

Capital One builds out its retail co-brand card reach with REI card

Article

The news: Outdoor specialty retailer **REI Co-op** and **Capital One** launched the zero-annual-fee REI Co-op Mastercard, per a press release.

- Cardholders earn 5% cash back for REI purchases and 1.5% cash back for all other purchases. They also qualify for Mastercard's World Elite benefits.

- New cardholders can get a \$100 REI gift card if they make a nonstore purchase within the first 60 days.
- Cardholders also get a \$50 statement credit when they use their cards to pay for REI Co-op experiences and 5% cash back for donations to the REI Cooperative Action Fund.

Why it's worth watching: Despite only having a handful of [co-brand](#) portfolios, Capital One has extended its reach by targeting large retail brands like **Saks** and **Walmart**, which [held](#) about **\$10 billion in balances** when it acquired the portfolio in 2019. Capital One moved further into retail by [acquiring](#) the **Williams-Sonoma** portfolio last July. It also plans to [pilot](#) a co-branded credit card with **Kohl's** in 2023.

Retail portfolios are a popular co-brand category for issuers because they benefit from strong loyalty among shoppers and tend to have high repeat engagement. **There were 51 retail co-brand portfolios in the US in July 2021, making it the most popular co-brand segment, [according to](#)** Insider Intelligence estimates.

Our take: Capital One's REI Co-op Mastercard seems to lack some of the digital features offered in other co-brands, but it will still likely appeal to a niche set of consumers.

- **Other Capital One-issued co-brands have prioritized online shopping.** For instance, the Walmart card offers higher rewards for online purchases—the REI card seems to offer the same rewards for in-store and online purchases.
- **But this may not be a deal-breaker for loyal REI customers.** The card still offers notable rewards for REI purchases. And the 1.5% cash back for other purchases is comparable to some of the general purpose cards offered by Capital One. The card's environmental and charitable features—it's made out of 85% recycled materials and rewards customers for donations to the social and environmentally-focused REI Cooperative Action Fund—may also be key selling points for customers.

The bigger picture: The co-brand card space is in flux.

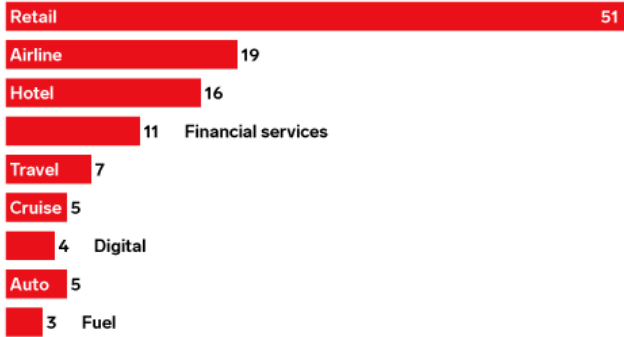
Payment providers have launched and [revamped](#) cards, and big-name portfolios have [changed hands](#) as retailers look for issuers that can help them strengthen customer loyalty through new and improved perks. The movement highlights how issuers view co-brands as revenue and loyalty drivers.

*This article originally appeared in **Insider Intelligence's Payments Innovation Briefing**—a daily recap of top stories reshaping the payments industry. [Subscribe](#) to have more hard-*

hitting takeaways delivered to your inbox daily.

- Are you a client? [Click here to subscribe.](#)
- Want to learn more about how you can benefit from our expert analysis? [Click here.](#)

US Co-Brand Credit Card Programs, by Category, July 2021



Note: total co-brand programs as of July 2021=121; a co-brand program is defined as a group of cards that share benefits, even between brands (e.g., Gap's program issues Athleta, Banana Republic, Gap, and Old Navy cards with shared benefits structure)
Source: Insider Intelligence estimates from major banks, brands, and Consumer Financial Protection (CFPB) data, June 16, 2021

267977

[InsiderIntelligence.com](https://www.insiderintelligence.com)