

AMERICAN EXPRESS



THE MARKET

Plastic money - in the form of debit, credit card or charge cards - is fast replacing hard cash as a means of payment.

In Australia, the plastic card market is dynamic and competitive, with plastic spend rising by 21% in 1996 to nearly \$55 billion. In 1996 around 11 million credit and charge cards alone were in circulation in Australia.

ACHIEVEMENTS

Since it was founded almost 150 years ago American Express has played an important part in facilitating global travel and instigating a worldwide system of financial services. It is also the world's largest travel organisation.

American Express is a blue chip organisation with an enormous global presence, employing 72,000 people across the world. Its 'Blue Box' logo is one of the most widely recognised corporate symbols, and the classic green American Express Card, first launched in 1958 and introduced into Australia in 1974, is the most famous charge card in the world. It is accepted at establishments in over 160 countries around the world.

There are currently over 41 million American Express cards in use worldwide. In 1996 alone, about US\$185 billion was spent on American Express cards.



services and financial facilities.

The American Express Company originated as an express freight company. It grew out of a union between Wells & Co and two other similar express carriers, Livingston & Fargo and Butterfield, Wasson & Co. American Express first operated under the company slogan 'Safety & Dispatch' accompanied by a bulldog logo.

From the outset, American Express played

American Express offers a wide range of benefits to its members which ensures its popularity remains undimmed, and in fact it is increasing. The Membership Rewards brand loyalty program is part of an overall marketing package orchestrated by American Express. The program, which was launched in 1991, now operates in over 30 countries and has over six million enrollees. American Express also has a very high profile amongst its corporate customers. In Australia, for example, it currently provides a service to eight of the top ten BRW-listed companies.

HISTORY

In the year 2000, American Express will celebrate its 150th anniversary. In those 150 years it has developed into one of the world's most famous companies - famous for its charge card, travel

an important part in people's lives - even occasionally saving them! During the American Civil War in the 1860s American Express transported vital supplies to Union Army depots and facilitated the democratic process by issuing election ballots to troops in the field. American Express first underwrote a money order in 1882, when it became clear that it was far safer than shipping sums of cash. Money orders became increasingly common from the mid-1880s onwards.

American Express originally established banking relationships across Europe to transfer money from the immigrants based in the United States to their families in the Old World. The company also pledged to pay money on Telegraphic Order at a moment's notice, between points thousands of miles apart, and to sell small drafts or money orders "which can be cashed at 15,000 places".

Despite the increasingly high profile of American Express for its financial services, it was still chiefly a freight express business. However, as a major step towards facilitating greater and easier travel in 1891, the American Express Travellers Cheque, the first of its kind, was introduced. This offered a solid guarantee that the cheque represented dollars and could be converted into a variety of currencies. At a stroke the long-winded money changing process at international borders became nothing more than a bad memory for American Express clients. The beauty of this simple cheque was that it was automatically refundable should it be lost or stolen.

One of the most famous American Express offices was opened in 1900, at 11, Rue Scribe in Paris. This became something of a Mecca, often a godsend, to tourists in Europe. When World War I broke out on 3 August 1914, around 150,000 Americans were trapped in Europe, many in awkward situations. American Express offices across Europe were jammed with Americans frantic to get home. In Paris, the line to the counters was a hundred metres long and six people deep. Money was mailed to points all over Europe to help people further afield to make their way home. In many places the locals were hoarding and trading in American Express cheques rather than trust in their own currency. In its role as a freight carrier, the company was inundated with baggage left in the rush to flee Europe. Whatever the crisis, and no matter how difficult the obstacles, American



Express managed to reunite families, help travellers trace long-lost baggage, and secure a safe exit for thousands of people. In 1915 the Manchester Guardian dubbed it 'The Romantic Company' for the way it shuttled messages between prisoners of war and their families.

After the war, American Express extended its travel organisation and its international financial operations in Latin America, Europe and the Far East. American Express actually arranged the first round-the-world leisure cruise in 1922. Even during the Depression of the 1930s, American Express continued to cash its travellers cheques despite the fact that most US banks were closed and their assets frozen. The famous green American Express charge card didn't make an appearance until 1958, well after World War 2. Since then, American Express has expanded rapidly into various new areas of finance and travel. American Express even started its own publishing business in 1968. In 1986, the company set up new headquarters at the World Financial Centre in New York - a fitting location for a company with the global prestige and financial heritage of American Express.

American Express first made its appearance in Australia in the late 1950s, when a travel service desk operated out of the prestige Sydney department store, David Jones. The famous green charge card made its debut here in 1974. The American Express Corporate Card was introduced into Australia in 1978, followed by the Gold Card in 1982.

THE PRODUCT

The American Express Company operates in three core businesses: travel, finance and communication. Throughout the world, American Express employs around 72,000 people. Its main businesses are American Express Travel Related Services, American Express Financial Advisors and American Express Bank.

American Express Financial Advisors offer financial planning and investment advisory services to individuals and businesses in Europe, Asia and the Americas. American Express' banking arm has three major businesses: correspondent, commercial and private banking and consumer financial services.

American Express Travel Related Services is by far the largest business in the American Express organisation and in fact generates around half of all American Express' profits. This is the most famous sector of American

Express in that it operates American Express Card products as well as a worldwide network of American Express Travel Service and Representative Offices.

Although most famous for its charge card, American Express is now aiming to provide a portfolio of products - traditional charge and credit cards, stored value cards and new products such as debit and smart cards. During 1996 the company made significant strides in broadening the number of products offered. For example in the US, the first lifestyle product, the Golf Card was launched, as well as new co-branded cards with ITT Sheraton and Delta Air Lines. Credit cards have also been launched in key international markets, with the American Express Blue Credit Card making its Australian debut in 1997. American Express' strategy is to continue to customise its products for specific groups, rather than trying to meet the needs of a mass market with a single product.



RECENT DEVELOPMENTS

Recent years have seen a variety of loyalty programs and extra services added to the American Express product portfolio. The American Express travel business has extended massively through a deal in 1993 which secured the acquisition of the Thomas Cook corporate Travel Management Business. This rendered American Express the world's largest business travel agent. In Australia American Express also acquired the travel services of the National Australia Bank and of Westpac. In the same year, American Express was awarded the contract for the US Government's travel and transportation payment system in a deal which amounted to the biggest corporate card account in the world. This meant around 900,000 federal civilian and defence employees would now be American Express Cardmembers. The Australian dollar Travellers Cheque was also introduced in

1994. The Japan / Pacific / Asia / Australia Regional Operations Centre for American Express was established in Sydney in 1996.

PROMOTION

The Blue Box American Express corporate logo made its debut in 1974 and has since gone on to become one of the world's most familiar brands.

American Express has always keenly supported its quality service and products with effective advertising which has produced one of the world's most famous and universally recognised slogans: "Don't leave home without it".

Many TV campaigns have become famous, and featured celebrities. Campaigns focus on the benefits of owning an American Express Card above any other. Sticky situations are unstuck by brandishing an American Express Card or Travellers Cheques. The many perks and privileges afforded by American Express Cardmembership were underscored in the 1987 'Membership has its privileges' campaign and the subsequent 'Portraits' campaign, which highlighted the classy image of the American Express brand, in addition to the wide range of globally available services it could provide. Testimonies from successful people from Margaret Whitlam to Elle Macpherson, as well as sportsmen Herb Elliot, Max Walker and



Dennis Lillee, all of whom have further accentuated the prestige of the American Express brand.

BRAND VALUES

American Express guarantees an efficient, quality and reliable service at all times. It is a global brand, which maintains a prestigious appeal throughout the world. American Express strives to deliver personal relevance to its cardmembers by constantly developing products and services to meet individual needs.

Things you didn't know about American Express

- American Express invented the travellers cheque.
- An Air Zimbabwe Boeing 707 flying from Harare to London was spared an embarrassing wait at Marseille by a passenger carrying an American Express card. Before leaving France, the pilot asked the passengers if anyone had \$2000 to pay for Marseilles Airport's landing fee. Following a stunned silence, one of the passengers offered to pay with his card.
- Four people were saved from a certain grisly death, after surviving a plane crash which left them drifting in shark-infested waters for 48 hours. One bright spark came up with the idea of flashing an American Express card like a mirror to attract a coastguard plane. Sure enough, the coastguard plane spotted them and came to their rescue.
- American Express helped a naked businessman locked out of his hotel room to save face. Finding himself trapped in the hotel corridor, the businessman noticed a rack of American Express application forms. He used one to shield himself as best he could whilst making his way to a payphone to ask for help.
- A property developer picked up more than 2.4 million air miles with his American Express card after purchasing a \$2,477,500 painting at a Sothebys auction.