

The numbers are amazing: 190 million Americans hold 1.2 billion credit cards; the average American household has 17. For many who are credit card reliant, rewards and perks make those numbers...and the numbers on their monthly statements...easier to swallow.

Just Rewards

STORY BY ERIC LOSE

Last month I opened a letter from my bank's credit card division and found a \$50 check, my 1 percent payback "reward" for spending so much money the last few months and paying the bills on time. Like manna from MasterCard it arrived the day after yet another of my son's \$300 orthodontia visits. Wow, this was fantastic, being paid for spending money? I forgot the pain of spending and wanted to kiss the geniuses who launched this innovative concept.

In North America alone, 150 to 200 million credit cards are issued annually. Each one is emblazoned with one or two logos and connects the user to benefits designed to build customer loyalty and entice the holders to charge rather than pay with cash. Each time these subconscious influences spur you to whip out that plastic, it puts a smile on the face of Stephen Drees '83, because he had a hand in making it happen.

Drees is considered a pioneer in the field of affinity and co-branded marketing. "I was wooed by executives at MasterCard" who

witnessed his passion for creative marketing in the late-1980s when he served on a MasterCard Advisory Committee. At the time, he was a young product management executive at Mellon Bank.

"It was a great opportunity for me to do big-time brand marketing and create new product concepts that would enable MasterCard to outpace its rivals," he says.

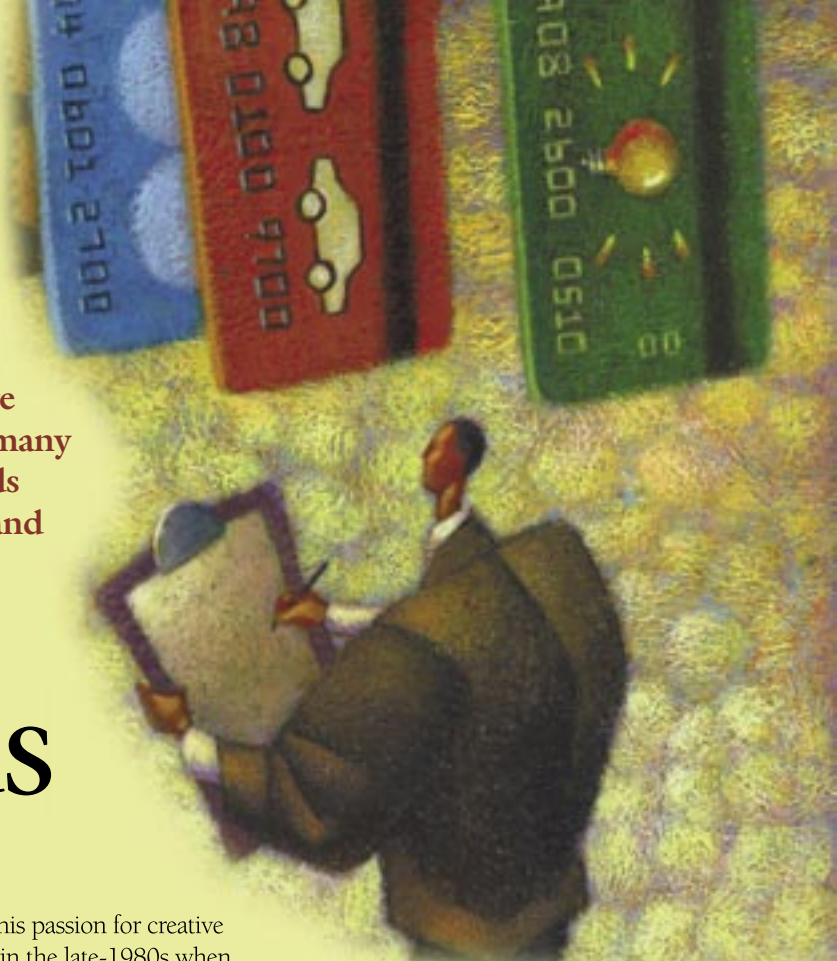
MasterCard recruited Drees as the affinity card craze was winding down and MasterCard was looking for the next big idea. A new concept emerged called co-branding: cards sponsored by highly recognizable consumer brands. Card users earned discounts, points and cash rebates from the brand sponsor in a variation on the affinity concept where a percentage of spending was donated to the sponsoring university, professional association or charity.

"It changed the way Americans paid for their purchases," Drees says.

Drees has built a career on just such sharp ideas—and moving quickly to capitalize on them. Raised in upper Bucks County, Pa., Drees first explored his interests in advertising and communications at BU. He worked to pay his way through school and then honed his skills at two Philadelphia-area advertising agencies. His growing interest in direct marketing caught the eye of a senior marketing executive at Manufacturers Hanover, in suburban Philadelphia.

"I was still doing creative work at Manufacturer's Hanover, but in a corporate setting," he says. The company financed his master's degree in management and corporate strategy but, "as I was finishing my degree the company was sold. I was a free agent."

Drees moved to Pittsburgh with his wife Sandra, a Penn State alum he had met years earlier through a fraternity brother at BU. He went to work developing new consumer products and services for Mellon



Bank, earning a promotion to assistant vice president.

Then it was on to MasterCard International in New York, where Drees brokered deals that launched cards in the U.S. and abroad. The GM card was the first major card to be co-branded, and is still the most successful new card product ever introduced. Every time consumers used the card, they accumulated money toward the future purchase of a General Motors automobile... and sent MasterCard's market share through the roof.

"It changed the industry and the way Americans pay for things," he says. "We took a basic credit card, injected it with perks and created an entirely new breed of card that became the gold standard of the industry."

By 1993, Drees was ready for a new challenge. He discovered it in Boston where he helped found

Affinity Partners Inc., which specialized in developing strategic partnerships and marketing alliances. The company was later acquired by their largest bank client and Drees was once again a free agent, but unable to pursue work in the credit card field due to his contract's non-compete clause.

Drees started a consulting practice and, when his non-compete period concluded, he joined GE Capital in Cincinnati. As vice president and director of new product development, he introduced a process for product development that some companies continue to use today. His job ended two years later when GE sold its portfolio to First USA/Bank One, the same bank that had acquired Affinity Partners.

A former client asked him to join a company focused on developing loyalty marketing concepts. Drees jumped into Quantum Loyalty Systems Inc., founded by a creator of the GM card, as president of the company's consulting practice. He was named president and CEO of all operating units in 2001.

Quantum Loyalty Systems provides reward programs to attract and retain loyal customers. Its original product, Hollywood Movie Money, is a movie ticket reward issued in association with studios including Disney, Warner Bros., Columbia, MGM, Universal, Paramount and Dreamworks. Today the company also offers

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The GM MasterCard was a driving force in Stephen Drees' marketing career.

other entertainment, retail and travel-related rewards. In 2002 and 2003, Inc. Magazine recognized Quantum Loyalty Systems as one the fastest-growing privately held companies with more than \$20 million in sales.

This fall, Drees is once again on the move. "I had an opportunity to experience the whirlwind of running and building a highly successful growth company over the past five years," he says. "I am very proud of what was accomplished at Quantum, but the timing is good for me to sell my ownership stake, giving me time to sit back, take a deep breath and think about what I want to do next."

Drees has a few ideas. Although he wasn't ready to unveil specifics at press time, he says his next venture will likely be in a marketing-related endeavor.

"One way or the other," he says, "I will likely start something, grow something or run something."

On the way home after meeting Drees, I picked up my son Maxi from elementary school and we stopped at the grocery to purchase treats for his read-a-thon party on Friday. Maxi was favoring a bag of Hershey Bites; I approved his selection after noticing there were free movie tickets on the back of the package. In the checkout line Maxi was smiling at the thought of chocolate, and Dad was smiling at the thought of saving \$12 at the box office. I smiled bigger when I paid by swiping my MasterCard, because I was a little bit closer to earning my next \$50 reward check. ■

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