

The background of the left half of the page is a lush green waterfall cascading down a rocky cliff. The water is white and frothy as it falls. In the bottom left corner, a person with a backpack is seen from behind, standing on a rock and looking towards the waterfall.

# ***BOOKING, PERSONALIZATION, SUSTAINABILITY, AND PAYMENTS***

A black banner with a red vertical stripe on the left side is positioned below the main title. It contains the subtitle text in white.

## ***THE TIPPING POINT FOR TRAVEL LOYALTY IN 2023***

*Examining opportunities for loyalty providers to meet customer expectations and drive revenue through travel and lifestyle rewards.*





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## METHODOLOGY

iSeatz conducted two surveys in late 2022. The first asked 2,041 consumers from across the United States and from different socio-economic backgrounds about their views on their loyalty rewards programs. The responses were collected online from November 14-16, 2022. The second was a survey of 291 loyalty program managers conducted online from November 18-December 12, 2022. The responses were not weighted.

## ABOUT iSEATZ

Founded in 1999 and based in New Orleans, iSeatz provides digital commerce and loyalty tech solutions that enable travel and lifestyle bookings. Focused on customization and backed by proven deliverability, reliable advanced analytics, and travel lifecycle expertise, iSeatz sets the bar for a superb travel journey from the very first search. Our clients represent the best in travel, hospitality, and financial services, including American Express, Expedia, Air Canada, IHG Hotels & Resorts, and Wyndham Hotels & Resorts. Learn more at [iSeatz.com](https://www.iseatz.com).

# TRAVEL IS BACK — NOW WHAT?

The resurgence of travel dominated headlines in 2022. Record demand coupled with staffing shortages caused bottlenecks at airports worldwide, while canceled flights seriously dampened travelers' vacation plans. Buoyed by inflationary pressures, prices for flights and travel products also skyrocketed. And yet, going into 2023, consumers don't seem deterred; 55% plan to travel more in 2023 than they did in 2022.

What attitudes drive consumers' current appetite for travel, and are those sustainable in a changing economic climate? How can businesses with loyalty and rewards programs capitalize on persistent travel demand while meeting their customers' and members' expectations? And what technological and strategic adjustments should they make to their loyalty initiatives to better engage with customers and maximize their revenue potential?

These are just a few questions our new survey report addresses. Our findings are based on data from two concurrent surveys we conducted in late 2022, one polling over 2,000 American travelers and members of loyalty programs and another of nearly 300 loyalty program professionals. That data reveals the current challenges facing the loyalty industry and the evolving expectations of loyalty professionals and consumers concerning the role travel plays in loyalty and loyalty program performance.

While such wide-ranging data sets will yield nuanced conclusions — including some striking divisions in generational attitudes toward travel and loyalty, and decidedly different approaches to travel rewards across industries — two key takeaways were clear.

## TAKEAWAY #1

First, travel rewards can help companies meet their engagement, revenue, and growth goals. Forty-three percent of consumers we surveyed say saving money on travel is what they value most from their loyalty programs. And yet, of the 291 companies surveyed, **only 32% include travel rewards as part of their earning and redemption options**, representing missed opportunities and, ultimately, unrealized revenue.

## TAKEAWAY #2

Second, and perhaps most importantly, there is a disconnect between what most loyalty programs offer and what their members demand, which limits their potential. One finding illustrates this in stark terms: **63% of industry respondents say their programs are members' first choice when booking travel, but only 51% of consumers report the same.**



**This report identifies four key areas** that companies with travel loyalty programs (and those that want to include travel as part of their loyalty portfolios) should focus on to bridge the mismatch between offering and expectation and benefit from the appeal of travel rewards: the booking experience, sustainability, personalization, and payment technology.



**PERSONALIZATION**



**BOOKING EXPERIENCE**



**SUSTAINABILITY**



**PAYMENT TECHNOLOGY**

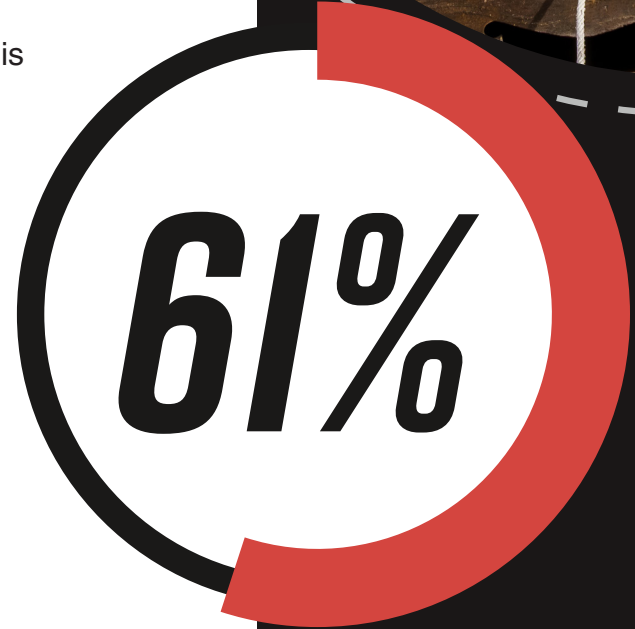


# A STORY OF GROWTH AND UNTAPPED POTENTIAL

How can companies with loyalty programs resolve these disconnects and meet the needs of their members more effectively? Our research suggests that a flexible, user-centric booking platform can help travel loyalty providers close the gap between what consumers expect and what they're currently being offered. For brands that have historically shied away from travel rewards, exploring ways to add this in-demand option to their existing loyalty programs (the right way!) can pay dividends in terms of perceived program value and member engagement.

Consumers have consistently turned to their loyalty programs to get great deals on travel, either through special discounts or points redemption. More than half (61%) of the consumers we surveyed believe their loyalty programs are helping them save money and get more value from their travel experience.

That is great news for loyalty providers that offer travel. However, the message is clear for those that don't:



*believe their loyalty programs are helping them save money and get more value from their travel experience*





## THE TOP GOALS FOR LOYALTY PROVIDERS\* GOING INTO 2023

59%

Increase membership

59%

Boost engagement

40%

Increase customer lifetime value

39%

Increase total spend through the loyalty program

39%

Introduce new rewards and earning and redemption options

\*Includes those with and without travel rewards.  
Respondents could choose more than one answer.

## ROOM TO GROW

Of the 291 loyalty industry professionals we surveyed in late 2022, **just 32% include travel rewards as part of their earning and redemption options.**

Considering consumer demand for travel and their desire for value when booking travel, **companies that don't offer travel rewards are missing out on opportunities** to capture a greater share of wallet and drive customer engagement — goals that are top priorities for the loyalty providers we surveyed.

That's not to say loyalty providers with travel programs can rest on their laurels. For one thing, there's too much competition: many major banks have doubled down on travel rewards by making significant investments in their platforms, indicating that the market has identified value in this loyalty strategy. To stand out in a crowded travel rewards marketplace, **loyalty programs must offer the "right" rewards and provide the right loyalty experience.** In other words, loyalty providers must deliver the types of options, value, and services that match what their customers are looking for.

Increasing membership and boosting engagement — the top two goals for loyalty providers as identified by our survey — are intrinsically interrelated. **Consumers are enticed to join loyalty programs that offer them value, and interact with those programs more frequently to maximize the value they receive.** A program that enjoys a high level of activity among existing members is also likely to be highly sought-after among potential members. Which is why it's critically important for loyalty programs and the professionals that manage and administer them to identify what their customers and members want and deliver on those demands and expectations.



# DECODING THE DISCONNECT

By taking steps to better meet their customers' and members' expectations, loyalty providers can begin to address the significant gap between how their offerings are perceived. Our dual surveys gave us a clear picture of how loyalty providers view their loyalty programs compared to consumers. The most obvious point of disagreement was that 63% of loyalty industry respondents that offer travel booking capabilities said their programs are members' first choice when booking travel. But, only 51% of consumers reported the same. There were other areas where expectations and offerings diverged, too.

Just how wide is this disconnect? And how can loyalty providers most effectively bridge that gulf and become the premier choice for all their members' travel bookings?

## JUST HOW WIDE IS THIS DISCONNECT?

| LOYALTY PROVIDERS   | CONSUMERS  |
|---|--|
| <b>63%</b> 63% think they are their members' first choice when booking travel | <b>51%</b> Only 51% visit their loyalty program website first  |
| <b>20%</b> 20% say user experience is their biggest challenge                 | <b>84%</b> 84% of consumers cited user experience-related issues as the most frustrating part of booking travel within their loyalty program |
| <b>92%</b> 92% say their loyalty program is delivering on their needs         | <b>52%</b> Only 52% of consumers believe their loyalty program is delivering what they value most  |

The following sections detail four areas where travel loyalty programs are under-delivering and describe how loyalty providers can create new growth opportunities by addressing them.



### 1. BOOKING EXPERIENCE



### 2. SUSTAINABILITY



### 3. PERSONALIZATION



### 4. PAYMENT TECHNOLOGY



# BOOKING: THE GOOD, THE BAD, AND THE NOT SO GREAT

Many loyalty programs that include travel rewards allow their members to book a trip directly from their website. And most loyalty providers think their platforms are doing an excellent job at that. In fact, many loyalty providers have a high opinion of their platforms' booking capabilities, with 29% describing them as "state-of-the-art." Many consumers, however, think otherwise, sharing their "pain points" that have the potential to affect engagement.

While many consumers believe that their loyalty programs can help them get more value from their travel experience (61%), they also think they can get more from their existing loyalty programs (**only 52% say their current loyalty programs deliver what they value most**). And many of their frustrations stem from the booking process or the options they can (or can't) find when booking travel.

The generational splits on these consumer pain points are even more striking, with 18-34 year-olds substantially less tolerant of being linked out to another site (39%) or not finding all the options they want in one place (33%). Younger consumers grew up with the internet and have a heightened awareness of poor user experience. **When it comes to bookable travel rewards, they want digital platforms that offer convenience and clarity.** Our data suggests that by introducing specific features and benefits to their loyalty websites and apps, loyalty providers can better attract and engage vital younger members.

Booking travel is a consumer-centric, choice-rich experience, and loyalty programs are only reaching for some of the resources available to optimize that process. Consumers' inability to find and book all the travel options they want is perhaps unsurprising, as **38% of surveyed loyalty program professionals say the ability to incorporate multiple content and inventory sources is where they need the most improvement.**

## LOYALTY PROVIDERS AND THEIR BOOKING PLATFORMS

86%

of loyalty programs that offer travel have booking capabilities

72%

say their platforms are state-of-the-art or in line with other loyalty programs

62%

believe their platforms are highly configurable

## TOP CONSUMER PAIN POINTS

25%

say they can't book all the travel options they want in one place

24%

have a hard time understanding earning and redemption rules

21%

don't like being linked to another site for booking or payment

Moreover, loyalty program professionals seem to be guided by conventional thinking when evaluating the travel booking experience they offer. While 74% of the survey group said they consulted other travel booking sites for inspiration, only 55% looked to major consumer-facing e-commerce websites or apps like Uber or Amazon that their members likely interact with daily. These findings relating to the booking process are significant; sub-optimal travel booking experiences not only present missed revenue opportunities for loyalty programs but also damage the perception of the loyalty program and the broader customer-brand relationship.

**When members can easily find and book the travel options they want within a loyalty program's platform, the program captures more of their travel spend and extends their interaction and engagement with the member.** Customers also appreciate the deeper relationship. Value may be top-of-mind for most loyalty members, but it's not surprising that one in five don't like it when a link-out disrupts their planning process to a separate booking or payment site. The convenience of a connected booking experience is important to them. Ensuring this process is seamless and comprehensive in terms of travel options and products adds value on both sides of the brand-customer equation.

## **/ BOTTOM LINE:**

Loyalty program professionals need a more precise assessment of their travel booking capabilities to embark on a path toward meeting their customers' expectations. Their internal resources may need to be increased to create a booking platform that offers members a wide range of options, a well-connected experience, and advanced features like past-trip rebooking, dynamic recommendations, and customized inventory displays. Finding a technology partner specializing in integrating travel booking into their loyalty program framework is a great place to start bridging the expectation gap.

## WHICH ELEMENTS OF YOUR LOYALTY TECHNOLOGY PLATFORM NEED IMPROVEMENT?

**38%**

Ability to incorporate multiple content and inventory sources

**35%**

Additional features or capabilities not currently offered

**35%**

Point earn and redemption enabled for all products/services

**31%**

Program economics

**30%**

More flexible/configurable UIX

**25%**

Program management



# WHICH FEATURES AND BENEFITS DRIVE ENGAGEMENT?

The booking process is just one aspect of the loyalty program member’s experience. Many other factors impact members’ activity and interactions on loyalty platforms and the programs they belong to.

In this area, value once again dominates consumer attitudes. **Fifty-nine percent of respondents say deeper discounts overall would push them to engage more with their loyalty platforms**, the number one response by far. But a plurality of those surveyed also said that a broader selection of rewards (40%) would increase the amount of time and interaction they have with the loyalty programs they belong to. Significant percentages also cited more exclusive options (31%), more inspiring options (22%), and more non-travel rewards (27%). And yes, a quarter (25%) said a better booking experience would boost their loyalty program engagement.

These findings indicate that consumers want a more extensive menu to choose from when it comes to loyalty rewards and that the loyalty programs they currently belong to aren’t providing it. The traditional approach of offering the “big three” core travel products as rewards — air, hotel, car — doesn’t cut it anymore, especially with younger generations like millennials and Gen Z. They expect to have more lifestyle options that can complement a trip, more everyday options that offer incremental value, or more options that align with their values like sustainability rewards.

## /// BOTTOM LINE:

Discounts will always play a vital role in any loyalty rewards program, especially for high-ticket items like travel. But to maximize engagement, travel loyalty providers must offer inspiring, exclusive, and varied travel options that can be easily booked via a single digital platform. This includes lifestyle rewards and other everyday redemption options that may fall outside the traditional classification of travel rewards.

## WHAT WOULD INCREASE YOUR ENGAGEMENT WITH A LOYALTY PROGRAM?



# POWER IN PERSONALIZATION

Consumers rarely have to look far for a personalized offer. Whether it's a Netflix recommendation based on viewing activity or a suggested destination from Expedia based on browsing history, American consumers are accustomed to content designed just for them. With loyalty programs' deep insight into members' purchasing patterns and profile information, this level of personalization should be readily achievable.

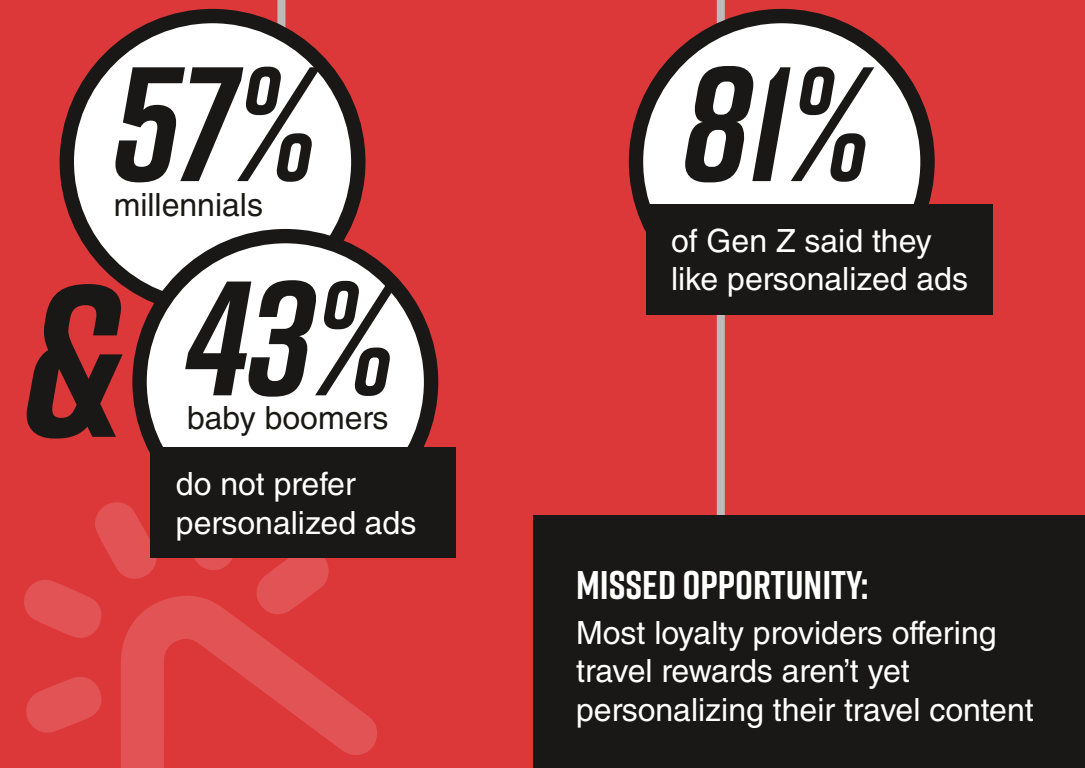
Intelligent booking platforms allow loyalty providers to track a user's behavior across the digital landscape and dynamically tailor their marketing content to an individual's preferences. This is vitally important, especially for younger generations. **According to a study** of over 1,000 Americans by Unsupervised, an AI-powered data analytics platform, 81% of Gen Z said they liked personalized ads, compared to 57% of millennials and 43% of baby boomers.

When it comes to travel rewards, however, only 37% of consumers say they get personalized recommendations via their booking site, while 36% get them through email, indicating that most loyalty providers offering travel rewards aren't yet personalizing their travel content.

Generational affinity for personalized content may actually impact how loyalty members perceive the offers and recommendations they're presented with. For example, baby boomers (24%) were much less likely to report that their loyalty program provided personalized recommendations on the booking site than millennial (45%) or Gen Z (45%) respondents. Boomers were more apt to recognize personalized offers via marketing email (42%). This likely captures a perception bias rather than any disparity in personalization tactics undertaken by loyalty programs based on member age, but it is an interesting finding that should be kept in mind when evaluating or devising personalization strategies for all members.

What's most important to note is that in no segment of consumers did a majority (50% or above) report that their loyalty program presented them with personalized offers. This represents a missed opportunity to engage with members on an individual level, and to put inventory with high conversion potential in front of the right members.

## TAILORED MARKETING CONTENT





# THE IMPACT THIS HAS ON PROVIDERS

Based on our survey, **the most significant challenges reported by loyalty program managers are attracting new members (21%), user experience (20%), and unredeemed points or miles (13%).** While our survey of loyalty managers didn't examine the relationship between these challenges and personalization, we can make certain inferences from the consumer survey around personalization and value, which is the top priority of travel reward consumers.

How and when personalized content is delivered greatly impacts how valuable loyalty programs are perceived. Just over 70% of consumers who said they receive personalized recommendations through their rewards booking site say their current loyalty programs provide them with the value they are looking for. But for those that primarily receive personalized recommendations through marketing emails (as opposed to dynamically on the site itself), that number drops to 48%. **Only 44% of respondents who receive no personalized content say their current loyalty programs provide them with the value they seek.**

## /// BOTTOM LINE:

These numbers clearly show that loyalty programs with travel rewards should invest in their booking platform's ability to tailor content around a user's needs. This can help increase conversions, thereby reducing points liability and creating a more relevant and valuable user experience that encourages engagement and drives growth. By implementing a travel rewards platform with extensive personalization capabilities, dynamic content presentation, and a recommendation engine, loyalty programs can achieve their conversion and engagement goals quickly, driving more revenue and per-member spending.

## WE ASKED CONSUMERS:

**“DO YOUR CURRENT LOYALTY PROGRAMS PROVIDE WHAT YOU VALUE MOST?”**

|  | Yes, they all do | No, none of them do | Some do, some don't |
|--|------------------|---------------------|---------------------|
| Yes, it provides recommendations on the booking site | 72%              | 5%                  | 23%                 |
| Yes, usually through marketing emails                | 48%              | 12%                 | 40%                 |
| No it does not                                       | 44%              | 21%                 | 35%                 |

# FOCUS ON SUSTAINABILITY AND PAYMENTS

While the disconnect between member booking preferences is the most striking finding and personalization efforts show a surprising correlation with a loyalty program's perceived value, it's in the two other areas of focus that opinions diverge greatly: **sustainability and payments**. These are both topics that are growing in importance, particularly among younger generations.

While a slim majority of loyalty professionals surveyed say their programs offer bonuses for booking with sustainable brands and companies, few provide any direct sustainability reward options like bonuses for choosing sustainable providers, carbon offset credits, bonuses for booking EV rentals, or direct contributions to sustainability organizations. Even fewer companies plan to incorporate these options in the future.

Financial technology and payment options are in similar misalignment. While consumers are more interested in **Buy Now, Pay Later (BNPL) tools (31%) and price/fare freezing (27%)**, loyalty programs that offer travel rewards are focused on more convenience-oriented payment methods such as digital wallets (provided by 66% of the companies surveyed) and account-to-account payments (59%).

For companies that want to use their existing travel loyalty programs to grow membership (59%) and boost overall member engagement (59%) in 2023, a more aggressive pivot toward sustainable travel options and a wider array of payment methods would offer a clear path toward achieving those goals.

## CONSUMERS

If a travel loyalty program you belong to offered the following payment options, which would you be most likely to use?

31%

Buy Now, Pay Later

12%

Account-to-account payments

27%

Price/fare freezing

5%

Cryptocurrency acceptance

16%

Digital wallet acceptance

## BUSINESS

Top payment methods offered by loyalty programs

66%

Digital wallets

59%

Account-to-account payments



*Today's travelers, and consumers at large, crave more control over their buying experience. Companies that are in the business of travel or that aspire to provide travel to their customers must deliver on both value and flexibility to meet customer expectations and maximize loyalty. - Kenneth Purcell, Founder and CEO of iSeatz*





# SUSTAINABLE TRAVEL: A RISING OPPORTUNITY FOR TRAVEL LOYALTY PROVIDERS

As travel reward programs look to provide options that better align with what their members want, sustainable travel stands out as particularly ripe for development. Per the United Nations World Tourism Organization, sustainable travel is tourism that “takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment, and host communities.” Climate and the environment are of particular concern, especially for younger generations. Not only are they concerned, but they’re also acting by opting to spend their dollars with organizations that elevate sustainability.

## THE GENERATIONAL DIVIDE IS EXACTLY WHERE YOU THINK IT IS

Our consumer survey found that 36% of millennials and 44% of Gen Z said they would be more likely to book a trip through a loyalty program if the provider contributed a portion of its revenue to sustainability causes or organizations. They would also book more travel if the program had sustainability-related redemption options (28% for millennials and 37% for Gen Z). The importance of these features drops drastically when it comes to the silent generation and baby boomers — 5% and 13%, respectively. These groups are less motivated by sustainability in general. Between the two generations, an average of 46% say it doesn’t impact their decision to book at all, compared to just under 9% of millennials and Gen Z.

While interest in sustainability tapers off with older generations, concern for sustainable travel options remains high with high-tier or high-status loyalty program members, regardless of age. According to recent Phocuswright research commissioned by iSeatz, 30% of high-status members, who tend to travel frequently each year, rate sustainable travel as extremely important when making their travel decisions. And among all loyalty members in our survey, irrespective of membership tier, 44% are more likely to book through a loyalty program if they receive tangible benefits (bonuses or incentives) for booking sustainable options. Broken down by generation, this translates to 54% of Gen Z, 42% of millennials, 47% of Gen X, 36% of baby boomers, and 17% of those in the silent generation.

## TOP 3

### SUSTAINABILITY FEATURES THAT WOULD MAKE CONSUMERS MORE LIKELY TO BOOK A TRIP OR MAKE A PURCHASE THROUGH THEIR LOYALTY PROGRAM:

1.

Bonuses or incentives for booking sustainable options

2.

If the loyalty program contributes a portion of revenue to sustainability causes or organizations

3.

If the loyalty program makes a statement reflecting its commitment to sustainability on the website

When it comes to introducing sustainable travel options, working with sustainable travel suppliers, and rewarding sustainable choices, travel loyalty providers that do the right thing for the planet will also be making the right choice for the health of their organizations. With nearly 45% of Gen Z and millennials in our survey (compared to just 13.5% of those in the silent generation and baby boomers) indicating they plan to travel somewhat more or a lot more in 2023 than in 2022, these two groups are clearly in the driver’s seat when it comes to travel demand.

## PLANNING FOR THE FUTURE BY PROTECTING THE FUTURE

Providers that ignore sustainability, something consumers value, risk being left behind. While the industry is making strides, less than half of businesses surveyed currently offer bonuses or incentives for booking sustainable options. Fewer than 40% contribute a portion of revenue to sustainability causes or organizations, and about the same percentage partner with suppliers that prioritize sustainability. With **only 7% planning to introduce carbon offset/other sustainability features to their rewards portfolio in the next 6-12 months**, there is much room for those travel loyalty providers ahead of the curve to capitalize on the growing concern around sustainable travel.

### **/// BOTTOM LINE:**

Every loyalty program wants to grow its membership, and there’s no more strategic or sustainable way than by increasing its appeal to Gen Z and millennial consumers. By expanding their sustainability rewards options or identifying more diverse sources of sustainability-related rewards inventory, loyalty programs can better engage the cohorts representing their future growth. But more programs need to leverage the power of sustainability-related rewards to speak to these generations’ values.

## HOW ARE YOU CURRENTLY INTEGRATING SUSTAINABILITY INTO YOUR LOYALTY PROGRAM?

|  |     |
|--|-----|
| We offer sustainability-related redemption options                           | 32% |
| We offer bonuses or incentives for booking sustainable options               | 45% |
| We partner with suppliers that prioritize sustainability                     | 38% |
| We contribute a portion of revenue to sustainability causes or organizations | 37% |
| We have a statement reflecting our commitment to sustainability              | 30% |
| We do not integrate sustainability into our loyalty program                  | 15% |



# BEYOND CASH AND CREDIT: HOW CONSUMERS WANT TO PAY IN 2023

For consumers, answering ‘how do you want to pay?’ used to be simple. They could choose cash or credit. But in recent years, innovations in payments and financial technology, coupled with advances in mobile technology and digital security, have blown the payments field wide open. At the top of the list: Buy Now, Pay Later (BNPL), a type of short-term financing that allows consumers to make purchases and pay for them at a future date with little to no interest. In other words, consumers pay a fraction of the cost upfront and the rest in installments.

While BNPL only made up less than 2% of retail e-commerce and point-of-sale transactions in the United States in 2021, that number is expected to double by 2025, says global management firm Sia Partners. That seems like a small piece of the payment pie, but with interest rates skyrocketing, consumers could turn to this method in much greater numbers.

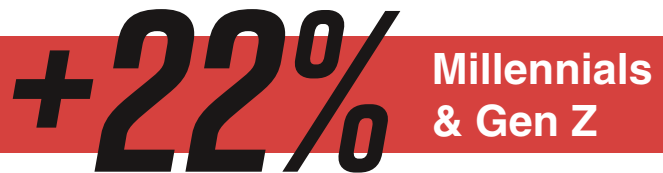
## THE INSTANT GRATIFICATION APPEAL OF BNPL

According to our survey, 31% of consumers want their travel rewards provider to add BNPL options for purchases made via their loyalty programs. This number jumps to 53% when considering the combined responses from millennials and Gen Z. Other payment methods we asked consumers about were price/fare freezing, account-to-account payments, digital wallet acceptance, and cryptocurrency acceptance.

Our survey reveals that millennials are the most open to alternative payment methods. At the same time, Gen Z is even less likely to use these methods than their Gen X parents — except for cryptocurrency acceptance. Why? It could be that this group is more skeptical of any payment method connected to a traditional financial institution or currency. But it could also be a question of financial literacy and comfort at this stage in their lives. As Gen Z gets older, their demands and expectations around payment methods could start to mirror those of their millennial cousins, with whom they share many traits.



*of consumers want their travel rewards provider to add BNPL options*





# IF A TRAVEL LOYALTY PROGRAM YOU BELONG TO OFFERED THE FOLLOWING PAYMENT OPTIONS, WHICH WOULD YOU BE MOST LIKELY TO USE?

|                             | Gen Z | Millennials | Gen X | Baby Boomers | Silent Generation |
|-----------------------------|-------|-------------|-------|--------------|-------------------|
| Buy Now, Pay Later          | 14%   | 39%         | 29%   | 17%          | 1%                |
| Price/fare freezing         | 11%   | 45%         | 25%   | 29%          | 5%                |
| Account-to-account payments | 16%   | 37%         | 23%   | 21%          | 2%                |
| Digital wallet acceptance   | 19%   | 46%         | 24%   | 11%          | 0%                |
| Cryptocurrency acceptance   | 25%   | 30%         | 19%   | 8%           | 0%                |
| None of the above           | 7%    | 15%         | 20%   | 44%          | 5%                |

# HOW BUSINESSES FOCUS ON FINTECH

While consumers are showing interest in payment methods that can help them finance a trip, loyalty programs are more focused on convenience-oriented payment tools such as digital wallets and account-to-account payments. Overall, 56% of all loyalty providers queried in our survey offer digital wallets, and 42% enable account-to-account payments, whereas 37% and 23% offer BNPL and price/fare freezing, respectively.

Looking at the providers with travel booking capabilities specifically, digital wallet adoption is much higher amongst the companies with travel booking capabilities than those without (70% vs. 45%). This group — the programs with travel booking capabilities — also comes out ahead of its non-travel counterparts when it comes to BNPL (42% vs. 36%) but lags on account-to-account payments (56% vs. 64%) along with cryptocurrency acceptance (33% vs. 36%). Mirroring these trends, loyalty providers with travel booking capabilities are more invested in developing digital wallet acceptance in the short term than programs that don't offer booking capabilities.

Payment methods matter. Our survey found that consumers were more than twice as likely to book travel through their travel loyalty program based on the availability of other payment options like BNPL. If that metric is any indication, the way people pay is more important to them than ever before, and support for alternative payment methods can no longer be an afterthought for any program.

## /// BOTTOM LINE:

Loyalty program providers will need to invest heavily in fintech — or in a travel rewards platform with robust payment capabilities — to satisfy the growing demand for alternatives to cash or credit and give consumers opportunities to pay for trips that help them balance their wallets.

## WHAT FINTECH TOOLS WILL YOUR ORGANIZATION INVEST IN WITHIN THE NEXT 6-12 MONTHS?

|                             | Loyalty programs with travel booking capabilities | Loyalty programs without travel booking capabilities |
|-----------------------------|---|--|
| Buy Now, Pay Later          | 42%   | 27%  |
| Price/fare freezing         | 27%   | 27%  |
| Account-to-account payments | 42%   | 45%  |
| Digital wallet acceptance   | 33%   | 27%  |
| Cryptocurrency acceptance   | 27%   | 36%  |
| None of the above           | 11%   | 9%   |
| Don't know                  | 7%  | 9%   |

# TRAVEL LOYALTY'S TIPPING POINT

By asking U.S. consumers and loyalty program managers similar questions, we could better understand customer expectations versus what the industry currently offers and what they plan to offer.

Customers and members are turning to their loyalty programs to find greater value in travel products. With travel demand predicted to remain strong during a time when just about everything seems less affordable, this is a make-or-break moment for loyalty providers. Loyalty programs must lean into their value proposition and highlight their ability to reward members the way they want to be rewarded.

That doesn't mean that the biggest discount will win the day. Travel loyalty programs can be a differentiator for financial institutions, travel brands, or companies in any other industry where competition is fierce. But only if they provide an outstanding booking experience, a wide range of travel and lifestyle reward options (including sustainability-related rewards), personalized engagement, and next-generation payment options.

Embracing this concept of travel loyalty that puts the member experience at the center, speaks to members' values, and expands the convenience and availability of rewards will help companies capture the attention of millennials and Gen Z customers and ensure their future growth. It will also help them capitalize on the resilient level of today's travel demand and drive revenue through increased member spending through the loyalty program.

A unique combination of factors has created a tipping point for travel loyalty in 2023. Now, it's up to loyalty program providers and their partners to ensure that travel loyalty tip is in their favor.





The logo for iSeatz, featuring the word "iSeatz" in a white, bold, sans-serif font with a registered trademark symbol (®) to the right. The text is centered within a solid red rectangular background.

**iSeatz<sup>®</sup>**

*marketing@iseatz.com*

*(504) 586-1234*

*643 Magazine St, Ste 100*

*New Orleans, LA 70130*