HERE'S TO THE NEXT PAGE IN OUR HISTORY TOGETHER.

Congratulations to all our friends at MasterCard on their 40th anniversary. Here's looking forward to the next forty. Wherever they may take us.

Your friends and partners at TimeInc.
SPECIAL ADVERTISING SECTION

MASTERCARD AT 40

Over the last 40 years, MasterCard International has enjoyed the kind of growth and success that our founders could have never anticipated. We’ve gone from humble beginnings operating as a handful of employees out of a single office in New York, to today, with more than 4,000 employees in a total of 37 offices around the world. Most recently, the latest chapter in our illustrious 40-year history was May 25, when MasterCard International became a public company listed on the New York Stock Exchange.

Today, with more than 1 billion cards issued through our family of brands, we serve consumers and businesses in more than 210 countries and territories, and are a partner to 25,000 of the world’s leading financial institutions. Through our best-in-class processing capability and worldwide acceptance network, we seamlessly process more than 16 billion payments each year. We also provide industry-leading analysis and consulting services that drive business growth for our customers and merchants.

With more than 24 million acceptance locations worldwide, no payment card is more widely accepted than MasterCard. And our brand continues to resonate around the globe with “Priceless” running in 106 countries and 50 languages.

Reaching a milestone such as 40 years with such success isn’t achieved alone. MasterCard’s success is fueled through strong relationships and the dedicated support of our customer financial institutions, the merchant community, our loyal cardholders and our valued partners and suppliers.

MasterCard continues to be an exciting place to work, and we look forward to continuing to be “The Best Way to Pay for Everything That Matters” for years to come.

Sincerely,
Lawrence Flanagan
CMO-global marketing & communications
MasterCard International

CONTENTS

M64 MASTERCARD’S MARK
MasterCard, launched in 1966, has led the way in creating and establishing innovative financial services—and in the process has helped change how society views and uses credit. Today, with its “Priceless” campaign, it continues to reach millions around the world.

M6 THE GLOBAL PERSPECTIVE
Since its first international foray in 1968, MasterCard has expanded around the globe. The company now manages payment card brands in more than 210 countries and territories.

M8 Q&A WITH LARRY FLANAGAN
MasterCard’s CMO-global marketing & communications discusses the company’s strengths, strategies and its outlook for the future.

M14 THE “PRICELESS” STORY
Nine years ago, after weeks of extensive research, McCann Erickson hit on just the right approach for MasterCard. The result: the award-winning, globally successful “Priceless” campaign. Here’s how it happened.

M16 PARTNERS SPEAK OUT
Three top executives from MasterCard partners Citigroup, Hyatt Hotels Corp. and the PGA Tour discuss their relationships with the credit card giant and why they work together so well.

M22 CREATIVE SHOWCASE
A look at “Priceless” campaigns from around the world.

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CONTENTS
You say you want a revolution? The 1960s offered them in all shapes, sizes, colors and contours. But it was the one no one wrote a song about that ultimately swept the country and changed the way Americans live their daily lives. It was the bankcard.

Today, long after the songs have mellowed into nostalgia, the revolution in consumer credit—took off in large part by the launch 40 years ago of MasterCard—continues to evolve in ways that no one could have imagined in 1966. MasterCard has introduced many innovations to the industry over its four decades. Its long-running, award-winning “Priceless” campaign has become part of American popular culture—and is recognized around the world.

“It’s interesting,” says Joyce King Thomas, exec VP-executive creative officer of McCann Erickson, New York, and one of the original creators of the “Priceless” campaign. “In every market in the world there seems to be a word for ‘priceless.' But there isn’t in Japan. So we use the word in English in the spots. I’ve seen focus groups in Japan and found that the Japanese now know and use the word ‘priceless.’ It’s entered their culture and language through this campaign.”

Most remarkable of all is the sheer scale of MasterCard’s numbers. Net revenue in 2005 approached $3 billion, with net income at a record $267 million. For the same period, the company had 747.6 million cards in force in 210 countries and territories around the world and was accepted at more than 24 million locations. MasterCard International, the main operating subsidiary based in Purchase, N.Y., has 25,000 customer financial institutions worldwide that issue MasterCard cards. It has 4,000 employees in 37 offices around the globe. And in May, the company launched a $2.4 billion initial public offering to begin trading on the New York Stock Exchange as MA.

AT THE BEGINNING
Master Charge, along with a wave of other bankcards, flooded onto the national scene during the 1960s. The bankcard had evolved out of a long and tentative history of consumer credit in America that started just after World War II. At the time, credit was mainly seen as the entitlement of the rich, and this “easy” money was viewed with suspicion by the expanding middle class that had been born in the Great Depression.

By the end of the 1940s, consumer credit was becoming routine, although the systems that had developed around it were cumbersome, usually having been set up by individual stores.

In 1951, the Franklin National Banks of New York replaced paper with what MasterCard today calls “the first real credit card.” The more prestigious travel and restaurant cards began penetrating the upper tier of the consumer credit market at the same time, first with the Diners Club card in 1950, then others, including American Express in 1958 and Hilton Hotel Corp. a few months later with Carte Blanche.

All made a point of their selectivity and annual fees, which together translated into a snob appeal that became one of their most attractive features. In the early 1960s, dropping a prestige credit card on the tablecloth was an emblem of stature in a society of rapidly democratizing status symbols.

By the mid-1960s, the three major travel cards had a combined membership of 3 million users, virtually all of whom were men whose average age was 43. All cards expected balances...
to be paid in full every month. Strictly speaking, the cards didn’t offer “credit,” just convenience. The issuers made their profit from the annual fees and merchant commissions.

**A MAJOR INNOVATION**

But that was about to change. On Aug. 16, 1966, Karl Hinke, an executive VP of Marine Midland Corp. of Buffalo, N.Y., convened a meeting of 17 banks that had been franchising local or regional cards and proposed forming the Interbank Card Association, a clearinghouse to license the “Interbank Card” on a national basis through individual member banks. Any member could issue an Interbank card that would in turn be accepted by any merchant signed with any other member bank.

Looking at the market gaps left by the travel cards, Interbank wanted to create something different—a universal credit card system. Its bankcard would offer users a revolving credit account, often with no fee. Members could pay part of their monthly balance and carry over the rest for an interest charge.

Within nine months, 450 U.S. banks in 21 states had signed up with Interbank. About 40% of their customers carried Master Charge cards, which had become the largest single brand in the Interbank group. By the end of 1967, Master Charge had 5.7 million customers who had racked up $312 million in charges.

Suddenly the bankcard business became an increasingly crowded field, and everybody wanted in. Chicago became an early flashpoint of buccaneering competition. Three major banks launched their own cards within a month: Town & Country, Charge-It and First Card. Nationally, Interbank and Bank of America’s BankAmericard were also in the race, as well as American Express and the other travel cards. “The sudden urge by banks to get into the credit card business,” Advertising Age reported in October 1966, “has sparked what one bank executive calls an ultimate and emotionally comforting reassurance. ‘Relax, the market is ready to advertise. You’ve got Master Charge.’”

**MASTER CHARGE TAKES THE LEAD**

By spring 1970, the early shakeout of competing brands was drawing down. According to American Banker, Master Charge had 36 million cardholders vs. 30 million for BankAmericard.

FCB rolled out a national network TV campaign “designed to provide a platform on which approximately 4,000 member banks can build local and regional programs,” announced Interbank, which boasted acceptance by 600,000 merchants. In a major milestone, the IRS joined that list in January 1970, accepting tax payments of up to $500 on Master Charge in 10 states. A year later New York’s Metropolitan Opera and other theaters began accepting Master Charge for tickets, whose top prices had scaled to a shocking $35.

But Interbank faced a new challenge: Having survived the initial market shakeout, Master Charge was facing the fact that credit had become, essentially, a commodity. In the aggressively competitive credit card field, the brand needed to stand for more than the obvious. The battle of the bankcards—with the major shootout between Master Charge and BankAmericard—required more than simply lining up bank networks and merchants. It had become a battle of advertising and selling skills, and many brands would die in the fight.

**ENTER A NEW AGENCY**

In November 1970, Interbank put its $3.5 million account into review, hearing pitches from Carl Ally, BBDO and Benton & Bowles, among others. Four weeks later, it dropped FCB in favor of William Esty Co., then the 10th largest U.S. agency. Esty stayed with Master Charge for the next 17 years and generated the card’s most memorable early national campaigns. They emphasized the comprehensive nature of Master Charge coverage—not with numbers, though they were impressive, but with an ultimate and emotionally comforting reassurance. “Relax,” the campaign theme said. “You’ve got Master Charge.”

By its 10th anniversary in 1976, Master Charge’s customer base had grown nearly eightfold to 39 million—roughly one-fourth of American adults—while charge transactions had soared to $13.5 million, Time magazine reported at the time. While it held the lead over BankAmericard, with 33 million cardholders, as well as in participating merchants, the bankcards were all facing new challenges. The business and travel cards were raising the bar in membership in an effort to maintain their image of prestige, pushing their higher-profile gold cards.

With the arrival of ATM machines and other advanced banking technologies, a whole realm of consumer possibilities

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**CONTINUED ON M20**

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**MASTERCARD MILESTONES**

**MAJOR MOVES AND MARKET FIRSTS OVER THE PAST FOUR DECADES**

- 1968: Interbank begins to form a global network with banks outside the U.S.
- 1969: Interbank acquires exclusive rights to the “Master Charge” name and the trademarked interlocking circles.
- 1969: Foote, Cone & Belding creates the first national ad campaign for Master Charge.
- 1974: The magstripe becomes a standard feature on all Master Charge cards.
- 1979: The company is renamed “MasterCard” to reflect commitment to international growth.
- 1983: MasterCard introduces the hologram security device—an industry first.
- 1985: MasterCard acquires an interest in Europay International’s predecessor, EuroCard.
- 1987: MasterCard becomes the first payment card issued in the People’s Republic of China.
- 1988: MasterCard acquires the Cirrus ATM network.
- 1990: MasterCard unveils a co-branding strategy, going on to become the industry’s co-branding leader.
- 1991: Europay and MasterCard launch Maestro, the world’s first online point-of-sale debit network.
- 1997: MasterCard and McCann Erickson debut “Priceless,” the award-winning advertising campaign, which first airs in October.
- 2001: MasterCard Advisors professional services is launched as the largest global consultancy focused on the payments industry.
- 2002: MasterCard merges with Europay International to create MasterCard International—one worldwide company with one management team—and converts to a private-share corporation in June.
- 2002: MasterCard launches and completes the initial trial of its MasterCard PayPass contactless payment program in Orlando, Fla., with Chase, Citibank and MBNA.
- 2006: MasterCard International issues an initial public offering worth $2.4 billion, trading on the New York Stock Exchange.
If there is one product that’s welcome anywhere in the world, it’s money. So it was no surprise that once MasterCard became a leading national bankcard in America in the late 1960s, it was only a matter of time and technology before it became a citizen of the world. Today, MasterCard International manages payment card brands in more than 210 countries and territories. Its award-winning “Priceless” campaign has run in 106 countries and 50 languages, giving MasterCard a cachet and recognition that cross physical and cultural boundaries within a few years.

“Ten years ago, I wouldn’t have thought we would be in the position we are today as a marketing and branding organization,” says Lawrence Flanagan, MasterCard International’s CMO—global marketing & communications. “We have a highly successful brand positioning/marketing positioning [and] a campaign that’s probably the single largest campaign worldwide; but even more important, it delivers business results. We’ve been able to air it in a lot of countries, and it’s been successful in building our brand value and building our business around the world.”

MasterCard made its first moves outside the U.S. in 1968 as Master Charge under the auspices of then-parent organization Interbank Card Association. The next step was Mexico through Banco Nacional. A relationship with Eurocard followed later that year, then another with a Japanese consortium. But the technology was not yet established that could make it a true international bankcard; it lacked an efficient linking mechanism.

**NETWORKING**

The first step in this direction came in 1973 with the Interbank National Authorization System, which replaced cumbersome telephone approvals with the first system that connected members via a computer network. This led to the completion in 1978 of “the St. Louis Switch,” which became known as Banknet in the mid-1980s. By centralizing authorization and settlement transactions, the company put in place a technology essential for future international growth.

The first African financial institutions joined the system in 1975, followed by Australia in 1979. That was also the year that Interbank changed its name to MasterCard International and Master Charge became MasterCard.

In 1987 and 1988, MasterCard’s global presence expanded with the acquisition of Cirrus, a network of North American ATMs, and through an alliance with Europay International, Europe’s largest provider of payment services. The first MasterCard cards were issued in China and the U.S.S.R. in the late ’80s—ceremonial in nature at the time and good at only a handful of locations, but the first step toward the future.

By 1990, MasterCard found itself for the first time handling a higher volume of transactions outside the U.S. than within. In 1992, MasterCard had more than $258 billion in transactions at 10.6 million locations worldwide, *The New York Times* reported at the time.

In 1994, a global standard of electronic credit and debit transactions was inaugurated. Developed jointly by Europay International, MasterCard and Visa, it was known by the acronym EMV.

Meanwhile, MasterCard was experimenting with other forms of global payment cards. Among them was the Mondex electronic purse, an alternative to both credit and debit cards in which cash value was stored in a microchip embedded in a card. In 2001, it became a wholly owned subsidiary of MasterCard.

Mondex joined the MasterCard Cirrus ATM system, acquired in 1988, and Maestro, a global PIN-based, POS debit/cash-access network that encompasses 81 countries. All share the familiar logo of overlapping circles, and together make MasterCard truly international.

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**HIGH FIVE. BACK SLAP. CHEST BUMP. END ZONE DANCE.**

ESPN ABC Sports congratulates MasterCard on its 40th anniversary.
Here’s to laughing with your mouth full
Congratulations, MasterCard on your 40th anniversary

From your partners at National CineMedia
Lawrence Flanagan, MasterCard International's CMO-global marketing & communications, has primary responsibility for the strategic evolution and management of the MasterCard brand as well as the company's consumer-branded payment solutions.

Joining the company in 1996, Mr. Flanagan has been instrumental in guiding MasterCard's successful “Priceless” campaign since its launch. He also manages the company's mix of marketing activities, including corporate marketing, global communications, interactive marketing, customer and merchant marketing, sponsorships and global marketing intelligence and planning.

Mr. Flanagan recently talked with writer Nancy Giges about what MasterCard must do to continue to shape the market. An edited transcript of that interview follows:
WE THOUGHT WE WOULD TAKE THIS WINDOW OF OPPORTUNITY TO SAY CONGRATULATIONS.

FROM YOUR FRIENDS AT USA TODAY.
things like “Write Your Own ‘Priceless’ Ad,” which were ads that we ran to drive people to Priceless.com. “Priceless” has become very interactive and ingrained.

The concept of “Priceless” has become a communications platform for people. We have to look at how do you keep that fresh and look for new ways of advancing it.

AA So one way is Priceless.com?

LF We’re also working on the equity we’ve built with consumers. The association with MasterCard has become so strong that we can almost say, “Here’s one and one,” and the consumer says, “Two.” We don’t have to give them the punch line.

AA Has competition changed so that you’ve had to do anything differently?

LF Not to sound arrogant, but I would say the competition has probably been responding to what we’ve been doing. We were the first brand to go out there and look at the shift in values from the ’70s and early ’80s. We were very early in recognizing the shifts away from conspicuous consumption to more of a value-based culture.

We came out almost 10 years ago with that and, since then, we’ve seen people, both within financial services and outside, start to get on the bandwagon. “Priceless” has been written up in a lot of case studies and business school reviews as a brand that’s on trend and recognizes trends early. We took the high ground so anyone else coming into this space doesn’t have the position that we have.

AA Is this true all around the globe, or does it mean different things in different countries?

LF I would say it’s fairly consistent going back to the values, the core brand positioning and our marketing platform. But it gets executed differently. All the “Priceless” ads are done locally. McCann Erickson is our ad agency in all these different countries. We have our marketing teams in the regions, and the countries develop the content locally; but the message is still the same.

AA Are there other programs that also carry the same theme?

LF We use sponsorships as content for our marketing message. Years ago MasterCard, like a lot of companies, used sponsorship for just basic brand awareness—get your logo up there in the stadiums or on the boards just to get the brand awareness. We’ve moved way beyond that now because we have the awareness and the relevancy, and people know what MasterCard is and what it stands for. When we leverage our sponsorships, it’s not about the sponsorship; it’s about the fan, about the consumer, not about the sport or the player as much.

AA How do you decide how long a particular commercial is going to run and when you’re going to replace it?

LF For every country, there’s a marketing strategy that sets priorities. If it’s supporting affluent credit products, debit, small business or other parts of our business, it starts with a business plan and then we back into it. How much media do we have? How many ads are you going to need? We don’t like to run things to the point where [the audience is] totally saturated and people start clicking the channels.

We try to maximize our reach and frequency to get our point across and keep the ideas fresh. Consumers are very good at letting you know what they like and what they don’t like.

AA Do they contact you or do you just find out through research?

LF It’s a little bit of both. We’re out there in the marketplace always listening to people. In fact, consumer engagement with “Priceless” led us to “Write Your Own ‘Priceless’ Ad.” People are always sending us their ideas for “Priceless” ads that we finally came up with the idea: Why don’t we let someone officially write the copy for a “Priceless” ad that will air later this year on TV?

About 100,000 people have gone on to Priceless.com and submitted a real “Priceless” ad.

AA What would you say the biggest challenge is for you? What keeps you awake at night?

LF I want us to be the company that is consistently setting best practices and creating innovation. Any good marketer wants to do that. I think if there’s one thing that keeps me up at night, it’s making sure that we are the ones leading the march rather than following.

If you look at things that we’re doing now, like PayPass, which we launched late last year in the U.S. and we’re rolling out to other countries, we’ve pioneered that. It’s probably the next wave of where the payments category is going to go. PayPass was the first card embedded with a radio-frequency chip. We’ve signed up big merchants like McDonald’s, 7-Eleven, CVS drugstores and Lowe’s theaters.

This is a new technology where people don’t have to hand over their cards anymore; they can just tap or wave them or use a key chain device that our customer banks are issuing to cardholders.

It’s things like that that set us apart and start to redefine the category by finding the next new channel where you can use payment products, where you can only use cash and checks right now.

AA What role does “Priceless” play in boosting PayPass in cash-dominant venues such as stadiums?

LF Getting payments accepted in stadiums where those concession stands just take cash and have long lines—it’s slow and inconvenient for the fans. Now someone can go into Yankee Stadium with their MasterCard PayPass card, get in line, quickly tap and go and make the line move quicker. Those are the types of things that we’ve got and that we’re going to keep focusing on.

AA What’s been the most rewarding thing in this whole process that has made MasterCard a leader in the category?

LF I think about two things. One is the perspective of our customers because, again, they issue the product. And just seeing the recognition from our customers that the MasterCard brand is a strong brand and they have confidence in us to issue MasterCard products to their customers, where that wasn’t always the case.

The other is that MasterCard is as an organization that people are very proud to work for. We’ve become a bit of an employment magnet because of the recognition of the company’s success, and what’s been going on on the brand side and how our customers have been supporting us more. That’s very satisfying to see those things happen.

For every country, there’s a marketing strategy that sets priorities....Consumers are very good at letting you know what they like and what they don’t like.'
VISIONARY

For your creativity and originality, we salute you.

AETN congratulates
MasterCard
on its 40th Anniversary.

Wishing you continued success
and achievement.
there’s only one word to describe a truly great client
CREATING A GLOBAL AD MEGA-HIT

‘PRICELESS’

HOW HARD WORK, RESEARCH—AND THAT CREATIVE SPARK—FUELED A SUCCESS FOR MASTERCARD AND McCANN

BY JOHN MCDONOUGH

Today MasterCard is one of the best known brands in the world, thanks in large part to its long-running “Priceless” campaign by McCann Erickson. The campaign, named for writer Joyce King Thomas’ original tagline, launched in 1997 in the U.S. and now runs in 106 countries. At the same time, its familiar structure and rhythms have made it perhaps the most quoted and oft-parodied advertising work of the last decade.

“We were very excited about it,” says Ms. Thomas, today exec VP-chief creative officer of McCann Erickson, New York, “but we came to realize as it developed over the years that it could be universal in ways we didn’t first see. It started very emotional, very family-oriented. But then other possibilities kind of exploded out of that. It became even more universal with more colors than we expected.”

BEFORE “PRICELESS”

In the mid-1990s, MasterCard was struggling to keep up with the competition. It had been through three ad agencies in 10 years trying to find a way to resurrect its primacy among its two main targets—consumers who use bankcards and the financial providers that actually promote and sell them. Its then-existing ad campaign, “Smart Money,” appealed to consumers’ sense of practicality and reality, but was not moving sales or exciting member banks.

In spring 1997, with a $100 million account on the block, the agencies began lining up.

A key challenge for agencies in creating an advertising campaign was in the nature of a bankcard: It has no moving parts that can break down; nor is it a fashion item to be tweaked and improved. To the extent that its color or graphics may signal the wealth of the holder, it can be a status symbol. But fundamentally, it performs an unglamorous function in a utilitarian way.

In other words, the bankcard is a product that lives largely on the power of its image. MasterCard’s problems stemmed from its identity in the marketplace.

That was the area that McCann tackled as it began preparing its pitch. Under a team led by Eric Einhorn, Nat Puccio and Suresh Nair, all of McCann’s proprietary strategic-planning systems were rolled out, starting with what it calls the “Brand Footprint.” Essentially a positioning analysis, it examined just about anything that related to MasterCard, including the information and analyses that went into its existing marketing and advertising. It got a fix on how

and why consumers perceived the brand in a particular way and where it sat in relation to its principal rivals. “It focuses particularly on the personality traits of a brand,” Ms. Thomas says.

Since all branding is relative, the team’s job was to line up MasterCard’s three key attributes and place them in the larger competitive mix where they would logically fit. McCann calls this the “brand-scape.” At the same time, the strategic team put Visa and American Express under almost as close a scrutiny through primary and secondary sources.

To confirm its findings and push them even further, McCann mounted its own direct-consumer inquiries about MasterCard. The brand personality characteristics it found lined up in remarkably close register: everyday, ordinary life, generic. The research was clear on consumer perceptions of MasterCard: It was bland.

While that blandness was not getting traction for the brand, it did have an upside for a company eager to rebrand itself: Such “neutral-ity” presented fewer barriers to creating a new identity. Strangely, McCann had returned to the idea that had led Ammirati & Puris, MasterCard’s previous agency, to draw back from 1980s materialism in 1992.

“You know those credit card companies where they tell you to jaunt off to some exotic paradise?” asked actor Rob Morrow in the first Ammirati commercial. “This isn’t one of them, OK?”

Basically, McCann found that customers saw MasterCard as a card for regular people, while American Express and Visa carried a more exclusive, worldly image. As a result, the agency decided to play on MasterCard’s everyday appeal and give value to that.

Once the agency team had established the positioning for the brand, it then turned to developing a creative brief that would chart a course of needs and objectives to keep the creative thinking focused on the right selling idea. This became the link among the positioning theory, research and analysis, and an actual execution.

One guiding principle was this: It isn’t necessarily the big spenders MasterCard should draw a bead on but rather the “good spenders,” the ones who personify responsibility over indulgence in their use of a credit card, value over gratification.

A selling idea is not an execution but a signpost to an execution. McCann distilled weeks of

CONTINUED ON M16
It has been an honor and pleasure for Alan Taylor Communications to work closely with its extended family at MasterCard. Together, we have been steadfast in our approach, developing strategic and creative business-building public relations campaigns to engage consumers through the things they love and the way they live. In a word, their passions (and ours).

Congratulations and Happy 40th Anniversary to MasterCard International.
CONTINUED FROM M14

research into this substantive but somewhat prosaic thought: MasterCard is “the best way to pay for everything that matters.” An idea and an execution are sometimes not that far apart. It’s not always easy to tell the difference. Sometimes an idea needs that sudden, eureka bolt of inspiration to take it that one step further.

LIGHTNING STRIKES

That bolt struck one morning when Jonathan Cranin was in the shower. Like his team members, Mr. Cranin, McCann Erickson’s creative chief for North America, Europe and Asia, had spent weeks mulling over the MasterCard selling proposition, trying to tie it into a campaign. Then, as the story goes, it came to him in his shower stall: “There are some things money can’t buy. For everything else, there’s MasterCard.”

“We thought the line was very interesting and a really brave thing for a financial company to say,” Mr. Thomas says, “that there are some things that money can’t buy.”

To dramatize and support Mr. Cranin’s elegant tagline with a premise from which it would flow seamlessly, Ms. Thomas and creative director partner Jeroen Bours worked backward to a beginning by following the logic in reverse. By all accounts they found the necessary stepping stones quickly—the tally of expenses—which in turn led to the payoff: Priceless.

“It took a couple of weeks,” Ms. Thomas says of the execution time. “We did think it was a big idea, a big line. Anyone who was inspired by the line was working on the campaign. It was collaborative.”

All this was done in preparation for the pitch. By the time MasterCard’s executives gathered to meet with the McCann team, the baby had been born. “The spots we actually showed in the pitch were the ones we actually produced,” Ms. Thomas says. “That’s kind of unusual. Usually you do more work.”

As hoped, it made an unusually strong impression on MasterCard—but it wasn’t a slam dunk. “It took a long time,” Ms. Thomas says. “They tested the work. We didn’t win that quickly. It was probably a three-month process. But they loved it.”

GSD&M was already handling the media side of the business and continued in that role after the transition to McCann. In October, McCann and GSD&M loosed the lightning nationwide, starting with the fourth game of the World Series. Appropriately, the first spot was called “Baseball” and led with the now almost iconic copy: “Two tickets, $28; hot dogs, popcorn and sodas, $18; autographed baseball, $45; real conversation with 11-year-old son: priceless.”

“One of the tricks of the credit card business is that people have an inherent guilt with spending,” Mr. Cranin told The New York Times at the time. “What you want is for people to feel good about their purchases. Money spent on things that matter is money well spent.”

“’Priceless’ gave us a message to put out there that was going to take our media to a new level,” says Jill Otto, senior VP-group media director at GSD&M. “For example, with the ’Baseball’ spot and our baseball sponsorships, we were able to bring the message and the medium truly to life.”

The structure and consistency of the campaign were so compact and recognizable, comics began kidding it, satirists were parodying it and even reporters were using it in story leads. It seeped into the American consciousness in a thousand ways. MasterCard insists that it appreciated good parody as well as anyone else, and has proved it with some very clever self-parody: “We keep control by going with the flow,” says Lawrence Flanagan, MasterCard International’s CMO-global marketing & communications. “It’s been parodied a lot. We’ve never made any attempts to stop the parodies or say that they’re bad. We stay so close to it, keep our finger on the pulse of what’s going on in the marketplace and stay ahead of it, rather than letting the marketplace take it its own way.”

CAFEY INTEGRITY

MasterCard and McCann Erickson have carefully overseen the integrity of the campaign elements—what Amy Fuller, group executive, Americas marketing, for MasterCard, calls the “branding cues.” One of the most important has been the voice-over role. “We have been very consistent with that,” Ms. Fuller says. “It’s actor Billy Crudup. He’s done an absolutely superb job.”

Says Ms. Thomas, “I had worked with Billy one other time…. When we wrote this campaign, I thought he would be perfect because he doesn’t read like an announcer at all. He is an amazing actor. He makes it sound both original and effortless. And that’s how we wanted it to sound.”

One of the marks of a great campaign idea is flexibility. And “Priceless” seems to have proved endlessly adaptable across all media. “We were among the first advertisers on the social networking sites such as Friendsster and Facebook,” says Ms. Otto of GSD&M, which has been responsible for all online space buying since about 2002. In one case, she said, MasterCard experimented with a youth campaign offering internships with such partners as Universal Entertainment and Major League Baseball. The campaign McCann created, called “The Priceless Experience,” used simple text cues referring readers to the MasterCard web site for more information. GSD&M also works with McCann and MasterCard partners such as Major League Baseball, the NBA, the PGA and other sports properties to get “Priceless” messaging integrated within their web sites and events, depending on the partnership. A Priceless.com web site, created by McCann Erickson sibling company MRM Worldwide, was launched earlier this year.

Because the “Priceless” campaign caters to such a fundamental human impulse, it has easily hopped national boundaries and cultural roadblocks, helping to bring a rare unity to MasterCard’s global voice. “Priceless” spots are running in 106 markets in 50 languages, making it “the largest singular campaign in the world,” according to McCann Erickson.

Since its debut in October 1997, the campaign has been honored with more than 100 marketing effectiveness and creative industry awards worldwide, including numerous gold Effies as well as AME awards.

“Priceless” is more than just a great advertising campaign,” says Richard O’Leary, exec VP-worldwide account director at McCann Worldgroup, who oversees the MasterCard business for all McCann Worldgroup companies. “It is truly a global marketing platform that presents ongoing opportunity for innovation, integration and evolution of the idea. And that is how we approach it every day around the world.”

MOVING FORWARD

In the U.S., interest in the campaign has become so lively that MasterCard invited consumers to try their hands at copywriting. “Earlier this year, as part of launching a new digital presence in the form of Priceless.com, we invited people to write their own ‘Priceless’ ad,” Ms. Fuller says. “We’ve gotten almost 100,000 responses. What I love is that all you get if you win is that we run the spot you wrote. There is no money, no prize, no big fancy anything. People are taking this seriously. And that is an endorsement that our idea is connecting very strongly with consumers.”

“Priceless” has proved just as effective in adapting to MasterCard’s many co-branding ventures with partners such as American Airlines and USAirways.

MasterCard is looking forward to using “Priceless” in future branding partnerships, especially with so much entertainment being bought in the home, often in a recurring payment program.
Advertising Age
Congratulates
MasterCard on
40 Innovative Years
Asia and Latin America. Citigroup operates in more than 100 countries, particularly in emerging markets such as Eastern Europe, where what’s happening here in the States can be replicated readily around the world. In the Europe/Latin America region, we found the opportunity to build a business. Working with MasterCard, we’ve formed our strategy around the fact that they’re very well-grounded and responsive to the needs of banks to send out direct mail and other communications to the corporate customer.

Prior to 2000, we were not significantly in the partnering business. But since then we’ve moved aggressively into it, and MasterCard has been right with us. They’ve been innovative, quite flexible and high- ly responsive, since most projects require custom solutions. Today, a large portion of our cards business in North America is MasterCard co-brand cards, such as Sears, Roebeck & Co.; Kmart Stores, and Home Depot. We’re developing, customizing and executing unique programs in the marketplace, each depending on our own capabilities and the capabilities and flexibility of MasterCard and the corporate customer.

For the last 12 to 15 months we’ve worked closely with MasterCard on more technology-oriented projects. Our product category is heavily dependent upon technology—technology that’s state-of-the-art, world-class and transparent to the end user. The goal is to have credit and debit cards that work all the time, everywhere—cards that are so transparent that users don’t realize any technology is involved.

MasterCard PayPass is a good example of our current technology work. It’s based on radio frequency technology embedded in the card, which establishes a radio frequency transmission between the card and a reader at the point of sale. We believe this will be a very important technological breakthrough with merchants that require speed and convenience, such as McDonald’s Corp.’s quick-serve food. It will also allow credit and debit products to penetrate areas that have historically used cash. So it has the potential to expand the universe where transactions with credit and debit cards are preferred.

We’re rolling forward in our credit and debit products with this technology in New York. In a three-year pilot program between MasterCard, Citigroup and New York’s Metropolitan Transportation Authority, the MTA is retooling subway turnstiles to accept this technology for a live test this summer.

I’ve personally worked on domestic and global strategy issues with Alan Heuer [chief operating officer]. He has great insight into the industry as it exists and as it will evolve, and he has very strong strategic insight as well.

We meet with MasterCard several times a year. From a strategic standpoint they’re very well-grounded and responsive to the needs of business. Working with MasterCard, we’ve formed our strategy around the technology work being developed at other levels in the organization.

One of the hallmarks of MasterCard is that a lot of what we see happening here in the States can be replicated readily around the world, particularly in emerging markets such as Eastern Europe, Asia and Latin America. Citigroup operates in more than 100 countries, so having a global network that operates where we operate is critically important.

As one of the largest members of the MasterCard network, we’ve enjoyed a strong partnering relationship with MasterCard.

Our initial partnership with MasterCard began in 2002. We’re aligned with similar objectives, so it’s been a good fit for us. Over the last four years we have collaborated on the Hyatt Gold Passport Faster Free Nights promotion, which has been the cornerstone of our partnership. This promotion allows our Hyatt Gold Passport members to earn a free night for every two stays when they pay with MasterCard. It’s been a very successful promotion for both Hyatt and MasterCard and is well known and highly valued among our members.

In 2005, the Asia/Pacific readers of Inside Flyer magazine recognized Faster Free Nights with a Freddie Award, which highlights the best promotions and awards that frequent-traveler programs have to offer.

We also recently introduced a new program called Hyatt Gold Passport Exclusives. This program allows members to redeem their points in an auction format for unique and exclusive experiences that we develop in conjunction with our partners. MasterCard has been an integral component of this program with its partnership assets, which they have provided to help us create a number of unique experiences, including opportunities to take a behind-the-scenes tour of Universal Studios and enjoy a private dinner with the executive chef of Bon Appetit magazine.

As our Hyatt Gold Passport program is global, Hyatt’s divisional offices work with MasterCard’s offices around the world to develop region-specific promotions. This allows us to expand the reach of the partnership beyond the U.S. market. For example, MasterCard has featured our Park Hyatt Tokyo and Park Hyatt Paris Vendome hotels in their “Priceless” print campaign over the last two years.

We have also leveraged the MasterCard partnership to help us as Global Hyatt continues to grow. Last year Hyatt acquired AmeriSuites, and we are now working with MasterCard on opportunities to support this brand. For example, AmeriSuites is currently offering a $20 MasterCard Gift Card for stays that are paid for with the MasterCard card.

Hyatt has also partnered with MasterCard to continue to grow the Hyatt Gold Passport membership base. MasterCard has provided us with unique opportunities to partner with its customer banks to send out direct mail and other communications to acquire new customers. These efforts have helped us attract qualified new members.

My two key contacts at MasterCard are Elizabeth Ward, senior VP-global travel and entertainment, and Julie Blacklock, VP-global travel and entertainment. Beth and Julie have been involved with our partnership from the beginning and make it possible for Hyatt to access the tremendous resources within the MasterCard organization. More important, they are both a pleasure to work with.

Tom Wade
Exec VP-CMO, The PGA Tour

MasterCard has been a wonderful partner for us. They’ve totally integrated their brand into the PGA Tour and the game of golf through branding on national and international television, generating a lot of money for charity and using events to build relationships with key business associates. They’ve done everything.

MasterCard not only advertises on PGA Tour broadcasts and in other media but has created PGA Tour- and golf-themed “Priceless” spots. They’ve developed ads that appeal specifically to our demographic by utilizing situations of inherent interest to them and drawing them in.

They also sponsor “MasterCard Moments,” celebrating the greatest moments in each tournament’s history, on our www.pgatour.com web site. And they sponsor the electronic scoreboards at our tournaments.

MasterCard is the title sponsor for two tournaments: the Arnold Palmer Invitational in Orlando, Fla., on the PGA Tour and the MasterCard Championship in Hawaii on the Champions Tour for players 50 years old and over.

They also use the PGA Tour to touch consumers directly. We issue a PGA Tour-branded MasterCard through MBNA, now Bank of America, and people can sign up onsite for it at almost all of our tournaments.

MasterCard utilizes the PGA Tour to [enhance] relationships with customer banks and other big customers, too.

At various tournaments in key markets, customers and business associates have a chance to spend time with MasterCard executives in an informal environment and discuss areas of interest. They utilize some of our players in various customer functions as well.

MasterCard has also found that supporting golf is a way to demonstrate that they are a great corporate citizen. All of the tournaments across our three tours are organized with a partner who is a C3 charity. MasterCard has been a major supporter in helping us hit $1 billion in cumulative charitable contributions last year, and now we’re on our drive to $2 billion.

We have worked with a number of people at MasterCard over the years and have relationships at the top and throughout the company. My counterpart, CMO Larry Flanagan, is the person I work with most directly. He’s a brilliant marketing executive who oversees the specifics of all MasterCard marketing elements and has driven very impressive growth at MasterCard. Larry has been very innovative in the kinds of programs we develop for the PGA Tour and in the way he’s been able to so thoroughly integrate and co-brand MasterCard with the PGA Tour. Hopefully, our partnership has helped MasterCard grow.

We have also had involvement and support from CEO Bob Selander and Alan Heuer [chief operating officer] and through MasterCard’s sports marketing group led by Tom Murphy and Lisa Sala.

The PGA Tour tends to have very long-term relationships with our corporate partners. The ones that work best really view the relationship as a partnership. MasterCard not only derives benefits from their association with the PGA Tour, they have the best interests of the game of golf, our fans and our charities at heart.
Customer loyalty does not come cheap, so marketers have devised a complex of systems designed to reward the consumer for faithfulness. For MasterCard, this has taken the form of affinity programs and co-branding partnerships. These offer extra incentives designed to ward off the passing promotion from a rival with a greater long-term reward and keep the customer loyal to MasterCard.

This was not an invention of the bankcard industry. Its roots can be traced back to 1896 when Sperry & Hutchinson decided that consumer loyalty could be bought with Green Stamps, which participating merchants handed out in exchange for purchases. The principle was simple: Shoppers earned stamps, then redeemed them for everything from toasters to travel.

The idea of giving each purchase a bankable extra value caught on. Many merchants created their own loyalty clubs.

By the late ‘70s, many banks were issuing both MasterCard and Visa cards. Duality increased the intensity of competition between the two brands. As MasterCard examined new ways to distinguish itself, it looked to building special partnerships that would bring unique benefits to its cardholders.

Co-branding has allowed MasterCard to work with a variety of partners in different ways. Co-branding has proved a durable competitive tool. "Usually [a partnership] is exclusive," the spokesman says, "There can be point programs defined by different cards, but usually when you get to the level of a co-branding program, there are exclusive deals cut."

Although Citibank issues both major bankcard brands, of the 23 card options listed on its website, 21 are MasterCard programs.

SPORTS RELATIONSHIPS
Sports sponsorships have also been a strong force in MasterCard marketing, and those relationships have produced whole categories of affinity cards. For example, MasterCard’s relationship with Major League Baseball and its member clubs goes back almost nine years.

In 1990, as competition among long-distance phone carriers rose, AT&T became a powerful partner that helped turn MasterCard into a calling card as well. The AT&T Universal MasterCard also offered users a 10% discount on long-distance calls.

Although Citibank issues both major bankcard brands, of the 23 card options listed on its website, 21 are MasterCard programs.●●
CONTINUED FROM M5

Master Charge was planning to introduce its Signet card, a customer identification and check guarantee program that could also be used as a debit card. But it was in no hurry. BankAmericard made the first move early in 1977, when it renamed itself Visa and incorporated several new features. Almost as important, it referred to itself as a “travel” card, not a bankcard, and could be used as a debit card in ATM machines.

Undaunted, Interbank stuck by its traditional bankcard product, but responded with a fresh ad campaign, replacing its “Relax” theme with a more aggressive promise: “I carry clout,” the new ads reassured cardholders. It was aimed not only at Visa customers, but also at the power elite accustomed to the prestige and authority of American Express.

In August 1979, Interbank announced it was changing its brand name to MasterCard. The familiar red and yellow overlapping circles remained, though a new card design let the issuing bank display its name in large letters at the top. In 1980, American Express logged a 30% spike in domestic charge volume over 1979, while MasterCard volume dropped by 2.9%. Much of that growth had been in the ultra premium American Express Gold card, launched by AmEx in 1966.

PREMIUM MARKET

None of this was lost on Interbank and, in July 1981, it made its move. MasterCard became the first bankcard to breach the premium travel-and-entertainment market with its Gold MasterCard card. Most of MasterCard’s 12,000 member banks recognized that they were in increasingly direct competition with the expanding list of American Express financial services and welcomed the versatility and profitability of the new card.

In New York, Chemical Bank sent out about 500,000 Gold MasterCard applications, targeting prospects with a minimum annual income of $40,000 and charging an annual card fee of $35. Quality, not quantity, was the objective.

By the end of 1982, MasterCard was the leading gold bankcard in the country, with 300,000 to 400,000 premium customers, vs. 80 million for the standard MasterCard, according to The New York Times. American Express retaliated, announcing an ultra-ultra prestige platinum card package, with a fee of $250, in March 1984. MasterCard responded in May 1987 with an innovative new loyalty program that let customers earn travel and hotel discounts by using their premium card for charging various travel expenses on its Gold MasterCard.

Meanwhile, in the arms race of card “enhancements”—such as automatic travel insurance, price protection, extended warranties and instant loans—banks looked for the intriguing, if rarely used, features that would differentiate their cards from the competition and expand market share.

One enhancement banks were very eager for was security. Since bankcards first appeared in the 1950s, one of the chronic difficulties in the system was fraud. In 1983, MasterCard came up with the hologram imprint. Counterfeiters hated it, but banks loved it because it proved to be a generally effective barrier to certain kinds of fraud.

While the banks fought the marketing wars, MasterCard was looking out to the world. In September 1985 it achieved something remarkable when bank presidents Bu Ming and Wang Deyan received their new cards to become the first citizens of the People’s Republic of China to carry “clout.” At the time the cards were good at only 300 locations in 70 Chinese cities. But outside China, the world was theirs.

CONTINUED FROM M5

For MasterCard, it meant a new way to respond quickly and competitively in an increasingly crowded field. The company was flanked by Visa, whose 257 million cardholders outnumbed MasterCard’s 163 million, and Discover, which was gaining traction. Without that essential appeal, MasterCard management and the executive committee of member bank representatives became increasingly restless with the advertising’s ability to respond and compete in an increasingly crowded field.

In 1992, MasterCard spent six months reviewing 24 agencies before turning in August to Ammirati & Puris, whose campaign for automaker BMW seemed to provide the kind of edge it was looking for. The following February, MasterCard’s new campaign broke: “It’s more than a credit card,” the ads promised. “It’s smart money.”

Seeking a further edge on the increasing competition, in June 1995, MasterCard picked GSD&M to handle its media planning and buying.
The Austin, Texas-based company opened an office in Chicago and went to work. “MasterCard was pretty much everywhere with its “Smart Money” campaign,” says Betty Pat McCoy, senior VP-director of national broadcast at GSD&M. “So we looked at who MasterCard was really trying to reach. Then we tightened up what we purchased, went a little more upscale and looked for high-profile opportunities.”

“PRICELESS” IS BORN
But above the tactical media shifts there loomed something far more important—distinguishing the integrity and strategic power of the brand. The “Smart Money” theme had gone through several expressions at Ammirati without hitting pay dirt in MasterCard’s view. The advertising once again came under review in May 1997. With the incumbent declining to compete, the field was open for what was said to be a $90 million to $100 million account.

When the presentations were done, the decision went to McCann Erickson.

It faced a formidable challenge in marketing a card wedged between the prestige of American Express and the perceived greater coverage of Visa. After five years of “Smart Money” advertising, the brand found itself looking more pedestrian than smart. This time nothing less than a grand-slam homerun would do.

In October 1997, America watched the ball fly out of the park. The “Priceless” campaign was built on the idea of everyday life that Lintas and Ammirati-Puris had touched on but not quite captured. It was here that McCann hit the bull’s-eye, managing to sanctify the commonplace with genuine warmth and universality. “Priceless” carried a single, powerful message: There is hidden wonder in the things we take for granted.

At first, we were really tying to understand the way our target thinks about spending,” says McCann Erickson’s Ms. Thomas. “[But] we didn’t fully appreciate, I think, when we pitched the campaign that it could have the potential that it’s had. There were hidden potentials that revealed themselves as we progressed with it—that it would be so effective in so many different places, for instance.”

NEW DIRECTIONS
Over nine years, the basic “Priceless” structure has proved durable and flexible enough to accommodate warmth, humor and even good-natured self-parody. Beyond the many awards it has garnered through more than 300 spots, it has scaled the highest bar an ad campaign can attain: It has become a common reference point in popular culture, appearing regularly in the daily discourse of conversation, TV shows and journalism. And it has lifted the MasterCard brand to levels of recognition it had never before enjoyed.

“In October 1997, America watched the ball fly out of the park. The “Priceless” campaign was built on the idea of everyday life that Lintas and Ammirati-Puris had touched on but not quite captured. It was here that McCann hit the bull’s-eye, managing to sanctify the commonplace with genuine warmth and universality. “Priceless” carried a single, powerful message: There is hidden wonder in the things we take for granted.”

“Priceless” is a single word that MasterCard uses in its advertising. It’s a word that suggests surprise, delight, and an unexpected outcome. The campaign was launched in 1997 and has been running ever since.

The campaign’s main theme—the value in the ordinary—has traveled easily across nations and cultures that otherwise agree on little else. It has given MasterCard a unified voice not only across its various services, but throughout its global operations as well. The brand and message are powerful with all consumer segments and have cachet with middle-income and affluent consumers.

“It can embrace everything,” says Ms. Thomas. “We’ve used a lot of cultural icons in ways we didn’t realize we could at the beginning, from The Simpsons to ‘MacGyver’ to all those advertising characters in the spot we call ‘Icons.’ If we had done that early in the campaign, we would have used a family gathered around a table and all of that. But we want to keep the work surprising.”

In 2002, the company changed itself over from an association of member banks to a private share corporation, laying the groundwork for this year’s move to become a publicly traded company.

As it celebrates its 40th anniversary, MasterCard continues to strive for new, more cutting-edge goals. “The key thing for us in marketing is to be ahead of the curve,” says Ms. Fuller. “The job in marketing is knowing the consumer and media landscape, which changes often. We need to make sure that we are ahead in understanding the interplay of mediums, including the medium of going to the store and buying something. We’re using the ‘Priceless’ idea to its fullest advantage to avoid fragmentation of messaging and to yet pursue segments of interest.”

●●

Amy Fuller, Mastercard

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“‘Priceless’ is more than just a great advertising campaign. It is truly a global marketing platform.”

—Richard O'Leary, McCann Worldgroup
Billions of global transactions 
and 40 years of industry leadership: 
Outstanding.

Our lasting relationship 
with MasterCard:

the power to influence outcomes
Traditionally, rubies symbolize 40th anniversaries. But this year, plastic seems more appropriate.

Happy 40th Anniversary to our clients and friends at MasterCard. We value the partnership we’ve had for the last 10 years and look forward to many more.