



A Riff on Bosworth

BY MICHAEL SHINDLER, PRESIDENT

I have always believed that the legacy point systems -- airlines and the major hotel companies (e.g., Marriott, Starwood, Hilton, Hyatt, IHG, etc.) -- ended up being locked in to points/redemption programs that are increasingly expensive to maintain and frequently change to make redemption more dear to the user. Patrick Bosworth's [comments](#) do not even begin to address the pain or cost of brands' creating and attempting to build loyalty programs at this late date.

The next new loyalty program in the hotel space, especially if the brand is reasonably well-established, should be a well-tracked recognition program, with awards made on the spot or earned after appropriate stays. The old Kimpton program, offering free Wifi and a \$10 coupon for the mini-bar was actually a quite acceptable "recognition" program (and it probably cost all of about \$150 to implement and manage); add to this some ability to track stays, and a member could get a complimentary upgrade or room night for so many stays. This would have minimal cost, once the software was developed (and, don't get me wrong, it needs those development dollars), and, particularly, owners would not be charged 4% to 5% of each member's portfolio spend. Have any of the legacy points programs published the amount of cash in their loyalty programs (to pay for the redemptions) or the liability they carry for these (if the cash accounts are under water)?

In a cross-brand environment (one brand, several non-hotel platforms) where I was involved, the hotel piece of the loyalty program's creation was the tail on the dog. The points program was challenging to quantify and, in the hotel space, was hardly competitive. I cannot say how it is doing today, nor would, I suspect, my former colleagues, but it was not well-conceived for the hotels, the hotels' owners or, even, the hotels' guests. And, to be clear, I made this known within the executive councils when it was discussed.

There simply needs to be a better way than trying to compete with the legacy programs to grab a handhold in this environment. Good luck to the brave soul who tackles this challenge.