

Capital One's new concierge service reinforces aggressive credit card push

Article

The news: Capital One acquired Velocity Black, a digital concierge company focused on travel, entertainment, shopping, and dining. The company's platform combines digital and

human services to deliver recommendations.

While the announcement was light on specifics, the firms plan to “pioneer best-in-class customer experiences for the digital age.”

Capital One’s plan: Buying Velocity Black can help Capital One build out its credit card portfolio—which it’s been trying to do for several years.

- Capital One [launched Venture X](#) in 2021—its first ultra-premium travel and entertainment card product.
- It has also invested in **Hopper** to [build out Capital One Travel](#), after which it debuted a portal with in-demand features like price drop protection.
- Capital One has since complemented those developments by launching services like Capital One Dining and Capital One shopping.

These investments have helped Capital One: In our annual [cash-back](#) and [premium travel](#) benchmarks, the firms’ cards moved up to third and second place, respectively, in part because of these new features.

Competitive positioning: Capital One is a major issuer with a strong portfolio, but it could be looking to move upmarket while bolstering its suite across the board.

- Velocity Black’s personal concierge services could beef up Venture X to compete with industry-leading ultra-premium products like **Amex’s** Gold and Platinum cards or **Chase** Sapphire Reserve. Given Venture X’s comparatively lower annual fee, this could give the firm an edge.
- At the same time, features from Velocity Black could make Capital One’s lower-tier cards “feel” more premium—features designed for Venture X also appeared on the \$99-annual-fee Venture—which might drive interest from mass affluent customers looking for an aspirational product that can [deliver more value](#).

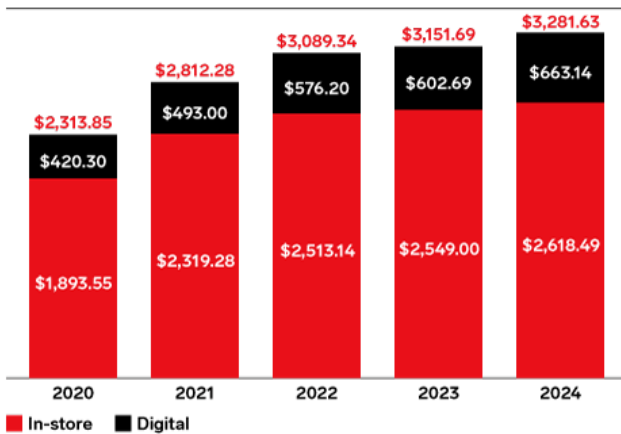
The service might also be particularly appealing to Gen Zers, who live online and crave customization.

Three reasons it matters: Buying Velocity Black could help elevate Capital One’s business in the current economic climate.

1. One in 5 customers applied for a new credit card within the last year, [per](#) NerdWallet. If prospects are looking for a product with premium services, they might be more inclined to turn to Capital One.
2. The acquisition could also drive up spending by giving customers incentives on luxury services as [travel spending outperforms](#) softening [luxury goods purchases](#). This might accelerate volume growth after Capital One posted a 6% YoY increase in [Q1 2023](#).
3. And as [credit card debt rises](#) and charge-off hazards mount, investing in services that target a more affluent customer base could help Capital One limit risk.

US Digital vs. In-Store Credit Card Spending, 2020-2024

billions



Note: includes food services and drinking places sales; includes sales tax; excludes travel and event tickets, payments (such as bill pay, taxes, or money transfers), mail orders, gambling, and other vice goods sales; digital includes transactions made over the internet using credit cards; includes desktop/laptop, mobile, and tablet purchases; in-store includes point-of-sale (POS) transactions made in-store using credit cards
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