

# American Express delivers explosive Q2 results driven by rewards revamp

Article

**By the numbers:** In [Q2](#), Amex's proprietary billed business **surged 51%** year over year (YoY) —a strong rebound from [last quarter](#), when the metric slipped **9%** YoY, that marks a turning

point in the issuer's pandemic recovery. Amex's volume is nearly back to pre-pandemic levels: Billed business declined just 2% compared with Q2 2019 (Yo2Y).

Here's a closer look at Amex's billed business metrics:

- **Goods and services (G&S):** Volume for G&S (previously non-T&E) increased 31% YoY (+16% Yo2Y), a marked improvement from [Q1](#), when volume grew just 6% YoY. Improvements in consumer financial health metrics relative to last year—like [unemployment](#) and [savings](#)—likely translated into strong credit card spending.
- **Travel and entertainment (T&E):** Volume skyrocketed 340% YoY (-42% Yo2Y), although this growth strongly correlates with the pandemic's effects early last year: Most nonessential activities came to a near complete halt in 2020, making even modest spending a dramatic increase from the year before. But T&E volume in Q2 outpaced the [previous quarter](#) when the metric dropped 50% YoY.

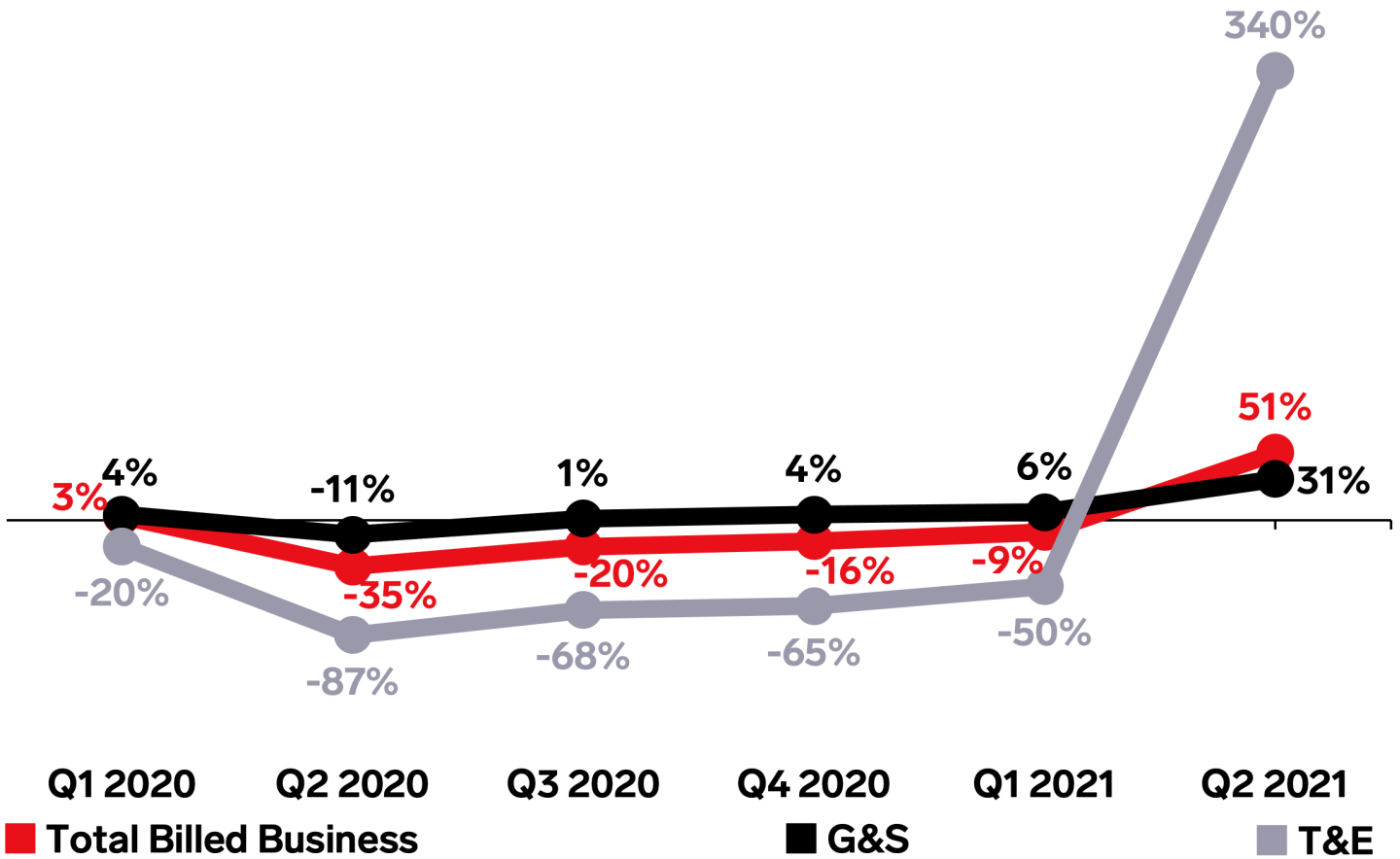
**What helped Amex:** The issuer updated card perks earlier this year, which may have induced more spending: In January, Amex [launched](#) a slew of new consumer and small-business credit card rewards—including generous statement credits and retail rewards—that ended in June and likely helped prop up Q2 volume. Amex also introduced [Membership Week](#), which took place between June 14 and 18 and offered cardholders experiences and promotions in dining, retail, entertainment, wellness, and travel.

The issuer likely also benefited from Q2's impressive COVID-19 vaccination [rates](#), which let consumers spend more time outside their homes. This likely opened up more spending opportunities for consumers—particularly in T&E, which accounted for 18% of Amex's billed business growth in the quarter.

**What's next?** Amex can boost volume and revenues by targeting younger consumers (specifically millennials and Gen Zer), who—along with small businesses—contributed the largest portion of spending growth in Q2, [according to](#) Amex CEO Stephen Squeri.

Earlier this year, Squeri [said](#) younger consumers were spending at 125% of their pre-coronavirus levels. Amex can cater to this group by launching lifestyle rewards like those seen during Membership Week and by introducing more advanced digital solutions, like the new Amazon-focused [digital receipts tool](#).

# American Express Proprietary Billed Business Annual Growth



Note: G&S stands for goods and services and T&E stands for travel and entertainment.

Source: American Express, July 2021

Methodology: This data is from American Express's Q2 2021 quarterly earnings report published on July 23, 2021. Values cited are on a constant currency basis.

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