

Capital One strikes a deal with MLB to boost cardholder perks

Article

The news: Capital One signed a multiyear deal with Major League Baseball (MLB) that's reportedly valued at \$125 million and includes sponsorship opportunities and cardholder perks, per a press release.

More on this: Capital One rewards cardholders can redeem their rewards for MLB tickets through the newly launched Capital One Entertainment ticketing platform. They can also get

exclusive tickets to MLB events like the World Series (which Capital One will sponsor) and will soon get discounts at MLB Shop and MLB.TV.

Capital One took over the MLB's bank promotion rights from **Bank of America**, which partnered with the sports league in 2004, per IEG. Under the old deal, Bank of America offered the MLB Cash Rewards Mastercard. The issuer reportedly informed MLB Cash Rewards customers in January that their cards will transition to the Bank of America Unlimited and Customized Cash Rewards credit card in mid-March.

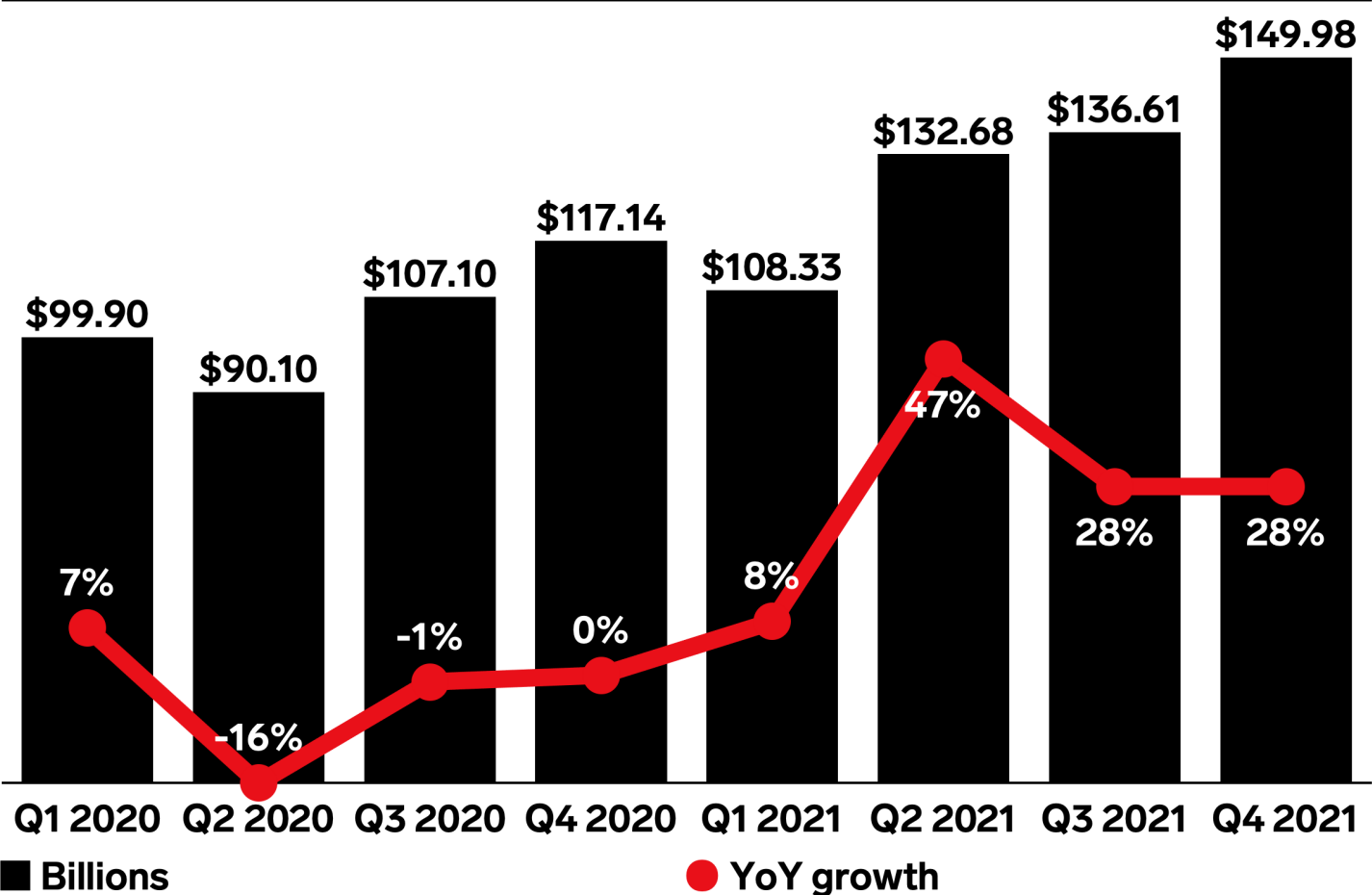
The opportunity: Capital One's tie-up with MLB can drive revenues in three ways:

- **Bolster customer relationships with the exclusivity effect.** Offering exclusive deals may help increase Capital One's value proposition to customers, which can boost customer loyalty and retention. As other issuers launch and revamp cards, Capital One can use its MLB deal to stand out and encourage spending.
- **Attract new customers through new marketing.** The MLB deal gives Capital One expansive advertising opportunities as the MLB season kicks off next month: The number of **US live sports viewers is expected to hit 160.2 million** in 2022, up from 158.4 million last year, per Insider Intelligence forecasts.
- **Potentially expand its co-brand portfolio and coverage.** It's unclear whether Capital One and MLB will launch a new co-brand card to replace Bank of America's MLB Cash Rewards card. But doing so could further bolster card spending: Capital One's **credit card purchase volume** surged **28%** year over year in Q4.

The bigger picture: Capital One's MLB cardholder perks are another example of how issuers are revamping cards to support travel and entertainment (T&E) rewards again.

In 2020, issuers updated many of their T&E benefits to cater to pandemic-induced spending habits, offering rewards for things like streaming and food delivery services. But with travel picking up and pandemic restrictions mostly gone in the US, issuers have transitioned back to T&E-based rewards to help encourage consumer spending. Capital One, for instance, launched its first-ever ultra-premium travel card in November.

Capital One Quarterly Credit Card Purchase Volume



Source: Capital One, 2022
Methodology: These figures are from Capital One's quarterly earnings presentations.