

American Express reports Q1 volume recovery

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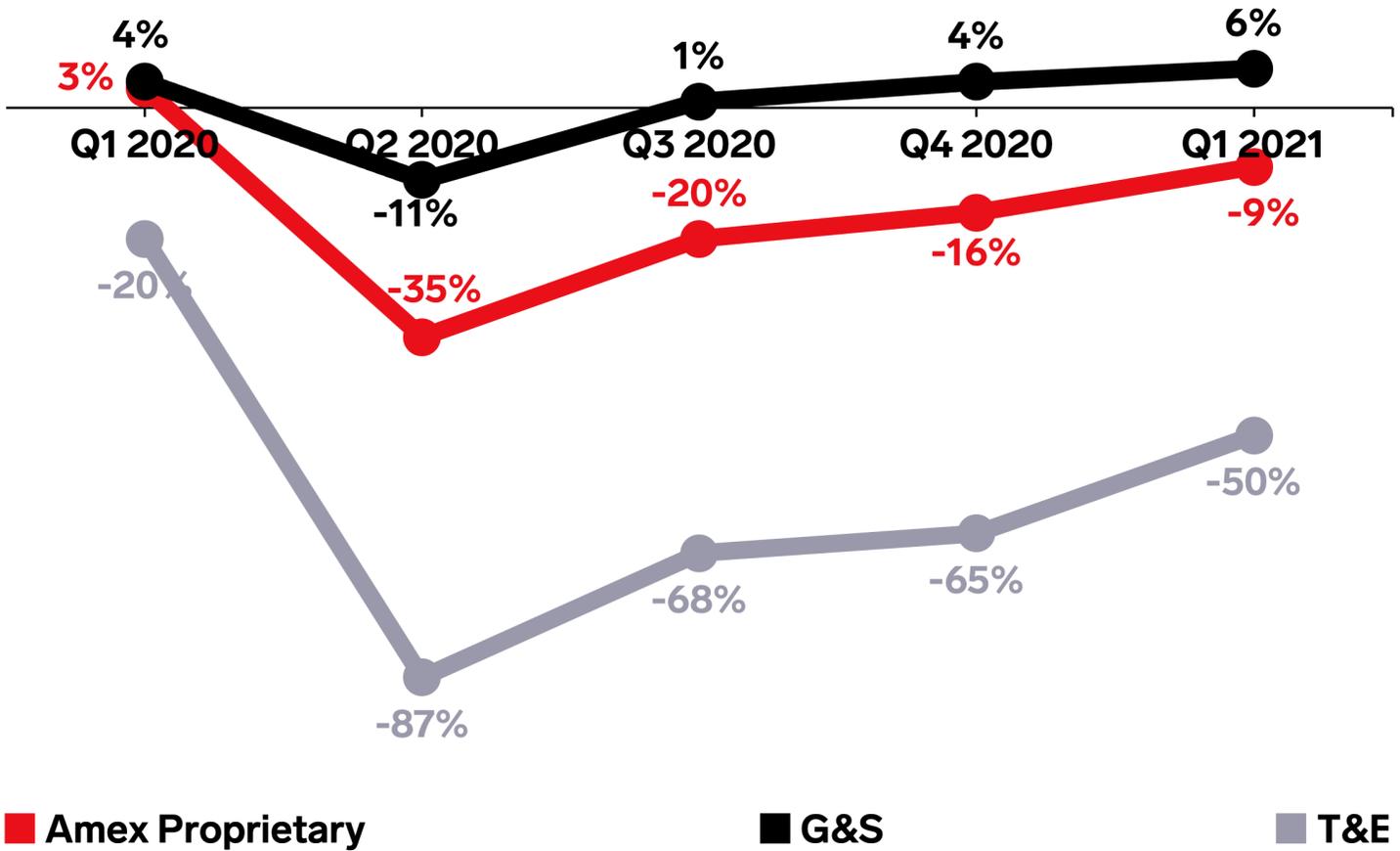
American Express's billed business declined 9% year-over-year (YoY) in [Q1](#)—an improvement from the 16% YoY plunge it posted in [Q4](#) and a sign the issuer's volume is on the mend. Amex also recorded recoveries in its travel and entertainment (T&E) and goods and services (G&S, previously non-T&E) sectors:

- **T&E volume dropped in Q1 but experienced an upswing in March:** The metric declined 50% YoY in Q1, compared with the 65% YoY plunge Amex reported in Q4. Despite the overall decline, T&E volume climbed 20% YoY in March, marking a turning point for Amex's recovery.
- **G&S volume posted minor improvement with 6% annual growth in Q1.** In Q4, the metric grew 4% YoY. Recent gains likely stemmed from improving pandemic conditions driven by the COVID-19 vaccine rollout as well as [stimulus payments](#) that gave consumers extra funds to spend using their cards.

Amex updated its offerings at the onset of the pandemic to reflect evolving purchasing habits as consumers turned away from T&E spending. Last year, most consumers turned away from travel, which made up [28%](#) of Amex's business in Q4 2019: The travel industry shrank 42% in 2020 compared with the previous year, amounting to \$1.1 trillion in lost output, [according to](#) the US Travel Association. To encourage card spending, the issuer periodically tweaked its rewards to cater to pandemic-driven spending habits: In April 2020, Amex began [offering](#) double rewards for takeout and delivery from GrubHub and Seamless, for example. It later [introduced](#) perks for streaming services and grocery purchases—two key spending areas during the pandemic. These changes may have helped Amex avoid further volume losses over the last year.

Amex's recent card perks can help it capitalize on pent-up travel demand to help lift T&E volume even further. Last month, the issuer [unveiled](#) new card perks, offering 125,000 in Marriott Bonvoy points for new eligible customers, subject to a spending minimum, to incentivize T&E card spending. Consumers are already developing an appetite for vacationing: 78% of global consumers say they want to travel in 2021 to relieve stresses from 2020, [per](#) Amex's Global Travel Trends Report. It's also worth noting that Amex cardholders [stockpiled](#) rewards earlier in the pandemic, likely to put toward travel later on—further evidence that consumers may soon be booking flights. This trend, along with Amex's new card rewards, can help speed up the issuer's T&E recovery back to pre-pandemic levels.

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

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