

Visa steps up card perks to sustain growth as the US considers life beyond the pandemic

Article

The news: Visa introduced a slew of tiered credit card rewards, per a press release.

- **Visa Infinite**, Visa's ultra-premium card program, offers cardholders up to three years of free **Shipt** membership, a retail delivery service that partners with more than 130 major retailers. Cardholders can also get a free three-month membership and 30% off annual renewals for **Skillshare**—an online learning platform. Customers also get exclusive presale access and free tickets on eligible purchases through live music startup **Sofar Sounds**.
- **Visa Signature** cardholders can get three free months of Shipt, then nine months at 50% off. They also get three free months of Skillshare and 20% off annual renewals. Cardmembers also qualify for the same Sofar Sounds perks as Visa Infinite cardholders.
- **All other credit cardholders** get one free month Shipt and three months at 50% off. They also get exclusive presale access and up to two free tickets a year on eligible Sofar Sounds purchases.

The opportunity: As credit card spending increases, Visa can use the new rewards to maintain its growth trajectory and fend off competition.

- Visa's rewards can incentivize consumer spending to sustain recent growth—the network's credit card spending rose 30% and 26% year over year (YoY) in July and August, respectively. They also build on existing issuer credit card perks, which makes Visa cards more enticing to spend with and makes Visa an attractive partner for issuers.
- Cardholders have high expectations for rewards— **60% of consumers said rewards were “very important,”** per Ipsos. Strong rewards can also induce spending and help boost volume and revenues.
- Enhanced rewards, particularly for its ultra-premium cardholders, can help Visa keep up with **Mastercard**, which made similar enhancements to its ultra-premium and premium cards in April, and maintain its global leadership position: Last year, Visa held a **40% share in global network purchase volume**, with Mastercard trailing at 24%, per the Nilson Report.

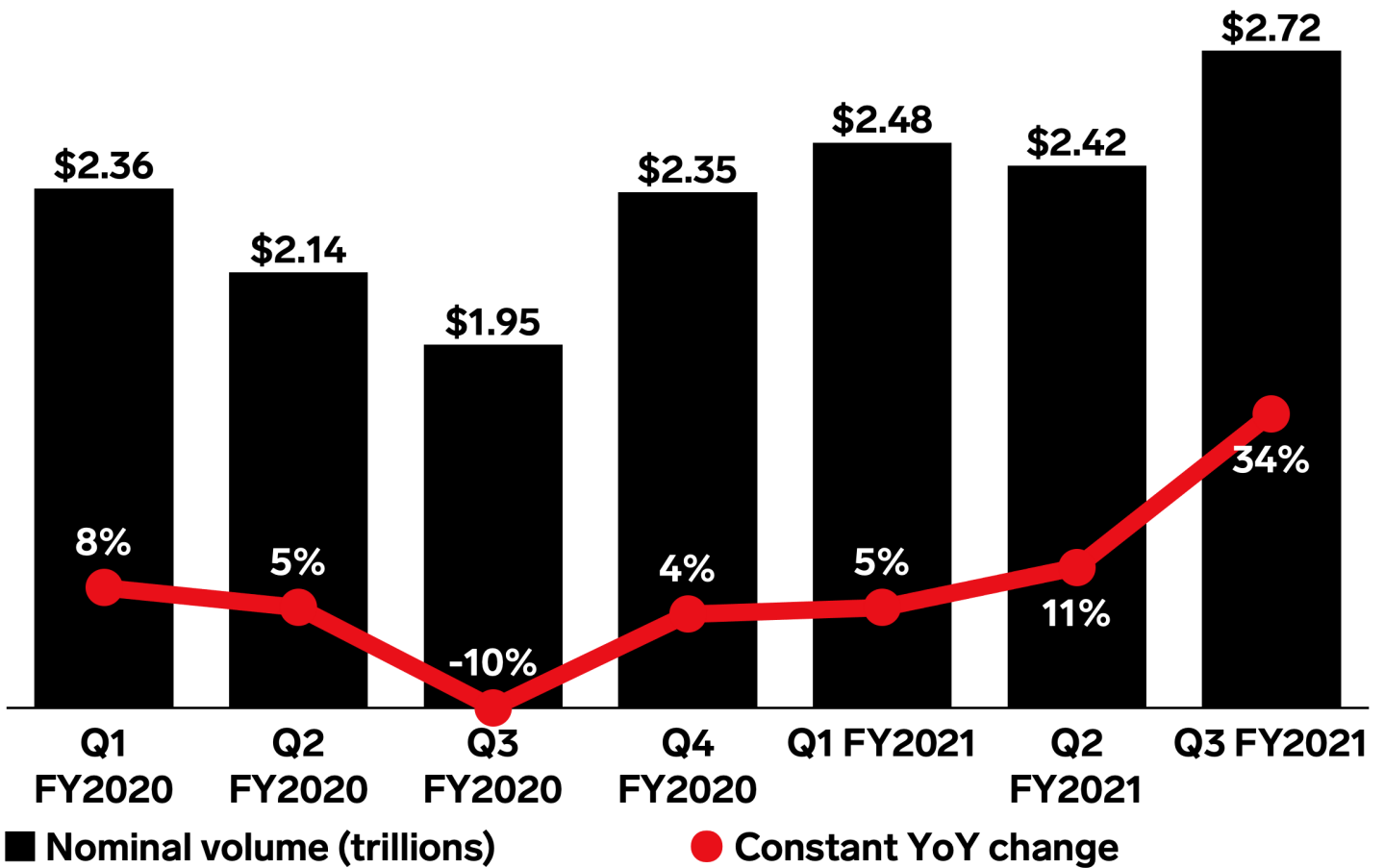
Our take: Easing pandemic restrictions and progress toward herd immunity as the COVID-19 vaccination campaign continues are positioning the US to enter its second phase of pandemic recovery, as outlined in our “Credit Cards in the ‘Next Normal’” report.

In this phase, which Insider Intelligence anticipates will last from late Q3 2021 until mid-Q1 2022, consumer spending and confidence will continue to expand and surpass pre-pandemic levels—making it an opportune time to introduce rewards that can help maximize volume and revenues.

Report watchlist: Keep an eye out for our upcoming *Cash Back Credit Cards Emerging Features Benchmark* study, where Insider Intelligence identifies the features cash-back card prospects value most and ranks 10 cards based on whether they offer those in-demand features.

Visa Payments Volume

trillions



Note: Visa's fiscal Q3 2021 ended June 30, 2021

Source: Visa, 2021

Methodology: These figures are from Visa's quarterly earnings presentations released between October 24, 2019 and June 30, 2021.

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