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## The Best and Worst Hotels for Cashing in Rewards Points for 2017

By Scott McCartney

*This article is based upon a report issued by IdeaWorksCompany.*

*Points can't get the rooms they used to with many major chains, including Starwood and InterContinental*

Your airline miles buy less and less. Now hotel points appear headed in the same direction.

A new study shows significant declines in buying power at some major hotel programs, with the number of points needed to book rooms rising even as the dollar cost of a room drops.

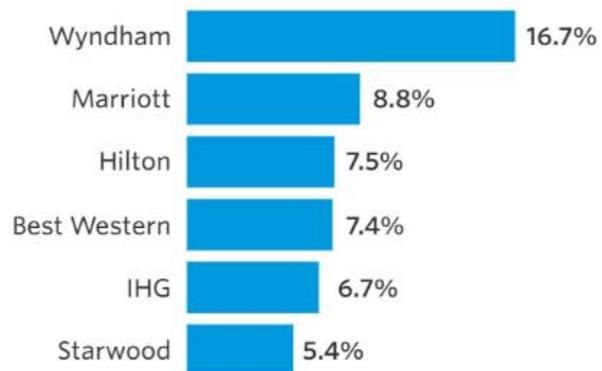
The study calculates the payback you get from staying at major hotel chains by comparing the price you pay in cash for rooms and how many points it takes to book the same room. IdeaWorks, a consulting firm, conducted 1,350 reward queries at six big hotel companies (none of them clients). Travel technology company CarTrawler sponsored the study.

The results showed a wide range: At Wyndham, which has a flat cost of 15,000 points for any room—even at its most expensive resorts or Manhattan hotels—the value returned for every dollar spent was nearly 17 cents. That's a heck of a rebate. At the other end, members of the Starwood Preferred Guest program got only 5.4 cents.



### Payback Is Rich

Here are the payback rates for six major hotel company loyalty programs:



Source: IdeaWorksCompany Inc.

Travelers typically give more thought to airline frequent-flier programs, but hotel loyalty programs can be more rewarding. Consumers switch hotel brands all the time based on price, location, ratings, conferences and other factors and have lots of new choices through sharing services like Airbnb. At the same time, consolidation has given big hoteliers as many as 30 brands under one corporate umbrella. Loyalty programs tie them together, so hotels have historically plumped up benefits to create consumer allegiance.

The IdeaWorks study found that the average low price two years ago for a flexible room rate in 10 specific cities on 15 dates at top Starwood brands was \$337, or 11,450 points. This year the same survey, conducted in August, found a lower average cash price, but higher average price in points for the same reservation queries. The changes meant a SPG point's buying power was 21% lower.

The study found the same pattern at InterContinental Hotels Group—it took more points to book rooms that were priced lower than two years ago. The buying power of a point was 23% lower than in 2015. IHG includes InterContinental, Crowne Plaza, Holiday Inn, Kimpton, Staybridge Suites and other brands.

Hilton and Marriott showed a more consistent relationship between points and cash. When the dollar cost of a room fell, so did the number of points needed. But the points required didn't decline as much as the price, so buying power diminished. Hilton's eroded 13% since 2015 and Marriott about 9%.

Hotel executives say they have made loyalty programs more generous in areas beyond free rooms and haven't diminished the total value. Frequent travelers who earn elite status are lavished with perks like room upgrades, free breakfasts and the chance to cash in miles for once-in-a-lifetime experiences, as well as points bonuses.

Credit-card tie-ins can also deliver generous hotel benefits. While payback for earning miles by staying at Starwood hotels was low compared with others, payback for points earned with spending on the Starwood American Express card was higher than other hotel cards in the study.

Marriott, which has acquired Starwood but won't fully merge the loyalty programs until late next year, says both programs consistently win industry awards. As Marriott continues to link benefits between SPG and Marriott Rewards, such as the ability to earn and redeem points at a combined total of 6,200 hotels, value is improving, not declining, says David Flueck, Marriott's senior vice president for loyalty.

"We certainly haven't devalued our program," he says.

IHG says research shows members want additional benefits beyond point redemption, and the IHG Rewards Club is evolving.

Hilton points to higher redemption rates, indicating members think they are getting good value. The number of new members redeeming points for the first time is up 70% this year compared with 2016, and the number of awards redeemed is up 30% year-over-year, says Mark Weinstein, Hilton's head of loyalty and partnerships.

Hilton launched a new room-pricing system in February for awards that makes real-time adjustments to prices, he says. If room rates go down, the price in points can flex down, too.

The IdeaWorks study looks only at the most basic way to evaluate rewards: how many points you'd earn staying in a room and how much the same room would cost to book with points. That's important to travelers, and offers an uncluttered way to compare the value of different programs. It doesn't factor in top-tier loyalty bonuses, which can dramatically boost value for frequent travelers.

Jay Sorensen, president of IdeaWorks, which specializes in loyalty programs, says, "I was surprised at how often the award price has little relationship with the room rate."

A search for hotels in New York City on Feb. 15, for example, had a Starwood offering a room at the Westin New York Grand Central at \$231. The same room on the same date was priced at 25,000 points. Based on Starwood's standard accrual rate of two points per dollar spent, you'd have to stay at that hotel at that rate for 54 nights before you'd earn a free night.

But the top-ranked Wyndham program offered generous payback at the New Yorker hotel in New York City. A booking for Oct. 14 showed a rate of \$610, but a room the same night was available at 15,000 points. Wyndham gives out 10 points per dollar spent, so you'd have a free room after just three nights.

Wyndham, a chain of mostly budget and midscale hotels with a collection of four-star and five-star properties, set out in 2015 to attract more business travelers by offering generous loyalty returns.

Barry Goldstein, Wyndham's chief marketing officer, says the strategy is working. Redemptions are up 40% this year and the number of people in the program has grown 10%, to 52 million. The company recently took the unusual step of adding its vacation-home-rental program into the rewards pool, letting members book homes at 15,000 points a bedroom a night.

The payback test also allows apples-to-apples comparisons between hotel and airline programs. Airlines earlier this year showed payback rates of 3.9% to 11.4%—for every dollar you spend with the airline, you get back about 4 cents to 11 cents worth of free flights. Hotel programs ranged between about 5 cents back for every dollar spent to Wyndham's generous 17 cents.