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EXCHANGE --- The Hottest Club in Town Is... Run by Your Credit-Card Company? --- Card issuers hope new lounges -- not at the airport -- will win over big spenders

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New York -- When Christopher Remy's friends visit, he calls his credit-card concierge to book a table at one of the most exclusive lounges in the city.

Located in One Vanderbilt, the tallest building in Midtown Manhattan, American Express's 17,500-square-foot Centurion New York lounge boasts floor-to-ceiling windows that make the nearby Chrysler Building's stainless-steel spire feel like it's within arm's reach.

"It's dimly lit, and it's got this Centurion logo on the floor in lights," said the 38-year-old financial-**technology** worker. "It feels really like you're going to something exclusive."

Customers who pay \$5,000 a year for the Centurion Card, better known as the Black Card, can walk into the lounge anytime. Everyone else needs a reservation. Platinum cardholders, like Remy, who pay \$695 a year, can try to reserve a table through Amex's concierge service. Those without either card must call a phone number that only works two hours a day.

The Centurion New York is the first permanent credit-card lounge outside an airport or event venue. It marks a new phase in a decadeslong competition among credit-card companies to win over big spenders with perks they market as luxurious and one-of-a-kind.

American Express was the first credit-card issuer to open an airport lounge more than 10 years ago, competing with airlines and prompting JPMorgan Chase and Capital One to race to catch up. Now, credit-card companies are creating lounges and exclusive experiences far from TSA checkpoints -- at festivals, stadiums and other venues.

The Chase lounge at New York's Madison Square Garden offers free food, water and soda, and a stand selling memorabilia. The megabank took over what used to be the Knicks season-ticket-holder lounge last year and renovated it according to its 40-page branding guidelines for interior decor. Chase-blue walls wrap hardwood floors that mimic the basketball court. The lounge's shelves are stocked with books on sports history and sneaker culture. From the bar's orange seats, guests can watch a broadcast of the game.

Eligible Capital One cardholders get access to hospitality areas at the arenas that host the NCAA Final Four basketball tournament and experiences including private truffle hunting at the International White Truffle Fair in Italy.

Credit-card companies are willing to foot the costs of operating lounges and hosting special events because they need to stand out in an increasingly competitive market. All cards work pretty much the same way, so issuers have to compete on the perception that their little plastic or metal rectangle opens more doors than a rival's.

"We wake up every day to think about how we can persuade a group of consumers to agree to take a platinum card and pay us a \$695 annual fee," said Howard Grosfield, Amex's president of U.S. consumer services.

At concerts and some other venues, lounges are highly visible, so people outside the cordoned-off area can see what they're missing. Citi customers who attend one of the bank's pop-up lounges before concerts by Maroon 5 and U2 leave with branded, memorabilia-filled gift bags and lanyards, turning them into walking advertisements as they circulate among the general public outside the VIP lounge.

"It's about getting the Citi brand out as much as it is giving our customers access," said Citi executive Anthony Merola.

For more private spaces, such as the Centurion New York, social-media posts of people clinking glasses and relaxing on couches in front of sweeping views of the city offer a glimpse of the view from the top.

"If you were just using your card to buy something and it worked, your friends and family didn't see that," said Ed Olebe, president of branded cards at Chase. He said customers who visit lounges are more loyal and use their cards more often than customers who use their cards only for points.

Last summer, Quashiera Muhammad, 24, went to a free concert at Hudson Yards and sat in the shaded Wells Fargo lounge as a friend's plus-one. This year, she signed up for a credit card so she could get in on her own. At a concert last month, she wasn't familiar with the artist, a pop-rock duo called Ray Bull. It didn't matter. She arrived early to enjoy the snacks.

"I'm not big on inclusivity," she said. "I like exclusive things."

Most credit-card rewards like cash back or airline miles tend to be underused. Americans had more than \$33 billion worth of unused credit-card rewards at the end of 2022, according to the most recent federal data available. By contrast, lounges, private events and concert presales tend to sell out quickly, industry executives said.

Capital One has added more event-related perks to its rewards program to keep up with demand, said Lauren Liss, the bank's head of premium products, experiences and rewards. Customers, including those who pay \$395 a year for the bank's Venture X card, can sign up for experiences, which cost extra. The truffle-hunting trip is \$3,200 a person, including a pasta-making class with Michelin-starred chef Ugo Alciati and lodging. For \$1,000, cardholders can buy a seat at Wiederhoeft's runway show during New York Fashion Week and a private after-show dinner with the designer. Travel costs are not included in either package.

Focusing on experiences is also a way to cater to younger consumers who spend more on travel and dining than material possessions. Amex said people under 35 years old accounted for more than half of newly opened consumer Platinum and Gold cards in 2023.

Maddie Hasiewicz considered paying an extra \$330 a person for "General Admission Plus" passes to the Lollapalooza music festival earlier this month. She decided to take advantage of the Chase Sapphire Reserve Lounge instead. Inside the air-conditioned lounge, cardholders had access to free refreshments, couches and cocktail tables with direct views of the main stage and toilets that flushed, rather than the portable kind.

Throughout the day, staff walked around with trays of finger sandwiches, prosciutto-wrapped melon and taquitos. During designated happy hours, attendees got tokens for free drinks at the private bar.

Since users of the \$550-a-year card were allowed to bring only one guest to the lounge, she spent \$75 to add her fiancé to her account before the festival. That way the two of them could get in, along with her sister.

Some of the lounges have become so popular, they're now destinations in their own right. Chase opened a floating Sapphire Reserve lounge on the Seine river during the Paris Olympics to give cardholders a place to wait between events. Some gave up their tickets and instead watched TVs in the lounge, the bank said, citing customer feedback.

But lounges' popularity could be their downfall when exclusivity is a major part of the appeal, and lines are already a problem at airport lounges. At Lollapalooza, some unlucky concertgoers said they waited outside the bank's lounge for hours before giving up.

"Just like with an airport lounge, you can't open it up beyond capacity and try to make a few more people happy because then it sort of collapses on itself, and nobody has a great experience," said Olebe.

New York Knicks fan Allen Cruz reserves his spot in the Chase lounge at Madison Square Garden before he buys actual game tickets. Reservations open for each event a month in advance and usually fill up within minutes.

"You have to be diligent," he said.

He arrives as soon as doors open an hour before tip off. He estimates the free food and drinks at the lounge save him about \$50 a game. The lounge buffet offers a rotating mix of stadium staples like chicken tenders and mozzarella sticks and cocktail bites like Bloody Mary shrimp shooters and spring rolls.

Some cardholders say the novelty of perks is wearing off. Jon Choi has more than a dozen credit cards and has used them to enter lounges, access ticket presales and score reservations at hot restaurants.

"It feels more like a coupon book," said Choi, 34 years old, who works at Amazon.com and lives in Seattle.

Companies rely on customers to brag on social media about their experiences, but showing off a place can threaten its exclusivity. Ian Johnston, who has a Platinum Amex, posted photos of his visit to the Centurion New York last year on Instagram. The slideshow of images, shared with more than 28,000 followers, featured his dinner and the lounge's views. Johnston, who travels a lot for his job as a TikTok program manager, said he worries the Centurion could meet the same fate as some airport lounges.

"I don't want to promote it too much because I don't want to wait in line," he said.

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