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Consumers favor bank travel reward cards over airline cards

This article is based upon a report issued by IdeaWorksCompany.

By Gregory Karp

The promise of 'travel anytime on any airline' resonates with travelers, report finds

If you want a rewards credit card to accumulate points and redeem them for flights, which are best: airline-branded cards or bank-issued travel reward cards?

That's the question addressed in a report released this week by IdeaWorksCompany, which conceded that comparing the two types of cards was difficult, leaving researchers "dazed and often confused by asterisks and small print."

The short answer is that airline co-branded cards, such as the United MileagePlus Explorer Visa Signature or American Airlines Citi Platinum Select AAdvantage Visa Signature, offer advantages for consumers who want longer-haul, premium-class rewards. However, domestic travel represents the bulk of reward activity, and bank travel reward cards, such as American Express Blue Sky Preferred and Barclaycard Arrival World MasterCard, tend to be favored because of their simple and effective promise to consumers of "travel anytime on any airline."

Among the findings:

- American Airlines, Delta Air Lines, United Airlines and US Airways co-branded cards essentially deliver two round-trip tickets after annual spending of \$18,000 when a generous sign-up bonus is considered.
- Among the four bank travel reward cards reviewed, the average return per dollar spent is about 2 cents. The Barclaycard Arrival card topped the list with a 2.2 percent reward return.
- The Chase Sapphire Preferred card delivers "an amazing" travel reward value of nearly \$800 within the first year after spending \$18,000, including a sign-up bonus of 40,000 points.
- For travelers who usually buy \$200 round-trip tickets, a bank travel reward card or the Southwest Airlines Rapid Rewards Premier card probably provides the best value.

The report is available free at ideaworkscompany.com.