

Somerville, Una

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From: Somerville, Una
Sent: Wednesday, February 18, 1998 7:14 PM
To: Beindorff, Michael; Pyves, Rick; Sanchez-Jaimes, Jonathan; Kapoor, Rajiv; Brito, Lisa; Hillier, Terry; Menier, Philippe
Cc: McCoy, Linda; McCabe, Kevin; Basch, Cathy; Soderstrom, Jan; Michels, Kate; McNally, Caroline; Schapp, Stephen; Heinrich, Wolfgang
Subject: Visa Platinum Discussion at International Board
Importance: High
Sensitivity: Confidential

Attached is the presentation given yesterday to the International Board. Per our previous discussions, we deferred action at this time on the Visa Platinum principles from the January MEC. (we were ending up with more exceptions than the rule) I positioned this that additional time was warranted before finalizing the international principles to recognize the varied market conditions around the world.

The key points made in the presentation were as follows:

- Its been a decade since Visa has launched a new global product targeted at upscale customers. Its clear Visa must continue to innovate to remain competitive.
- Visa Gold has served Members well - effectively positioning the Visa brand with upscale consumers while at the same time diminishing Amex exclusivity. Visa Gold retains its original positioning in many markets where Members have effectively maintained its superior positioning. In other more competitive card markets, Visa Gold no longer has the same positioning.
- Members are interested in retaining best customers - but the definition of this customer segment varies by market and even by Member.
- Amex launched Platinum 15 years ago and has been effective to date in maintaining its exclusivity - less than 1/2 million cards in 12 markets during that time.
- MasterCard has gotten on the "platinum" bandwagon using a gold standard. Threatens Visa market share and current gold base. Most recently launched World Card creating urgency in some markets for competitive response. Signia expected to converge with World Card.
- "Platinum" is a necessity for Visa around the world. Consumers expect it. Members want to use the name. Competitively, we must have a Visa Platinum offering. Product characteristics vary. In LAC - high end, exclusive Visa offerings. In US and Canada - the gold standard.
- Given these market conditions, it is impossible to define a true global standard with exclusive Visa attributes using the "platinum" name. However, Visa Platinum will be an effective product for Members around the globe.
- Our approach will be to make Visa Platinum available around the world - retaining a high standard where feasible. Regions to define.
- We will define an additional high-end global product aiming for Visa exclusivity with new name, common features and consistency of product delivery around the world. To come back at June Board.

Comments from the Board Members supported this direction, however, we should factor the following into our next steps and product positioning.

- In general, the Board is looking for Visa exclusivity not a me-too approach to this new product.
- Visa should add chip capabilities to this new product to facilitate access to premium services at exclusive T&E merchants around the world. Buy terminals for merchants and leapfrog competition. (Tolleson - USA) *The entire Board endorsed this idea and I believe we have a mandate to build this into the product framework.*
- Members are in different situations around the world. Some do not want to see Visa Platinum erode their gold base. Some would prefer to skip Visa Platinum and move directly to a new upscale product. (Merigo - Spain)
- Lots of discussion on target market. Some want broader market - international travellers (Vessy - Canada). Is market size large enough to be profitable (Merigo - Spain) Others want more specificity and more definition to avoid erosion (Morales - Peru).

Given the short timeframe for our June deliverable (and your individual regional discussions), I plan to set up regular conference calls to discuss issues and review progress. In the meantime, please ensure that any regional research or product enhancement concepts are coordinated with Linda McCoy.

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