



Personalized Rewards | Toronto, ON | Founded: 2015 | Employees: 10-50 | <https://www.earnwithdrop.com/>

WIKIPEDIA: [https://en.wikipedia.org/wiki/Drop_\(loyalty_program\)](https://en.wikipedia.org/wiki/Drop_(loyalty_program))

CRUNCHBASE: <https://www.crunchbase.com/organization/drop-loyalty#section-overview>

LINKEDIN: <https://www.linkedin.com/company/drop-loyalty/>

COMPANY OVERVIEW

Drop is a personalized rewards program that allows consumers to earn rewards by making purchases with either debit or credit cards that are connected to the Drop app. The rewards are customized to each consumer unique interests and uses machine learning to gain better insights into the users spending habits. Drop has on-boarded retailers such as Amazon, Zara and Sephora.¹ Drop currently has over \$1 million users in Canada and the U.S.

SENIOR MANAGEMENT

Derrick Fung: Co-Founder and CEO (2015-Present). Previously: Investor, Bayside Capital (2014-present); Entrepreneur in Residence, White Star Capital (2015); Vice President Business Development, SFX Entertainment (2013-2014); Founder & CEO, Tunezy (2012-2014); Associate, CIBC World Markets (2010-2012). Education: BBA Finance and Economics, University of Toronto (2009), Ontario Real Estate Association, Canadian Securities Institute

Darren Fung: Co-Founder and CTO (2015-Present). Previously: Software Engineer, Eventbrite (2014-2015); Software Development Intern, Amazon (2013); Lead Engineer, Tunezy (2012-2013); Education: BSE Software Engineering, University of Waterloo (2014)

Cameron Dearsley: Co-Founder and Head of Design (2015-Present). Previously: Product Designer, Freelance (2011); Product Designer, Tab (2014-2015); Co-Founder, MVP Tracker (2012-2013)

Akhil Gupta: Co-Founder and Chief Product Officer/Head of Product and Operations (2015-2017). Previously: Senior Financial Analyst, Canada Bread Company (2012-2015); Assistant Manager, Deloitte (2007-2012); Education: Bachelor of Business Administration, University of Toronto; CPA; CA

HISTORY

Derrick Fung, who sold Tunezy, a platform allows musicians to market events directly to their fans, wanted to disrupt the loyalty points industry. Derrick understood that traditional loyalty programs were cumbersome, isolated and lacked technological appeal to millennials.² More specifically, most loyalty programs could not be accessed by mobile devices although 30% of e-commerce was done using such devices. Drop is a mobile, millennial focused solution.

FUNDING

Drop has raised a total of \$31 million over 6 financing rounds.³ In 2017, Drop's seed rounds were led by Sierra Ventures and Mark Fernandes to raise a total of \$9.3 million. In January 2018, Drop raised a \$21 million Series A round that was led by New Enterprise Associates and Rick Yang. The funding will be used to attract more engineers and increase partnerships with retailers.⁴

KEY CORPORATE DEVELOPMENTS

Press Coverage: https://www.dropbox.com/sh/336zy4pfy70eh00/AAB-PN0xyXDicwCaW7yHZyQaa/Press%20Coverage?dl=0&subfolder_nav_tracking=1

Dec 6, 2016: [Drop links 70,000 debit and credit cards of millennials to its app; reaches number 3 in the app store](#)

Oct 10, 2017: [Drop launches in the United States of America](#)

Jan 30, 2018: [Drop hires Director of Engineering from Airbnb, Ian Logan](#)

¹ <https://www.newswire.ca/news-releases/drop-announces-21m-usd-series-a-raise-hires-former-airbnb-exec-to-lead-engineering-team-671771204.html>

² <https://betakit.com/with-1-million-in-funding-toronto-based-drop-hopes-to-dominate-north-americas-loyalty-market/>

³ <https://www.crunchbase.com/organization/drop-loyalty#section-funding-rounds>

⁴ https://www.dropbox.com/sh/336zy4pfy70eh00/AAB-PN0xyXDicwCaW7yHZyQaa/Press%20Coverage?dl=0&preview=CNBC.pdf&subfolder_nav_tracking=1

BUSINESS HIGHLIGHTS

STRATEGY

Drop started on the premise that there were too many loyalty programs on the market that were independent of one another. Drop's strategy was twofold. First it looked to consolidate individual loyalty programs into a holistic loyalty program. This has not only benefitted consumers but allowed retailers to more effectively target consumers. Second, Drop focused on targeting millennials by delivering a straightforward user experience. To accomplish this, Drop developed a simple user interface, allowed consumers to link their credit and debit cards, eliminating the need to carry cards, and partnered with both brick and mortar and e-commerce retailers. This flexible strategy has led Drop to scale quickly by expanding into the U.S in less than 2 years and have attracted more than 1 million users.

PRODUCTS / PRICING

1. **Mobile App:** Drop is mobile platform where users upload their credit and debit cards and are able to access to loyalty rewards in one location.
2. **Debit and Credit Card Purchases:** Drop allows users to link credit and debit cards to their platform allowing for greater flexibility for users. In addition, Drop offers points to debit card purchases, an offering that is not common for debit cards. This allows Drop to capitalize on higher uses of debit cards among millennials. Credit cards earn double points compared to debit cards.
3. **Retail Partnerships:** In addition to building loyalty programs for retailers, Drop enables companies to pay for exclusive offers to consumers who have previously shopped at the store.⁵ This leads to increased revenues for the retailer. A second component to the partnership is that it allows the retailers access to data and better track their consumers spending habits.⁶
4. **Marketers:** Marketers are able to directly track whether their ad campaigns are successful.

TECHNOLOGY

Drop uses technology in a variety of ways:

- **Connect with APIs** – Drop uses 'Plaid', a software that allows applications to connect with users bank accounts (bank API's) to read the users credit card data and gives the users points for when shopping at Drop's retail partners.⁷ This allows Drop to directly connect with users rather than retail stores.
- **Utilization of Machine Learning** – Drop uses machine learning algorithms to customize rewards for consumers that fit their changing spending habits.

DISTRIBUTION / LOGISTICS

Drop is available on the App store and is currently 2nd place in the lifestyle category, behind Tinder.

MARKETING

Drop's target and largest market is college females.⁸ This group is attracted to the app because of its simplicity, quality of rewards, quality of retailers, and the additional loyalty points you receive when inviting friends to the platform. Drop uses Facebook ads to target users and relies heavily on word-of-mouth.

COMPETITORS

There are many companies that specialize in creating loyalty programs, however, they often lack the combination of mobility across multiple retailers, digitization and appeal to millennials. While Drop is one of the first digital loyalty programs in Canada, there are several loyalty programs that are designed for tech-savvy millennials, for example:

1. **LoyaltyOne** – (Toronto, ON) LoyaltyOne offers personalized loyalty rewards while leveraging transaction data to deliver actionable insights to fortune 500 retailers. LoyaltyOne's flagship product is Air Miles.
2. **Student Price Card (SPC)** – (Toronto, ON) SPC is a loyalty card that provides exclusive discounts and deals to post-secondary students across Canada. Users pay an annual fee and have access to over 450 retailers.

⁵ <https://www.businessinsider.com/drop-is-a-millennial-focused-rewards-app-2016-12>

⁶ <https://www.digitaltrends.com/mobile/drop-rewards-app/>

⁷ <https://techcrunch.com/2018/01/30/nea-leads-21m-round-for-drop-a-loyalty-app-for-millennials/>

⁸ <http://video.foxbusiness.com/v/5259610427001/?#sp=show-clips>