



# Case Study: Wells Fargo Travel Rewards

New Website Features :: Bonus Points Promotions :: Enhancing User Experience :: Gamification  
Personalized Product Recommendations :: Algorithmic Pricing System

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Accessible to 12 million Wells Fargo cardholders, the Go Far Rewards program offered the ability to earn points on everyday purchases and redeem them for merchandise, digital products, gift cards, cash back, and travel. We led the development team that built the *Travel* portion of the rewards program, accounting for approximately \$100 million in annual purchases of flights, car rentals, hotel stays, cruises and vacation packages.

Unlike most travel rewards programs at the time, ours allowed cardholders to not only redeem their points but to also earn points for *direct credit card bookings* of travel from the platform itself (instead of booking externally on travel websites like Expedia). To stimulate these direct bookings, we ran a series of limited-time bonus point campaigns, e.g. “5x Points on Cruises”.

Like other forward-thinking rewards programs, Wells Fargo’s overarching objective was to make the reward platform an e-commerce destination, rather than just a portal for cashing-out your points balance. The two most powerful ways to achieve that objective were: (1) provide a vast inventory of product offerings on-par with the major online retailers (for travel, that would include such entities as Expedia, Orbitz, Priceline etc.), and (2) offer such things as “bonus points” on purchases to add value to purchases made on the platform.

Following is some of the web development and marketing-oriented features we *personally* built (in addition to managing the team which built the rest of the platform).

We laid out our objectives in stages, leading from the merchandising of travel deals to ultimately personalizing the e-commerce experience and algorithmically pricing hotel rates. **We achieved success on every level:**

- 80.1% increase in travel product engagement
- Lift in transaction volume of 105% for cruises and 74% for vacation packages
- 32.7% increase in the number of completed hotel bookings while maintaining market price competitiveness without impact to profit margins
- Acquisition of valuable first-party customer data – travel preferences and search history -- from hundreds of thousands of cardholders, enabling us to offer personalized travel recommendations

# Travel Offers

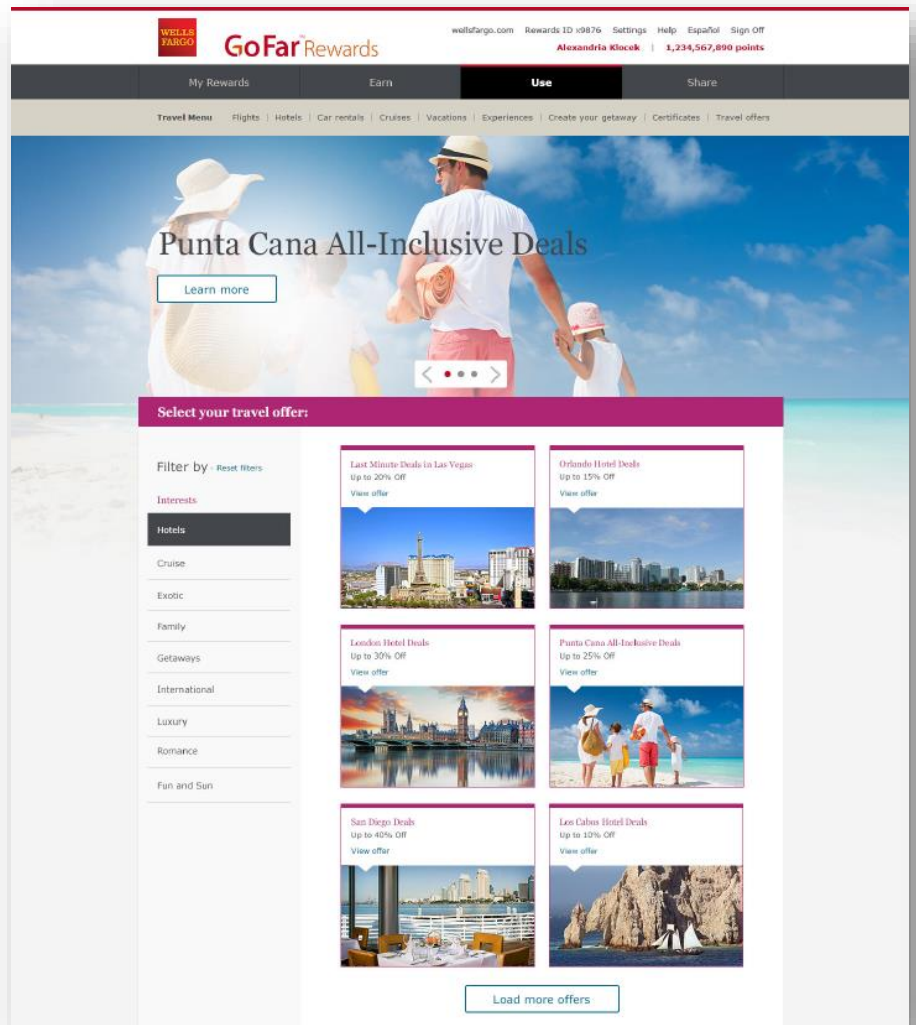
**OBJECTIVE:** Engage cardholders and provide value with travel offers for vacations and cruises.

**HOW:** Merchandising of dynamic travel offers fed via API from a custom-made CMS.

Offers were sourced from the many cruise lines and vacation wholesalers we worked closely with, and fresh content was updated weekly. All the Marketing team had to do is input the content into the CMS!

We created a unique custom content management system (CMS) to input all details related to the offer, including offer copy, terms & conditions, images, listing priority, “featured” status, etc. Our CMS also provided the ability to “tag” each travel offer to accommodate different styles of travelers – from luxury travelers, to adventure seekers, to cultural explorers, to family travel and a number of other travel “cohort” groups. (This would later enable us to serve relevant travel recommendations once we learned more about each user... read on for more).

Finally, the CMS system included its own API which allowed us to pull content into the Wells Fargo Rewards travel website, as well as a number of other domains and other loyalty programs our team built -- such as the travel loyalty programs for PNC Bank, State Farm, First National Bank of Omaha, and the CUrewards VISA rewards program for hundreds of credit unions across the U.S.



# Hotel Deals

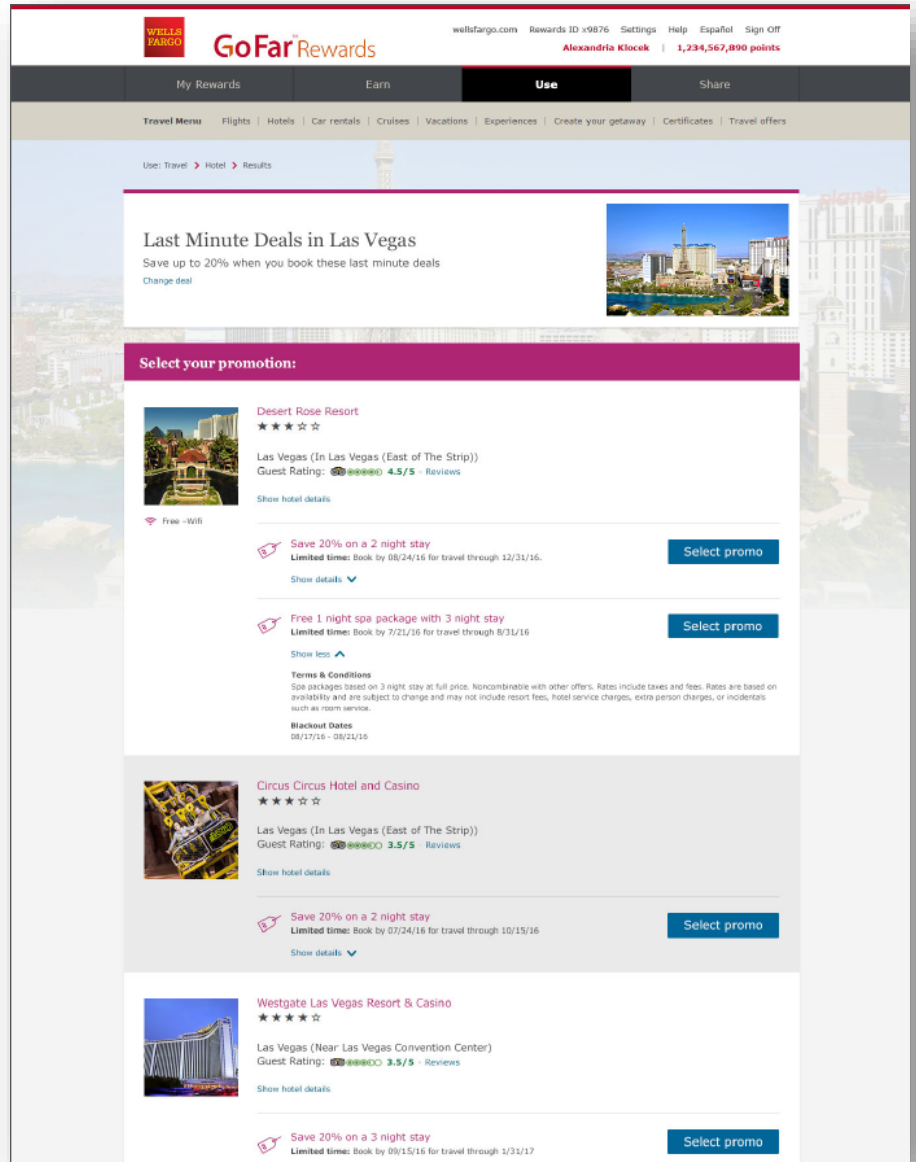
**OBJECTIVE:** Engage cardholders and provide value with “themed” pages of the latest hotel deals -- for example, “Last Minute Deals in Las Vegas” or “Family Summer Vacation Deals in Orlando”.

**HOW:** We connected with Expedia’s Hotel Deals API to automatically pull real-time hotel offers based on the criteria specific to the “themed” page -- for example, “Last Minute Deals in Las Vegas” would query the Expedia API for travel offers to the destination “Las Vegas”, and for “last minute” travel dates within the next two weeks.

We extended our CMS system to capture the specific criteria for each of these pages, and then a simple call to our CMS API would yield dynamically generated user-facing pages in real-time, with the very latest hotel offers.

Offers would “click through” to the general hotel booking engine where the user could complete their online booking.

These offers were also “tagged” to specific travel “cohort” groups like the vacation and cruise deals described on the previous page, in preparation for our upcoming “personalized recommendations” objective.

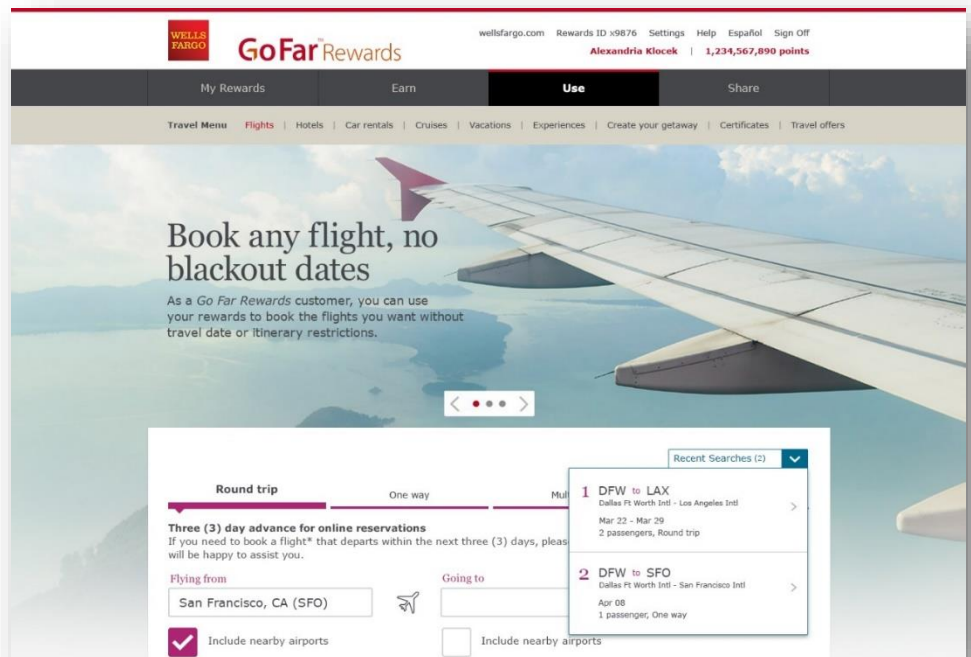


## Recent Searches

**OBJECTIVE:** Enhance the user experience and reduce “friction” in the shopping experience by allowing cardholders to store and recall their most recent travel product searches, for flights, hotel stays, and car rentals.

**HOW:** Since each logged-in cardholder is unique and identified by their cardholder ID, we could store first-party data about the cardholder in our Customer Data Platform and give the user the ability to recall recent searches.

**RESULTS:** Not only did we see an immediate increase in product engagement in product engagement (the number of product searches performed by users), but this feature served a deeper purpose as part of our longer-term objectives. We would later use this information from a customer’s searches to understand – on the unique USER LEVEL -- more about their travel plans, preferences and interests. For example, knowing a user’s flight destination would enable us to later recommend hotels and car rentals at the destination... knowing whether they were traveling with others, and their ages (adults, children, seniors?), would also give insight into whether they were traveling solo, as a couple, or as a family – further enabling us to offer more personalized travel product recommendations.



## Traveler Profiles

**OBJECTIVE:** give users the create “profiles” to store and recall personal information for themselves and others they travel with. This would then be used to pre-fill complex flight booking forms with such information as Passport numbers, Driver’s License/IDs, date of birth, address, frequent flyer account numbers, etc.

**HOW:** This was another feature we built which was essentially an extension of the Recent Searches “data storage and recall” system. **The impact on the user experience was particularly positive for mobile users, who commonly struggle with filling out long forms.**

# Personalized Travel Recommendations

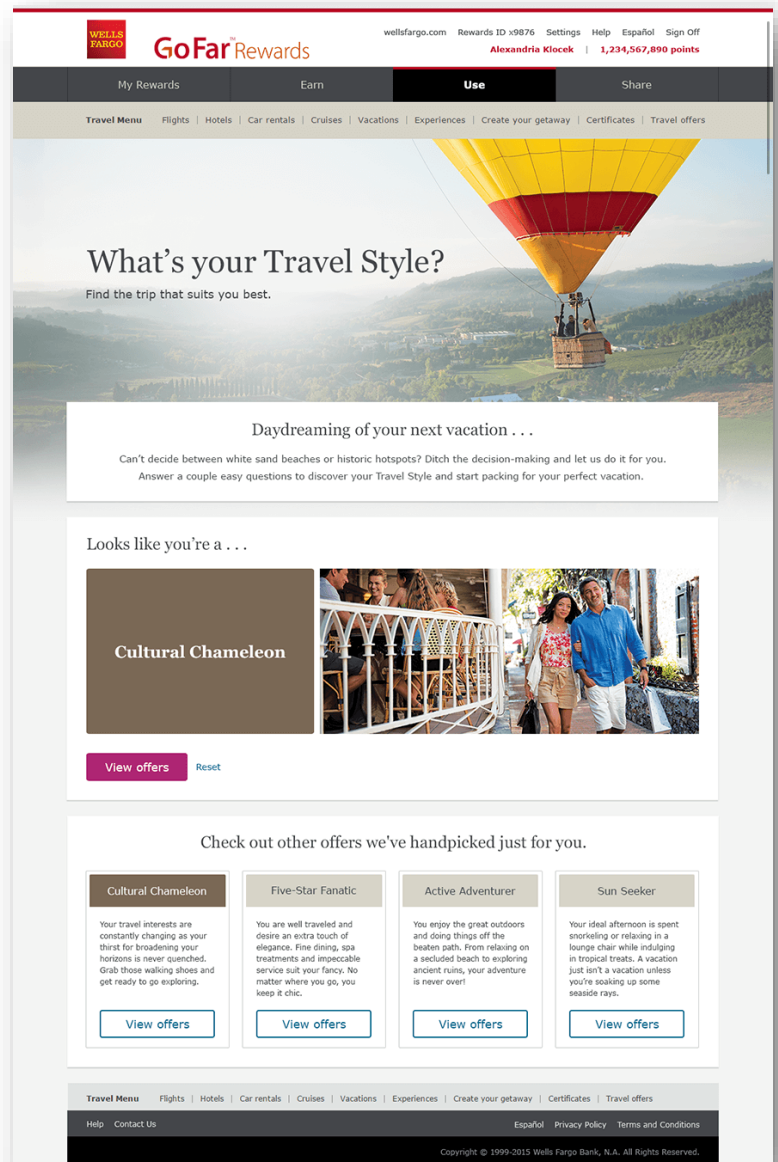
**OBJECTIVE:** present users with personalized travel recommendations based on what we know about them.

**HOW:** Here again we extended the use of the Customer Data Platform to serve personalized travel recommendations based on past interactions with the website. For example, if a user had previously searched for a hotel stay and specified “two adults and two children” we could serve that user deals for family-friendly activities and destinations.

To gather even more detail about a user’s travel preferences and style, we created a fun “gamification” tool to allow the user to discover their travel style. This presented a series of questions intended to segment the user into one of several “cohort” styles – luxury traveler, adventure seeker, cultural explorer, etc. Knowing that, we could then instantly serve relevant travel recommendations, and present new recommendations every time the user logged in.

To promote the use of this “gamification” tool, we worked with the Wells Fargo Card Services marketing team on a series of email and direct mail messaging to cardholders.

**RESULTS:** We acquired a significant amount of valuable data previously not known about the bank’s cardholders. **Over 10% of the user base participated in the Travel Styles campaign.** Using this data in conjunction with the “Bonus Points” campaigns (see next page), we achieved an **80.1% increase in product engagement**, and a **lift in transaction volume of 105% for cruises and 74% for vacation packages.**



This feature won the Travel Weekly Magellan Silver award for *Best Marketing Campaign*.



## “Bonus Points” Promotions

**OBJECTIVE:** Incentivize cardholders to purchase their travel through the rewards platform instead of through external vendors (such as Expedia, Orbitz, Priceline etc.)

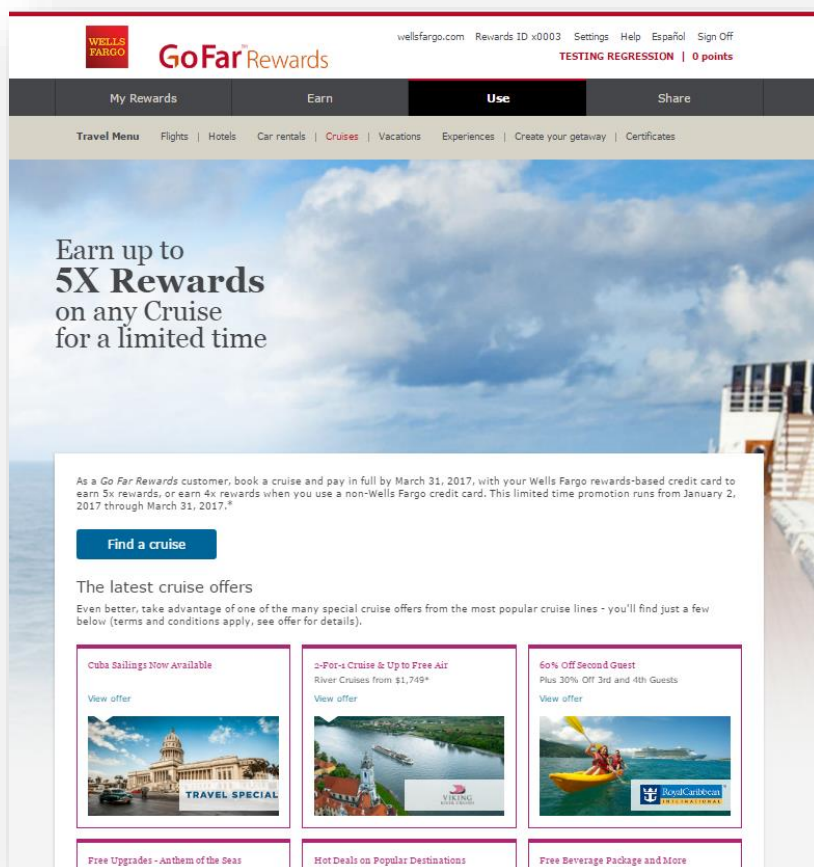
**HOW:** We further extended the capabilities of our proprietary CMS system to allow the team to create time-bound “bonus points” campaigns. These campaigns could be applied to certain types of products (for example, “5x points on CRUISES”) or even for specific individual products (“5x points when you book a stay at the Bellagio Hotel in Las Vegas”).

To present these offers, we would highlight them on their respective product “home” pages (for example, the “Cruises” home page in the screenshot below). We also worked closely with the Wells Fargo Card Service Marketing team to message cardholders about larger quarterly campaigns.

In addition to this messaging, applicable products in the booking engine would show tags promoting the offer... for example, after performing a search for cruises, the search results for which a “5x points” promotion applied would indicate “Earn 5x points on purchase” in their listing and throughout the stages of the booking process.

If a cardholder chose to book their travel by phone through the call center versus using the website, they too would get notified of the offer. We integrated the messaging from our CMS API into the call center application so agents could inform the caller about the special points offer while working with them on their booking by phone.

**RESULTS:** The “Bonus Points” campaigns were a huge success, especially when coupled with our ability to better understand the travel preferences of many cardholders (see “Personalized Travel Recommendations” on the previous page). When we introduced these campaigns, we saw an **80.1% increase in product engagement** (search and browse activity) and, most importantly, a clear lift in transaction volume for the products – **sales of cruises were up 105% and vacation packages up 74%.**



# Algorithmic Hotel Pricing

**OBJECTIVE:** Increase hotel booking transactions by competitively optimizing our pricing with real-world money vs. our pricing with points... and make a healthy profit in the process.

**HOW:** Giving away bonus points is a great tool for stimulating sales, but not at the expense of profit margins! Cruises and Vacation packages already have higher margins compared to flights and hotel bookings. Awarding bonus points for cruises and vacations had a very minor impact on overall margins. However, the same could not be said about hotel stays or flights, where margins are often very slim.

Hotel bookings were one area we saw the opportunity to only optimize margins, but also increase bookings with competitive pricing and the offer of bonus points. Instead of opting for a static pricing model, we created a proprietary algorithm to dynamically adjust pricing in real-time.

In the world of rewards programs, many are limited to “point redemption” transactions only. However, with 12 million cardholders being served, we saw an enormous opportunity for incremental revenue from direct credit card purchases of travel, or from split-tender sales (part point redemption, part credit card sale). *The primary reason for offering bonus points was to stimulate direct, non-point purchases.*

This dual world of “points” and “purchases” creates a more complex array of levers to optimize margins, compared to ordinary e-commerce platforms which don’t include a “loyalty points” program. For example, when redeeming reward points (earned from everyday non-travel use of the card), we eliminate the merchant processing fees incurred by a credit card sale – this *helps* margins. On the other hand, awarding bonus points for a credit card purchase *while incurring the merchant fees for the sale* obviously *hurts* margins.

We started by defining “competitive pricing”. We built a system to rapidly “scrape” pricing of hundreds of thousands of hotel room rates from online competitors, then mapped this data against our own vendor pricing data. This gave us valuable data on where the competitors had a price advantage -- or the opposite, where they had higher prices than ours – and helped us understand more specifically what “levers” we should adjust to maintain price competitiveness.

Armed with this knowledge, we then built a real-time algorithm for hotel pricing that factored in:

- Markup of pricing to achieve a certain minimum profit margin
- Selection of pricing from multiple inventory sources, some offering a set commission rate and others offering wholesale prices we could mark-up at our discretion
- Capping the fiat currency price markup not to exceed a level beyond “competitive”
- Reducing the “points redemption” price to ultra-competitive levels by factoring in the elimination of merchant processing fees for point redemptions, and factoring in the cost of bonus points and merchant fees for non-point purchases.
- Constant monitoring of the sales funnel to ensure conversion rate were not negatively impacted (the percentage of users who complete the transaction)

**RESULTS:** We first applied our algorithm against our competitors’ price data to see if we remained competitive – we did! So, then we went live. Compared to the static pricing model, the result of the algorithmic pricing model was a **32.7% increase in the number of completed transactions while maintaining the company’s target profit margin.**



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