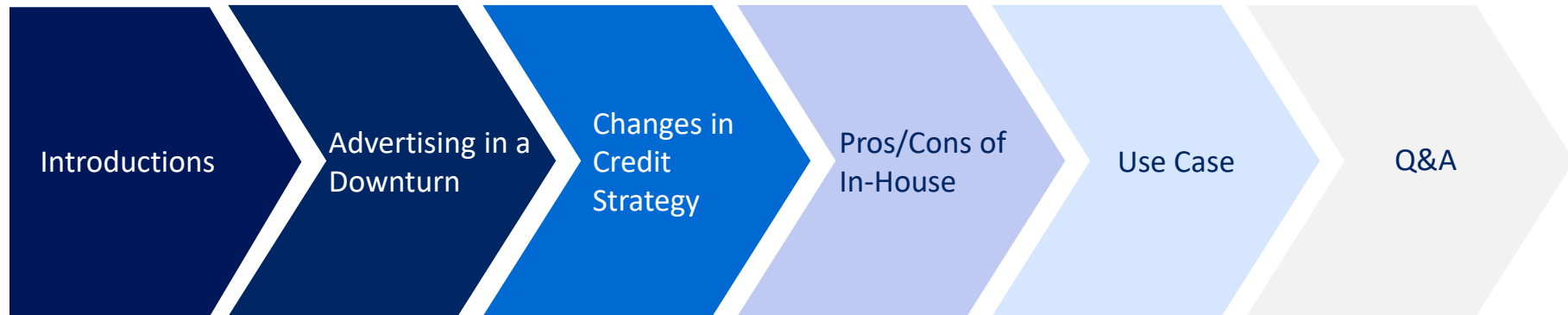


MAXIMIZING YOUR IN-HOUSE BUDGET

JUNE 2020

OVERVIEW

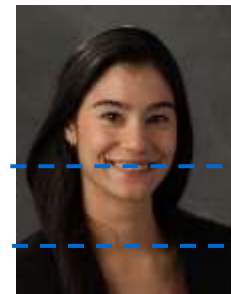
Share other options in-house agencies have available to them when it comes to advertising related payments in order to **optimize marketing budgets**



Speakers



Griffith Dudley: Director, B2B Technology & Advertising, Merchant National Client Group



Leila Garcia: Client Manager, B2B Advertising, Merchant National Client Group

CURRENT STATE OF ADVERTISING



65%

of marketers report they anticipate a decrease to their annual marketing budget¹

86%

of marketers predict their marketing goals will be harder to reach¹

57%

Almost 6 in 10 B2B companies (57%) in the US report to have reduced their marketing spend as a result of the coronavirus outbreak²



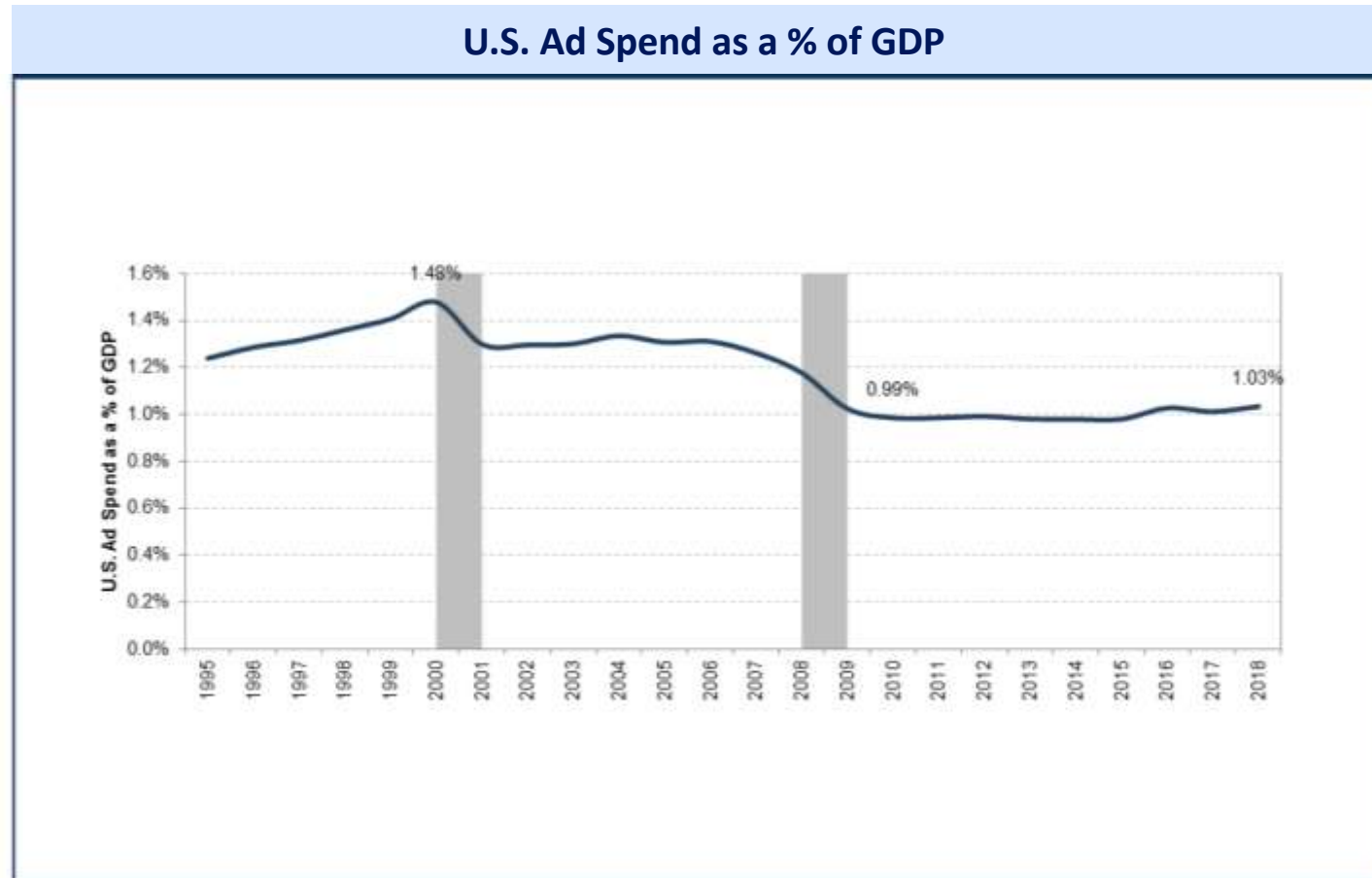
¹Conductor, "New Trends Reveal the Impact of COVID-19 on Marketing", <https://www.conductor.com/learning-center/impact-covid-19-marketing-research/>

²Marketing Charts, McKinsey COVID-19 B2B Decision Maker Pulse conducted April 20-27, <https://www.marketingcharts.com/industries/business-to-business-112981>

ADVERTISING DURING DOWNTURN

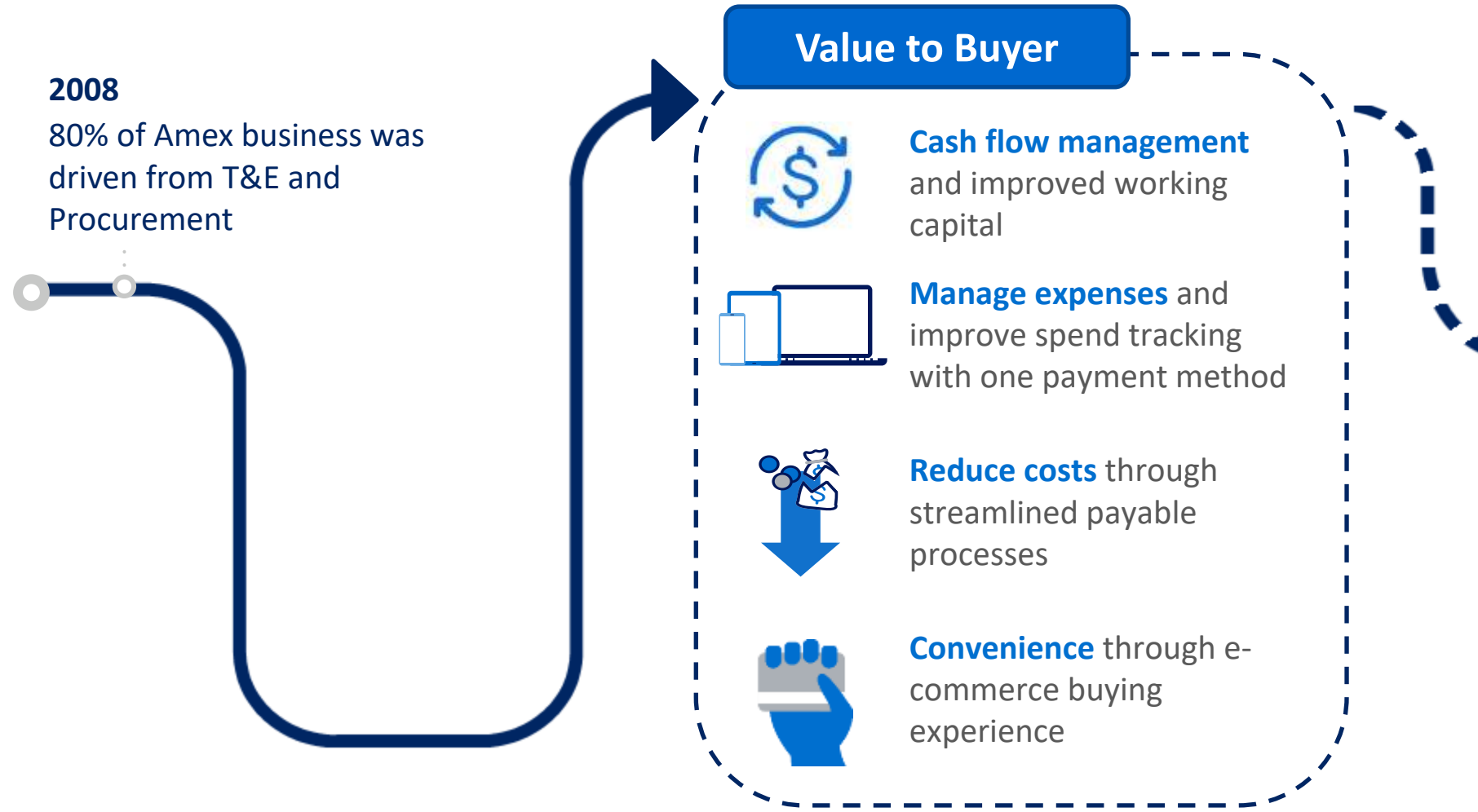


Downturns have a significant impact on the advertising space historically

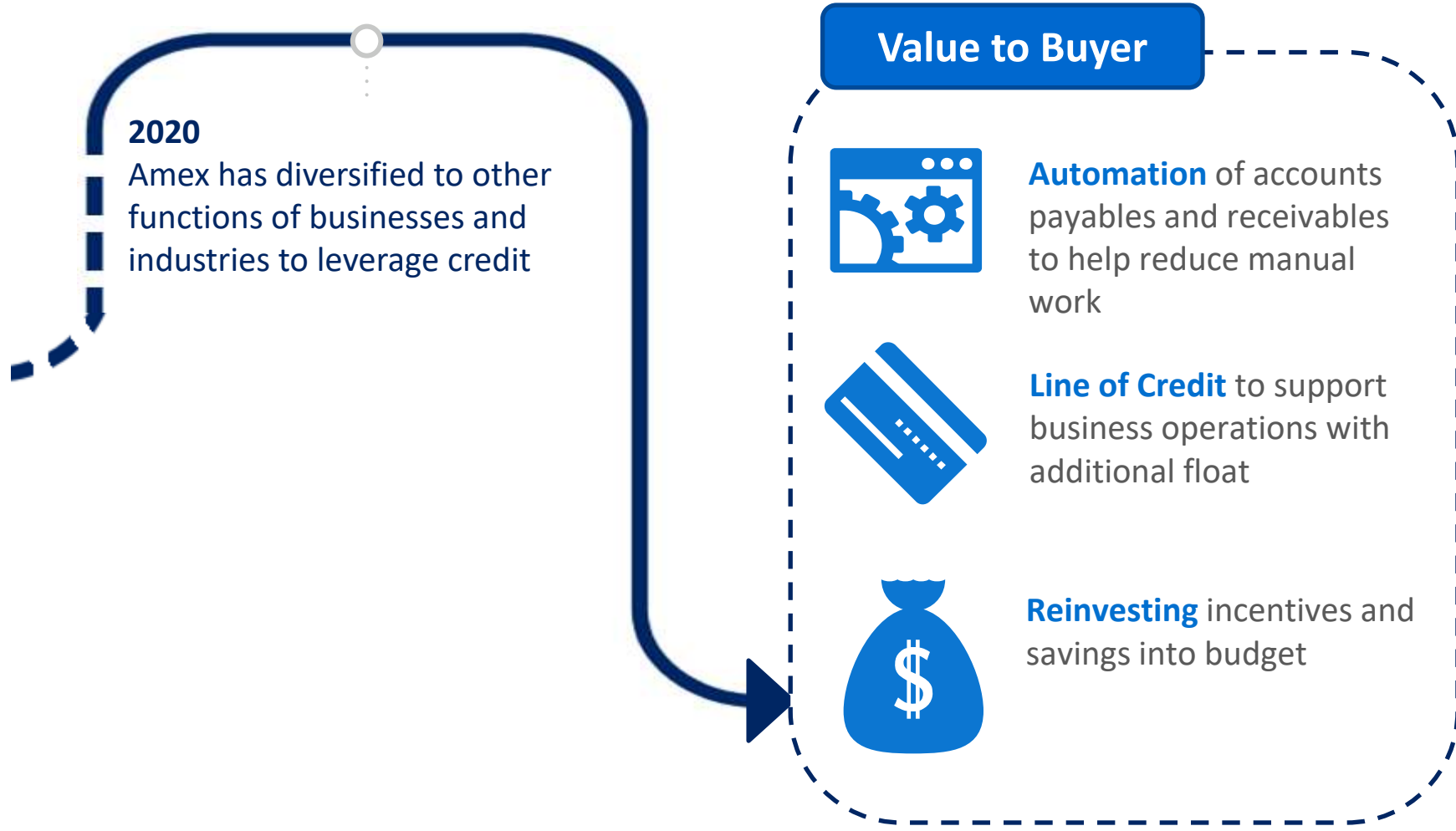


Source: Company reports, MoffettNathanson estimates and analysis

EVOLUTION OF PAYMENTS



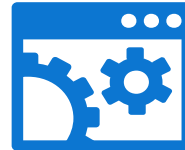
EVOLUTION OF PAYMENTS (continued)



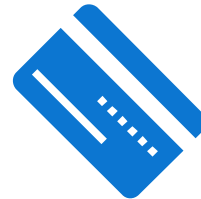
2020

Amex has diversified to other functions of businesses and industries to leverage credit

Value to Buyer



Automation of accounts payables and receivables to help reduce manual work



Line of Credit to support business operations with additional float



Reinvesting incentives and savings into budget

PUT MONEY WHERE YOUR MARKETING IS



Through the evolution of advertising, marketing and payments, American Express Card Members are reporting making business purchases in the advertising industry are doing the same.

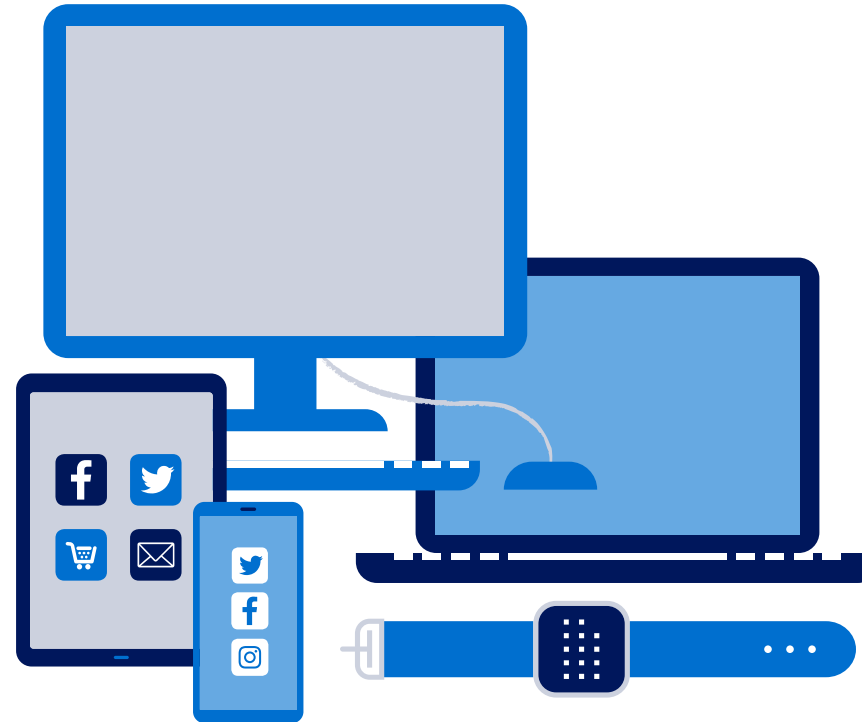
BUYERS...

SPEND ON-TREND FOR ADS.

49% of US American Express Card Members report they have paid for advertising or media business services in the prior 12 months, relative to 31% of US Non-Card Members.

ADVERTISE MORE ONLINE.

39% of US American Express Card Members report they have purchased display advertisements online in the prior 12 months, relative to 28% of US Non-Card Members.

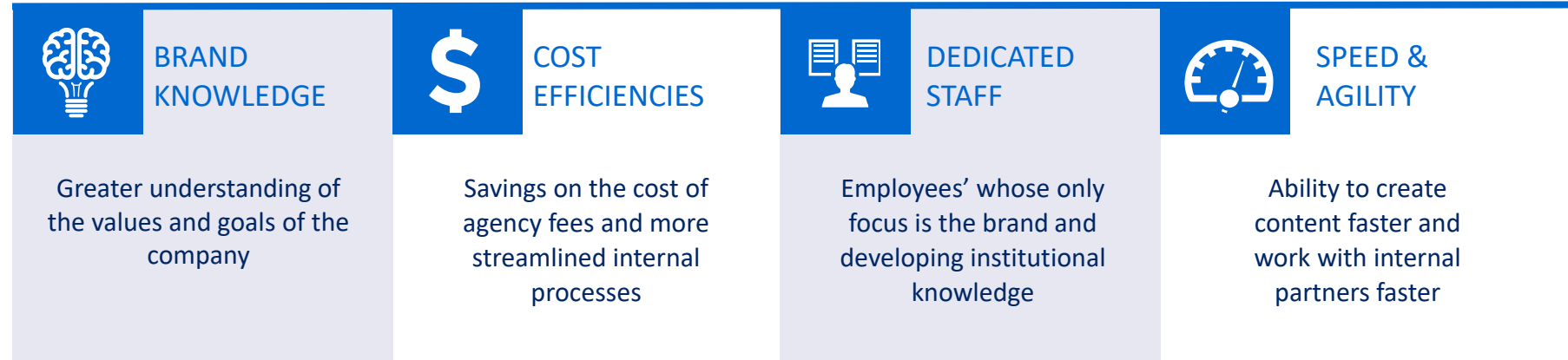


Source: American Express commissioned internet panel survey conducted in Nov.–Dec. 2018 based on B2B advertising media purchases made in the 12 months prior to the survey. Definition of American Express® Card Members: Respondents who reported that they have an American Express Card and that they used American Express, Visa, MasterCard, Discover, a debit card, ACH or cash/check to make B2B advertising media purchases in the prior 12 months.

BENEFITS OF IN-HOUSE AGENCY



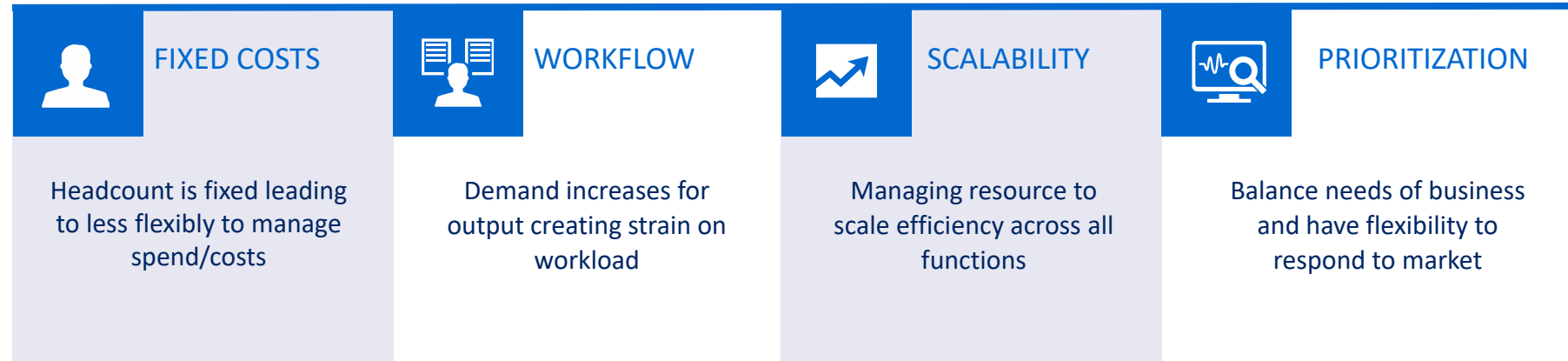
POSITIVES OF IN-HOUSE



CHALLENGES OF IN-HOUSE AGENCY



CHALLENGES OF IN-HOUSE





Why haven't you been able to capitalize on these benefits previously?

CHALLENGES OF CREDIT IN ADVERTISING



Previously credit may not have been available for you leverage for your marketing spend because of challenges unique to the advertising industry, and its many stakeholder

Payment Timing: *Get paid sooner, pay later.* Agencies take advantage of the buying process to delay paying merchants, even if buyer has paid

Agency Underwriting: *Lack of visibility when they are not buyer of record.* AXP has challenges underwriting agencies due to lack of transparency

Buyer of record: *Agencies receive incentive.* The Ad Agencies receive the benefits of credit given they are buying from merchants on buyer's behalf

CURRENT CHALLENGES – USE CASE



Spend on credit products in advertising is hamstrung by pass-through spend. Here's an example of payment flow and associated pain points



In this example, an agency cannot:

- X Clarify preferred method of payment**
- X Accelerate payment terms**
- X Obtain underwriting from risk**

HOW YOU CAN LEVERAGE CREDIT



Similar to T&E and/or procurement spend, you can leverage credit for advertising related payments in order to optimize marketing budgets



- ✓ **Efficiency**
Simplify and streamline the processing of payments
- ✓ **Control**
Set payment policies for your suppliers to extend days payable and capitalize on the incentives
- ✓ **Visibility**
Gain insights into your AP status and track trends that help you manage cash flow

CURRENT OPPORTUNITIES – USE CASE



Spend on credit products is direct and available. Here's an example of payment flow and associated pain points



Buyer

Customer in need of advertising:

- \$20M Media Buy
- \$130B FY Revenue
- 60 Day Payment Terms to Publisher/Merchant



Merchant/Publisher

Advertising Channel

- Ingest interchange fee
- Wants accelerated payment

Via this direct relationship, this buyer can:

- ✓ Clarify preferred method of payment
- ✓ Accelerate payment terms
- ✓ Obtain underwriting from risk



Q&A