Who's in Your Wallet? Credit Card Points Remain a Challenge for Travel Agents

by Richard D'Ambrosio
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Nearly two out of three Americans plan to use credit card points to pay at least a portion of their summer vacation this year, according to a new survey. When those cardholders are travel agent clients, frequently that means the agent forgoes a portion of their income on that booking, making serving these clients a difficult choice.

With more and more credit card holders earning points and redeeming them for travel, how and when an advisor supports these clients can be tricky. Photo: Shutterstock
have processed more than 2,600 Membership Rewards point redemptions for Leaders Network advisors have completed training to be certified for the plan, and since Travel Leaders launched its Apex program about a year ago, some 2,500 Travel Leaders Network advisors have completed training to be certified for the plan, and have processed more than 2,600 Membership Rewards point redemptions for clients redeem their rewards points so that Hermes could still purchase their customers’ tour packages and hotels, and salvage some of their sales. “That decision saved a whole segment of our business,” Damianeas said.

Indeed, some 75% of cardholders told CompareCards that their rewards affect their vacation plans, in terms of where they travel, how they will get there, or where they might stay when they arrive.

About a year ago, Matthew Exline, owner of Matthew Exline Cruise Planners, in Ormond Beach, Florida, lost a whole potential sale to Japan because the client wanted to use points to upgrade her airline ticket to business class.

“In the process of qualifying her for the trip, she really got hung up on using points. It seemed to impact every aspect of our discussions back and forth,” Exline said. “In the end, she decided to not only use her points to upgrade her airfare, but to book the whole thing on her own.”

According to CompareCards, which surveyed more than 1,000 Americans, Millennials (72%) and travelers in the Northeast (73%) are the most likely to use credit card points to pay for some of their summer vacation. Midwesterners are least likely to use rewards points, at 46%.

(CompareCards, which is owned by LendingTree, commissioned Qualtrics to conduct an online survey of 1,036 Americans, fielded Apr. 2-17, 2019. The margin for error for all respondents is +/- 3%.)

Protecting commissions
Credit card point redemption with American Express has grown so prevalent that consortia, host agencies and franchises have all formed partnerships with American Express to help its cardholders redeem points on trips booked by agents, but still protect agent commissions.

At Travel Leaders Group, the Apex program allows agents to book their clients’ air, rail, cruise, hotel/resort, and tours purchased on American Express’ Premier Rewards Gold, Business Gold Rewards, Platinum and Business Platinum cards. (The program does not include co-branded cards like Delta Skymiles.)

After the trip is charged to the client’s American Express card, points can be used on all or part of the trip using the Pay with Points tool, with the added ability for clients to elect a commissionable upgrade to a higher suite category, or a trip extension.

Since Travel Leaders launched its Apex program about a year ago, some 2,500 Travel Leaders Network advisors have completed training to be certified for the plan, and use points to pay for at least half of their summer travel bills, while the average cardholder expects rewards will cover 11%-25% of their costs.

“If people are trying to use points on hotels, flights, it really is difficult to make it worthwhile for you as a travel advisor,” said Jacob Marek, who owns IntroverTravels, an agency in Sioux Falls, South Dakota.

Points are so important to some clients of Hermes Travel, in Astoria, New York, that 25 years ago, the company saw a steep drop in bookings from loyal clients, said agent Nancy Damianeas.

“Regular clients who came in every year for their summer travel, weren’t calling,” she remembers. “We called them up and said, ‘We haven’t heard from you in a year, two years.’ They kept mentioning using their American Express points.”

Hermes decided to work with an American Express rep network agency to help their clients redeem their rewards points so that Hermes could still purchase their customers’ tour packages and hotels, and salvage some of their sales. “That decision saved a whole segment of our business,” Damianeas said.

According to CompareCards, one out of five credit card holders will use points to pay for some of their summer vacation. Midwesterners are least likely to use credit card points (72%) and travelers in the Northeast (73%) are the most likely to use credit card points to help its cardholders redeem points on trips booked by agents, but still protect agent commissions.

Offering Travel Insurance to Groups Can Boost an Agent’s Income
The law of numbers – more travelers on one trip means more commissionable sales – should work to an agent’s advantage. But offering insurance to group travelers isn’t so simple.

BNI is Networking on Steroids
Considered by many to be the pinnacle of networking groups, BNI could be a travel agent’s strongest source for sales referrals – as well as personal and professional growth.

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Travel + Leisure unveils readers’ picks for best international airlines for 2019.

Travel Sales Will Remain Strong, MMGY Survey Shows
Michael Batt, chairman of Travel Leaders Group, recently told attendees at this year’s annual EDGE conference that he believes the Apex program could be “a phenomenal source of new revenue and profits” for agents.

Host agency Avoya Travel and travel agency franchise network Cruise Planners are part of the American Express Rep network, and offer similar benefits for their agency owners and their clients.

“If you find you are losing a lot of business from Amex cardholders, consider joining a group that’s part of the Amex ecosystem,” Exline said. “If you are losing a lot of business to Visa and Mastercard [cardholders], do your best to save the sale by offering the best price and service. But at the end of the day, if someone is determined to do it themselves with points, they’re probably too much of a control freak to be a long-term client anyway.”

**Visa and Mastercard point programs grow more popular**

While American Express is making it easy for some agencies to profitably book vacations with reward points, American Express cardholders only represented about 26% of global purchase transactions in 2016, according to industry experts, The Nilson Report. Issuers of Visa and Mastercard cards dominate the landscape.

Some of the most popular travel rewards cards with consumers include the Chase Sapphire Preferred Card, Capital One Venture Rewards Credit Card and the Barclaycard Arrival Plus World Elite Mastercard. CompareCards lists these cards among the best general-purpose rewards credit cards because they aren’t exclusive to one hotel chain or airline, and they free up the cardholder to shop for the best deal from any supplier.

Because redemption programs vary, Damianéas finds it crucial to identify what specific card a client is using. If it’s a co-branded airline card, “we send them to the airline directly. We can only handle their hotels.”

She finds the Capitol One Venture card one of the easiest to work with, because like the American Express Pay with Points program, the client can purchase their travel elements and afterwards choose which to redeem their points on. “You can erase it, no matter where you bought the travel service,” Damianéas said.

Andrea da Rosa, account manager, Balboa Travel, in San Diego, uses a Capitol One Ventures card to earn and redeem points for herself. “It’s the easiest in the industry. With a click, you can select your vacation through whomever you want to purchase it through. If you want to maintain that relationship with an advisor, you can.

“And if a flight is canceled, or there is some other kind of issue, the tickets are treated the same way as if I purchased them from my travel advisor. My advisor can support me.”

**Find the right clients to make it work**

Agents who aren’t part of a network offering a program like Travel Leaders does can still make servicing clients profitable and worth their time, said Marek at Introver Travels, part of Virtuoso. Clients who have large quantities of credit card miles and points frequently are high net worth individuals who still need and want a travel advisor to take care of their vacation planning.

For example, Marek has a client who owns a popular District of Columbia bakery, and frequently travels internationally, often including his family and friends. “He loves fine hotels, traveling, and dining well, so he racks up hundreds of thousands of points by putting most of his business expenses on his business card,” Marek said.
Since Marek met the client in 2018, the customer has traveled to India and Costa Rica, just got back from Jordan, and is going to Vietnam and Cambodia this fall.

“He visits Virtuoso’s Best of the Best catalogue all the time,” Marek said, bookmarking his dream hotels and things he wants to do. “Then, he will use credit card points to book his flights, send me an Excel spreadsheet with all of the details, and ask me to fill in the gaps with hotels, tours, activities,” Marek said.

“He’s so organized, he makes it easy, why wouldn’t I take him on. Yes, there’s no commission in the air for me, but a 10% commission on his hotels, suites, villas, is worth it,” Marek said. “And he needs me because everything I do takes up time he needs to run his business and live his life.”

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