

AMERICAN EXPRESS MARKETING PLAN

going solo,

PRESENTED BY

AMY BOYNTON
CHRIS HANSON
ELLIE JOHNSON

JUNE 10, 2003

MARYLHURST
UNIVERSITY

EXECUTIVE SUMMARY	4
COMPANY PROFILE	5
STRATEGIC FOCUS	6
Vision Statement	6
Goals and Objectives	6
SITUATION ANALYSIS	7 – 10
Company Analysis	7
Industry Analysis	8
Competition Analysis	9
Customer Analysis	9
SWOT Analysis	10
MARKETING PRODUCT FOCUS	11 – 13
Strategic Objectives	11
Target Markets	11
Points of Difference	12
Positioning	13
MARKETING PROGRAM	14 – 21
Product	14
Product	15
Price	16
Price	17
Promotion	18 – 20
Place	21
FINANCIAL PROJECTIONS	22
IMPLEMENTATION PLAN	23
EVALUATION AND CONTROLS	24
SUMMARY	25
APPENDIX	26 – 27
Logo Design	26
Print Advertising	27

solo,

EXECUTIVE SUMMARY

Due to intense competition in the credit card industry and business travel sector, American Express must strive to expand its target market and look for new opportunities. Consequently, The AmEx **solo**, card will be established as part of an expansion program to market to the fastest growing segment in today's economy, the small business sector. Since 1987, American Express has been a leader in serving small business customers, a critical component of the U.S. economy. Ninety-nine percent of US businesses are small businesses, and they create three out of every four new jobs; in 2002 they generated \$120 billion online from Internet sales, service and usage. Small business owners and their employees are progressive, savvy and when combined, are a powerful force in the North American economy. These small businesses participate in 85% of all business travel on major airlines.

With this in mind, we challenged every aspect of what is now the former American Express Small Business Services and conducted extensive research to understand the needs of the small business traveller. We have submitted this business model to launch a new brand of American Express dedicated to serving the travel needs of small business.

The AmEx **solo**, card represents a new way for small businesses to do business with American Express. The brand name signifies that this card will stand alone to handle all small business travel needs. With the AmEx **solo**, card, a business traveller does not need to carry cash, travellers checks, airline tickets, passports, International Entry Visas, or deal with the stress and hassle of air-

port security lines or balancing expense reports. The AmEx **solo**, card combines the latest in wireless technology with the convenience of Internet, PDA and cell phone account access. With small business in mind, we have priced the card to be an economic necessity. The AmEx **solo**, services are priced individually so that if you don't need a particular service, you don't pay for it. The small business traveller decides where they need to go, AmEx **solo**, takes care of the rest.

Our target businesses are those that are comprised of 300 or less employees and require 20% travel by 10% or more of their employees. Initially, we plan to introduce the AmEx **solo**, in New York State due to the high density of small business. After six months, if the card attains a minimum 2.5% increase in penetration, we will go national. Analysis of our market potential indicates the ability for the AmEx **solo**, to go International within two years. A five-year plan has been developed with an objective of increasing market presence to address the travel needs of small business travellers by catering to their needs at a price that they can afford. The ultimate objective of this venture is to increase the use of the AmEx **solo**, card and other American Express products by small businesses as well as any other frequent travellers. To achieve these goals, AmEx **solo**, will be positioned as a cutting edge, highly convenient travel assistant at an affordable rate. After the **solo**, card has successfully penetrated the small business market, we will be in a strong position to expand to corporate and consumer markets.

American Express Company is a global leader in providing travel, financial, and network services. The company is principally engaged in providing travel related, financial advisory and international banking services throughout the world. Founded in 1850, the company serves individuals, small businesses, and corporations with a variety of charge and credit cards, travel services, and a wide range of financial service products. American Express helps companies and institutions manage their travel, entertainment, and purchasing expenses, as well as offering accounting and investment management services.

The company is divided into three principal operating segments: Travel Related Services (TRS), American Express Financial Advisors (AEFA), and American Express Bank (AEB). TRS's products and services include the global

card network and brands, cardmember lending products, Travelers Cheques, merchant transaction processing, business expense management products and services, and corporate and consumer travel services in over 200 countries. The TRS segment has traditionally been the source of the company's greatest profits. AEFA's services and products include financial planning and advice, investment advisory services and a variety of products, including insurance and annuities, investment certificates and mutual funds. AEB's products and services include providing private, financial institution and corporate banking; personal financial services and global trading. Although the company operates on a global basis, the United States remains the principal market for financial advisory services.

STRATEGIC FOCUS

VISION STATEMENT

Throughout the history of American Express, the company has been infused with a strong network of values emphasizing integrity and trust at all levels. The objective of the company is, at its core, based on a well-established tradition of trust; both externally, with our customers, and internally, with our employees. Honesty and moral principles are the foundation of the ethical behavior expected of us which fosters lasting business relationships. To remain successful in such uncertain times, the company must quickly react to challenges, with a clear discernment of who we are and what we do. We must maintain our focus, guided by our cor-

porate vision; to emerge as the world's most respected service brand. A corporate identity reflects what you exemplify as an organization; what we stand for at American Express has been undisputed throughout our history. The marketplace perception of American Express as a premium service provider is at the heart of our brand value. We are committed to manifesting the characteristics inherent in our brand — trust, integrity, service and quality. At American Express, the expectation is that any product or service we offer, and any management action we take, will reinforce our brand and clearly reflect these characteristics.

GOALS AND OBJECTIVES

In keeping with our commitment to provide a sustainable platform for moderate to long term growth, especially in regards to investing in business-building activities, we propose a new card offering. This offering represents a new vision of what we can make available; first, to our small business customers, and eventually to all our customers.

AmEx **solo**. One vision. One code. One card. Combining the newest advances in Auto ID technologies with our high standards of business service offerings, we propose the introduction of AmEx **solo**. AmEx **solo**, enables a whole new way of looking at the credit and debit card market. With the addition of the various Auto ID technologies, such as smart chips, biometrics, and RFID tags and readers, this product will reinvent the concept of service for our business customers. Currently, there are no smart debit cards offered in the US, and few credit cards incorporating smart technologies. This will grant an evident market distinction to our prod-

uct. Combining these new technologies with our unparalleled business and travel services will open up entirely new approaches to help our small business customers manage their travel and purchasing accounts.

As the technology advances, so will the service capabilities of AmEx **solo**. With the launch of AmEx **solo**, we propose a tool so effective, so indispensable, and so secure that initial reservations concerning privacy, security, and the new technologies will be easily overcome. Once the business community is positively acclimated to the concept, the card will be in a position to take on the consumer market, expanding the same menu of services to our consumer account customers. AmEx **solo**, will allow American Express to pilot the way into the cashless economy, bolstered by our reputation as a service leader, and empowered by our renown for principled corporate values.

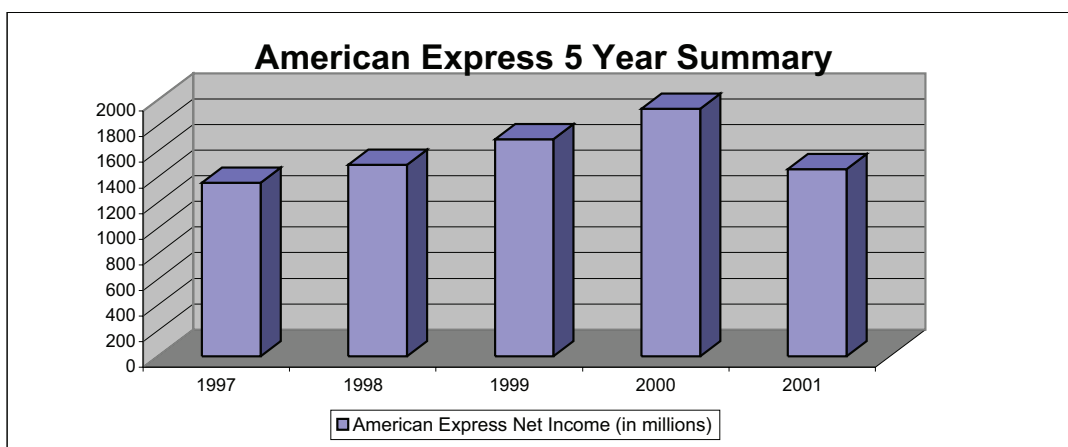
COMPANY ANALYSIS

In the past year American Express has significantly increased spending on new products, particularly in expansion of the global card businesses; by years end, these investments were showing early signs of producing the expected results. Cardmember spending reflected strong growth, and just under a million new cards were activated during the fourth quarter of 2002. In the TRS operating segment alone, net income was up to \$2.1 billion, a 46% increase over 2001. Based on the positive early results of the launch of three new cards in 2002, the American Express Rewards Green, American Express Rewards Gold, and the Cash Rebate Card, which together accounted for almost half a million new cards, primarily in the fourth quarter of 2002, we believe the launch of AmEx **solo**, will allow for a quantum leap forward in the use of the card as a business tool. Especially in an economic environment adversely affected by weak corporate spending, AmEx **solo**, will be in a unique position to encourage new card growth, based on the existing need in the business market for a way to enhance efficiencies by easing the business travelers workload.

Our team is a cross functional team representing three divisions of American Express. Ellie Johnson is VP of US Network Services, in the Global Network and Establishment Services and Travelers Cheque Division. Chris Hanson is VP of Small Business Services, US Consumer and Small Business Service Division. Amy Boynton is head of Brand Management in the Global Advertising and Brand Management Division.

We were asked to develop a plan for a smart card that has the capability to combine all debit and credit services for small business travel. All issues that would take the worry out of business travel and accounting needed to be addressed; including security issues, cash debit allowances, credit accounts, expense reporting and management, and travel identity and itinerary issues. By streamlining and enhancing the current program of small business credit card usage, we feel that AmEx **solo**, answers these needs, and more.

American Express (AmEx) has experienced a steady growth in profits from 1997 to 2000. The economic downturn in 2001 has affected AmEx profits. This trend has continued through 2002.



SITUATION ANALYSIS

INDUSTRY ANALYSIS

Current events in the world have put a damper on travel. Companies are limiting the amount of travel allowed to conduct business. All aspects of travel have become increasingly difficult, not only because of higher costs, but because logistics make it increasingly more time sensitive. American Express **solo**, card will close the gaps created by the changing travel environment. **solo**, card will not only make it easier for the business traveler, it will increase revenue for American Express and for the small business customer.

The growth that has been achieved in the credit card industry results from the force of small business. With rapidly changing technology and the emergence of e-commerce, small businesses are affecting the entire spectrum of the credit card industry. Demands that small business place on credit card companies are forcing all companies to become more competitive. Small businesses now have more control over their spending power, and are able to produce more with less overhead. The latest trend in small business is to consolidate employees, while still achieving market growth. The next tool in a small business arsenal will be credit cards which can perform functions such as accounting, budgeting, travel itinerary, and expense reporting. This Smart Card technology is the cornerstone which will usher small business into the new millennium.

Two aspects have defined the size of the credit card industry: revenue and number of firms. With annual revenue of over 75 billion credit card companies

are looking for new ways to increase revenue. Small businesses account for 7.8 billion in revenue yearly, and revenue is growing at a rate of 12% per year. That growth is achieved by using a single source credit card, generating revenue by single line item purchases paying a user fee with interest or debit of cash. The three main players in the credit card industry VISA, MASTER CARD and DISCOVER have yet to produce a credit card that can be multifaceted. American Express is poised to introduce the **solo**, Card.

Since this technology is new, some market barriers will need to be overcome. The biggest obstacle will be getting to market first. **solo**, card is set to launch in a three-month time frame. This beats all competition entries by six months to a year, allowing **solo**, card to become the industry leader by establishing and taking market share from the big three. Training with the card is next. American Express is ready with a specialized sale force and customer service center that is unlike any in the industry. We anticipate a large initial influx of existing card holders followed by a rapid increase in new card holders as we rollout to other markets. The final hurdle is security and privacy concerns, which will be handled in the training & promotion.

Small business is becoming a major factor in credit card revenue. A different approach is needed to facilitate that growth. Smart cards are at the forefront of a new technology that will allow small business the means to grow and stay competitive.

COMPETITION ANALYSIS

Other companies issuing credit and debit cards offer some type of business class traveler cards. What separates **solo**, from the competition is flexibility of service and brand identity. Major competitors offer some type of reusable cards that are given to business executives. Traveling executives make up one half of all revenue obtained throughout the travel industry. This accounts for almost 1.6 billion in worldwide travel revenue. The biggest competitor to American Express is Visa Corporation. Visa offers two varieties of cards: a card with a one-time preset purchase limit, much like a gift card and a reusable pre-paid card which allows you to "refill" your cash limit. **solo**, offers all the business traveler needs; not only is reusable, but offers expense tracking, cash advance, itinerary features and security, and identity features.

Visa card charges an initial activation charge of \$60.00 every time the card needs to be activated. If a card is suspended for non-payment it will

be charged the activation fee again. A 10% user fee for the purchase amount is assessed each time the card is used.

solo, carries a yearly corporate fee that is assessed to all cards under the company no matter how many cards are added. Essentially, **solo**, charges an annual fee for a card, but all other cards under that umbrella are free. **solo**, charges 3.5% on all purchases at or over a one thousand dollar threshold. The theory is that most business will benefit from the small travel expenses, but with a market segment that is constantly on the road that threshold will be broken.

solo, will basically give you a pass on the overnight business trip, but will capitalize on the extended travel stay. Visa Corp. outclasses itself because it hurts the businesses that could benefit from a break on short trips. That small benefit will swing companies that are new to business travel and have to count every penny. Bigger businesses will feel like they are getting something extra at no cost. **solo**, will continue payment-on-demand at the end of each month.

Our customers are the decision makers in the small business market. Demographically, they are the owners, Presidents, or investors that have a personal stake in the success of the company, who realize that in their respected industries, travel is essential to generating revenue. The benefits of

Solo that can help them streamline efficiencies and concentrate on their core competencies will not only be an asset, but a competitive tool. These customers spend an average of 38% of operating capital on travel. It is important that they get the most for their travel dollar.

CUSTOMER ANALYSIS

SITUATION ANALYSIS

SWOT ANALYSIS

INTERNAL FACTORS	STRENGTHS	WEAKNESSES
MANAGEMENT	Global, respected company with established ethical goals and vision. Highly qualified Executive Leadership Team (ELT) with extensive knowledge and expertise.	Corporate values are not inclusive of progressive information technology. ELT may not want to venture into industry that has stigma of being potentially unsecure.
OFFERINGS	Unique, progressive technology to streamline business travel for a growing segment of the market with limited business travel options.	Skepticism of potential users regarding security and privacy issues with wireless technology.
MARKETING	Small business (<300) is the fastest growing segment in North America. Small business travel needs increase substantially as they grow and expand their markets.	Broad audience to target.
PERSONNEL	Established corporate infrastructure with high quality customer service department, sales staff, advertising dept, and IT department.	Staff will need to be trained on new technology in order to assist customers with their solo , card; most notably customer service and IT dept.
FINANCE	Access to Amex resources already allocated to technological advancement in credit card market. MIT has developed technology that lets manufacturers produce RFID tags for as little as .05 each.	Necessity to obtain approval by ELT for each phase of the project. Initial start up costs will be high to manufacture SmartCards with RFID tags.
MANUFACTURING	Amex already manufacturing cards. Can add SmartCard	Auto ID and RFID tag technology is expected to be inordinately expensive to produce until approximately 2005.
R&D	Eventually branch out into wider markets with the solo , Card. Pleasure travel, family vacations, public transportation, other modes of transportation such as trains and buses.	Must avoid inclination to overextend in markets outside niche and blend in with other bank travel cards.
EXTERNAL FACTORS	OPPORTUNITIES	THREATS
CONSUMER/SOCIAL	Simplification of small business travellers' needs through electronic service delivery.	Privacy and security issues perceived by public.
COMPETITIVE	Leading edge technology in North America. Catered to the small business travel needs. Leading edge in the Auto ID and RFID tag technological market.	Can be easily duplicated by other large financial institutions. International companies with Auto ID and RFID tags may expand into US market.
TECHNOLOGICAL	Auto ID and RFID tags currently in use in Europe and Asia with great success. Technological glitches discovered and worked out.	New technologies will have unanticipated complications that can't be addressed until they occur.
ECONOMIC	Corporate travel sector will continue to expand with renewed post-war growth. Confidence in air travel anticipated to return to pre-Sept 11 levels by 4Q 2003. Banking growth forecast of 21% in 2004.	Economy not anticipated to improve until approx 4Q 2003/1Q 2004. Many small businesses have budget constraints on travel during this low in the business cycle.

STRATEGIC OBJECTIVES

The **solo**, card is a product launch that embodies the new millineum. The Auto ID and smart card technologies will provide a unique service potential for our customers, unparalleled by any of our competitors. By selecting the small business travel market as the launch point, we will be able to test these new technology enhanced services in the most receptive market, one that encompasses a wide variety of industries. As a pioneer in the smart debit card field, **solo**, will generate revenues on each

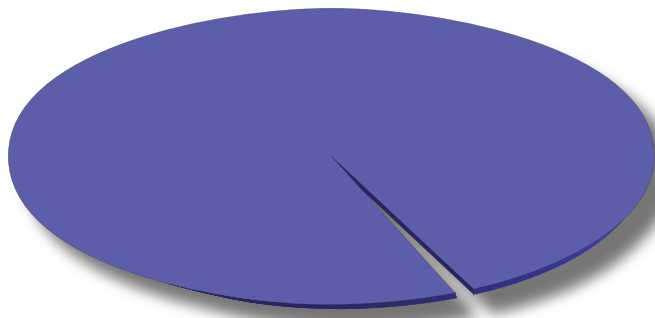
dollar that passes through the debit cash allowance portion of the card. Once we have established the business acceptance of the **solo**, card, we will be in a position to expand these same service menu options to our consumer market. As the frontrunner in the US market with these new services enabled by continuing advances in technology, we will be in a strong market position to usher in the third millenium cashless economy.

TARGET MARKETS

Our target market will be narrowly defined as companies operating in the state of New York, at or under the level of 300 employees, who travel significantly in the course of operations. The industries initially targeted will have significant variation, such as pharmaceutical companies, advertising and consulting firms, construction companies, import-export related businesses, financial businesses, and technology related companies. The common denominator in all businesses that we

target will be the demand for travel in the company's current operational project workflow. These individuals may include company executives, project managers, or a current sales force that travels extensively. After a successful initial trial period, the **solo**, card will be released in a larger test area; all US cities with a population greater than 2 million. Too great a delay in widespread product release will give our competitors an opportunity to copy the **solo**, card advantages.

Small Business Presence in New York State



In 2002 New York State housed 424,000 businesses. Of these businesses, 99% have 500 employees or less. This presents American Express with a significant target market in which to launch a new card dedicated to small business travelers.

MARKETING PRODUCT FOCUS

POINTS OF DIFFERENCE

AmEx **solo**, will provide a framework with which a small business or corporation will be able to design a card system with the functionality and services that best serves their needs. The Auto Id technologies, including smart chips and RFID tags, will allow for the cards to function as a debit card for cash expenditures at any location on a business trip. Additionally, **solo**, will be able to be programmed from a menu of options and benefits, including, but not limited to:

- multiple project pin codes, for entering expenses associated with specific projects at the time of purchase
- on line review and allocation of receipts and flexible management of expense reports from any location, by employee or home office via EDI networking middleware.
- inclusion of existing company credit account(s) on the same card
- e-cash / debit cash allowance; adjustable as necessary from home office; usable at any location accepting credit or debit cards, not limited to ATM's. Encrypted code for electronic cash balance verification
- no geopolitical boundary restrictions or currency exchange for virtual cash transactions
- identity verification and protection available from encrypted digitized identity documentation, embedded in card. Can include passport, driver's license, birth certificate, international driver's license, photograph, and contact information.
- Open standards will allow wireless connection between supported cell phones and **solo**, card for pin code programming, itinerary updates, airline e-tickets, and all information updates.
- increased security of card and identity from loss or theft by Auto ID security features such as RFID tags, EPC, biometrics, and (programmable) pin code protection.
- travel itinerary adjustment authorizations updated online from home office
- airport security checkpoint verification for cleared customers.
- incorporation of Visa procurement services for enrolled customers, including automatic visa entry to participating countries.
- health information; pertinent information such as medications, blood type, allergies, donor status, doctor contact information, and next-of-kin.

To create an awareness of the new name brand within the American Express suite of services, we must capitalize on the existing American Express brand equity as it relates to our target market. **solo**, needs to position itself in two areas: externally to potential target market customers, and internally to create new product recognition separating the smart card technology from the other American Express card products.

The procedure to position **solo**, in the external credit and debit card market would include:

- Utilize American Express' vast existing database to review potential clients
- Use market research firm to collect and process data on small business potential firms in NY
- Market research firm would conduct a series of surveys of potential clients about their feelings regarding this type of card. Primary data would be gathered by direct mail surveys and telephone surveys.
- Look at competitor's literature and ads to determine their positions and set comparable strategies.
- Take advantage of any internal promotions to align information about our new card.
- Once market data is analyzed, develop targeted direct mail campaign to target potential customers.

The procedure to position **solo**, within the American Express family of cards and services would be directed toward creating new product recognition, and would include:

- Emphasize value added by addition of smart card technology
- Determine best placement of **solo**, within company's vision and goals
- Meet with CEO and board for review and approval of guidelines for product launch

MARKETING PROGRAM

PRODUCT

STRATEGIC OVERVIEW

PRODUCT LINE

solo, is the first smart card in the American Express family. We expect this launch to be but the first in a series of smart card offerings. We have chosen the small business travel market as a launch point because of the compatibilities between the added services and the existing need in the small business community for enhanced efficiencies and account management. The output of the economy will nearly double from the 1980 level by 2010, with services and retail trade leading the way. Rapid technological change is allowing small business to compete more effectively than larger corporations, since they are in a position to react to market changes more quickly. Globalization will continue to expand small business growth in the coming decade. Solo will not only be an asset to our current small business customers, but will attract new customers to the product due to the smart services features offered by the card. To accomplish product acceptance, these state of the art product features must be clearly and simply explained to customers as a tool that can increase profit margins by enhancing efficiencies.

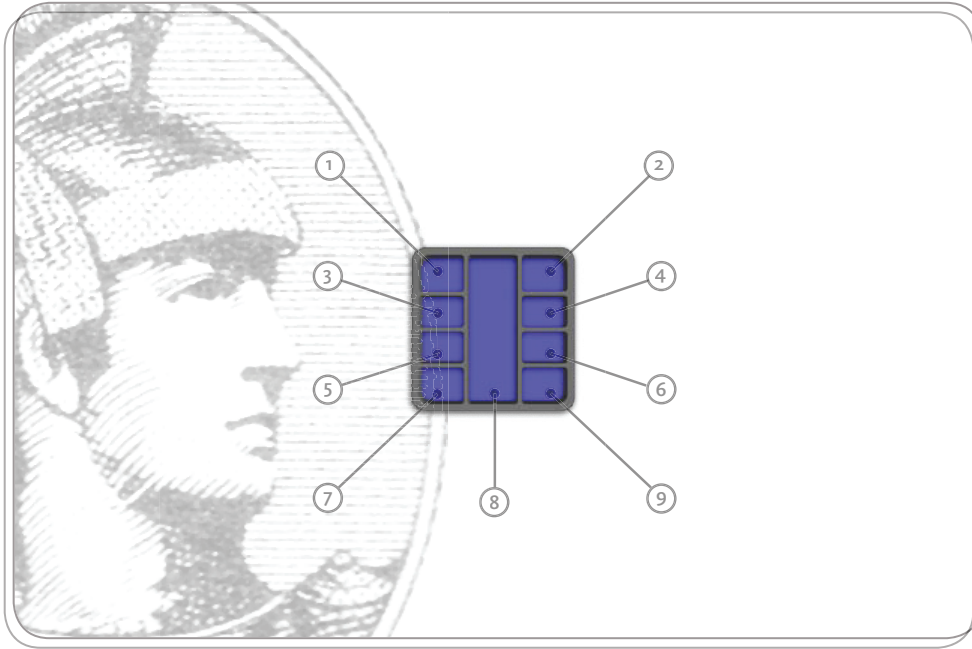
PRODUCT DESIGN

solo, will incorporate Auto Id and smart chip technologies as the primary benefit of the offering. The diagram will provide an overview of how these services will be incorporated. We will assign our card design team to generate a new sub-branded logo for **solo**, similar to American Express Optima, Open, and Blue.

AUTO ID

Computers gave businesses the power to make sense of vast amounts of information. The Internet gave them the means to share it. But computers remain unable to interact with the real world and gather information automatically, without human intervention or human error. That's about to change. The technology is currently being designed, built, tested, and deployed for a new global infrastructure – a layer on top of the Internet – that will make it possible for computers to identify any object anywhere in the world instantly. This network will not just provide the means to feed reliable, accurate, real-time information into existing business applications; it will usher in a whole new era of innovation and opportunity.

Automatic identification, or auto ID for short, is the broad term given to a host of technologies that are used to help machines identify objects. Auto identification is often coupled with automatic data capture. That is, companies want to identify items, capture information about them and somehow get the data into a computer without having employees type it in. The aim of most auto-ID systems is to increase efficiency, reduce data entry errors, and free up staff to perform more value-added functions. There are a host of technologies that fall under the Auto-ID umbrella. These include bar codes, smart cards, voice recognition, some biometric technologies (retinal scans, for instance), optical character recognition, radio frequency identification (RFID), EDI (Electronic Data Interchange) and others.



1 ■ E CASH

adjustable debit allowance • Encrypted code for electronic cash balance verification

2 ■ PERSONAL IDENTITY

encrypted Passport • Driver's license, US or International • Photograph • Birth Certificate • Contact Information

3 ■ CARD AUTO ID

RFID tag • EPC • Programable pin code(s)

4 ■ VISA ENROLLMENT & AIRPORT SECURITY INFORMATION

Automatic Visa entry for trips to participating countries • Airport security checkpoint verification • Expedited immigration processing

5 ■ HEALTH INFORMATION

Blood type • Donor status • Medications • Allergies • Doctor's contact information • Next of Kin

6 ■ OPEN STANDARDS

EDI (Electronic Data Interchange)

7 ■ COMPANY AMEX ACCOUNT

solo, incorporates employee's existing company credit card account

8 ■ BIOMETRICS:

digitized thumbprint • retinal scan

9 ■ COMPANY AMEX ACCOUNT

solo, can incorporate more than one existing company credit card account

MARKETING PROGRAM

PRICE

STRATEGIC OVERVIEW

The AmEx **solo**, card costs are economical for the small business user and competitive enough so that when other credit card companies enter the market with a similar product, our pricing will still maintain a competitive advantage. Each feature of the card will be priced individually with an option to obtain the entire package at a 10% savings. The international business traveler's card will be more expensive than that of the business traveler who only travels within the United States. The National and International Traveler cards are \$300 per year, per company, flat rate. In the \$300 flat rate, one card is included, usually for the business owner. Additional cards have a yearly fee per card. The smaller the business,

the more each card will cost. Additional card costs are: \$100 each for 1-5 cards, \$50 each for 6-10 cards, \$25 each for 11-20 cards, \$10 each for 21 cards or more. For the small business traveler that only travels within the United States, the \$300 per year basic service package with the \$20 per month Expense Report Service is expected to be the most frequently subscribed to service. The international traveler can expect to pay for additional services that will significantly ease their trips abroad by saving them the time and hassle of dealing with customs, immigration, currency exchange, ticketing and airport security. Our pricing vs profit matrix follows:

MARKETING PROGRAM

FEATURE	CARDHOLDER COST	COST TO AMEX	PROFIT FOR AMEX
E CASH	2.8% of transactions	Minimal	2.8% of every E-Cash transaction.
PERSONAL IDENTITY	Included in basic service	Included with installed Smart Chip at \$5 per card.	None
CARD AUTO ID/ RFID EPC/ PROGRAMMABLE PIN	Included in basic service	Included with installed Smart Chip at \$5 per card.	None
VISA ENROLLMENT AIRPORT SECURITY INFO. PASSPORT INCLUSION	\$300 per year	Visa-\$75 per card. Airport Security setup and doc fees-\$35 per card. Passport inclusion-\$50.	\$140 per card, per annum.
HEALTH INFORMATION	Included in basic service	Administrative costs \$3 per card.	None
OPEN STANDARDS EDI	Included in basic service	Included with installed Smart Chip at \$5 per card.	None
COMPANY AMEX ACCOUNT INCLUDING EXPENSE REPORT MANAGEMENT	\$20 per card, per month	After initial technological setup, program will be automated. 1st year cost \$13 per card, by 3rd year, will be at \$4 per card.	\$7 per month 1st year, \$12 per month 2nd year, \$16 per month third year.
BIOMETRICS	Included in basic service	Included with installed Smart Chip at \$5 per card.	None
EXISTING CREDIT CARD ACCOUNTS	\$5 per month	.30 Admin costs	\$4.70 per month
TRAVEL SERVICE	Included in basic service	Administrative costs range depending on usage	Varies.

PRICE

The majority of the administration for the AmEx **solo**, card is already set up within the American Express infrastructure. This will keep our operating costs low and competitive. The SmartChip is still in a testing phase with our competitors, we have established a partnership with MIT to have them produce the chip for us for \$5 per card, MIT already has the cards in production. We will have our own production facility ready to make the chip by second quarter 2004. The estimated timeframe that other

companies have given for the release of an equivalent product is second quarter 2005. For the first year, AmEx **solo**, will have a strong competitive advantage in the Smartcard market. The key to financial success of the Amex **solo**, card will be to establish our policies and to constantly monitor prices and operating costs to ensure profits. We will strive to keep abreast of changes in the marketplace because these changes will affect our bottom line.

MARKETING PROGRAM

PROMOTION

STRATEGIC OVERVIEW

American Express will launch **solo**, with an integrated promotional campaign, incorporating the market research data results, the magazine and newspaper advertising, the use of the collateral pieces and service representatives, and the internet to interest and educate customers about the benefits of this new offering. All pieces of the campaign will be integrated, and enhance the other campaign elements. All printed pieces will have the same style of visuals and design layouts. All ads and collateral will point to the internet website for further information

ADVERTISING

Our advertising strategy for **solo**, will begin with a series of magazine and regional newspaper ads that will be dynamically designed to target the "innovators" and "early adopters". If they are within our target, they will be likely read the copy. If not, they will move on. The copy message will address **solo**, as a panacea for the inconveniences and problems arising during travel, especially when traveling alone (Going **solo**,). The tag line will be "Going **solo**," The visuals will be screen shots taken from classic movies, such as "2001", "Brazil", and "Casablanca." The screen shots refer in some way to applicable travel situations, and the copy may refer back to the movie dialog. The color shots will be placed in the national magazines, B/W shots in newspapers. This campaign treatment will generate "buzz" with the "innovator" crowd, causing a "word-of-mouth campaign" to spring up. People will be trying to figure out which movie it is from, etc. This will also be a cost-effective treatment of content, as there will only be licensing fees for the screen shot usage and agency fees for the ad production. The ad placement will be triple fold out magazine ads in high profile national magazines most likely to be picked up by the executive business traveler in airports. They could include a variety such as Time, Newsweek, Kiplinger's, Money, Wired, Rolling Stone, Harvard Business Review, Fortune, Fast Company, Esquire, Sports Illustrated, ESPN, Harpers, The New Yorker, New Republic, Vogue, and Cosmopolitan. The regional newspapers will include the New York Times, the Wall Street Journal, and the New York Post. The ad body copy will steer the customer back to the American Express website, to obtain more information about the **solo**, product online.

COLLATERAL AND CUSTOMER REPS

To target our direct mail campaign to the appropriate audience, we propose to use the vast database that American Express already has for their current cardholders. In New York State alone there are 114,783 companies that have some form of an American Express card. Of that we will target 57,834 companies that fit our 300 employee criteria. We expect to get a 14.7% return on the survey. This will narrow our field to roughly 8,500 companies. We will solicit those companies with a closed-end questionnaire direct mail survey and gather our primary data. We want to find out “yes or no” to the usage of the **solo**, card as it applies to their business. We will attach this questionnaire to next months bill and collect the results when the bill is sent in.

THE QUESTIONNAIRE WILL BE A SIMPLE “YES OR NO” ANSWER WHICH WILL INCLUDE:

- Would your company be interested in this type of card?
- Are you the primary decision maker for new cards?
- Are you interested in finding out more about the **solo**, card?
- Would you be interested in a demonstration of the **solo**, card?

Once the data has been gathered and analyzed, an account team will be assigned to do a secondary, more targeted survey; The second survey will ask a few more focused questions that will be used to help the sales force tailor their approach. We expect to receive a 1.7% response to this second direct mail piece, roughly 1,445 companies out of the 8,500. In addition to the survey, the team will send out informational collateral about obtaining the card, contact information such as the web address and an 800 number and establish customer contact if warranted. The second direct mail piece will cost 35 cents to produce, which includes a bulk mail price. It will be targeted to the respondent of the initial survey. It will include these closed-end questions:

WHICH OF THESE FEATURES WOULD YOUR COMPANY USE? (CHECK ALL THAT APPLY):

- Multiple project pin codes for expense entry
- Transfer of current balances to new service
- Real time on-line review of account summary with EDI (Electronic Data Interchange)
- Flexible e-cash/debit card allowance for business traveler
- RFID tag, EPC, programmable pin code security
- Automatic currency exchange capabilities
- Travel planning and itineraries
- Airport security verification for your business traveler
- Visa services
- Identity encryption of passport, driver's license, birth certificate etc.
- Biometrics (digitized thumbprint, retinal scan)
- Health & Contact Information

MARKETING PROGRAM

PROMOTION

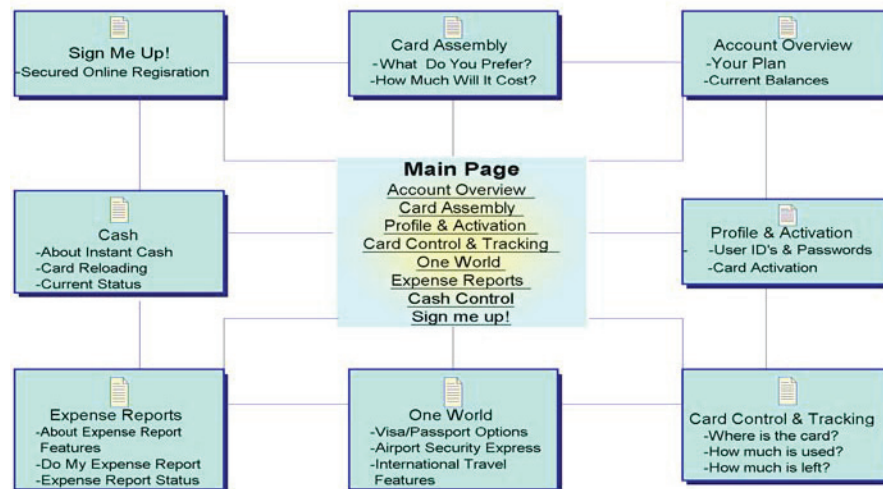
INTERNET

Once the customer has been interested in the product enough to go online for more information, they will navigate to the **solo** page on American Express site. Once there, they will be further educated about the new services offered by **solo**. This is also where they will go to access their account management tools, once they have a **solo** card. There will be online demos available to show the product account management features and other features to the potential customers.

Having a Website for the Amex Solo Card is a necessity. One of the key aspects of the card is its technological capabilities and internet communication. By merely clicking on the Solo Website homepage, the small business person will manage every feature of their card. Each user will orchestrate and manage their entire business trip and expense reports with a few mouseclicks from their laptop computer or any computer terminal that has internet access.

The Amex Solo Website will be attached to the American Express Site by a direct link on the American Express home page. After Clicking on the Solo Link, you will be brought to the Solo Main Page. At the main page you will be able to access all of the features of the card and see an overview of each of the cards features (see below).

If you are already a Solo member, you can access and manage all of the features of your card from these links. When you are a Solo member, the Solo homepage will be the main page that you will access on a regular basis to manage your card features. Each page will have a link at the bottom to take you to any of the other pages, including the Amex home page, and all will have a link to the "Sign Me Up!" page.



STRATEGIC OVERVIEW

Once a **solo**, card application has been approved and services have been contracted a American Express **solo**, Get Ready, Get Set, Get Started Kit® will be sent to the business owner or designated **solo**, administrator. This sleek package will include:

- An overview of **solo**, cards services
- The new card(s)
- Step-by-Step activation instructions
- “How To” information for the Administrators and Card Holders
- Management Reporting Overview
- Wallet-size quick reference cards with 800 number and web address
- **solo**, card billing information
- Instruction on how to redeem American Express Rewards points

NOTE: PIN/RFID numbers will be sent separately or may be accessed via a secure web account.

An Account team member will follow-up with the customer within ten business days to confirm the materials/cards have been received and ask if they have any questions. Follow-up calls from the team will also be initiated if a customer calls the 800 number, requiring assistance or information. Based upon customer input, Key FAQs (Frequently Asked Questions) will be updated regularly on the **solo**, card website

Training for all account team members and clients alike, will be ongoing as the **solo**, card continually improves and evolves its products and services. Account team members will make periodic visits to existing clients to provide further training and offer the latest promotions or incentives. This follow-up will be important as the life of the card and the relationship with the client grows.

PLACE

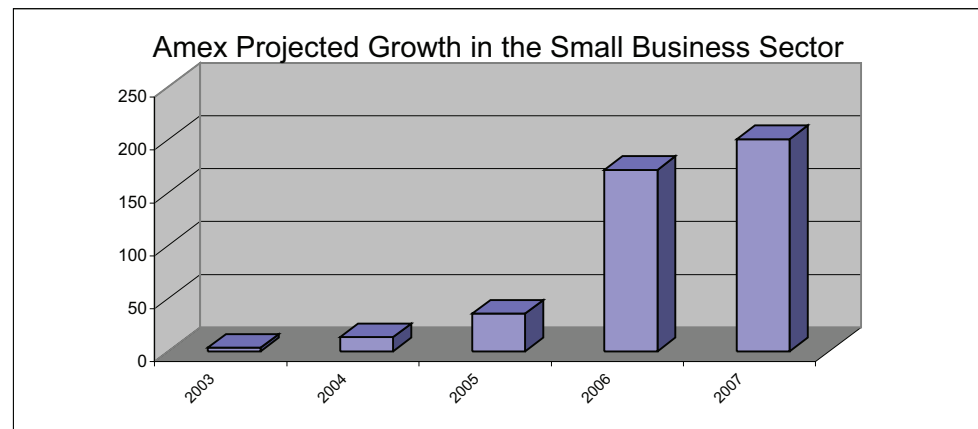
FINANCIAL PROJECTIONS

- Small business travel penetration will begin in NY State and progress to all customers worldwide within a five year timeframe. the AmEx **solo**, card is expected to obtain 93% of the \$181 million dollar revenue generated in the small business market over five years.
- In 2003, 3rd quarter, Amex **solo**, is going to conduct a trial period for an indication of how the card will perform. At the end of the fourth quarter 2003, AmEx **solo**, is anticipated to have obtained 300k of AmEx existing small business accounts. By 2007 we predict the Amex **solo**, card to generate revenues of over 66 million annually. The **solo**, card will generate approximately 93% of all AmEx revenue from the small business sector by 2007.

Market Analysis*

Five Year Plan*

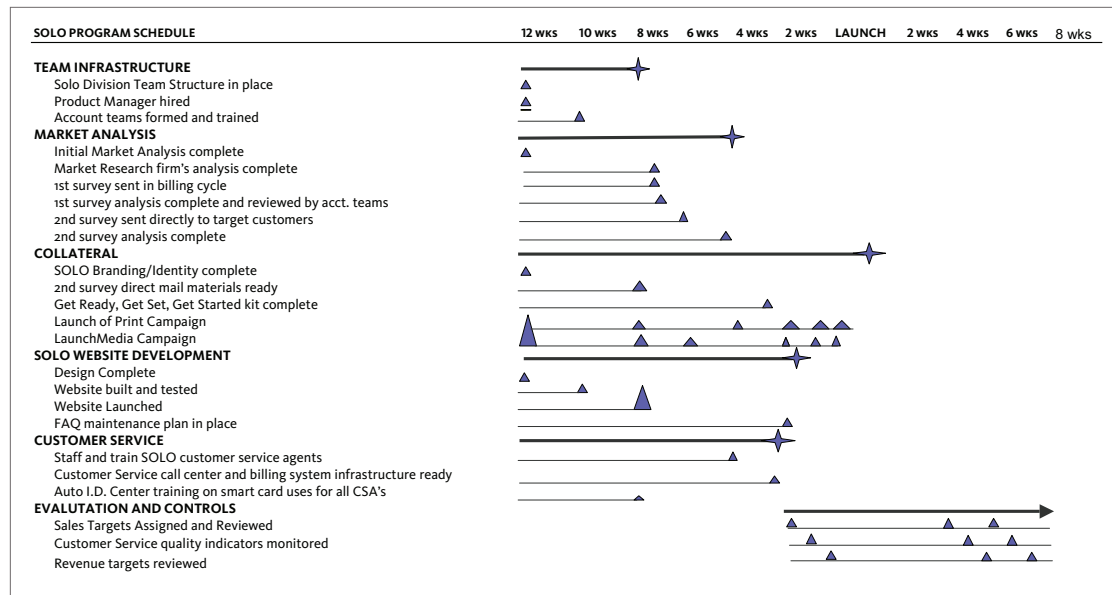
Potential Customers	Growth	2003 (NY State Only)	2004 (National)	2005 (Worldwide)	2006 (Gen Public)	2007
Small Business: Existing AmExAccounts	68	3	9	11	62	71
Small Business: New AmEx Solo Clients	65.7	0.3	4.3	8.6	50	66
Small business in all Global Cities With a Population of 2 Million or Greater	46	N/A	N/A	16	59	62
General Public Travelers	1	N/A	N/A	N/A	0.5	1.5
Total Growth (in millions) from Small Business	180.7					
Percent of Business generated by American Express Solo	93%					



*Based on figures from American Express 02 Annual Report, Travel Related Services, Statements of Income.
*All numbers are in millions.

The anticipated launch of the **solo**, card is in three months. Boynton, Johnson, and Hanson head-up the new **solo**, card division and have hired Bill Johnson, an upstart product manager from another division. The product manager will conduct weekly status meetings with department heads from Sales, Marketing and publicity, finance and Customer service to review program schedule attainment and surface any issues. Due to the compressed timeline, the management team (Boynton, Johnson,Hanson) will meet weekly with the product manager post his team meeting to receive status checks and help remove roadblocks, as required. A management summary will be compiled post meeting that will include all action items, focus areas and agenda for subsequent meetings. The teams' focus will shift post-launch to review attainment against sales and revise plans and strategies accordingly if there is a glitch in the market.

Due to the highly compressed product launch timeline the program schedule will have multiple concurrent deliverables. Each Department head will be held accountable to complete the deliverables and tasks for their areas. Here is a high-level snap-shot of the **solo**, Program Schedule:



ASSUMPTIONS FOR LAUNCH IN THREE MONTHS:

- **solo**, card has been green-lighted by American Express Executive Staff
- **solo**, card vision and services has been broadly communicated internally to the company employees and its capabilities are understood.
- Initial Market Analysis is complete and demonstrates that **solo**, will provide valuable services
- **solo**, card manufacturing is almost complete – smart card technology has been embedded with no issues.
- All vendors and suppliers who use American Express can technically handle all **solo**, card functionality
- In-house organizational structure and ad agency (in house or otherwise) are already on board.

EVALUATION AND CONTROLS

After the successful launch of the **solo**, card, we will begin a six-week process to determine the effectiveness of the marketing plan. First we will establish quantifiable sales and marketing goals. From there we will report against those goals on a weekly basis to measure progress and discuss any trends or issues. If undesired deviations from the plan occur, we will begin to take corrective actions.

We will look at new accounts, revenue gained through sales, and advertising effectiveness as we roll out to other markets, and customer satisfaction. Our three-month target goals for our beta market include the following:

- 4500 new accounts
- 1700 converted accounts
- Less than 5% of customer service calls will be training related
- X% incoming revenue

Measuring the effectiveness of the sales force will be the first task. The sales force will follow up with all of their clients to see how well the **solo**, card fits their company's needs. They will evaluate the services the companies have chosen to make sure that they fit their traveling needs. If not, they will make suggestions of services that might work better for their particular travel needs. They will be in a position to listen and respond to each their customer's unique set of problems. All information will be collated and processed for future sales calls.

Secondly, all forms of advertising will be re-evaluated on its effectiveness before any more media is purchased. It will be important to make sure that the print advertising that was initially launched will continue to be effective as **solo**, card moves into the next target market areas. Demographics will have to be re-evaluated in each expanded market to determine if more, or different coverage, such as radio or television advertisement is needed.

Lastly, all customer comments as to the effectiveness of the entire **solo**, card and its launch will be collected and put into a database. This will come in the form of personal comments made to the sale person on the follow up meeting or by comments made to our web site and customer service center. The three objectives we will be looking at are the benefits of the services offered by the card, the ease in which the card was set up, and how well our customer service performed. Some services may need to be adjusted as to their effectiveness. How user friendly was the set up process and was all information easily understood. Did customer service answer any and all questions to their satisfaction? We recommend to continually conduct a benchmark survey that will determine any change in the performance of the **solo**, card. This survey will give us a "before and after" photo of results over a given period of time.

At the end of the six month test period, **solo**, will begin its national launch, targeting cities with a population greater than 2,000,000. An incremental marketing approach will take advantage of the increasing consumer awareness and acceptance. Within five years, **solo**, will be the most successful card.

solo,
will declare the market leadership of
AMERICAN EXPRESS CORPORATION
in card services.

LOGO DESIGN

The name for the AmEx **solo**, card was carefully chosen. We wanted it to signify all the aspects of the new offering. It needed to imply one card for all functions, it needed to be short, it needed to be a name that could serve as a “generic”, as in “Have you seen my **solo**, card?”

Once the name was settled, we had to pick a color, and a design. We chose blue, the branded color for American Express, but it needed to be a “new” blue. An electric blue. A blue that referred back to American Express, but a blue appropriate for the new millennium. **solo**, blue.

It was now time to consider the logo itself. the logo needed to be simple and direct, but different from anything in the current AmEx family. **solo**, is a new

concept in card services, and the logo needed to reinforce that message. So, a simple type style was selected, and we used a comma after the word **solo**,. The comma is a perceptual tool designed to require everyone who reads it to pause slightly after reading the word. This is an effect that operates below the level of conscious perception; the viewer probably won’t even be aware that it has happened, but the structure of the English language demands that you pause after a comma. It will brand the name firmly in the viewer’s mind.

Finally, the **solo**, logo is slightly tipped up on the right, as if it is about to take flight, another barely perceptual branding effect. The end result will be extremely subtle, but absolutely effective in positioning this product in the viewer’s mind.

going **solo**,

PRINT ADVERTISING

