industry giants, focus and creativity can enable challenger brands to compete effectively by delivering tailored offerings and experiences to well-defined customer segments.

## **Key themes include:**

- Targeting premium/affluent customers with high-end rewards and exclusive experiences
- Developing mobile apps into comprehensive "super apps" to drive engagement and primacy
- Investing in products and marketing to attract the next generation of Millennial and Gen Z consumers
- Leveraging co-brand partnerships and corporate venture investments to spur innovation and reach new segments

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## KEY THEMES

### Targeting Premium Customers

A prevailing theme among the leading players is a focus on the premium card, travel and rewards space to attract high-spending, affluent consumers:

- Market leader **American Express** continues to focus on travel-related perks and benefits for its premium card customers. Amex is expanding card acceptance in what it calls "priority cities," i.e., major global cities frequently visited by its cardholders.
- **Chase** is investing in its own in-house travel agency, Chase Travel, and dining booking platform, Chase Dining, as it continues to build out a comprehensive travel rewards ecosystem.
- **Capital One** is investing heavily in travel and dining rewards, launching the premium Venture X card and introducing Capital One Travel, Dining, and Entertainment. Attracting heavy spenders through premium rewards offerings is core to Capital One's growth strategy.
- Increasing market share of its travel rewards cards is a top priority for **Citi** in the U.S. The firm has committed to boosting marketing spend to promote its card rewards programs.

This battle for the premium consumer segment is likely to remain heated as the big brands seek to outdo each other with high-end rewards and exclusive travel benefits. Institutions targeting an affluent clientele should closely watch this space.

### Becoming a Financial "Super App"

Another key strategy for major players is developing their mobile apps into a "one-stop shop" for customers' financial needs in order to drive engagement and increase brand loyalty.

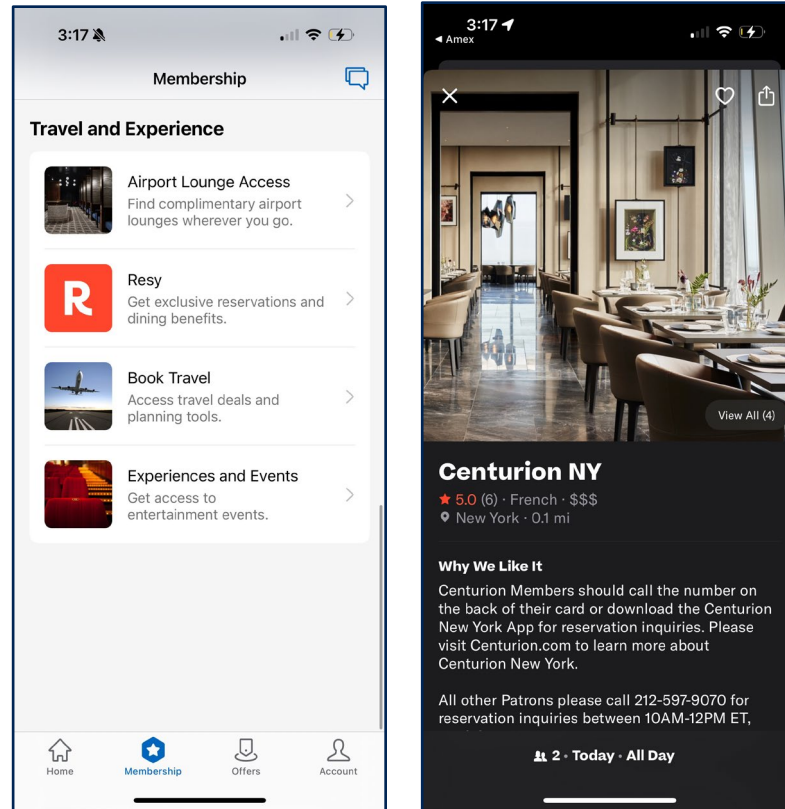
- **PayPal** is leading the charge here. The firm transformed its mobile app into a digital wallet "super app" in late 2021. The new app now integrates payment features with an array of banking and e-commerce services.
- **SoFi** also touts its "all-in-one" mobile app combining banking, lending, investing and credit card functionality. The fintech promotes the benefits of using multiple products to encourage customers to stay within its ecosystem.
- **Amex** has integrated peer-to-peer payment services Venmo and **PayPal** into its app, along with a range of banking and investing features, to become a more comprehensive financial hub for its customers.
- **Capital One** is focused on adding more banking services and tools to its digital offerings to drive customer "stickiness," with executives noting plans to provide embedded banking products through partners.

As fintechs redefine the realm of possibility in terms of mobile-centric financial services, incumbent institutions must up their game in terms of app design and functionality to remain competitive. The "super app" concept points the way toward a more customer-centric model.

### Attracting Younger Customers

Investing in the next generation of consumers is another focal point, as brands seek to attract, engage and retain Millennial and Gen Z customers:

- **Amex** has made this demographic a strategic priority, with CEO Steve Squeri noting that Millennials and Gen Z now make up "over 60% of new consumer proprietary accounts globally." The firm's acquisition of the digital dining platform Resy is an example of appealing to younger consumers' lifestyles and spending habits.



American Express Mobile App – Resy Integration

- **Chase** offers a range of youth banking products, including checking accounts for kids launched in partnership with fintech Greenlight. The bank uses a combination of tailored product design and youth-oriented marketing to reach the next generation.
- **SoFi**'s student loan refinancing product has long given it an on-ramp to early-career professionals. The fintech lender continues to focus on this segment while expanding into more comprehensive banking services for upwardly mobile Millennials.
- **Capital One** and **Citi** use strategic partnerships, such as Capital One's REI and Cabela's co-branded cards and Citi's card partnership with American Airlines, to align with the interests and aspirations of younger adult consumers.

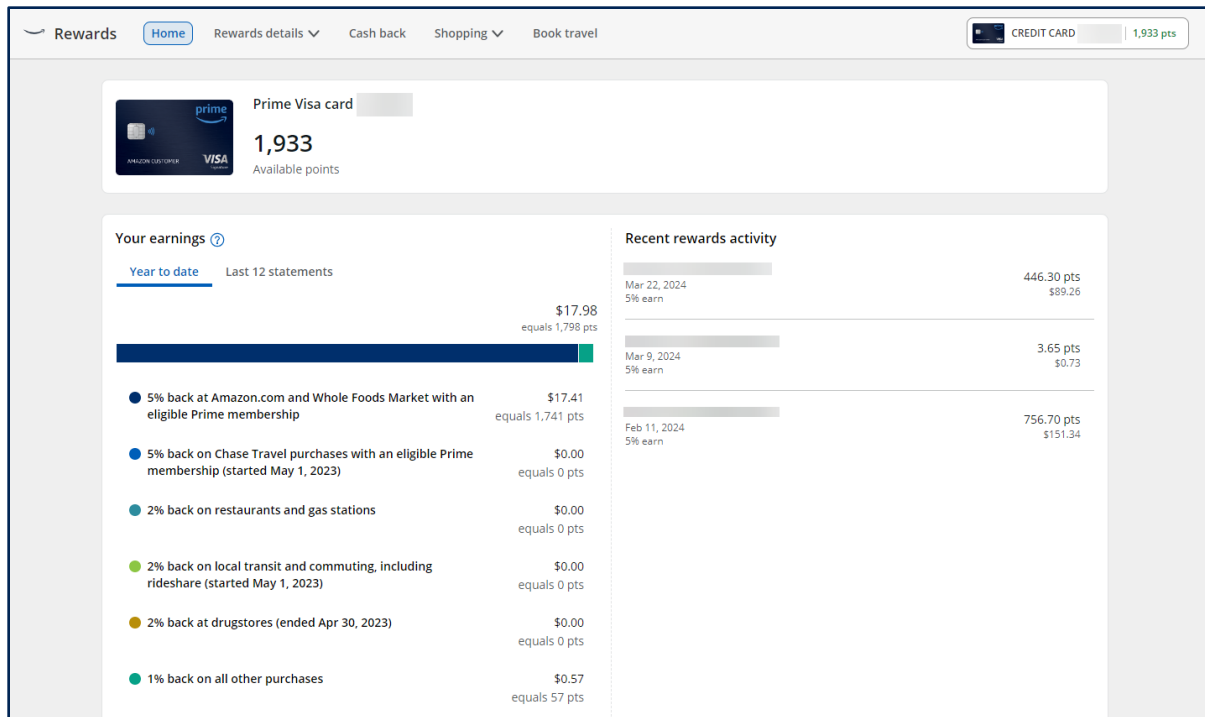
With many younger consumers still forming their financial habits and affiliations, this segment represents a major growth opportunity. Institutions that can offer compelling products and experiences to meet these customers' needs and expectations will be well-positioned for the future.

## Leveraging Partnerships and Venture Capital

Co-brand partnerships and corporate venture capital are two key ways that leading players are seeking to drive innovation and reach new customer segments.

On the co-brand front, the major card issuers are battling to secure deals with top retail, travel and lifestyle brands to offer exclusive perks and rewards to cardholders:

- Online retail giant Amazon is partnering with **Chase** on co-branded cards for consumers and small businesses, giving the bank a major boost in reaching digital-native customers.



Chase Secure Site – Amazon Prime Visa Card Rewards Page

- **Citi** continues to leverage its long-standing co-brand partnership with American Airlines to offer a suite of travel rewards cards with a range of lifestyle benefits.
- **Capital One** has co-branded card partnerships with leading outdoor retailer REI and upscale home furnishings brand Williams Sonoma to appeal to the affinities of target customer segments.

These types of affinity partnerships enable card issuers to offer customized rewards and benefits that resonate with specific consumer interests and spending patterns. Institutions seeking to differentiate their card programs should explore potential co-brand opportunities that align with their target customers' preferences.

On the corporate venture capital front, several of the leading institutions have established dedicated investment arms to gain exposure to emerging technologies and business models:

- **Amex Ventures**, founded in 2011, has made over 70 investments in fintech and commerce startups, with a focus on opportunities that can directly integrate with or enhance Amex's core offerings.
- **Citi Ventures**, established in 2008, has invested in more than 150 startups across a range of fintech and infrastructure categories. Portfolio company Investcloud, for example, is being utilized to power new Citi wealth management offerings.
- **Capital One Ventures**, launched in 2014, has made nearly 100 investments to date. Capital One has also been an active acquirer of emerging fintechs, such as commerce tool Wikibuy (now rebranded as Capital One Shopping).

While few regional banks can match the venture investing scale of the largest institutions, partnerships and strategic investments will be increasingly important tools for institutions of all sizes to stay abreast of market innovations and changing customer expectations. Having a framework to tap into the external innovation ecosystem should be a strategic priority.

# CAPITAL ONE SPOTLIGHT: DIFFERENTIATION THROUGH TECHNOLOGY AND CUSTOMER EXPERIENCE

In the highly competitive landscape of consumer banking and lending, Capital One stands out for its commitment to leveraging cutting-edge technology and reimagining the customer experience. The firm continues to position itself as a disruptor among traditional players by focusing on digital innovation, lifestyle-oriented products and services, and a human approach to banking.

## Branding Strategy

### "Banking Reimagined"

Capital One's brand positioning centers on the concept of "banking reimagined." The firm presents itself as a tech-forward innovator that is redefining what a bank can be and do for its customers. Key themes in Capital One's branding include:

- **Simplicity and ease of use:** Capital One emphasizes how its no-fee, no-minimum products and streamlined digital tools make banking simple and accessible. Advertising often presents banking with Capital One as a "no-brainer" choice.
- **Integration into customers' lifestyles:** With offerings like Capital One Dining, Capital One Travel and Capital One Entertainment, the firm positions itself as going beyond typical banking products to deliver value and experiences aligned with customers' interests and needs. The slogan "Where banking meets living" encapsulates this lifestyle-centric approach.
- **Transforming the branch experience:** Capital One Cafés reimagine the bank branch as a welcoming community space that combines craft coffee, coworking areas, and financial education workshops with banking services provided by "ambassadors." With over 50 Cafés across the U.S., Capital One is pioneering a unique approach to the physical customer experience.
- **Humanity and inclusion:** Capital One highlights a commitment to "bringing ingenuity, simplicity and humanity to banking." The firm touts its industry leadership in eliminating overdraft fees and partnerships to provide free financial literacy content. Messaging emphasizes that Capital One Cafés are open to customers and non-customers alike as community resources.

By focusing its branding on simplicity, lifestyle relevance, experiential branches and an inclusive ethos, Capital One is differentiating itself from the staid image of traditional banks and engaging customers on a more personal, empathetic level.

## Target Market

### Broad Reach with a Millennial/Gen Z Emphasis

Capital One casts a wide net in its mass market consumer strategy, with products and services that appeal to a broad swath of the population. At the same time, the firm places a particular emphasis on attracting digitally-savvy Millennials and Gen Z customers:

- Capital One offers several credit cards designed for customers with limited or subprime credit history, providing a way for younger consumers to access credit and build a relationship with the bank. The firm uniquely allows prospects to filter cards by credit level on its website.
- Products like the Savor dining rewards card, with bonus earn rates on dining and entertainment and a complementary Uber One membership, are tailored to the spending patterns and brand affinities of younger adults.

- The Capital One Cafés, with their hip design, craft coffee and collaborative workspaces, seem tailor-made to appeal to Millennials' sensibilities. The Cafés host events and workshops focused on younger customers' financial education needs.



Capital One Café Locations – Exterior and Interior Views

- On social media, Capital One has been focusing on reaching Gen Z consumers where they spend time online. The firm's TikTok account features influencer partnerships highlighting Capital One Cafés, Lounges and cardholder experiences in bite-sized, visually engaging videos.

By calibrating its products, physical locations and marketing to be especially relevant to Millennial and Gen Z consumers, Capital One is looking to build long-term customer relationships with these cohorts that will pay dividends for decades to come. At the same time, having a full spectrum of accessible banking products allows Capital One to meet these customers' evolving needs over time.

## Expanding the Ecosystem

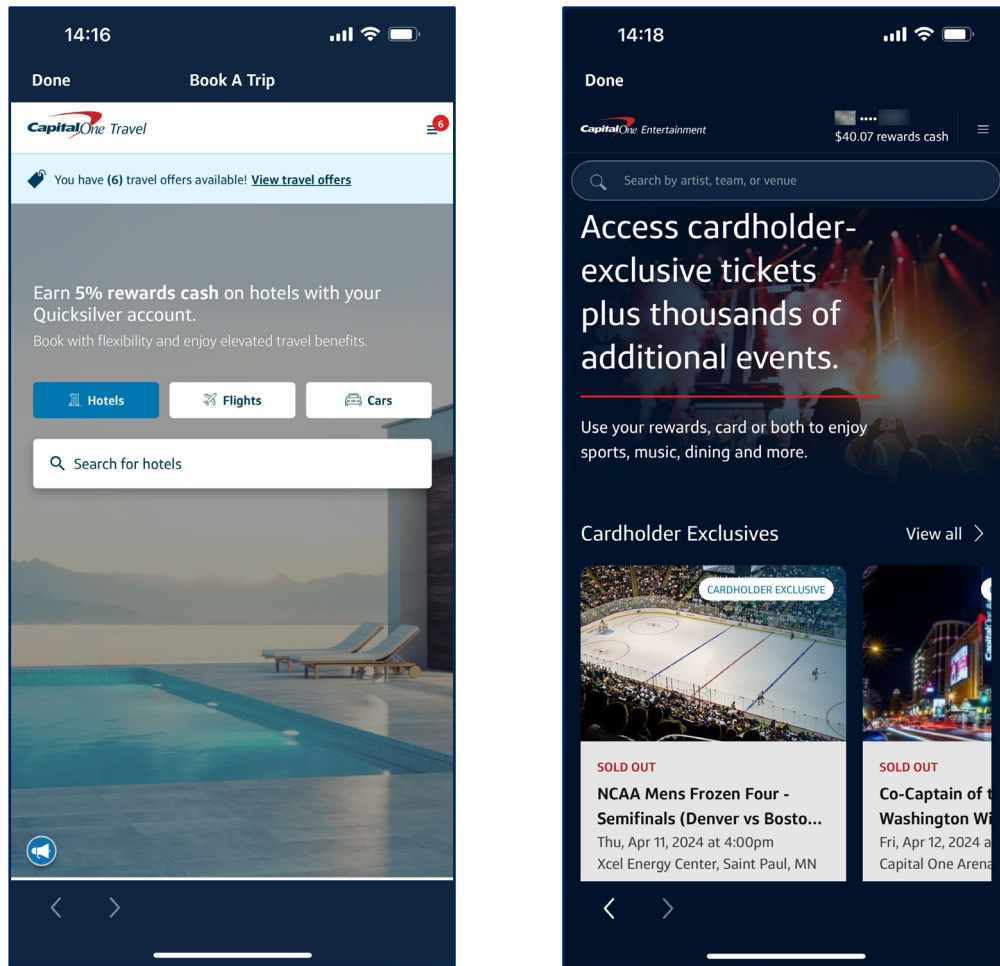
### Lifestyle Products and Premium Cards

Traditionally known for its popular Venture and Quicksilver credit cards, Capital One has been aggressively expanding into new product areas to deliver more lifestyle-oriented value propositions and appeal to a more premium customer tier.

On the lifestyle front, Capital One has launched Capital One Travel, Capital One Dining and Capital One Entertainment. These digital platforms go beyond typical rewards programs to provide customers with a rich set of perks and conveniences:

- Capital One Travel, launched in partnership with travel tech unicorn Hopper in 2021, provides cardholders with a comprehensive booking experience including price drop protection and predictive pricing analytics.
- Capital One Dining, launched in March 2022, provides access to hard-to-book restaurants and exclusive dining experiences.
- Capital One Entertainment, introduced in partnership with Vivid Seats also in March 2022, allows cardholders to redeem rewards for tickets to a wide array of events.





Capital One Mobile App Travel and Entertainment Screens

By integrating these services into its ecosystem, Capital One aims to engage customers more frequently and deeply in their everyday lives. These tools also generate richer first-party data on customers' preferences and behavior that can fuel further personalization of offers and experiences.

On the premium end of the market, Capital One launched its Venture X card in 2022, taking on established players like Chase Sapphire Reserve and Amex Platinum in the hotly contested premium travel segment. With a \$395 annual fee, rich earning rates, a generous sign-up bonus, access to Capital One Lounges and very strong travel perks, Venture X represents a major play to capture a greater share of high-spending frequent travelers.



Capital One Venture X Card Image

By expanding into these new frontiers, Capital One is opening up new revenue streams, deepening its customer relationships and continuing to differentiate itself from competitors that remain focused on traditional card and banking products. The "barbell strategy" of targeting digitally savvy mass market consumers and premium spenders should provide diverse avenues for growth.

## Doubling Down on Digital

### Acquire and Innovate

Capital One has long been known as a digital pioneer in the banking industry, with a tech-forward brand identity and continuous investment in digital transformation. In recent years, the firm has doubled down on this strategy with a steady cadence of fintech acquisitions and partnerships:

- In 2018, Capital One acquired Wikibuy, Jewel Commerce and United Income to infuse its business with digital capabilities in e-commerce shopping tools, card-linked offers and automated financial advice, the last of these being a business the firm subsequently exited in 2022.
- The 2019 acquisition of machine learning consultancy Notch reflects Capital One's commitment to becoming an AI-first enterprise.
- In 2021, Capital One acquired the team and tech behind Lola to accelerate the development of its Capital One Travel platform. Later that year, the acquisition of luxury digital concierge Velocity Black brought high-end service and offer capabilities.
- A 2020 partnership with Microsoft to share fraud signals showcases how Capital One is teaming up with big tech to boost security innovation.

These deals highlight how Capital One is aggressively buying, partnering and hiring its way to digital leadership. By bringing aboard top tech talent and integrating cutting-edge capabilities through strategic M&A, Capital One is future-proofing its business and staying ahead of the curve.

Just as importantly, these innovation initiatives are focused on delivering tangible value to customers in terms of enhanced security, more intelligent digital tools and richer rewards. By tying its tech investments directly to the end-customer experience, Capital One is ensuring its digital transformation drives real business results.

## Bringing It All Together

### Integrated Brand Campaigns

To communicate its multifaceted brand strategy, Capital One takes an integrated approach to its advertising and communications. The firm's messaging consistently reinforces key themes of its desired brand identity while reaching customers across varied touchpoints.

Television ads are the centerpiece of Capital One's marketing mix. The firm's commercials are known for their high production values, humor and relatable celebrity spokespeople. Recent campaigns have featured stars like Jennifer Garner, Samuel L. Jackson and Taylor Swift in comedic scenarios that highlight product benefits and brand attributes. A series of ads promoting the Venture X launch and Capital One Travel have featured Garner as a small business owner touting the many benefits of the Venture X Business card. The campaign reinforces Capital One's position as a one-stop destination for small business owners who can appreciate high-yield rewards and useful travel perks.



Capital One Venture X Business Ad Still

Jackson, who has served as a brand ambassador for the Quicksilver card for years, continues to bring swagger to spots positioning Capital One's digital features and lack of fees as a no-brainer for savvy consumers. The inclusion of Swift in spots highlighting the Savor card, the Venture X card, and Capital One Travel effectively captivates younger audience members by leveraging her widespread popularity and appeal among today's youth.

Consistently using A-list talent who resonate with a variety of demographics, Capital One's commercials drive mass awareness while still conveying a tech-forward, innovative brand identity. The focus on spotlighting specific products, services and features ensures the campaigns are memorable and impactful.

These television efforts are augmented by robust social media initiatives. Capital One maintains an active presence on major platforms like Instagram, TikTok and Twitter. In addition to publishing excerpts from the brand's commercials, Capital One uses social to provide educational personal finance content, promote local Café events and engage with brand fans.

Of particular note is Capital One's embrace of TikTok. The firm publishes a steady stream of short videos showcasing Cafés, Lounges and cardholder experiences. These spots feel organic to the visual-first, meme-driven sensibility of the platform. Capital One also sponsors content from popular TikTok creators to drive credibility and reach with the Gen Z audience.

## CONCLUSION

### Challenges and Opportunities

As this analysis shows, Capital One has constructed a differentiated brand strategy that combines a mass market foundation with a tech-forward, lifestyle-driven overlay. By reimagining banking for the digital age and putting customer experience at the center, Capital One has carved out a unique position in a crowded competitive landscape.

Still, the firm faces significant challenges ahead. Upstart fintechs are raising the bar on digital UX and encroaching on Capital One's core competencies in lending and rewards. Deep-pocketed rivals like J.P. Morgan Chase & Co. and Bank of America are heavily investing in revamped mobile capabilities and VIP travel perks. And the looming prospect of tech giants' entry into retail banking threatens to upend the entire industry.

One significant opportunity is the firm's [acquisition of Discover Financial Services](#), which was announced as we finished the research for this study. This deal, if approved by regulators, could reshape the financial services landscape. The combined entity would rival established giants by leveraging Discover's credit card and loan portfolio to diversify Capital One's offerings and customer base. Importantly, gaining Discover's payment network could reduce costs, further fueling Capital One's focus on technology and a best-in-class customer experience.

If Capital One can continue to execute on its visionary strategy while adapting to rapidly shifting consumer demands and competitive pressures, the company is well-positioned to not just survive but thrive in the future of financial services. By reimagining banking around customer centricity and digital excellence, Capital One can be the brand that Millennials and Gen Z grow up with and grow old with in the decades to come.



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