

Credit card issuers anticipate travel bounceback with new card perks

Article

Some credit card issuers are sprucing up travel card offerings as they look ahead to a post-pandemic recovery.

Here's what you need to know:

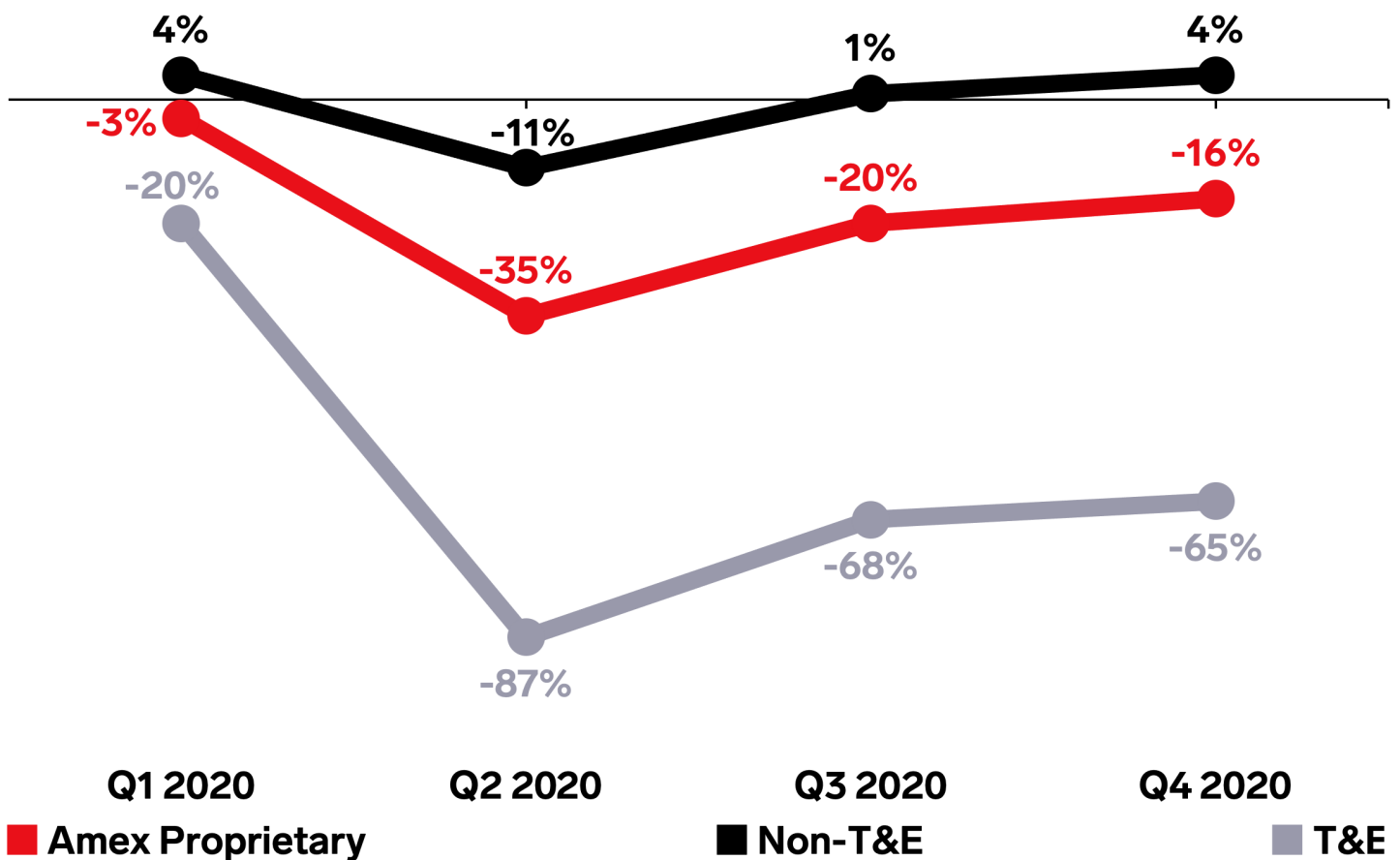
- **American Express introduced limited-time welcome bonuses for Marriott Bonvoy cardholders.** Subject to spending requirements, new Marriott Bonvoy Brilliant cardmembers can earn 125,000 Marriott Bonvoy points, plus up to \$200 in statement credits. New Marriott Bonvoy Business cardmembers can earn 100,000 Marriott Bonvoy points and up to \$150 in statement credits. Both offers are available until May 21, 2021. These welcome bonuses may entice customers to join Amex's network and encourage card spending, providing a much needed boost to its travel and entertainment (T&E) segment, which plunged 65% year over year (YoY) in Q4.
- **Chase is partnering with United Airlines to launch a new credit card.** The United Quest Club will replace the United Platinum Class Visa card. The new card comes packed with travel perks like 3 miles per dollar on United purchases; 2 miles per dollar on restaurants, select streaming services, and all other travel; and 1 mile per dollar on all other purchases. As consumers warm up to travel, Chase can leverage the new card to entice customers. It could therefore help strengthen recovery for Chase's card sales volume, which grew 1% YoY in Q4.
- **Goldman Sachs is looking to take over JetBlue's credit card.** The financial services giant is in discussions with the airline to buy the portfolio from Barclays. This would extend Goldman Sachs' reach in the consumer card space even further: It's currently the issuer for Apple Card and recently took ownership of the General Motors card portfolio. Goldman Sachs already has a relationship with JetBlue, but taking over its credit card program could be a profitable venture for the company. The travel industry has historically been a lucrative segment: In 2019, domestic and international travelers spent \$1.1 trillion in the US.

Issuers are preparing for a travel bounceback following the major hit the industry took during the coronavirus pandemic.

- **In 2020, the US travel industry contracted 42%, shedding \$1.1 trillion compared with 2019 and forcing issuers to transition reward offerings to offset travel losses.** This was the result of widespread international border closures combined with consumer wariness to travel due to fears of getting sick. In an attempt to make up for T&E losses and encourage card spending, issuers updated some of their reward offerings to cater to pandemic spending trends, including new rewards for streaming, grocery, and restaurant delivery services.
- **Reward perks could entice consumers and help reinvigorate credit card spending —aiding overall recovery along the way.** Issuers are looking ahead as the COVID-19 vaccine rolls out

across the US and other countries. Introducing travel-related perks now could let them capitalize on pent-up travel demand: In the US, at least 50% of consumers said they'd be comfortable traveling this summer, [per](#) a report by Expedia Media Solutions. Travel-related perks could help issuers incentivize consumer spending, helping them boost volume and recovery.

American Express Proprietary Billed Business Annual Growth



Source: American Express, January 2021

Methodology: This data is from American Express's quarterly earnings report. Values cited are on a constant currency basis.

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