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## Social Strategy at American Express

On a sunny New York afternoon in late November 2011, Leslie Berland, senior vice president for digital partnerships and development at American Express, took a break from analyzing results of the company's Facebook page to prepare for a meeting with Ed Gilligan, the company's vice chairman, to discuss the next steps in the company's social strategy. Social media had become a priority for the company when Ken Chenault, the company's CEO, led the company's board of directors through plans to transform American Express's strategy around digital platforms, which was expected to help the company continue its growth trajectory in the twenty-first century. The company responded to Chenault's call at a speed usually not associated with companies founded over 150 years ago. (See **Exhibit 1** for short biographies of executives mentioned in the case.)

There were two items on Berland's agenda. First, she wanted to update Gilligan on the plans for Small Business Saturday, a shopping holiday conceived at the company. Held on the Saturday after Thanksgiving in 2010 and 2011, the program was designed to encourage shoppers to "shop small and local." Widely advertised across various social platforms, it offered a \$25 statement credit to American Express cardmembers who registered and then spent at least \$25 at a small business. The company also gave participating business owners \$100 worth of free Facebook advertising to attract customers to their stores. Berland knew that Gilligan would be happy with the success of the program. Hundreds of thousands of people had signed up, and internal reports indicated that the intentions resulted in actual purchases and increased participating retailers' revenues.

Second, Gilligan wanted to continue to talk about the company's future social strategy. By late 2011, American Express had launched several proprietary social platforms, established thriving social-media presences on Facebook and Twitter, developed major partnerships with Facebook and Foursquare, and generated respect and excitement among both the digerati and American Express's own customers. Gilligan wanted to build on this momentum and had identified two ways that the company could proceed.

The first option, which Gilligan called *broad*, entailed building partnerships with social platforms to provide unique experiences and valuable offers for cardmembers. If American Express chose this option, it would seek to develop unique partnerships with companies like Twitter, LinkedIn, and Yelp. These partnerships would also be rolled out on a global scale to satisfy the demands of international customers. The second option, which Gilligan designated *deep*, entailed deepening the existing partnerships with Facebook and Foursquare to improve customer and merchant acquisition and retention. If American Express chose this option, it would roll out more member-get-member offers on social networks and add more social features to its rewards program. On the merchant side,

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Professor Mikolaj Jan Piskorski and Research Associate David Chen prepared this case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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the company would enhance merchants' ability to create couponless offers and push them out to carefully selected American Express members via Facebook and Foursquare. Berland believed that the company should do both. Given resource limitations, however, she knew that Gilligan had to make a call on which should be the first priority.

## Background

American Express was formed in 1850 to transport goods, currency, and other valuables around the United States. In the 1880s and 1890s, the company entered the financial services industry and began issuing money orders and traveler's checks. Soon, American Express had branches around the world and was competing with the banks it had once serviced. In the 1950s, the company started an industry trend by issuing plastic charge cards, emphasizing that its cardholders were "members" of a community that gave them access to premium and exclusive experiences, advocacy in case of disputes with merchants, and privacy of information. In 1966, American Express introduced the Gold Card, which positioned it as a premium brand. In 1987, the company introduced its first credit card, which allowed members to carry a balance rather than having to settle their account in full for each statement. In the mid-1990s, American Express introduced a member rewards program that awarded one point for every dollar spent; the points could be redeemed for rewards. By 2011, an extensive lineup of cards included the Blue Card, the Platinum Card, and the Centurion Card, the latter available by invitation only (see **Exhibit 2**). The company also offered corporate cards and a set of cards targeted at small businesses under the OPEN brand (see **Exhibit 3**). According to J. D. Powers, American Express enjoyed the highest satisfaction rating of all credit-card issuers.

American Express was a leader in the payments industry, which had grown at a 12% annual clip since 1999 and accounted for 13% of U.S. GDP. About 70% of adult U.S. residents held at least one credit card, and the average credit-card holder had 3.5 credit cards, including those issued by Visa and MasterCard. Visa attracted 111 million cardholders and MasterCard 98 million, compared with 44 million U.S. American Express members. However, an average American Express cardmember charged \$13,832 per year to his or her American Express card, while the average Visa customer charged \$4,292, and the average MasterCard customer charged \$3,458. For many years, American Express pursued a very different strategy from those key competitors in that it issued its own cards, settled the funds, and managed merchant settlements (see **Exhibit 4**). This meant that the company possessed information about both buyers and sellers, as well as the ability to assist both parties in making decisions. In contrast, Visa and MasterCard focused predominantly on settlements between banks, ceding the card-issuing function and merchant management to banks and other financial institutions like Chase or Bank of America. As a consequence, neither Visa nor MasterCard had the ability to view actual transactions between merchants and cardholders. Visa and MasterCard also charged merchants a lower fee (approximately 2% of purchase value, depending on the card used), which enabled them to attract more merchants, typically at the price of offering less valuable rewards to cardholders.

Chenault's digital transformation strategy centered on American Express's key competitive differentiator: its direct relationships with customers and merchants. He believed that this unique resource allowed the company to add value to both in ways no other company could, particularly as a catalyst for digital commerce. To execute on this strategy, Chenault charged the company's existing businesses with finding meaningful kinds of digital transformation and established the Enterprise Growth unit to accelerate innovation in new business areas. He also asked the staff group heads to integrate digital and social efforts in advertising, media relations, customer service, employee recruitment, and M&A. Chenault became a regular visitor to Silicon Valley, explaining to venture

capitalists, start-ups, and established companies the power of American Express's assets and the opportunities they afforded. These visits resulted in many new partnerships that complemented the company's acquisition of Revolution Money, a payments platform designed to facilitate person-to-person financial transactions, now branded as Serve.

Under Chenault's leadership, the company's valuation increased from \$36 billion at the end of 2001 to \$50 billion at the end of 2011; margins increased from 6% in 2001 to 15% in 2011; and revenue grew by more than 15%, to \$27.8 billion earned from 91 million active credit cards. Almost 55% of this revenue came from merchant fees, which averaged 2.5% of each credit-card purchase. Interest on outstanding account balances made up roughly 25% of revenue. The remaining 20% consisted of fees from cardmembers, merchants, and partners for cards, travel, and other commissions. American Express spent 30% of its revenue on advertising, 20% on the salaries of its 60,000 employees worldwide, 8% on funding costs, and 8% on loss provisions.

## Start of Social Strategy in 2007

### *OPEN Forum*

American Express was among the first major U.S. credit-card companies to build its own social platform to support its strategy. As early as 2007, the company launched an online community dubbed OPEN Forum, hosted at [www.openforum.com](http://www.openforum.com), to support the American Express OPEN card targeted at small businesses (see **Exhibits 5 and 6**). OPEN Forum began as a way for American Express to disseminate content from the company's live conferences, which brought together small-business owners to discuss shared issues. Susan Sobott, president of OPEN, commented: "We literally invited small-business owners to events, and we had them interact with each other and with some of the greatest minds in entrepreneurship to get some insights and perspectives. We were really trying to build the business community."

Eventually the company started filming these events and scheduling online webcasts for those who could not attend live. The digital engagement was so high that Sobott decided to focus OPEN on online experiences. "Why are we filming live events? Why don't we just do events to put online? That's eventually how we did it," she recalled. "And then we decided, OK, there's lots of content. How do we get content other than just video? This led us to focus on bringing lots of experts to the table." Indeed, by 2008, OPEN Forum had added a blog, in partnership with the blog network Federated Media, to help small-business owners survive the new economic realities in the aftermath of the stock market crash of 2008. The blog became hugely popular.

### *Members Project*

In 2007, American Express continued to innovate with the launch of Members Project, conceived by chief marketing officer John Hayes and his team in the Global Advertising and Brand Management group. This initiative combined corporate social responsibility with social marketing to create a unique online community for cardmembers on the American Express website, where cardmembers were invited to submit ideas for cause-related projects, comment, and vote. The winning idea received substantial funding.

The project was very consistent with American Express's focus on empowering customers through social advocacy to build emotional relationships between the brand and cardmembers. Further, it took the brand to a new level of digital and social marketing and was a huge success, with American Express donating \$2 million to one cardmember's project to provide clean drinking water

to children in developing nations; UNICEF used the money to further its efforts in four African countries.

Through the first iteration of the project, American Express learned that pulling customers to one website with a single way to contribute was too limiting to realize the full potential scale of the program. To help customers and prospects to participate in multiple ways, American Express released a new platform in 2010, which in partnership with TakePart.com allowed consumers to share their good actions and inspiring ideas on Facebook, Twitter, YouTube, and TakePart.com. Hayes commented: "One of the keys to sustainable success was the development of a digitally and socially inspired ecosystem that could scale the program's impact organically. It was a great example of harnessing the power of the collective, to make a difference in the world in which we live."

## Social Strategy Evolution in 2008

### *Members Know*

After the Members Project, American Express launched Members Know, a travel community within the American Express website. According to American Express, cardmembers were 90% more likely than nonmembers to travel frequently and to travel abroad. Moreover, members trusted the imprimatur that the American Express name lent to other cardmembers. Berland explained:

We did a lot of research at that time, and recognized that cardmembers trusted the advice of fellow cardmembers more than that of other people. At that time, there were—and still are—tons of different travel communities. But we found that if you had a Platinum Card, you cared what another Platinum cardmember said and where they were going, even if you didn't know that cardmember.

Accordingly, Members Know allowed members to share travel tips with each other and to view data on the travel destinations, hotels, and restaurants most popular among fellow cardmembers. The site also had content areas managed by the editors of *Travel + Leisure*, a company-owned travel publication. In May 2009, Members Know became an official online community for the magazine.

### *Twitter*

Until 2008, all of American Express's social-media initiatives had been built into the company's main website. That year, however, the company decided to engage with two leading social platforms: Facebook and Twitter. Rather than simply jumping in, the company undertook an eight-month pilot study to "listen" to all public social-media conversations about its brand. The company encountered some negative comments, but most conversation consisted of neutral accounts of redeeming membership rewards or attending events sponsored by American Express. Many positive comments also appeared, particularly on Twitter. "We expected mostly servicing questions," said Berland. "But that ended up being a small minority. It was mostly, 'Oh, my gosh, I just got my Gold Card! I have arrived!'" Berland described how this research crystallized the company's strategy:

With any negative comments, there obviously was an opportunity to turn those into positives. With the neutral, we had a big opportunity to turn those people into advocates. And with the positives, we had the opportunity to amplify. But we needed to join these platforms to participate in these conversations. Otherwise we would never have a chance to engage in the dialogue.

American Express rolled out its Twitter account, with the handle @AmericanExpress, in November 2008 (see **Exhibit 7**). Berland described the chain of events leading to the rollout:

There was a lot of discussion internally about what our voice would be, whether or not Legal needed to review every tweet. Because my team and I were in Public Affairs, we had plenty of experience serving as the official spokespeople for the company. So the argument I made was if I could go on the *Today Show* and represent the company, I should be able to tweet freely. . . . The minute I received the OK, my team quickly set up [the account] and uploaded my photo as the Twitter profile. I tweeted day and night. I became @AmericanExpress, and I kept tweeting along with my full-time job. It became a bit 24/7. We didn't have a strong agenda. I wanted us to listen, watch, and learn what people were interested in, and then serve up the appropriate content. The community shaped our strategy.

Hayes commented on how the company started to leverage its new Twitter presence:

Building long-standing relationships with customers and partners has always been foundational to the company's service ethos. It is also our way of doing business. So, when social media was relatively new and with the potential of being platforms for commerce at some point in the future, we started to build relationships which led to numerous social media and digital partnerships.

Thus, for example, when American Express was planning an invitation-only concert with rock star Jon Bon Jovi for an audience of roughly 1,000 people at Lincoln Center in New York, Hayes and his team opted to announce the sale of tickets exclusively via Twitter, bypassing conventional marketing like a website announcement or an e-mail newsletter. The tickets were priced lower than those for a typical concert, and the proceeds were designated for charity; all 1,000 seats were sold within three hours of the first tweet. "Imagine filling up an entire room of people who found out about the concert on Twitter and are tweeting about it live," Berland commented. "You have something very powerful here."

In another example, in the spring of 2010, American Express sponsored comedian Conan O'Brien's nationwide road show. O'Brien used Twitter as his main communication channel, so the company chose to use that channel, too. Consequently, when American Express asked people to tweet in exchange for a chance to meet O'Brien himself, "It blew up. We had around 300,000 people clicking on our links within one week," Berland recounted. "We were shocked how viral this went and impacted other social-media outlets, press, and cardmembers. We ran various programs this way and had numerous moments where we said, 'Wait, we've never seen this before.'"

Twitter also played a central role in the aftermath of the Haiti earthquake in January 2011, when the company decided to waive fees for non-profit organizations aiding Haiti. Competitors had announced similar initiatives via press releases, but American Express used Twitter. "Because we were on Twitter, it got picked up by all the news outlets on Twitter, and by the end of the day, it became 'American Express is doing this, et cetera,'" Berland recalled. "We then realized the power of that channel to connect with media, and how this would change the way that we publicize news."

By late 2011, American Express had more than 200,000 followers on Twitter, and the rollout was viewed as a huge contribution to the company's competitive advantage. Berland commented:

If you compare us to our competitors and non-competitors, our click-through rates and re-tweet rates are higher than their average. I think it's because we're very authentic and very connected to our community. We don't have agencies helping us here—something I initially

was questioned about, because it's easier to outsource. But my view was to have us living and breathing this stuff.

Since American Express had always been focused on customer service, the company also started to use Twitter for that purpose. "We're not going to talk about events and programs and campaigns, [but] if somebody says 'I'm having an issue,' for our answer to be, 'OK, call customer service,'" Berland commented. The company wanted to be able to address such issues immediately. Thus, even before rolling out @AmericanExpress, the company launched the Ask Amex (@AskAmex) Twitter account (see **Exhibit 8**) and set up a small team of dedicated customer-service representatives in Fort Lauderdale, Florida, consisting of social-media-savvy employees who had already been trained to correspond with customers via e-mail. After additional training focusing on privacy and compliance requirements, the company opened the new communication channel. To keep the communication tone in line with Twitter, the representatives were allowed to respond in ways they saw fit, and their pictures were displayed on the Twitter profile. "We empowered them to be real," Berland explained. "We did not micromanage; we just let them be who they were. For us, putting representatives' pictures online was a big decision, and we thought about this a lot. We felt very strongly this was the right thing to do to maintain authenticity."

### *Facebook*

In 2008, Chenault met with Sheryl Sandberg, the chief operating officer of Facebook. At that meeting both executives quickly realized the tremendous potential for working together, which laid the foundations for the two companies' future relationship. Soon after, American Express started to use Facebook as a portal for several of its social-media initiatives. The company posted regular news updates on its Facebook wall to facilitate easy sharing and discussion among Facebook users. A Card Communities section allowed users of a specific card to connect with the company and each other and to share tips. In another section, users could claim membership rewards: on display was a list of products that could be exchanged for rewards points, and users could click through to American Express's website to redeem them. The Facebook page also featured a section for Nexpedition, an initiative targeting young cardmembers eager to travel: users could install the Nexpedition app and then pay to have a vacation trip tailored to their needs and preferences.

American Express maintained a separate Facebook page for OPEN. One innovative feature of that page was its Membership Rewards section, where users could redeem rewards for Facebook advertising credits. "It is a B2B use of points, and that concept is very new in the industry," commented Berland. Studies done by OPEN had shown that small businesses wanted to use Facebook primarily to engage with their customers. "This reinforces the company's commitment to helping small-business owners and entrepreneurs. Facebook ads help you drive your business directly. Small-business owners who have our cards can now use their rewards points to drive more attention to their business," said OPEN president Susan Sobott.

The company's Twitter and Facebook initiatives garnered considerable press, and virtually every branch of American Express now wanted a social-media presence. To ensure that no social-media efforts were duplicated unnecessarily, the company limited its social-networking efforts. Berland recalled:

You can imagine that everyone wanted a Facebook presence: the Green Card, the Gold Card, the Platinum Card. But this implied that we ran the risk of fragmenting our cardmember community. I had a conversation with our CEO at some point, and he decided that all we should have was a single page for all cards. Those cards that had their own their page quickly found out that it is better for them to be united under the brand umbrella and were

transitioned into the main experience. Now everyone gets to benefit from the 2.7 million “Likes” that we have on Facebook.

## OPEN’s 2009 Relaunch

American Express, like all other financial institutions, was hit by the financial crisis that roiled markets worldwide in 2008 and 2009. In response to threats to its funding activities, consumer spending, and credit quality, all of which affected earnings, the company undertook massive changes that allowed it to emerge with a strong balance sheet. “We were playing a lot of defense,” Gilligan recalled. “But by the end of 2009, it was clear to me that we had to shift from playing defense to offense. I knew that our brand is incredibly powerful, and I wanted us to compete on our own terms and create a competitive advantage thanks to unique assets. Further pushing into social and digital would allow us to do things in a far more personal way than before.”

To start delivering on these goals, American Express relaunched the OPEN Forum in July 2009 with two new features. The first was Idea Hub, a portion of the site displaying content from thought leaders in the form of articles, blog posts, interviews, and videos aimed at small-business owners looking for specific, practical advice. All content was vetted, curated, and produced specifically for the OPEN Forum, but it was available to users whether or not they had an American Express OPEN card. American Express again partnered with Federated Media to find writers who could produce high-quality content in the seven core areas listed on the site: Innovation, Lifestyle, Managing, Marketing, Money, Technology, and The World.

Second, the OPEN Forum rolled out Connectodex, a “virtual Rolodex” of American Express OPEN cardmembers. To establish a profile, users simply used their existing American Express site credentials; they could then upload their business logo, a photograph, and a brief description of their business. Most important, they could list their business needs and the services they could offer (see **Exhibit 9**). Although members could establish similar profiles on other sites, such as LinkedIn, many felt more comfortable contacting others through Connectodex because those they interacted with also had an American Express OPEN card, implying that they ran a sufficiently credible business to obtain a credit card. More than 15,000 small businesses opted to join Connectodex, and those that used the service reported significantly higher net promoter scores.

The new iteration of OPEN Forum quickly garnered attention and significant page views. By the end of 2009, the site had received more than 15.5 million media impressions.<sup>1</sup> Openforum.com recorded a 350% year-over-year growth in unique visitors in May 2010.<sup>2</sup> By summer 2010, the company had over 1 million unique visitors per month and over 11,000 small businesses in its Connectodex.<sup>3</sup> By late 2011, OPEN Forum’s Twitter handle (@openforum) had more than 50,000 followers. Openforum.com also received a number of accolades for its site design, including the 2009 Web Award for Outstanding Achievement in Web Development and a 2010 Silver Effie Award.<sup>4</sup>

## Start of Small Business Saturday in 2010

In early November 2010, a small group of American Express employees came up with the idea of Small Business Saturday, a shopping holiday to encourage shoppers to patronize small, local brick-and-mortar businesses. To be held on the Saturday after Thanksgiving, one of the busiest shopping days of the year, the holiday was designed as a counterpoint to Black Friday, whose focus was big retail stores, and Cyber Monday, which encouraged customers to shop online. To encourage shoppers, American Express offered a \$25 statement credit to cardmembers who registered and then

spent at least \$25 at a registered small business. The company would also give 10,000 business owners \$100 worth of free Facebook advertising to promote online buzz and get customers into their stores.

The first Small Business Saturday was to take place on November 27, 2010, just three weeks after the initiative was conceived. To meet this extremely ambitious goal, Gilligan assembled a small team from various units across the company, including Berland, and gave it a significant level of autonomy. "We threw the titles out. It wasn't about the titles or stature," Gilligan recalled. "There were no consultants involved. There were not three or four levels of review."

The team decided to center the entire campaign on Facebook, and began promoting it heavily there with great success (see **Exhibit 10**). Within the three weeks, the Small Business Saturday Facebook page had garnered 1.2 million "Likes." More than 200,000 cardmembers opted to shop at small businesses that day. More significantly, the Facebook page appeared to have more substantial impact than other forms of advertising. Research showed that one in three Americans was aware of the program and that awareness due to Facebook was significantly higher than that traceable to all other channels.

For Gilligan, the success of Small Business Saturday proved the advantages of a streamlined decision-making process:

When we started, no one here really thought we'd get to a million, but this small cross-functional team found a way to do it. I also realized the importance of being authentic to the Facebook platform. When we have something that's meaningful to say or do, and when we organize people slightly differently and give them a challenge, we [are] able to thrive.

## **The Meeting of Internal APIs and External Partnerships in 2011**

As the social-media team worked to garner external visibility, the Global Marketing Capabilities department, led by its vice president Luke Gebb, toiled to create application programming interfaces (APIs) that would harness data from American Express's systems to bring relevant offers to cardholders. "Because we have a relationship with the cardmember and the merchant, we've always had the heritage of connecting them, and having offers for our members," Gebb commented. "It's part of what American Express really pioneered, and a lot of competitors have tried to copy us over the years." American Express presented these offers via a number of channels, including its own website. For example, one of its most popular online programs, Wish List, offered limited quantities of highly sought-after items at cardmember-only prices. To participate, cardmembers had to log in to the site at an appointed time; if they did not succeed in purchasing an item, they were offered other items on sale.

To improve the experience, Gebb's team created the Smart Offer engine, a set of APIs that tapped into American Express's capabilities. The engine consisted of four components: (1) a merchant database with detailed information on every merchant in the American Express network, including their locations in latitude and longitude; (2) a Smart Offer repository, which allowed merchants to present targeted offers to cardmembers; (3) a couponless fulfillment program, which analyzed transaction flows and could automatically trigger a statement credit if certain conditions were met; and (4) an API that could send real-time notifications from American Express. Gebb and his team began looking at creative ways to deploy the Smart Offer engine. "We looked at piloting it in a lot of different ways, working with merchants to do a punch-card loyalty program, as well as other ways to just bring the system to market," Gebb recalled.

The Smart Offer engine became a hit when Gilligan brought together a group of employees involved in digital efforts across the company for an all-day meeting in late 2010. The goal was for people who would not otherwise cross paths to collaborate on new ways to advance the American Express brand through social media. According to Gilligan:

We had all these people at the ground level of the company who are constantly on Facebook and Twitter, and so they are full of great ideas of how we can leverage these platforms to help our strategy. But they are not senior enough to get their ideas heard. So when I called the all-day meeting, I asked these people to join – and some of them were two or three levels down – to get them talking to each other to develop new ideas. The outcome was just phenomenal for the company, and everyone benefited.

Berland and Gebb both attended the meeting and began discussing possible uses for the Smart Offer engine. One idea that emerged was partnering with Foursquare on merchant offers. And because Berland already had a fruitful working relationship with Facebook, she and Gebb agreed to pursue opportunities with that platform as well.

### *Foursquare Partnership*

Foursquare, which had more than 5 million users at the time, was a location-based site that allowed people to “check in” at commercial locations using a smartphone application. Foursquare let merchants claim their locations and provide special offers to customers who checked in at the location. For example, users who checked in to a coffee shop for the first time were given a special code redeemable for a cookie, while those who checked in 10 times obtained a code for a free coffee. Despite the potential benefits of the service, one Foursquare user described the experience as frustrating:

You go into your Foursquare app, you see a special nearby, you go in, there’s a promo code of some sort, or a coupon that appears on your phone, and then you have to show it to the cashier. So sometimes I don’t even want to use it. You don’t want to show your phone and ask, “Can I have my extra scoop of ice cream?” And even when you do it, 80% of the time that cashier has no idea what you’re talking about because it’s a big chain. They haven’t been trained, and it’s awkward and clunky. It’s basically a choppy, clunky experience.

Integration with American Express offered an opportunity to improve the experience. After the partnership was announced, American Express members could link their cards to their Foursquare accounts. Then when they checked into a particular merchant’s location and a deal was being offered, they could simply press a button that read “Load to Card.” Once they paid for the purchase with their American Express card, the company would credit the amount of the deal to the member’s credit-card statement a few days later (see **Exhibit 11**). No information about the cardmember was shared with Foursquare during this process, but merchants were told how many people had redeemed each offer. Gebb explained the company’s overarching rationale for the partnership:

We were trying to go where our cardmembers are and provide them with an awesome experience. You don’t have to pre-buy the deal; you simply enroll for it, go use your card, you get reminded that you got the offer, you get your money back, and the merchant is getting reporting on exactly how Foursquare drove sales to them. That is very groundbreaking for the merchant, as they don’t have to train their staff and they don’t have to replace their terminals in order to deal with something like NFC [near field communication].

American Express and Foursquare launched their partnership at South by Southwest (SXSW) in Austin, Texas, a major technology conference that had previously served as a launching pad for hot tech start-ups like Twitter and Foursquare itself. The entire process, from the inception of the idea to launch, took only a few months. “Partnerships like this really redefined how we do things,” said Gebb, who led the partnership with Foursquare. The initial launch featured over 50 local Austin merchants who each offered a “Spend \$5, Get \$5” check-in deal. Foursquare did not receive any money from the promotion, but its executives expected the partnership to increase adoption by merchants. “A big part of what we’re doing is building enhanced loyalty tools,” said Foursquare’s founder Dennis Crowley. “We’re seeing that things like this can drive users.”<sup>5</sup> For American Express, success at SXSW was another critical event that swung the company’s support behind these new initiatives. As Berland recalled:

When we were at South by Southwest, I think absolutely everything changed. We were the darling at South by Southwest. People came up to me and would say, “We cannot believe we’re talking about American Express!” I think that was also how we felt about ourselves. It felt like a different company in that moment. It was like this 162-year-old company and this 2-year-old company coming together. It was a very defining moment, a cultural moment in time for us, that was very magical.

### *Link, Like, Love*

Soon thereafter Gilligan approved additional funding for a partnership with Facebook, which allowed Gebb and Berland to proceed. Four months later, in July 2011, American Express partnered with Facebook to launch Link, Like, Love, a Facebook application that also gave members easy access to deals. Users who installed the application could link their American Express card to their Facebook account. Subsequently, American Express sought to present offers for users whose relevance was based on their social graphs (see **Exhibits 12** and **13**). For instance, a user might receive deals that her friends also liked or had purchased. The application would then present offers from various partners, such as Dunkin’ Donuts, H&M, or Sheraton (see **Exhibit 14**), and prompt the user to add the offer to her American Express card (see **Exhibit 15**). The user was then prompted to share the offer with her Facebook friends by posting it on her timeline (see **Exhibit 16**). Once the user had fulfilled the terms of the offer, she received an e-mail informing her that her American Express account would be credited. Initially the company toyed with the idea of letting users opt in to having their transactions trigger a status update; for instance, a purchase might result in a status update that read “Just ate at Dunkin’ Donuts.” But conversations with customers revealed no interest in that functionality, so the status update only reported having obtained a deal in the first place.

The new initiative received significant positive press from online technology publications. In November 2011, Gilligan described the impact on the company:

When we launched Link, Like, Love, and we got a headline from TechCrunch saying “160-year-old Amex out-innovates Google and Groupon,”<sup>6</sup> it was great press out in Silicon Valley, but it was even better press here at the company. More and more people are feeling that this is a different company than it was 12 months ago, and this got everyone motivated. To me, it was opening up a new chapter on the future of this company, where we continually reinvent what we’re doing and move faster to scale our social strategy.

### *Go Social*

Having developed the Foursquare and Facebook integrations for its cardmembers, American Express next sought to make them available to its merchants. Released in August 2011 under the

name Go Social, the initiative allowed merchants to sign up and distribute American Express deals via Facebook and Foursquare (see **Exhibit 17**). “Our ability to authenticate a merchant on our site is a huge advantage over social platforms, because basically anyone can go to those sites, attempt to claim that they’re a place, and start launching offers,” Gebb explained. “They can’t allow that, so these sites have a lengthy process to verify that you are legitimate. We already have all of that information.”

Merchants could use Go Social to create couponless offers and push them out via Facebook and Foursquare. Because no coupons were involved, merchants did not need to train staff to recognize coupons or type in codes. Cardmember statements would be credited automatically for the value of the offer. “The merchant can basically get involved in social media without having to do anything,” Gebb commented. Gilligan reflected on the importance of further developing Go Social to support merchants in their marketing efforts:

We care as much about adding value to merchants as we do about the cardmembers. We want to change the conversation with merchants so they see American Express not just as a form of payment but as a marketing partner who helps them grow their business. To do that, we have to scale what we’re doing to bring this to life. In the future, I believe, millions of cardmembers will have synced their cards to our offers, and we’ll be marketing with hundreds of thousands of merchants where we can give them information that says, “Here’s what you spent and here is the number of customers who came back a week later, three months later, six months later. Let’s continue to fine-tune your marketing to improve your business results.”

## Looking Forward

As American Express continued to launch initiatives that made innovative use of its Smart Offer engine, new challenges and opportunities arose. To maximize efficiency, the company began centralizing social-media partnerships. Before, many different executives might attempt to contact a given company to work on new partnerships; now Berland became responsible for making sure that all efforts were funneled through specific individuals on both sides. Berland thus needed to make sure that she had a concrete strategy that she could communicate to the rest of the organization. As she planned her next steps, she compared the two options that Gilligan had given her.

The option that Gilligan called *broad* would focus on building more partnerships with social platforms like Twitter, Yelp, and LinkedIn. Although Berland liked this option, she wanted to make sure that the global scale of the partnerships satisfied the needs of international customers. She had always preferred an overarching strategy with a market-by-market tactical approach. “In the U.S., we had thousands of people who were talking about American Express: ‘I love my membership reward points.’ ‘I have a question.’ There was a reason to start a Twitter account,” Berland explained. “However, in certain markets we find that only a handful of people are talking about us, and then there is very little point to engage.”

The second option, which Gilligan called *deep*, entailed deepening the existing partnerships with Facebook and Foursquare. If implemented, this option would entail rolling out more member-get-member offers on social platforms to reduce card-acquisition costs. To improve retention, American Express would also add more social features to its rewards program. On the merchant side, the company would accelerate the ability for merchants to create couponless offers and push them out to carefully selected American Express members via Facebook and Foursquare. For instance, Go Social could allow merchants to target cardmembers by releasing offers only to their best customers, to current customers who were not yet among the best, or to non-customers they wanted to acquire.

As Berland weighed which of the two options to recommend, she also contemplated how her suggestion would fit into Gilligan's broader strategic agenda. She recalled his words:

The big question for us is whether American Express is a card or a platform. How far do we go beyond the piece of plastic and a transaction? And where else can we be relevant for our customers? We could become more relevant by being more social, and help customers help each other.

**Exhibit 1** Biographies of American Express Executives Mentioned in the Case

**Leslie Berland** is Senior Vice President of Digital Partnerships and Development. She leads social media strategy for the company globally. Before joining the company in 2005, Berland was a Vice President at GCI Group and a Senior Account Executive at Ketchum. She holds a B.A. from Boston University. She is @LeslieBerland on Twitter.

**Kenneth Chenault** is Chairman and Chief Executive Officer of American Express. In the late 1980s Chenault led the Green, Gold and Platinum Card divisions, and then the entire consumer-card group, before being appointed Vice Chairman of the company in 1995 and CEO in 2001. Outside the company Chenault is a co-chair of the Business Roundtable, a director at IBM and Procter & Gamble, and a member of the Council on Foreign Relations. Prior to joining American Express in 1981, Chenault had worked as a law-firm associate and a consultant at Bain and Company. Chenault holds a J.D. from Harvard Law School and a B.A. from Bowdoin College.

**Luke Gebb** is Vice President of Global Marketing Capabilities. Previously Gebb worked in the Strategic Planning group at American Express, consulting across business lines throughout the company. After a stint at an Internet startup, Gebb returned to American Express to lead online acquisitions before joining its Global Marketing Capabilities unit. He is a graduate of the Wharton School of Business at the University of Pennsylvania.

**Ed Gilligan** is Vice Chairman of American Express. Gilligan has been with the company for over thirty years and has previously served as Group President of American Express International & Global Corporate Services, Group President of Global Corporate Services at American Express Travel, and President of International Payments. He is currently responsible for seven of American Express' eight global business units, including Consumer, Small Business, Global Merchant Services, and Global Network Services. He holds a B.S. from New York University.

**John Hayes** is Chief Marketing Officer of American Express. In addition to overseeing marketing strategies and product development, Hayes leads the company's global advertising, digital marketing, market research, corporate sponsorships, brand management and publishing organizations. He has been the force behind the business strategies that have resulted in iconic campaigns such as "My life. My card." Additionally, under his leadership American Express has created over 200 new product launches, including the coveted Centurion black card, Blue and more recently Serve from American Express. Hayes holds a B.A. from Seton Hall University.

**Susan Sobott** is President of OPEN, American Express' business unit geared toward small businesses. She began her career at American Express in 1990, joining its Strategic Planning Group (an internal strategy team) before moving to its Merchant Services business. Since 2004, Sobott has worked with Small Businesses at American Express and has led the company's OPEN unit to significant awards and acclaim. She is a graduate of the Darden Business School at the University of Virginia and holds a B.S. from Georgetown University.

Source: Company.

Note: Executives are sorted in alphabetical order by last name.

## Exhibit 2 American Express Personal Cards

### MEMBERSHIP REWARDS® CARDS ?

 <b>Platinum Card® from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Premier Rewards Gold Card from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>American Express® Gold Card</b> <input type="checkbox"/> ADD TO SAVED CARDS
 <b>American Express® Green Card</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>ZYNC from American Express®</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Blue from American Express®</b> <input type="checkbox"/> ADD TO SAVED CARDS

### TRAVEL REWARDS CARDS

 <b>Gold Delta SkyMiles® Credit Card</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Platinum Delta SkyMiles® Credit Card</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Delta Reserve Credit Card</b> <input type="checkbox"/> ADD TO SAVED CARDS
 <b>JetBlue Card from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Blue Sky from American Express®</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Blue Sky Preferred from American Express®</b> <input type="checkbox"/> ADD TO SAVED CARDS
 <b>Hilton HHonors® Card from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Hilton HHonors® SurpassSM Card from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Starwood Preferred Guest® Credit Card from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS

### CASH BACK AND OTHER REWARDS CARDS





 <b>Blue Cash EverydaySM from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Blue Cash PreferredSM from American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS	 <b>Clear from American Express®</b> <input type="checkbox"/> ADD TO SAVED CARDS
 <b>TrueEarnings® Card from Costco and American Express</b> <input type="checkbox"/> ADD TO SAVED CARDS		

### PREPAID CARDS

 <b>American Express Gift Cards</b>	 <b>PASS from American ExpressSM</b>	 <b>American Express® Prepaid Card</b>
---------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------

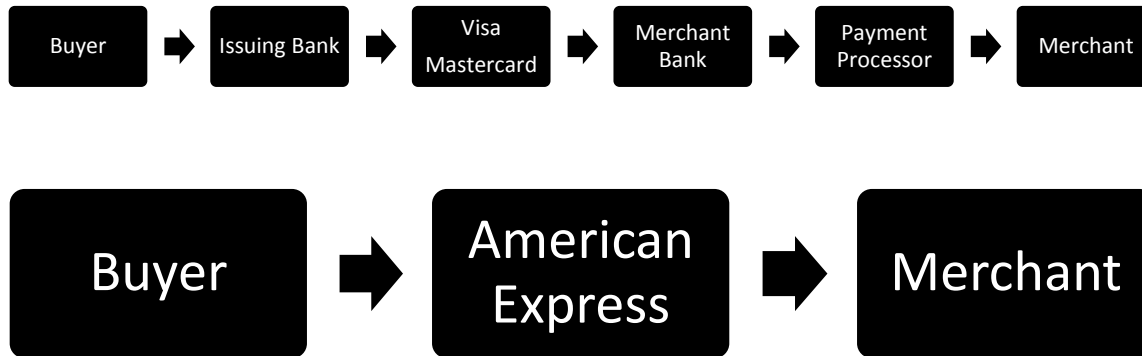
Source: American Express, [http://www304.americanexpress.com/getthecard/?inav=footer\\_cards\\_personal](http://www304.americanexpress.com/getthecard/?inav=footer_cards_personal), accessed November 30, 2011.

Exhibit 3 American Express Business Cards

				
<b>THE CARD</b>	<p><b>Business Platinum Card®</b></p> <p>The Business Charge Card with more than 30 premium benefits designed for better business</p> <p>Receive up to \$200 Airline Fee Credit annually to cover incidentals with the airline of your choice <sup>1</sup></p> <p><a href="#">LEARN MORE</a> <a href="#">APPLY NOW</a> <a href="#">COMPARE CARDS</a></p>	<p><b>The New Business Gold Rewards Card from American Express OPEN</b></p> <p>The Card that is designed for businesses to earn points faster</p> <p>Earn triple points on airfare, double points on advertising, gas, and shipping, and a single point on everything else. <sup>2</sup></p> <p><a href="#">LEARN MORE</a> <a href="#">APPLY NOW</a> <a href="#">COMPARE CARDS</a></p>	<p><b>Business Green Rewards Card</b></p> <p>The basic Charge Card that can earn you Membership Rewards® points and help manage cash flow</p> <p>Earn 5,000 bonus points with your first purchase <sup>3</sup></p> <p><a href="#">LEARN MORE</a> <a href="#">APPLY NOW</a> <a href="#">COMPARE CARDS</a></p>	<p><b>The Plum Card®</b></p> <p>The Charge Card that gives your business payment flexibility each month</p> <p>Up to a \$200 credit to use with select business partners. <sup>4</sup></p> <p><a href="#">LEARN MORE</a> <a href="#">APPLY NOW</a> <a href="#">COMPARE CARDS</a></p>
<b>REWARDS PROGRAM</b>	Membership Rewards First® program <sup>?</sup>	Membership Rewards program <sup>?</sup>	Membership Rewards program <sup>?</sup>	Trade terms <sup>?</sup>
<b>FEATURED BENEFIT(S)</b>	Airport Club Access <sup>?</sup> Premium Car Rental <sup>?</sup> Purchase Protection <sup>?</sup> Business Platinum Concierge <sup>?</sup> FINE HOTELS & RESORTS <sup>?</sup> Platinum Office Program <sup>?</sup>	Purchase Protection <sup>?</sup> Return Protection <sup>?</sup>	Purchase Protection <sup>?</sup>	Early Pay Discount <sup>?</sup> OR, Defer Pay Option <sup>?</sup> Set your statement closing date <sup>?</sup>
<b>OPEN SAVINGS® <sup>?</sup></b>	Save 3% to 10% at merchant partners <sup>†</sup>	Save 3% to 10% at merchant partners <sup>†</sup>	Save 3% to 10% at merchant partners <sup>†</sup>	Save 3% to 10% at merchant partners <sup>†</sup>
<b>PAYMENT TERMS</b>	Pay in full with no interest and purchasing power that can evolve with your business	Pay in full with no interest and purchasing power that can evolve with your business	Pay in full with no interest and purchasing power that can evolve with your business	Choose to pay early and get a discount, OR defer payment without interest
<b>ANNUAL FEE</b>	\$450	\$0 introductory annual fee for the first year, then \$175	\$95	\$0 introductory annual fee for the first year, then \$185

Source: American Express, <http://www262.americanexpress.com/business-credit-cards/business-cardcompare?p=c tray&pmccodes=92,111,89,499>, accessed November 30, 2011.

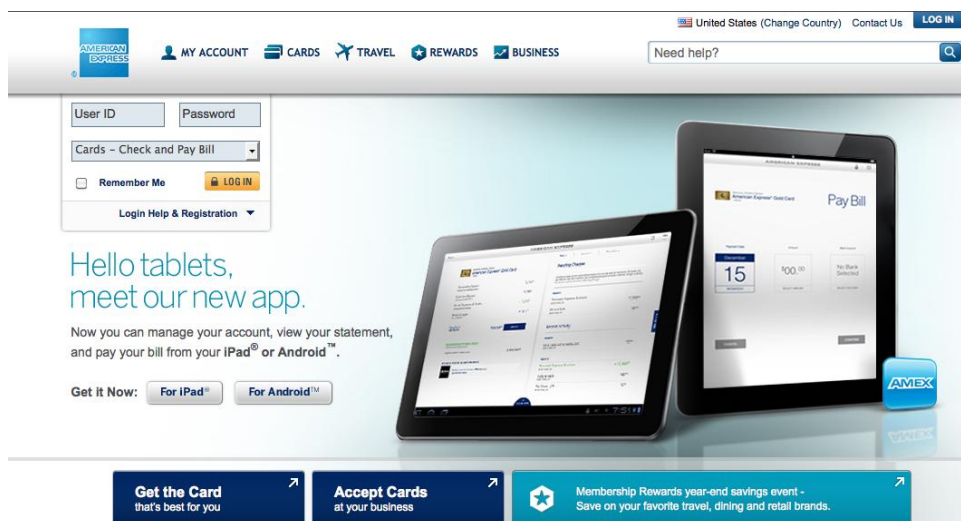
#### Exhibit 4 Open- and Closed-Loop Systems for Credit-Card Payments



Note: The top diagram refers to an open-loop system, while the bottom diagram refers to a closed-loop one. Arrows indicate the movement of payment from buyer to merchant. In some cases American Express used a payment processor to settle the payment with merchants.

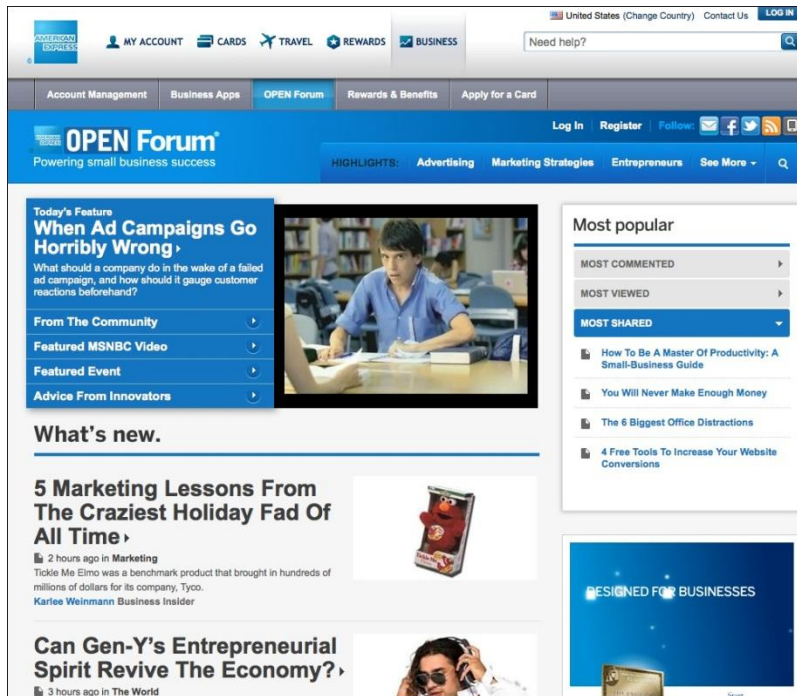
Source: Casewriters.

#### Exhibit 5 The American Express Website Home Page



Source: American Express, <https://www.americanexpress.com>, accessed November 30, 2011.

Exhibit 6 The OPEN Forum on the American Express Website



Source: American Express, <http://www.openforum.com>, accessed November 30, 2011.

Exhibit 7 American Express on Twitter



Source: Twitter, <https://twitter.com/americanexpress>, accessed November 30, 2011.

## Exhibit 8 AskAmex on Twitter



Source: Twitter, <https://twitter.com/AskAmex>, accessed November 30, 2011.

## Exhibit 9 Excerpt from a Sample Connectodex Profile on the American Express Website

Source: American Express, <http://www.openforum.com/connectodex/fast-market-research>, accessed November 30, 2011.

**Exhibit 10** American Express Small Business Saturday on Facebook



Source: Facebook, [https://www.facebook.com/americanexpress?sk=app\\_183558821725512](https://www.facebook.com/americanexpress?sk=app_183558821725512), accessed November 30, 2011.

Exhibit 11 American Express Smart Offer Integration with Foursquare



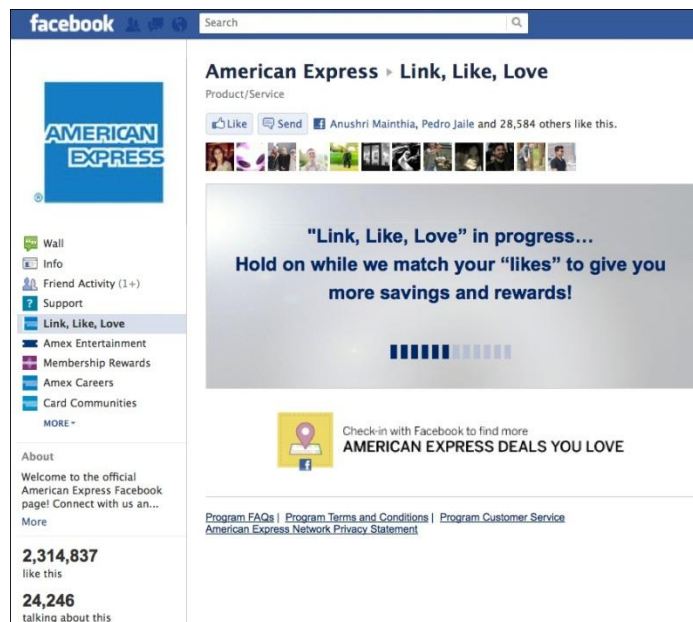
Source: Company.

Exhibit 12 American Express Welcome Screen on Facebook



Source: Facebook, <https://www.facebook.com/americanexpress?sk=wall>, accessed November 30, 2011.

Exhibit 13 Link, Like, Love Welcome Screen on Facebook



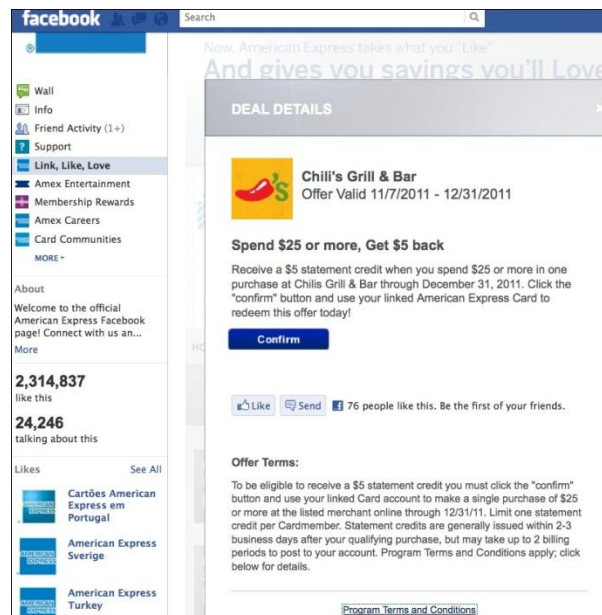
Source: Facebook, [https://www.facebook.com/americanexpress?sk=app\\_216352075054740](https://www.facebook.com/americanexpress?sk=app_216352075054740), accessed November 30, 2011.

### Exhibit 14 Link, Like, Love Offer Presentation on Facebook



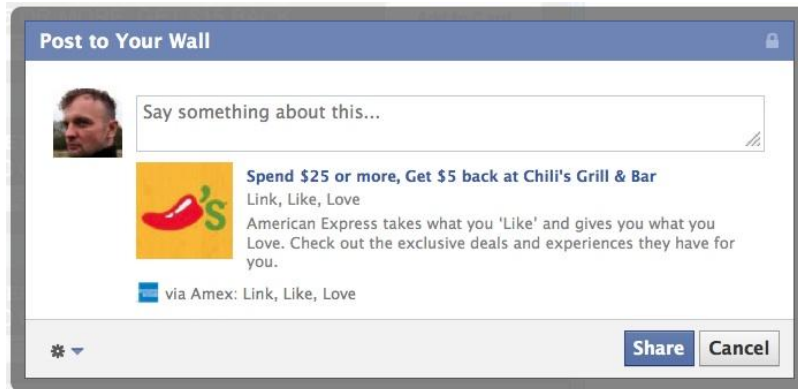
Source: Facebook, [https://www.facebook.com/americanexpress?sk=app\\_216352075054740](https://www.facebook.com/americanexpress?sk=app_216352075054740), accessed November 30, 2011.

### Exhibit 15 Link, Like, Love Offer Information on Facebook



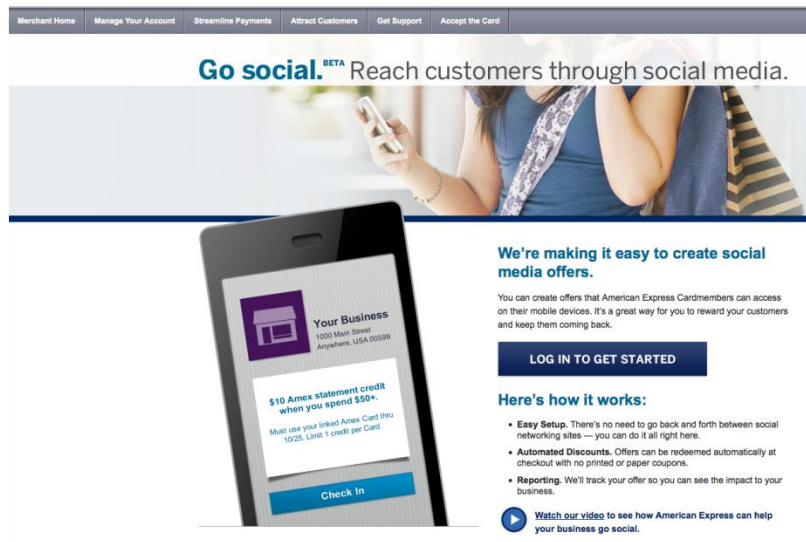
Source: Facebook, [https://www.facebook.com/americanexpress?sk=app\\_216352075054740](https://www.facebook.com/americanexpress?sk=app_216352075054740), accessed November 30, 2011.

**Exhibit 16** Link, Like, Love Prompt to Share the Offer on User’s Facebook Timeline



Source: Facebook, [https://www.facebook.com/americanexpress?sk=app\\_216352075054740](https://www.facebook.com/americanexpress?sk=app_216352075054740), accessed November 30, 2011.

**Exhibit 17** American Express Go Social Home Page



Source: American Express, <https://gosocial.americanexpress.com>, accessed November 30, 2011.

## Endnotes

<sup>1</sup> “American Express OPEN Forum: 2010 IMA Winner,” *Promo*, April 28, 2010, <http://promomagazine.com/awards/ima-awards/amex-open-forum>, accessed March 2011.

<sup>2</sup> Clark Fredrickson, “Case Study: American Express OPEN Forum Socializes Small Business,” eMarketer, May 13, 2010, via Factiva, accessed March 2011.

<sup>3</sup> Drew Neisser, “What American Express’s OPEN Can Teach Us About Social Media,” *Fast Company*, July 12, 2010, <http://www.fastcompany.com/1669407/charging-up-small-biz-on-social-media>, accessed March 2011.

<sup>4</sup> Eva Norlyk Smith, “OPEN Forum Offers Helpful Business Solutions,” *CreditCardGuide*, February 11, 2011, <http://www.creditcardguide.com/creditcards/news/open-forum-offers-helpful-business-solutions>, accessed March 2011.

<sup>5</sup> Shayndi Raice and Robin Sidel, “Amex Teams Up with Foursquare,” *Wall Street Journal*, March 4, 2011, <http://online.wsj.com/article/SB10001424052748704076804576180841727743146.html>, accessed April 2011.

<sup>6</sup> Rocky Agrawal, “160-Year-Old American Express Out-Innovates Google and Groupon,” July 19, 2011, post on blog TechCrunch, <http://techcrunch.com/2011/07/19/160-year-old-american-express-out-innovates-google-and-groupon>, accessed June 2011.