



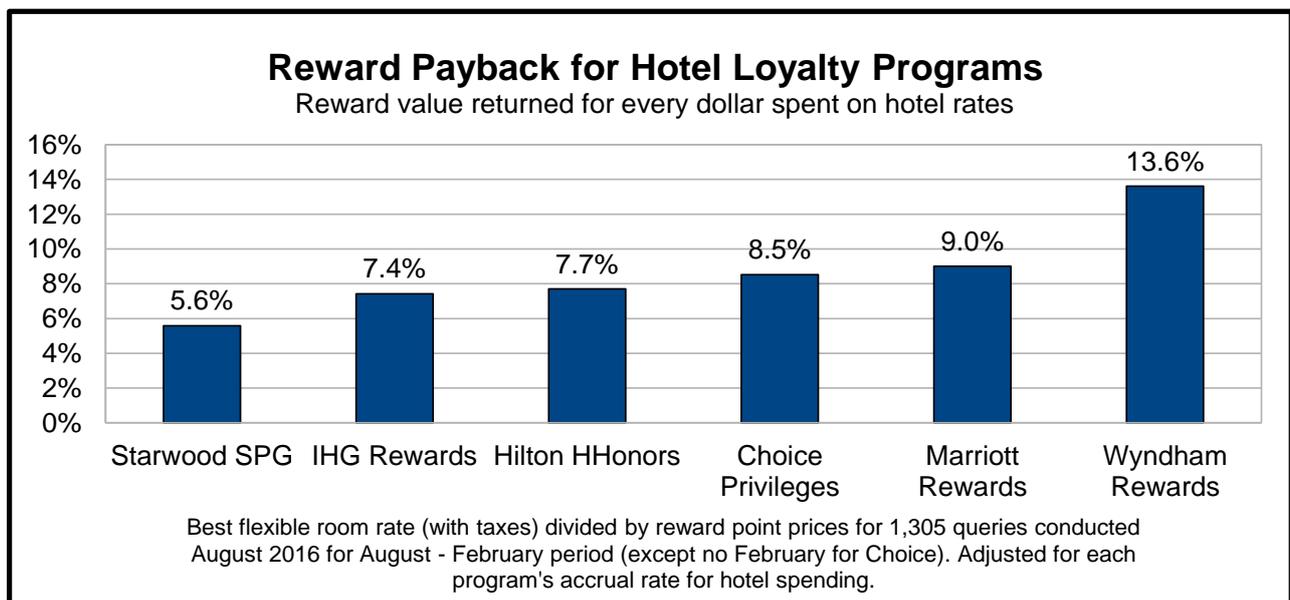
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### Wyndham Rewards Offers Best Payback Among Leading Hotel Loyalty Programs

*IdeaWorksCompany releases results from the second annual Switchfly Hotel Reward Payback Survey, which now includes 6 global programs.*

October 5, 2016, Shorewood, Wisconsin - - Wyndham Rewards returns an average of 13.6% from room night spending as reward stay value in the second annual **Switchfly Hotel Reward Payback Survey**. That's a 143% higher return than the reward value provided by Starwood SPG, which was ranked last among the six hotel loyalty programs at 5.6% for reward payback.

During August 2016, IdeaWorksCompany conducted 1,305 reward queries for key hotel brands in six global frequent guest programs: Choice Privileges, Hilton HHonors, IHG Rewards, Marriott Rewards, Starwood SPG, and Wyndham Rewards. For each query, the lowest reward price in points was recorded along with the corresponding room price in US dollars. The value provided by points was adjusted to consider the different rates of point accrual for the programs. The result provides an average "reward payback" for each program as shown in the graph below. For example, the 9% rate for Marriott Rewards represents average reward value payback of \$9.00 for every \$100 spent on hotel room rates. By comparison, IdeaWorksCompany calculated that reward payback for major US airlines ranges from 3.1% to 7.9% (see *May 11, 2016 IdeaWorksCompany press release*).



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"Travel companies must remember that even if their rewards members are not doing the complicated math necessary to know the exact value of a rewards program, they do know when a rewards program is providing value -- and when it isn't," said Daniel Farrar, CEO of Switchfly. "Across programs, elite members are reaping the greatest benefits, but those customers who aren't elite members can still maximize their loyalty game by stacking rewards. For example, they can use a rewards credit card to book a flight through a third-party website that offers rewards on an airline where they earn frequent-flier miles. That's an easy way for everyone to maximize the value of their rewards payback every time they book travel."

### All points are not created equal

Dividing the room price (including local taxes) by the number of points per query provides a simple valuation of the point currency used by individual programs (see below table). Think of it as *the room value that can be purchased with a reward point*. However, points are naturally unequal in value because of differing rates of accrual. For example, the Hilton HHonors usual accrual rate is 15 HHonors Points per dollar spent at a hotel, while Sheraton SPG provides 2 Starpoints per dollar spent at a hotel. Knowing the value of reward points is helpful for members who wish to assess the value of their account balances.

Simple Value of Reward Points by Hotel Loyalty Program					
Best flexible room rate (with taxes) divided by reward point prices					
Hilton HHonors	IHG Rewards	Choice Privileges	Marriott Rewards	Wyndham Rewards	Starwood SPG
\$0.005	\$0.007	\$0.009	\$0.009	\$0.014	\$0.025
1,305 queries conducted August 2016 for August – February period; except no February for Choice Privileges. Does not reflect accrual rates which vary by program.					

However, raw point values don't allow consumers to compare hotel reward benefits across different loyalty programs — points are only as good as the room rewards they bring. So IdeaWorksCompany uses "reward payback" as a simple benchmark to measure how these programs deliver their primary benefit to everyday travelers. Think of this as *the reward value returned for hotel expenditures*.

The survey used 225 queries per hotel loyalty program distributed among a chain's three leading brands. For Wyndham Rewards, this comprised Days Inn, Ramada, and Wyndham Hotels & Resorts (including Wyndham Grand). Queries for each program were performed for the same 15 dates (ranging from August 2016 through February 2017) and a list of US and global destinations. This included New York City, San Francisco, London, and Beijing. Queries outside the US relied on a chain's signature brand, such as Sheraton Hotels for SPG or Ramada for Wyndham Rewards. Fewer queries were performed for Choice Privileges (a total of 180) because the program limits reward availability to a 100-day window, which means February 2017 was not displayed at its booking website when the queries were performed in August 2016.

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As with airline frequent flyer programs, the majority of hotel loyalty members do not hold the program's co-branded credit card and don't have elite status. For these members, the reward payback method provides a good measure of reward value. Members that have elite status and use a program's co-branded credit card to pay room charges benefit from a large matrix of bonus point possibilities. These members might consider doing their own calculations based upon the simple value of reward points presented in the table above. The value provided by reward nights is traditionally the most important attribute for many members; the results presented here don't attempt to assess all the benefits provided by hotel loyalty programs.

### Reward payback extremes were found to range from 2.0% to 39.1%

The best reward payback occurs when room rates are high and reward point levels are low. Of course, the opposite condition yields low reward payback. The 1,305 queries were ranked from low to high to determine extreme values among the cities, dates, and hotel properties queried. The reward payback statistics listed in the table below assume members limit their paid stays and reward redemptions to the same hotel.

Imagine a hotel that provides a 39.1% reward payback on paid stays. That's the reward payback associated with a December 2016 stay at the Wyndham New Yorker. Booking a room for 10 December 2016 cost \$587 or an incredibly modest reward night price of 15,000 points. That combination, and the Wyndham Rewards base accrual rate of 10 points per dollar spent, delivers a very generous reward payback. The following are some examples from the highest and lowest reward payback rates found in the survey:

Best Reward Payback for each Hotel Loyalty Program					
Program	Room Night	Hotel Property	Reward Points	Room Rate	Reward Payback
Choice Privileges	6-Oct-16	New York Quality Inn Convention Center	25,000	\$396	15.8%
Hilton HHonors	12-Sep-16	Hilton Chicago	50,000	\$523	15.7%
IHG Rewards	17-Oct-16	Chicago Holiday Inn Express Magnificent Mile	35,000	\$634	18.1%
Marriott Rewards	11-Aug-16	London Marriott Hotel Park Lane	45,000	\$822	18.3%
Starwood SPG	12-Sep-16	Four Points by Sheraton O'Hare Airport	4,000	\$265	13.3%
Wyndham Rewards	10-Dec-16	NYC - The New Yorker	15,000	\$587	39.1%
Lowest Reward Payback for each Hotel Loyalty Program					
Choice Privileges	11-Aug-16	Comfort Inn and Suites Burwood/Sydney	30,000	\$100	3.3%
Hilton HHonors	22-Oct-16	Hilton London Metropole	111,047	\$210	2.8%
IHG Rewards	9-Feb-17	Holiday Inn New York Midtown 57th	40,000	\$117	2.9%
Marriott Rewards	10-Dec-16	Courtyard Chicago Downtown/River North	35,000	\$133	3.8%
Starwood SPG	18-Feb-17	Westin New York Grand Central	25,000	\$253	2.0%
Wyndham Rewards	1-Dec-16	Beijing Ramada Parkside	15,000	\$71	4.7%
<p><i>Best flexible room rate (with taxes) divided by reward point prices for 1,305 queries conducted August 2016 for August through February period; except no February for Choice Privileges. Adjusted for each program's accrual rate for hotel spending.</i></p>					

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Low reward payback can be associated with hotel properties which are typically high-priced in terms of reward point prices and room rates. When these locations deeply discount their cash room rate – and don't reduce the reward point level – the result is an unusually low reward payback. That's what happened when the Holiday Inn New York Midtown 57th dropped its weekday room price to \$117 while maintaining its 40,000 reward night point price.

### **Two very distinct reward programs were added this year**

Choice Privileges and Wyndham Rewards are global programs with a significant presence in the economy end of the market with brands such as Days Inn (Wyndham), Econo Lodge (Choice), Rodeway Inn (Choice), and Super 8 (Wyndham). Hilton HHonors, IHG Rewards, Marriott Rewards, and Starwood SPG offer a significant network of upscale and luxury locations. But clearly Choice Privileges and Wyndham Rewards offer world class value with their placement at the top end of the reward payback ranking.

Consumers should be careful when choosing a program. Choice has a very unusual and highly restrictive approach for availability and booking. General members can only book rewards 30 days in advance, or 60 days for hotels outside the US and Canada. Elite status provides a larger booking window up to 100 days in advance. And while Wyndham Grand was found to offer exceptional reward payback, the brand's global footprint is limited to 30+ hotels in eight countries.

Reward payback represents just one method of comparing hotel loyalty programs. But for those consumers intent on maximizing the return on a dollar, euro, or peso spent on overnight accommodations, the results can be very dramatic. Very few everyday choices in life yield paybacks that can range from 2 to 39 percent.

Key findings are summarized in an infographic available at the press release section of the [IdeaWorksCompany.com](http://IdeaWorksCompany.com) website.

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**Notes regarding reward query methodology:** Booking queries for a party of two travelers (one night stay) were made at hotel loyalty program websites during August 2016. 15 specific dates were selected for queries for Mondays (5 dates), Thursdays (5 dates), and Saturdays (5 dates) from August 2016 through February 2017. Fewer queries were made for Choice Privileges (12 specific dates from August through January). Hotel properties from three major brands (based upon global room count) for each hotel loyalty program were selected for the survey. US destinations in the survey: Chicago, Los Angeles, New York City, and San Francisco. International destinations in the survey varied by brand and consisted of: Beijing, Dubai, London, Paris, and Sydney. The lowest point level and the associated refundable room rate were recorded for each query (these included rates which require program membership).

The survey is based upon non-elite members accruing and redeeming points. Bonus points related to elite status and co-branded credit card use were not included in the calculations. In addition, some programs provide a free 5<sup>th</sup> night when 4 reward nights are booked. All of these would increase reward payback for a hotel guest program above the levels listed in the survey. Sometimes hotels were completely sold out, or rooms were not available for reward night stays. These queries were not included in the results. Choice Privileges 0% (rewards always available), Hilton HHonors 0% (rewards always available), IHG Rewards (4% not available), Marriott Rewards (2.7% not available), Starwood (6.2% not available), and Wyndham 0% (rewards always available).

Note regarding US airline reward payback: Reward payback for premium cabin fares and elite-status members will be higher.

**About Switchfly:** Switchfly is a travel-commerce and loyalty platform that enables enterprises to rapidly deploy state-of-the-art online travel services to their customers and then to optimize and personalize those services for profitable revenue growth. Leading airlines, hotels, financial service providers and even retailers depend on Switchfly's B2B2C SaaS platform to power their omnichannel travel and loyalty experiences because it uniquely combines a highly scalable and secure SaaS architecture with deep product and content inventory. Powerful analytics and real-time decision engines allow them to foster contextually-rich customer engagement, even as they benefit from Switchfly's continuously evolving SaaS platform. Founded in 2003 and headquartered in San Francisco, Switchfly generates more than \$1.25 billion USD in revenue for its clients annually and facilitates the redemption of more than 35 billion reward points and miles each year. The company's global client roster includes American Airlines, Emirates, JetBlue and LAN Airlines; IAG Avios, Lufthansa Miles & More and United MileagePlus; InterContinental Hotels Group and Starwood Hotels; and Expedia, Orbitz, Priceline and Groupon. For more information, visit [www.switchfly.com](http://www.switchfly.com).

**About IdeaWorksCompany.com:** IdeaWorksCompany was founded in 1996 as a consulting organization building brands through innovation in product, partnership and marketing, and building profits through financial improvement and restructuring. Its international client list includes airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorksCompany specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, frequent flier programs, and on-site executive workshops. Learn more at [IdeaWorksCompany.com](http://IdeaWorksCompany.com).

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