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

By Scott McCartney

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

*Wyndham scores an upset while Starwood and Marriott retool following their merger; a better value than airline miles*

Here's something different: A simple-to-use loyalty program with huge rewards.

The top performer in a new comparison of hotel loyalty program payback is Wyndham Hotel Group, which revamped its Wyndham Rewards loyalty program 18 months ago to make it a lot more beneficial to travelers. Consulting firm IdeaWorks, which specializes in loyalty programs, compared earning and burning points at six different hotel chains and found average payback at Wyndham is nearly 14%. For every \$100 you spend at Wyndham, Ramada, Days Inn, Wingate and other hotels, you can get back \$13.60 worth of stays on points.

The lowest payback: Starwood Preferred Guest, where stays at Sheraton, Westin, Four Points and other brands earned back only 5.6% of value in rewards. Yet as Starwood heads into its merger with Marriott, SPG is prized by some travelers for its luxury properties, generous credit-card benefits and elite-level bonuses.

Wyndham, with more than 7,800 mostly budget and midscale hotels and a collection of four-star and five-star properties including some beach resorts, changed its program in 2015 to price every award room the same: 15,000 points. There are no capacity controls or blackout dates and you earn 10 points for every dollar spent, so points accumulate quickly. You can earn a free night at the New Yorker hotel in Midtown Manhattan after only a three-night stay on a \$500 rate.

"You combine a very low award price and rooms at luxury properties that are always available and it's stunningly amazing," says Jay Sorensen, president of Shorewood, Wis.-based IdeaWorks.

Wyndham says redemptions are up 90% since before the change and seven million people have joined the program since the 2015 relaunch, a 17% increase to 47.5 million members.

Many Wyndham members used to cash in points for gift cards and gas cards. But now they're booking the company's most expensive properties in Orlando, Fla., New York, Chicago, Dubai and elsewhere, says Noah Brodsky, senior vice president for loyalty and engagement at Wyndham Hotel Group.

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## Payback Can Be Sweet

Hotel loyalty programs offer better value than airlines, but how much you get back varies significantly by chain

**Wyndham Rewards**  
**13.6%**

Wyndham, Ramada, Travelodge, Super 8, Wingate, Microtel, Hawthorn

**Marriott Rewards**  
**9.0%**

Marriott, Courtyard, Renaissance, SpringHill Suites, Fairfield Inn, Gaylord

**Choice Privileges**  
**8.5%**

Comfort Inn, Quality Inn, Clarion, Econo Lodge, Rodeway Inn

**Hilton HHonors**  
**7.7%**

Hilton, DoubleTree, Embassy Suites, Hampton, Waldorf Astoria, Homewood Suites

**IHG Rewards**  
**7.4%**

InterContinental, Holiday Inn, Crowne Plaza, Candlewood Suites, Hotel Indigo

**Starwood SPG**  
**5.6%**

Sheraton, Westin, Four Points, W Hotels, St. Regis, The Luxury Collection, Le Méridien, Aloft

NOTE: Survey is based on 1,305 queries conducted in August comparing room prices in cash and in points, plus how many points would be earned by nonelite program members.

Source: IdeaWorks

“We’ve made a commitment that we are going to provide an incredibly generous loyalty program. We believe, and the numbers are proving, that by having the best loyalty offering out there we will win people’s business,” Mr. Brodsky says.

The company says it made the change after research showed consumers felt loyalty programs had gotten way too complicated and had been devalued by lack of airline seats. They were also turned off by higher requirements to redeem their points or miles.

In addition, the loyalty market has grown saturated: Buy a pair of shoes or a sandwich and you’ll get asked to join the store’s loyalty program. Research shows that on average, U.S. consumers are members of more than two dozen loyalty programs but are active in only seven. “We stopped and said we’ve got to be one of those seven,” Mr. Brodsky says.

The generosity is expensive: Wyndham says it is investing \$100 million in the loyalty program, most of which is going to hotel owners to buy rooms for free stays. Since most hotels are franchised under a brand name but owned separately, hotel owners pay the chain a small percentage of room revenue to cover points given out, and then hotels that provide free rooms when points are redeemed get paid by the chain. In Wyndham’s case, the chain is subsidizing the cost of the free rooms for hotel owners.

Mr. Brodsky says the net effect of the program has been positive for the chain because of increased room stays, and the generous returns aren’t just a temporary promotion but a permanent shift in strategy.

The IdeaWorks survey, which didn’t include Wyndham last year, found the value of hotel points has declined among the four chains

studied both years—Starwood, IHG, Hilton and Marriott. The main reason was that average room rates were lower this year than the year before, but the number of points required for a room hadn’t changed much.

Hotels are still generally more generous than airlines. In a separate May study, IdeaWorks calculated the value you get back from major U.S. airlines ranging from 3.1% to 7.9% per dollar spent on for coach seats. (Premium cabin redemptions and elite status can raise that substantially.)

By comparison, hotel programs return 5.6% to 13.6% of spending—a strong bonus for consumers. Airlines “have a strong financial incentive to be stingy on rewards,” says Mr. Sorensen of IdeaWorks.

Another difference: availability. “So often with airlines, especially at the 25,000-mile domestic award level, there aren’t any seats available. Hotel programs almost always have availability,” Mr. Sorensen says. In the queries looking for rooms, the survey found free rooms with points were available in every query made at Choice, Hilton and Wyndham. Marriott had no award rooms available on 2.7% of queries made, IHG 4% and Starwood 6.2%.

Marriott closed its merger with Starwood in September and announced the first step in merging the two giant loyalty programs. Members of Starwood Preferred Guest and Marriott Rewards can link their accounts together. The highest status level a member has in one will be honored in the other while the two continue to operate as separate programs until 2018. You can transfer points between the programs: One Starpoint point equals three Rewards points.

David Flueck, head of SPG, says that the program offers many luxury opportunities to redeem and strong points-earning relative to redemption prices for SPG co-branded credit card holders and for elite-level members. Marriott’s program scores better in the IdeaWorks research because it offers rich rewards for average members without status, executives from both programs say.

“It depends on how you earn points and how you use points,” Mr. Flueck says. Marriott wants to combine the best of both programs in the new program resulting from the merger, says Thom Kozik, Marriott’s vice president of loyalty.

IdeaWorks made 225 queries per loyalty program, requesting rooms in cash and in points on 15 dates from August to February in major cities around the world where the chains have hotels in their top three brands. Only 180 queries were made at Choice Hotels because that chain doesn’t make rooms available for awards more than 100 days before arrival, so February dates weren’t open yet when queries were made in August.

Room prices were compared with the price in points to book the same room the same night. IdeaWorks also factored in how many points a nonelite member of the loyalty program would earn when paying in cash—for some programs two points per dollar spent on rooms, up to Hilton’s 15 points per dollar spent.

Elite status wasn’t factored in, but it can increase value for members with bonus points, room upgrades, lounge access and other perks. Points earned by credit card spending also weren’t included.