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Fill'er Up: How Phillips 66 Is Using Mobile Payments to Drive Customer Loyalty

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Fill'er Up – Phillips 66

- **Why mobile? Why now?**
- **Using mobile to drive loyalty**
- **What We've Learned:**
 - The Good
 - The Bad
 - The Ugly

Why Mobile? Why Now?



Pay at the Pump – The Next Evolution



Mid-1990s
Pay-at-the-pump introduced



- Upgrading Internet IP



- Investing in mobile payments



First call from handheld mobile phone

1973



First true smartphone introduced

1995



Apple introduces App Store

2008



First mobile wallet

2011

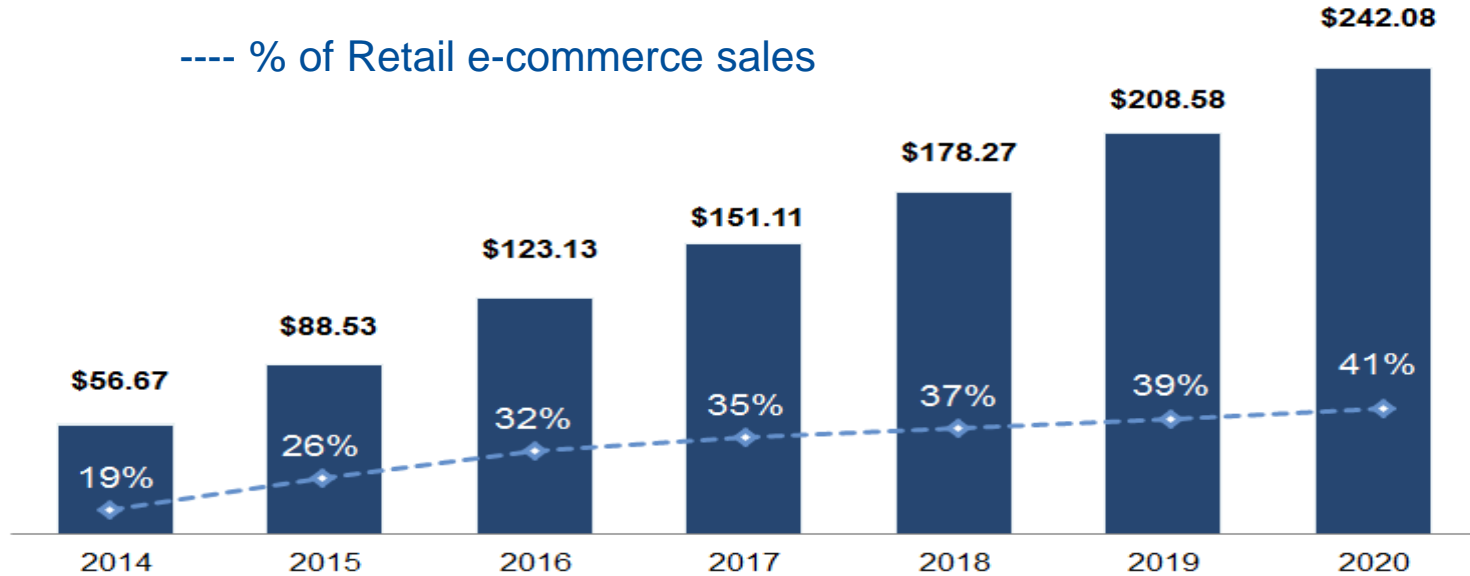


Mobile payments growing

NOW



Increasing Growth of Mobile



Source: eMarketer, February 2016

Card & Mobile – Tipping Point?

At the pump



- 74% of consumers most often pay with credit or debit card¹

Beyond the pump



Consumer behavior

- Nearly 5 billion people use mobile phones worldwide
- Today: ~40% of mobile device users in the U.S. have made at least one mobile payment in the last year²
- 2020: 90% of smartphone users will have made a mobile payment³

Consumer spend via mobile payment (by value)⁴

- 2016: \$27.67 billion (183.3% increase from 2015)
- 2017: \$62.49 billion (predicted)
- 2020: >\$314 billion (predicted)



Source:

¹ Statista, "Which form of payment do you use most often when at the gas station?" 2017

² Mobile Payments Today, "Unconventional channels driving mobile payments adoption", by Beth Kotz, March 3, 2017

³ Techcrunch, "The evolution of the mobile payment", by John Rampton, June 17, 2016

⁴ eMarketer, "Newer Smartphone Models help Drive Mobile Payments Usage, November 22, 2016

From Mobile to Commerce Moments



Mobile



App-based



Geolocation

Americans collectively check their smartphones 8 billion times per day*

- 46 times per day on average*
- 74 daily views for 18-24 year-olds*

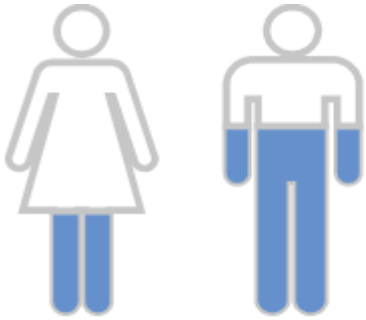
Deloitte "Global Mobile Consumer Survey," December 2016

Using Mobile to Drive Loyalty



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Mobile Consumer is High Value



63%
male

All other U.S. consumers:
48% male



39%
25-34 years old

All other U.S. consumers: 22%



35%
**\$75,000+ annual
income**

All other U.S. consumers: 16%

Source: A commissioned study conducted by Forrester on behalf of J.P. Morgan, October 2016

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Also More Loyal

**More likely to purchase
in a convenience store**



**Frequent buyers:
50% >1x per week**



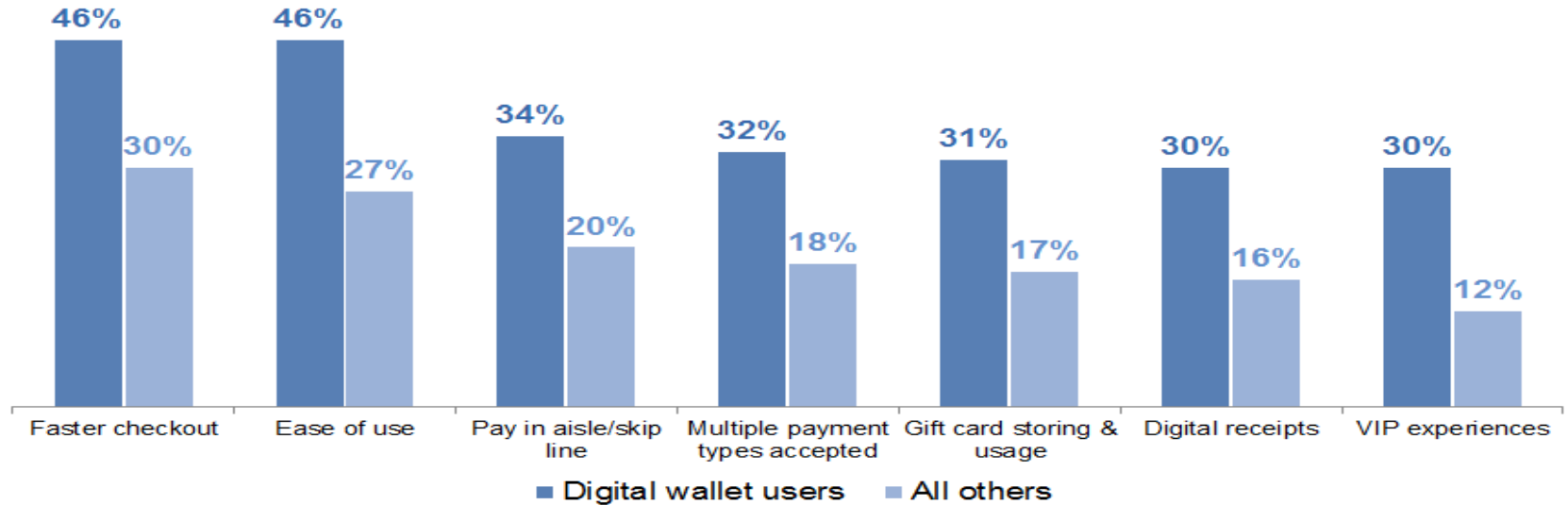
**50% more likely to be
a member of a
loyalty program**



Source: Source: A commissioned study conducted by TNS on behalf of Chase, January 2017

Give Them What They Want

More likely to be incented by certain features



Source: A commissioned study by Forrester on behalf of J.P. Morgan, October 2016

Base: 246 U.S. consumers 18+ years old who go online at least weekly and who have tried digital wallets and 1,254 who have not used digital wallets

What We've Learned

The Good

The Bad

The Ugly



Commerce as Conversation



Connected consumers want information that:

- Extends speed beyond the pump (immediacy, on demand)
- Is relevant to their behaviors and preferences
- Arrives at the right place and time (heightened convenience)
- Supports an experience that is simple, trusted and rewarding

Merchants want opportunities to:

- Bring more value to customers
- Build customer loyalty
- Capture additional spend (including gas purchases and beyond the pump)
- Lower costs associated with EMV implementation

Speeding Up, Slowing Down

Today

- **Majority** of sales are at the pump
- **Significantly fewer** in-store sales after buying gas

Vision

- Consumers get the best of both worlds
 - Faster and simpler payment
 - Incentives to slow down to smell (and buy) the coffee
- Merchants enhance the consumer experience at and beyond the pump
 - Reach customers wherever they are and at any time
 - Interact in a more personalized and targeted way
 - Integrate loyalty with marketing and promotional content



Payments & Loyalty: Mutually Reinforcing

Loyalty rewards could be the tipping point for mobile wallets*



- Higher-than-ever mobile payments awareness



- Rewards can speed mobile payments adoption

Expanding customer relationships, promoting loyalty..



Beyond the Pump: The Next Tech Companies?



Effortless payments



On demand



Connected consumers



Retail petroleum tech company

Mobile programs and payments: Where the rubber meets the road

The Tipping Point is Near

“The tipping point is that magic moment when an *idea, trend or social behavior crosses a threshold*, tips and spreads like wildfire.

-MALCOLM GLADWELL

The Tipping Point (Little Brown, 2000)

Q & A

Contact us

- **Tom Nipper, J.P. Morgan**
tom.nipper@jpmorgan.com
- **James Macari, Phillips 66**
james.a.macari@p66.com