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The Move Toward One Rewards Plan for All Your Travel

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IdeaWorksCompany contributed information to this article - - see italics.

Rewards programs are evolving as airlines and hotels explore one-point-fits-all systems.

Traveling in this day and age means accumulating hoards of points and miles, earned and valued at different rates. Spending them means navigating multiple loyalty accounts.

What if there were an easier way: Imagine if one currency could be used across all your travel-loyalty programs—a kind of eurozone for points and miles. Some travel-loyalty executives and analysts see this as the future of frequent-flier programs. “The writing is on the wall for that to happen because there are too many players pursuing the same thing,” said Evert de Boer, managing partner at On Point Loyalty, an advisory firm based in Singapore.

Save for the most loyal of jet-setters who always stick to the same providers, people’s points are often unused for extended stretches of time given how long it takes to accrue enough for a trip. Using one airline’s points to book a flight with a partner carrier is challenging; transferring points between programs is virtually impossible.

A universal system could benefit consumers, proponents say, giving them more control over the rewards they earn and how they use them. It could help open up airlines to new markets, particularly smaller carriers that don’t have the resources to run a frequent-flier program at the same scale as their large competitors. A few early efforts are giving a glimpse of what this future could look like.

Others warn the risk to upending airline loyalty schemes is significant. These programs are major moneymakers for airlines. During the Covid-19 pandemic, airlines used their loyalty programs as collateral for loans they took out to remain afloat during the downturn in travel. As with other efforts to create a single platform—think Spotify for music—participants are often wary of ceding control even if they gain access to a larger market.

“The one thing that airlines see as one of their greatest competitive strengths are their loyalty arrangements with their best customers,” Delta Air Lines Chief Executive Ed Bastian said in a recent interview with The Wall Street Journal. “Anytime you try to democratize that and make it blend into one, you lose the unique advantages, benefits and flexibility that you have with that marketplace.”

It’s hard to overstate the sheer amount of points and miles consumers across the globe are sitting on. Annually, some $300 billion worth of points are issued by airlines and other companies with loyalty programs, according to research de Boer conducted for a book he co-wrote, “Loyalty Programs and the Currency Effect.”

With so many points floating around, airlines have decreased their value. The average cost in points or miles for an economy flight has jumped 36% since 2019, according to an analysis of rewards pricing across six U.S. airlines from aviation consultant IdeaWorks. Only one of those – American Airlines – reduced the cost.

Airlines generally don’t allow their customers to transfer their points to another company’s frequent-flier program. Instead, those that have code-share agreements or are part of the same alliance make a select number of seats on each flight bookable through their partners. For instance, members of the Delta SkyMiles program can use their rewards to book Air France flights through Delta’s platform.

Airline-branded and other travel-oriented credit cards are fueling the accumulation of points. People who earn points by spending with credit cards like Chase Sapphire or American Express Platinum can transfer their points to certain airlines. But that can be a cumbersome process, said Gilbert Ott, director of partnership at Point.me, a website that allows users to research award bookings.

The different valuations across airline loyalty programs force carriers to negotiate with one another constantly, said Richard Kerr, vice president of travel at Bilt Rewards, a financial-services company that provides rewards for rent payments and spending with participating businesses.

Bilt’s goal, Kerr said, is to make the company a one-stop shop for award bookings. When customers pay their rent through Bilt, dine at certain restaurants or shop at participating retailers, such as Walgreens and Lyft, they earn Bilt Points that they can use to book flights and hotels. As of June, Bilt has 16 airlines and six hotel companies as transfer partners, and is hoping to add more.

British Airways parent International Consolidated Airlines Group, or IAG, has worked over the past decade to expand its Avios loyalty program. The program was created in 2011 through the merger of multiple rewards programs, including those of IAG-owned British Airways and Iberia. Other IAG airlines, including Aer Lingus and Vueling, have adopted the program’s currency, which is also known as Avios.

“We created Avios as a unifying currency to connect multiple airline programs while still allowing each to serve its unique customer base,” said Veronica Vicars, chief growth officer at IAG Loyalty.

Qatar Airways, IAG’s largest shareholder, switched to the currency in 2022. More recently, Finland flag carrier Finnair and Scottish regional airline Loganair became the first airlines not directly affiliated with IAG to adopt Avios—Finnair in March 2024 and Loganair in January.

Each airline in Avios sets its own rules on how frequent fliers earn and spend points. Some carriers reward Avios points based on the fare class of the ticket purchased and the distance flown. Others determine the number of points earned from the ticket’s cost. The individual programs choose their own rates for how much flights cost using Avios.

Unlike other airlines where you generally can’t transfer rewards from one program to another, Avios can be exchanged at a one-to-one ratio. So one British Airways Avios is equivalent to one Finnair Avios, and vice versa. That allows customers to “shift their loyalty points to wherever they see the greatest value,” Vicars said.

On one airline, a traveler may get more value from spending Avios points on a long-haul flight, while with another it could make more sense to use the rewards to upgrade their seat.

For a smaller carrier like Finnair, Avios gives members more options for using their rewards. Rather than being restricted to Finnair’s flights, its frequent fliers can move their Avios points to a bigger carrier like British Airways with relative ease.

“The only way really to scale was to join a bigger currency,” said Simon Large, the airline’s chief customer officer. Finnair and IAG are both part of the Oneworld alliance, one of the three major multi-airline partnerships—along with SkyTeam and Star Alliance—that facilitates marketing and code-sharing of flights across the member carriers. That made Avios a natural fit, Large said.

For Loganair, the hope is adopting Avios will make travelers outside the U.K. more aware of Loganair’s offerings when planning trips to the British Isles, Loganair CEO Luke Farajallah said.

Adopting a new loyalty currency has drawbacks. Finnair has had to invest in marketing to educate its customers about Avios, Large said. The airline also had to build partnerships with businesses in Finland to expand the number of ways customers could earn Avios points, to make it more attractive.

Rove, a startup that has received backing from venture-capital firms including General Catalyst, Y Combinator and Soma Capital, is positioning itself as a way for Gen Zers who often don't have credit cards to earn rewards they can spend on travel. Members earn Rove Miles from shopping online while using Rove's browser extension, similar to services like Honey or Rakuten. Rove has partnerships with 11 airlines, including Air France-KLM, Aeromexico, Finnair and Qatar Airways.

"We want to make it easy for anyone to just leave the country for the first time," said Max Morganroth, Rove's co-founder. "A universal currency will benefit the airlines—drive more volume to them and fill empty seats—and also help a lot of people travel for the first time who otherwise would never be able to."