

# The Weekly Take

## Vacation: The Points Guy on maximizing brand loyalty programs

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### **Spencer Levy**

We value our loyal listeners on our program, but we've never shared a program about loyalty quite like this. On this episode, a journey into the reward points economy with a pair of experts on the hotel and travel industries, and the value of building relationships on all sides.

### **Brian Kelly**

My passion now is still continuing to help consumers navigate this post-Covid world. How to travel better, smarter, and it's been quite a ride.

### **Spencer Levy**

That's Brian Kelly, aka The Points Guy, who once worked in human resources for a large bank before he launched a blog in 2010 under that pen name. Ever since, he built a full time job and digital business with hundreds of thousands of followers. His expertise and rewards programs offer strategic thoughts not just for travelers and consumers, but also for the brands that want their business.

### **Rachael Rothman**

If there isn't something aspirational for them to do with the points, it's hard to encourage people to accrue more.

### **Spencer Levy**

And that's Rachael Rothman, head of CBRE's Hotel Research and Data Analysis. Rachael worked as a Wall Street analyst and public hotel company executive before she started covering the travel sector for CBRE. She now advises hotel brands, owners, and management companies around the world, a sector that's been experiencing one of the most dramatic post-pandemic periods of recovery and evolution. And she's also one of the authors of a recent CBRE insights article on the impact of loyalty programs on the hotel business. Coming up, hotel real estate, travel loyalty programs, and winning at the rewards points game. I'm Spencer Levy, and that's right now on The Weekly Take.

### **Spencer Levy**

Welcome to The Weekly Take, and this week we're going to be talking with Brian Kelly, The Points Guy. Brian, thanks for coming out.

### **Brian Kelly**

Thanks for having me.

### **Spencer Levy**

And then our old friend and colleague Rachael Rothman, her third time on the show! Rachael, thanks for coming back.

**Rachael Rothman**

Thank you so much for having me, and such a great topic. And thank you, Brian, for joining us. Just amazing. I know everybody loves points and I'm a huge fan. I've subscribed for years.

**Spencer Levy**

Well, if nothing else in today's episode, this is going to be a fun one because people are going to say, how does this episode help me get into this lounge? Or how does this episode help me get more points on my credit card? But before we get into the nitty gritty, Brian, for the benefit of our audience, just tell us who you are and what you do.

**Brian Kelly**

So in 2010, I was working for Morgan Stanley, traveling a ton as a corporate road warrior, and I was in HR for the bank. So I wasn't making a lot of money, but I was on the road nonstop, and I learned very quickly that I could maximize frequent flier miles from my hotel stays and corporate credit card. And I became known as The Points Guy because I would help all my colleagues book vacations. And people just were always so amazed that you can not make a ton of money, but travel like a millionaire, so to speak. So I started blogging in 2010 just to share my tips, and it just blew up. By 2011, the New York Times wrote its first profile piece on the website everyone needs to know about to save money, travel better. I quit my job at Morgan Stanley nine months after my first blog post, and I monetized the business by getting into affiliate marketing before everyone else did in media. So I was in line with all the credit card companies. I was authentically selling their credit cards to my audience because credit cards are the number one way, certainly today, and it was back then as well, to an extent. So I was able to monetize my passion by helping consumers pick the right credit card. The credit card companies love it because I can explain their product more eloquently than any TV commercial can. The rest is history. I helped Chase launch their Sapphire Reserve card in 2016, which kind of broke the internet. Probably the most successful credit card launch of all time. There's now a Harvard Business School case study about it, which is kind of fun, and my passion now is still continuing to help consumers navigate this post-Covid world. How to travel better, smarter, and it's been quite a ride.

**Spencer Levy**

Terrific. Well, thank you, Brian. And should I refer to you as Brian or The Points Guy?

**Brian Kelly**

Well, my mom calls me TPG, so you can, too.

**Spencer Levy**

Excellent, excellent. Even got your own acronym. And Rachael, let's just talk about the big picture economics of it, and then we'll go to Brian. We'll get into the nitty gritty. But the big picture economics as I see it, having read your article and being a loyalty program person, is that this is a cost of doing business like advertising. You could spend a dollar on a TV ad, or you can give that dollar to the consumer and you try to figure out which one is right, but it is a percentage of the cost of doing business, as you note in your article. Tell us about that.

**Rachael Rothman**

So when I went to hotel school 100 years ago at Cornell, right, we used to think about loyalty and branding as occupancy insurance for shoulder periods or in periods of weakness when they could market directly to the consumer and help shore up occupancy for their hotels. I would say that now we've seen tremendous growth in brand contribution to occupancy. It's been growing. It's the fastest segment and the strongest growth that we've seen coming out of Covid. So that's a huge benefit for affiliating with the brand. And you could think of it as having not just a loyal customer, but hopefully if you're creating true loyalty, a brand champion that then goes out and re-markets your product and stays with you frequently, reduces customer acquisition costs, as you said, and becomes your most cost effective, dedicated channel with which to market to.

### **Spencer Levy**

So I guess the question is, is it? Is this a better way of spending money than advertising? Rachael or Brian, what's your point of view?

### **Brian Kelly**

Well, I guess it just depends who you ask. Yeah. Well, I mean, from my perspective, I think the hotel side is fascinating. You know, we can get into airline loyalty. The airlines have really nailed this. I mean, this was a cost center to them. But now that the loyalty programs are the most valuable part of airlines, and obviously how the hotel industry is structured, where the hotel brands like Marriott and, you know, Hilton, they don't own a majority or even close to, of their properties. So you've got, I think loyalty is the most important thing for the brands, but certainly to the hotel operators, it's a question mark, right? The way that each chain reimburses hotel owners varies widely. You know, if they're close to occupancy, it can be amazing. If not, they're getting their housekeeping costs fairly covered. And that shows from the consumer perspective. And this is why I think the airlines do a much better job, clearly, because they have more control over it than the hotel industry. But I still think the hotel industry has a huge opportunity. I don't believe hotel loyalty has been conquered in a way that airline loyalty has. And I think it's because there's been disintermediation of the customer experience by hotel owners who don't want to give perks, versus the hotel brands that are advertising perks, and a lot of consumer frustration in between.

### **Rachael Rothman**

I mean, I was going to put up the counterpoint to that, which is, I think the hub and spoke system of airlines can make it hard for travelers that don't travel as much to necessarily see the full benefit of the airline points. I'm a prime example, right? I fly a lot of very short haul flights, and I just am unable to get the same sort of rewards status. I mean, I never get upgraded anymore for an airline, but I do stay in enough hotels that it is meaningful to me. So maybe it is more nuanced than that. Maybe it matters how you travel and where you're traveling to. Or are we just talking about those travelers that are on the road 60, 70, 80 nights a year? Because if you're sort of a mid-tier traveler, I would think that it's possible that hotel loyalty programs mean more to you than airlines.

### **Brian Kelly**

And I'll just end on a counterpoint to that. I think there's been so much consolidation in the airline industry where there's not that much choice. Like if you're going to fly to LA from Atlanta, you have maybe two options. And whereas with hotels, I think consumers now, they want to do certain stays Airbnb, certain stay luxury certain stay. So I think hotels have a harder time pulling in the.... I do agree with you that at an intro level, like the perks you can get from a hotel loyalty card that you can get at elite status just from having the card. That doesn't exist in airlines. So certainly, I think we can both agree that there's like fundamental differences. But I would agree with you at the very top tier that airlines have

nailed really valuable, tangible benefits. And hotel chains, in my opinion, have, as they've gotten bigger and bigger, sort of watered down benefits. They're not, it's not as exciting. I think if you pulled 100 travelers, who's more excited about an airline only program versus a hotel? My gut is that there would be more excitement over airline programs.

### **Spencer Levy**

All right, so Brian, let me ask you a question. Just define what a point is and what's it worth?

### **Brian Kelly**

Bringing it back to the basics. I like that. So in general, a point is just a unit of measurement for a loyalty program that can be in the form of a hotel point, airline mile. In the hotel space, you're generally awarded a number of points per dollar spent, whereas the airlines sometimes also offer for miles flown. The hotel industry has been revenue-based for a while. And as to what they're worth, at The Points Guy, we've got a team of experts. We do monthly valuations. And there's just always two sides when you're looking at the points world: earning and redeeming. So just because you're earning 20 points in one program versus ten in another, that doesn't mean the 20 points you're earning is a better program. Because when it comes time to redeem, if it's ten times more expensive, then you're earning twice as much, but it's ten times less valuable when you redeem, you might want to go with the ten points earning, you know? So basically, it's just a matter of... and in general, hotel points are worth, I would say half a cent to one cent each. On the low to high end.

### **Spencer Levy**

So, Brian, let's talk about the whole ecosystem for a minute, because I think the days when it was the program for this airline or that hotel or that credit card seems to have all muddled, and muddled is probably the wrong word, but they're all together. You get this one credit card who can help you with the airline. It can help you with the hotel. It can help you with Uber. It can help you with other points. And I guess that's a good thing because it gets you to consolidate your points. But at the same time, it sort of disintermediates your experience with any one of those. What's your point of view?

### **Brian Kelly**

Well, I think, and to people listening, what we're really talking about here... So historically, there's the co-brand cards: your Delta Amex, your Chase Marriott card. And now, I would say the biggest trend in credit cards and loyalty is that consumers are now, and especially this started in 2016 when the Sapphire Reserve launched. And that was a game changer for the third type of credit card. So it's cash back, co-brand, and then this new crop of what I call transferable points currencies. The Chase Sapphires, the Capital One Venture, the Bilt card, Amex Membership rewards. So consumers are now saying, why would I just get Marriott or Delta miles from a credit card when I can get transferable points that go to 20 different partners, and my website, I mean, that's our general tip to people. If you're not getting huge value from the perks, you should just be accruing points in a program that gives you ultimate flexibility to buy. The Chase Sapphire Reserve, for example, your points can be redeemed for one and a half cents apiece at essentially almost every hotel in the world. Or you could transfer to Hyatt at a really valuable ratio, where 20,000 points is going to get you a \$500 hotel room, over \$0.02 a point. So this is where the stakes have been upped in the hotel game, because now it's not hotels versus airlines, it's hotels and airline co-brands versus these mega bank cards that are taking massive, massive wallet share. And if you talk to, and when you look at bookings, and this is an existential threat for hoteliers who want more direct bookings, because all of those bookings through Chase,

which is trying to become the number one travel agency in the world, they're all through essentially Expedia or OTAs. So this gravitational pull of consumers to these Amex Platinum booking through fine hotels, hotels are losing a big piece of margin and the customer directly booking through their loyalty program because consumers are willing to say, you know what, I'm just going to book through Chase and have the flexibility to stay where I want. And I think that's where hotels need to up their game and offer even more perks to loyalty members. Because at the same time, if they're going to try to convince people to leave Chase Sapphire, you've got to deliver on the loyalty promise and back again to this whole disconnect between owners and operators and the brands, you're shooting yourself in the foot because there's more competition than ever for that customer.

### **Rachael Rothman**

Can I just ask Brian, Spencer mentioned so many of our clients are the hotels and the hotel brands and the hotel owners. I'm sure you're a great repository of knowledge on what amenities or services or benefits would you offer? Like as you talk about upping your game, what would be some ideas that you would give to the brands and to the owners as a way to shore up the compelling offer that they're making to their clients? How best can they do that?

### **Brian Kelly**

I think the first thing I would do is just get crisp on the program promise. I think that a lot of heartburn that comes from travelers, at the hotel loyalty programs says that there are select standard suites available at check in. It's very easy for the consumer to check if you're selling that room and know that you're lying when you deny that. And from what I've heard through the industry is, look, we don't want to upgrade people any more because of housekeeping costs. We can't turn rooms. I get it, like I understand the logistics of why that's challenging and it's easier to say, no, sorry, no upgrades tonight, but that creates... So my first advice would be to make sure that your property is delivering. Even if you're taking a short term hit, it's important. I think the second piece is to hotels, and I firmly believe that hotels have so much to do pre-arrival, building connections and helping stays be more seamless. Like I'm flying Virgin Atlantic business class next week. A week before my flight, I got an advanced menu, seat. I have all these resources on how to tailor my trip, what lounge to go to. They're helping me before I even step on board. I think hotels are operating from a 1995 playbook. Wait until they check in, and then half the time when I check in and I want to get a spa treatment that night, we're booked up for the next four days. Oh, you should have booked in advance. Well, how did I know to book in advance? You know, like, contact the guest, and if you have a great restaurant in the hotel, give that to your loyalty members. You know, guests who booked direct get prime reservations here. Add more of those perks because that's really what the airlines are doing. The airlines now know that there's so much competition from these online travel agencies. American even went as far this year, said, we're not going to give you points or elite status benefits if you book third party. Now hotels have been doing that for a very long time, much more so than airlines. But instead of being punitive, you have to be additive. What makes an experience amazing? You know, Hoxton Hotels is not a points hotel, but I love staying at them, especially when I'm traveling to Europe because they let you, the Hoxton 24 hour check in. I love that. The check in process, check out at 10 a.m. is so antiquated. Peninsula has peninsula time. Flexibility and customizing your stay is the future. Consumers are getting that everywhere, personalized service. Hotels, in my experience, are falling far flat when it comes to that. It's still, wait till you check in or they'll even cancel your room if you don't check in early enough, which drives me wild. So I haven't seen a ton of innovation, especially from the big players in terms of the customer experience that makes you feel special and excited to arrive on site.

**Rachael Rothman**

Can I ask what you think about these sort of new alliances? And some of them aren't so new, but with the hotel brands going into ancillary industries, partnerships with auto camp or yachts or short term rental companies or....

**Brian Kelly**

Yeah. You know, so I think it's all the rage to have these partnerships. The issue that I'm having with all these hotel partnerships, the Vegas, the gaming, they switch left and right, the consumers confused. Like I'm The Points Guy. It's my job to stay up to speed on the industry and it's confusing how many options there are. So what is, you know, Marriott Homes? What does that mean? Are these homes owned by Marriott? Am I going to get certain... or are these just homes I can see on Vrbo and Marriott just has them on their site, right? It's great, you have all these options. But I feel like a lot of hotel brands are so excited to ink partnerships without really explaining what it means. So I don't think the consumers are taking them that seriously. I know like Mr. and Mrs. Smith Hotels, a small luxury hotel, has bounced around alliances. I just stayed at a beautiful hotel that's small luxury hotels of the world, and I wanted I was excited, okay, great. I'm going to get... used to be with Hyatt. Now they're with Hilton. Great. I'll get Hilton points for the super expensive spa stay in Comporta. No, we're one of the properties that don't participate. Or this or that or. And so I think the partnerships could be great. But they're so disjointed. And from a consumer standpoint, it's like, okay, this is a press release, but it's nothing for me, actually, in reality.

**Spencer Levy**

So let me just get to the bottom line. The question that everybody wants to ask: where is the best deal in credit cards, airlines and hotels? What's your point of view, Brian?

**Brian Kelly**

So let me start with airlines. So the positive news on airfares is that airfares have come down pre-2019. I'm going to Europe multiple times this summer. I'm flying British Airways first class to Ibiza for \$4,000 round trip. Like last summer, business was seven everywhere you went in Europe. So it's kind of funny. Like with the Olympics in Paris, you would think that rates are through the roof. Airfares have come down and I would recommend to everyone listening, to get the best airfare, you've got to be flexible. And I often plan my trips around the best award availability. What I mean by that, so Google Flights, they have an explore button. So I'll put New York City to Europe the week I want to travel. Maybe I'm flexible in July. Reverse engineer. You can put first class nonstop. Show me all the places I can go to in Europe. You might be shocked. That's where I found the Ibiza deal. Four grand for first class, which gets me tons of extra miles, the better lounge. So learn how to use the Google Flights Explore map feature. It works for the Caribbean. Say you want to get away for a weekend in January. You can just put New York City to Caribbean. It shows you a map of the Caribbean. Bam bam bam. You can scan the islands. Oh, I've never been to Turks and Caicos. Business class for 500 bucks. Having the mindset of knowing how to sniff out, like go truffle hunting for deals, is where you get the best airfare. There are websites and premium newsletters that I sign up for. Thrifty traveler is one of them where they actually scan for the best award ticket. So I get emails every day. You know, there's nine business class award seats on Air France for 50,000 miles each on these dates. Oh, you know, 50,000 miles one way. Air France is actually one of the best deals out there for award inventory. The U.S. programs have devalued their points so much, but the magical tip I can get to everyone listening is transfer your credit card points to foreign

frequent flier programs, like Aeroplan, Flying Blue, because their rates and even Virgin Atlantic, their rates are much lower than what you'll pay on Delta. You can book the same flight on Virgin Atlantic for 75,000 miles, that is 375,000 on Delta. Same exact flight. So learn how to leverage the foreign programs. And there are sites like Point.me, which is kind of like a Google Flights for award inventory. They integrate with Amex and Bilt. So if you have an Amex Membership rewards card, you can actually use Point.me and it'll show you, hey, transfer your points to these partners. You'll spend less booking via Aeroplan than you would buying the ticket via pay with points on a United flight, for example. So that's the high level on flights. And hotels, it's an interesting question. Where are the deals with hotels? I will just give a kudos to Hyatt, I think World of Hyatt program, and they're 1 to 1 transfer partners with Chase, is the most... And if you ask, I think most points experts, that's where the deals are. Transfer chase 1 to 1 to Hyatt. Hyatt generally has much lower thresholds for awards than their competitors, and there's a lot of value in that program.

### **Spencer Levy**

The last thing I will ask on this point of where's the best deal? I've noticed and I've seen articles in the Wall Street Journal and elsewhere on this that as you go to these airport lounges, they've gotten more and more crowded, and I can't even get in. I would say my rate of can't get in went from zero five or six years ago to now, it could be 30, 40% of the time I can't get into the lounges and I have access to several. What happened?

### **Brian Kelly**

So there were a couple different factors that happened. First is, the airlines let too many people, they extended elite status multiple years over the pandemic and then travel picked back up. So natural elite members were being christened and brought in, and then they still had a ton of rollover members. And a lot of those people get access when flying, even in economy, internationally. And then we just saw a huge uptick in credit cards. Even though people weren't flying during the pandemic, the credit card companies were really bold in acquiring new customers because it's a brilliant business. Even if people aren't flying, you know, Delta, their Co-brand portfolio gets, 1% of U.S. GDP is put on a delta co-brand card. \$7 billion of Delta's revenue is from their Amex relationship, and that's a very high margin revenue. They have 55 billion in revenue total, seven just from the credit card. And I would argue that that amounts to a huge portion of their actual EBIT. So basically they've been issuing credit cards like candy. A lot of these credit cards, like the Platinum and the Delta Reserve cards have unlimited access. So between travelers who had elite status, new travelers that started traveling, and all these new credit card holders, the footprint of the space, like, you know, Amex Centurion lounges have been expanding, but there's only so much real estate in airports. So all these things came to a head. In 2023, Delta announced some really strict changes to raise the bar. They got met with a mini mutiny of sorts from their mid-tier customers saying, hey, I've been loyal to you throughout the pandemic, now you're going to hit us over the head. So they had to backtrack a little bit. So yeah, it's just the fact of the matter is, people are paying for business. More leisure travelers are paying for business class, even though business travel hasn't picked back up. The pricing has come down on business to where now more mid and mid-upper passengers are saying, you know, I'm going to splurge for that upgrade. Use all these miles that built up. So business class flights are packed. It used to once in a while fly to Europe and you'd be the only person in business class. That is no longer the case.

### **Spencer Levy**

Well I know what my new strategy is, Brian. I'm going to go to one of these lounges. When I get bounced, I'll say, well, you know, I'm buddies with The Points Guy. And he said let me in. We'll see.

### **Brian Kelly**

Yeah, meanwhile they'll put you on the blacklist.

### **Spencer Levy**

So Rachael, let's talk about the economics of hotels for a moment. How's the hotel business doing? And how much do these loyalty programs play into it?

### **Rachael Rothman**

I mean, what he said to me is fascinating from the data that we look at, because when we think about what booking channels are growing the fastest, it actually is brand.com. That has been the fastest growing booking channel for hotels since 2019. So to us it does appear as though it is working. Now, we don't look at possibly all of the alternatives. So it's not as though I'm looking into data for camping sites. So it's a little bit harder to say, but I can say that loyalty and branding does drive occupancy. And we would argue RevPAR for the hotels is that because of the growth in the number of members that come from these credit cards. So we can both be right. Brian can be saying, like these programs, these credit card programs are becoming more and more valuable. They're creating loyalty members. The hotel companies and the airlines then go market to these members, and it is actually driving occupancy. So I think we can all be right in this conversation. But it has been a huge boon since the pandemic and they are driving direct bookings. I'd be curious, though over a longer term and I'll see the floor to you, Brian. But how did generational changes play into this? Like, again, you and I were both road warriors 15, 20, 25 years ago. Do these tactics still, are they as effective with today's 23, 25, 28 year olds? And where do you see that going?

### **Brian Kelly**

And Rachael, I want to agree with you. So I agree. Hotel loyalty, maybe I've been painting too bleak of a picture here. Hotel loyalty has been massively successful, and I think Marriott has been leading the way in terms of the amount of revenue from their co-brands. I think it was IHG's CEO who recently said, hey look, they've passed their team. They've got to up their game because there's money on the table. And so while Chase and Amex have seen increases in their OTAs, it's not at the cost of direct. Who it's at the cost of is the traditional OTAs: Expedia, Booking. They are at an existential crisis because most of those people, those young customers that maybe used to just go to Booking.com. Oh, I'm going to Cancun. I'm just going to book through booking, are now, because they have Sapphire cards saying, oh no, I'm just going to book through Chase because I can use my points through Chase. So I think most of the market share that's trending towards the bank OTAs is from the traditional OTAs. Not necessarily. I think my warning to the hotels is that if loyalty continues to be not delivered on, there is a gravitational pull that could also pull some of their direct bookers towards the credit card companies, because consumers are just happy with their credit cards often. It's kind of funny. Amex fine Hotels and Resorts guarantees at 12pm, or 4pm check out. Guarantees. Often when I book direct at hotels, it'll say 4pm checkout when possible. But if I book through Amex where they lose a commission or have to pay commission, they will guarantee me better benefits. Same with Virtuoso and others. And now that's the luxury market's different. But that's just one example of, I'm incentivized as a consumer to book through Amex or Virtuoso. But yeah, I would agree in general. Loyalty has been a huge boon for the hotel business and will continue to grow.



**Rachael Rothman**

I think what you're saying is also true though, right? They have to stand in the integrity with their programs. The breakfast needs to be what it's supposed to be. The check in and late check out, the room. Exactly what you said. Consumers are armed with information, and you need to train your associates and your management company and the owners to stand in integrity with what the program terms say, because if not, the risk is asymmetric, right?

**Spencer Levy**

Let me make two observations here. One is, same as it ever was, or the old school's new school again, because so many people shifted away from travel agents to the OTAs, the online travel agents. And now that pendulum seems to be going all the way back because the points incentivize them to do so. The savings that they might have been getting in some of these OTAs just aren't worth it anymore. So that's part A. Part B is this generational thing. So one of the things that we're seeing, and I love both of your perspectives, is that this is not to say younger folks are better or worse, they're less loyal to a particular brand than is a more seasoned traveler who's been with the brand forever. And that's maybe true for toothpaste as much as it is for hotels. But do you agree with both, Brian?

**Brian Kelly**

I absolutely, I do think it's tough to get a z-lennial, like a millennial- Gen Z, to pay a premium to stay at a Sheraton over like a cooler, younger brand. Like those, there, I mean, I'm not saying that the Sheraton brand is going to age out, but I don't know the demographics, but I would not think that it's trending, and which is why every hotel brand, they're launching new, younger, hip brands every other day. I can't even keep track of the new lifestyle brands and the party hotels and the, you know, limited service, which is a great business opportunity for hotel chains because luckily they want experiences. They don't really care so much about luxury soaking tubs and expensive pieces of furniture that make the room really expensive. They just want good location, good vibe, free Wi-Fi, not getting dinged over the head with resort fees, etc. The trends are amazing for hospitality in general that like the younger generation is willing to now spend more on experiences than things. That was true for millennials, certainly true for Gen Z. However, having grown up their lives on the internet, they take their recommendations differently than my generation, where you're kind of look to your peers, your colleagues, hey, where do you stay? What hotel? There is a different way of, you know, TikTok, social media, etc., and I think the airlines and hotels have been behind the curve in embracing the influencer world and how consumers view... And I think that's changing dramatically. I know Marriott just had... I went to the Taylor Swift show. They had huge influencer trips to Taylor Swift with Bonvoy. And I think it's now known that the media and the way in which these young consumers are choosing where they go, where they stay, is through their virtual, digital peers and aspirational versus traditional advertising.

**Spencer Levy**

So we only have a few minutes left here. And let's start with you, Rachael, for final thoughts on brand loyalty programs, influence on the business, and where we're going to go over the next five years.

**Rachael Rothman**

Well, firstly, Brian mentioned, of course, the proliferation in the brands. There's been a tremendous amount of consolidation among the big brand families, right, to bring the

loyalty programs together. And over the last 5 or 6 years, we've seen the big brands make a big push into all-inclusive, with a way to have places where people can redeem their points in the total package. Redeem your points for a fixed cost total, everything included, vacation. I'd love to hear what Brian's perspective is on the next big wave, what they're going to move to next to encourage people to spend and earn and burn their points. Because if there isn't something aspirational for them to do with the points, it's hard to encourage people to accrue more. You really, it's not just about the accruing, but it's about the desire or the aspiration for people to actually spend those points.

### **Brian Kelly**

Well, it's interesting. I think the future is in partnership. So just today, Marriott and Starbucks announced a partnership of co-earning. You earn extra when you order Starbucks. It's not quite groundbreaking. You know Delta also has a partnership with Starbucks. Yeah. And I think in general, the hotel industry has an opportunity to enhance the stay while you're there. Today, a lot of hotels will have choose-your-perks. Like it's a laminated card at check in where you can redeem Bonvoy points at a pretty terrible ratio for a massage. It's very 10, 15 years ago model. I think the brands with a digital experience, you need to engage with your consumer before they come. Give them options to customize their stay. Use points. Get connected with amazing local guides. I think the opportunity there is to allow, because there's just so many points being generated every day. And I say this to across the industry, we need more ways to redeem. There's just simply not enough new flights or hotels opening and capacity to allow people to naturally redeem for just a simple hotel stay or a simple flight. So I'd love to see more partnerships with hotel chains and cruises, like partnerships there. You know, Marriott with their Ritz cruises, they kind of have a partnership. But the cruise industry loyalty is so nascent. They all have very basic programs. But cruising is up, but there's still excess capacity. So I could see a real partnership. The airlines have all done it with these alliances, the Star Alliance, One World. Hotels, I guess you could argue each chain is somewhat of their own alliance of different brands. But I think that there's just finding more ways, and I'm just going to end with there has to be value. Consumers, because there are websites like mine, consumers know the value of a point and they know which chains are doing it good and which aren't. And you look at the number of members of the major programs and they kind of correlate to the value. So I would urge all decision makers in loyalty to think of really meaningful and unique ways to use points to enhance your stay. Because right now, so much of loyalty is just the room. The room, five nights stay, four nights. You know, off peak, cash and points for the room. Even using for suites... Actually for ResortPass, I'm friends with the CEO there, like there's so many cabanas and empty inventory that you could be kind of cross-selling. So I think more integrated cross-selling of loyalty and partnerships is the way to go.

### **Spencer Levy**

And on behalf of The Weekly Take, I want to thank first and foremost my friend, colleague, and fellow Cornell alum. I had to throw that in there, Rachael. Rachael Rothman, Head of Hotels Research for CBRE. Rachael, thanks so much for coming out.

### **Rachael Rothman**

Thank you, Spencer. What an honor.

### **Spencer Levy**

And then Brian Kelly, the founder of The Points Guy, who is also known as The Points Guy, or TPG, to members of his family. Brian, great job.

**Brian Kelly**

Thanks for having me. Safe travels everyone.

**Spencer Levy**

Well, we don't have an official listener loyalty program here on The Weekly Take – how's that for a marketing idea, team? – but rest assured, we value and appreciate your tuning in. Each week you can find more about the show, including related content on our homepage, [CBRE.com/TheWeeklyTake](https://CBRE.com/TheWeeklyTake). You'll also find ways to subscribe or follow us there, and on all major podcast platforms. We hope you'll send us your feedback and look for our posts and follow us on LinkedIn, too. And if you want to find Rachael's article on the loyalty game, look for it at [CBRE.com/Insights](https://CBRE.com/Insights). And speaking of loyalty and longevity, we'll be back next week with a very special episode that features three CBRE giants who are retiring after long, distinguished careers. I'm proud to hand them a mic to talk about the business, to reflect, and offer perspectives on life and work in the world of commercial real estate. We really look forward to that episode, and our slate also features other upcoming conversations with global insights, including our mid-year outlook. Thanks for joining us. I'm Spencer Levy. Be smart. Be safe. Be well.