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Bank cards score well in travel reward study

While frequent travelers might want to stick with an airline affinity card, bank cards offer more flexibility, a study finds.

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IdeaWorksCompany contributed information to this article - - see italics.

Deciding which credit card is best for free travel can be difficult, but a new report may help.

"Card-Carrying Generosity," released this week, reviewed the credit cards offered by the five largest U.S. airlines and compared them against independent travel reward cards offered by banks.

"The cards are complicated, and it's a complicated issue to compare them," said Jay Sorensen, the president of the IdeaWorksCompany, a Shorewood, Wis., consulting firm for the airline industry that conducted research for the report.

"I've always been a frequent-flier loyalist, but I think the airlines are making some mistakes here," he said. "They really have taken the market for granted. I was surprised how robust and attractive bank credit cards were."

The Chase Sapphire Preferred card, for example, allows cardholders to easily transfer points to a number of airlines and hotels. "It's as if somebody gave you a gift card." The report found that the card "delivers an amazing travel reward of nearly \$800 within the first year after spending \$18,000," and includes a sign-up bonus of 40,000 points.

For international travelers, though, an airline co-branded card is still preferable if premium-class rewards are desired. "The price of business travel seats is very high and the number of frequent flier seats required is relatively low," Sorensen said. "My main message here is don't assume that an airline co-branded credit card will deliver the best value. I think for most domestic travelers, they don't."

Here are some of the highlights from the report:

- *Cards issued by American Express, Barclays, Chase, Citibank and Southwest were the most rewarding.*

- ***Among the four bank travel reward cards reviewed, the Barclaycard Arrival card offered the best return per dollar spent.***
- ***For travelers who usually buy \$200 round-trip tickets, a bank travel reward card or the Southwest Premier card probably provides the best value***
- ***American, Delta, US Airways, and United co-branded cards offered travel perks, which may include early check-in and free baggage, but maintained higher reward thresholds to get free flights.***

Tim Winship, publisher of FrequentFlier.com, a website and newsletter that provides information and advice for people who participate in travel reward programs, agreed that choosing the best credit card can be difficult. "It's one of the questions I get most often from my readers," and has become more complicated as competition has increased with the cards' proliferation.

"But there is a simple rule of thumb: It is going to depend on your particular travel and consumer patterns," Winship said. "If you are a frequent buyer, then the bank card may be the best option. If you are a frequent traveler, then the co-branded cards may still be the best way to funnel more miles into your account."

The big selling point of the bank cards comes when it is time to redeem miles. "Consumers don't have to put up with blackout dates and cap controls," he said. Advertisements play to that ease, like the CapitalOne Venture card featuring Alec Baldwin. "The whole gist is when you earn point from us, there is no hassle when it comes time to redeeming," said Winship.

But while airline co-branded cards have restrictions, consumers have the opportunity to get outsized value when they redeem for flights that otherwise would be very expensive. In addition, they frequently offer "bigger and bigger rewards for signing up," he said.

Once consumers have decided that a co-branded card is preferable, they should determine which airline is best for them, depending where they live and travel. For example, residents of Dallas are generally best served by American Airlines, he said.

"If simplicity and ease of use are important to you, then maybe a bank card is the best way to go. If you get the most value out of the miles you earn, there is more opportunity with an airline co-branded card. There are advantages and disadvantages to both, and which category of card ultimately depends on where you sit on that spectrum."

Here's where it gets even more confusing. "If someone is in the middle," and most people are, he said, "it gets fairly complicated."