

Brouhaha about Bonvoy®
The Growing Scrutiny of Hotel Loyalty Program Economics

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The recent debate surrounding Marriott Bonvoy® highlights a broader issue that has been building in our industry for years, namely the growing complexity of loyalty program economics and the balance of interest between hotel owners and brand companies.

This debate intensified following a March 20, 2026, letter sent by a self-described **“Concerned Ownership Group”** to Anthony Capuano, President and CEO, David Marriott, Chairman of the Board, of Marriott International, and the company's Board of Directors. While the letter initially attracted little public attention, discussion accelerated after a June 16 *Wall Street Journal* article brought the issue into the spotlight. The Group consists of 51 signatories who state that they own collectively 990 Marriott-branded hotels comprising 182,000 hotel rooms.

At its core, the discussion is not simply about Marriott or Bonvoy®. Rather, it raises larger questions about transparency, reimbursement structures, credit card partnerships, and the allocation of value created by modern loyalty programs.

The purpose of this article is not to summarize the Concerned Ownership Group’s (the “Group”) letter in detail. However, the issues raised reflect concerns that many owners have expressed over time regarding loyalty programs and their evolving economics.

The Group appears to have been prompted, at least in part, by Marriott’s recent announcement that royalty income derived from its co-branded credit card relationships is expected to approach \$1 billion in 2026, representing a 35% increase over 2025 revenues. The Group states that rising operating costs are reducing profit margins in hotel operations, that Marriott provides insufficient transparency regarding the costs of operating, maintaining and fulfilling reimbursement obligations of the Bonvoy® program, and that reimbursement levels do not adequately reflect the growing volume of point redemptions from credit card users who may not be regular Marriott hotel guests or, even, hotel consumers.

The letter further states that hotel owners should receive some share of the royalty income Marriott receives or increased reimbursements for redemptions. The Group notes that revenues from OTAs pay far more than standard redemption rates on a per room basis. The “standard redemption” rate is distinguished from the various loyalty programs’ higher reimbursement rates when hotel occupancy (excluding redemptions) exceeds a certain threshold; most programs pay something closer to achieved average daily rate at these higher occupancy thresholds.

One noteworthy aspect is the timing of this situation. The letter was sent by the Group in March but was not made public until June. Whether substantive discussions occurred between the parties during that period has not been publicly disclosed, and Marriott did not deem this a “significant event” for reporting purposes, as it did not file an 8K regarding this letter.

While Marriott has become the center of the current debate, similar questions and concerns could emerge across the entire industry. Many hotel companies operate loyalty programs supported by co-branded credit card partnerships, and owners may be evaluating similar issues of transparency, reimbursement structures, and economic participation with those brands as well.

The dialogue between owners and brands regarding the terms and operations of loyalty programs and their impacts on the owner-brand relationship are not new. For years, owners have raised questions about program costs, redemption reimbursements, and the benefits generated by brand-sponsored loyalty initiatives. What appears different in this instance is the coordinated nature of the communication and the public attention it has received.

The Group’s letter cites a variety of benefits and amenities hotels provide to Bonvoy® program members and notes that according to the letter, more than 60% of Bonvoy points are earned through co-branded credit card spending rather than hotel stays. The Group argues that the cost of redeeming those points is borne solely by the hotel owner, who provides the room, bears the operating cost, and absorbs the revenue shortfall between the discounted reimbursement rate and the rate a paying guest would have generated.

The letter also raises the issue of potential conflicts of interest due to Marriott’s royalty stream from credit card issuers. At the same time, owners are responsible for fees charged to the hotels payable to those same issuers. The Group also seeks greater transparency from Marriott into the financial performance of a program that hotel owners help fund and are contractually required to support.

The concerns raised extend well beyond reimbursement rates alone. The letter references franchise disclosure documents, transparency obligations, and standards of good-faith and fair dealing; these are items with legal undertones. The discussion touches not only on operational matters but on the broader questions of governance, disclosure, and the evolving relationship between brands and their ownership partners.

Neither the Group nor Marriott appears to have initially sought to have a public discussion. However, once the letter went public, the discussion quickly evolved from a private dispute into a broader industry conversation about loyalty program economics and owner participation.

Regardless of how Marriott ultimately responds, the issues raised in the letter may influence future discussions between owners and brands. Several potential industry outcomes could emerge:

- Increased transparency from more fulsome financial disclosure of the economics of the Bonvoy® program
- Increased reimbursement rates for standard redemptions (perhaps funded by the request for – and in lieu of – participation in the royalty charged to the credit card companies)
- Additional scrutiny of merchant fees, payment processing costs, and operational restrictions associated with co-branded credit card programs and support for modifications, likely on a tiered basis
- Owner input into future changes, rather than unilateral announcements

It is also possible, perhaps, that the other hotel brands are doing their own deep dives into their programs, assessing their own disclosures, financial reporting, reimbursement rates, credit card costs and restrictions and inputs.

Whether this debate results in changes or creates more dialogue between owners and brands, it informs the importance of loyalty economics to the owner-brand relationship. Marriott is a leader in this arena, and, frequently, when Marriott leads, others follow.

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About the Author

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