



THE LOYALTY VALUE PLAYBOOK

➤ **Redemption Experience and Cash Spend as the New Benchmarks for Customer Growth**

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Executive Summary



Readers will gain insights into:

- Strategies for closing the loyalty value gap and rebuilding customer trust
- Methods for defining and measuring the pillars of modern loyalty
- A framework for measuring redemption quality through usability, transparency, and exclusivity
- Operating models that align commerce, data, partnerships, and marketing to capture both points and cash spend
- Partnership strategies illustrated through interviews and case studies with Citigroup, Southwest Airlines, and Flying Blue that expand loyalty beyond core travel products
- Techniques for integrating personalization and flexibility into the customer journey
- Future loyalty trends set to redefine customer expectations and program design
- The north star metrics brands must track to protect value and prove long-term impact <

Customer expectations are at risk of outgrowing traditional loyalty models. Simple reward programs have evolved into complex point schemes that new technology and changing traveler behavior are quickly outpacing. The result is a widening gap between customer expectations and program delivery. This is no longer just a source of customer frustration, but a business risk, with older loyalty platforms facing declining engagement, lower redemption, fewer repeat transactions, and a weakened ability to generate high-margin revenue from loyalty-driven sales. Yet within that gap lies the industry's next opportunity: to rebuild loyalty on platforms that deliver value through clarity, flexibility, and relevance at every stage of the customer journey.

This report is designed for loyalty leaders ready to take that step. Skift and Rocket Travel by Agoda outline a new benchmark for travel loyalty, with a clear framework for evaluating program quality and a practical roadmap for building models that drive customer satisfaction and measurable business impact.

A Message from

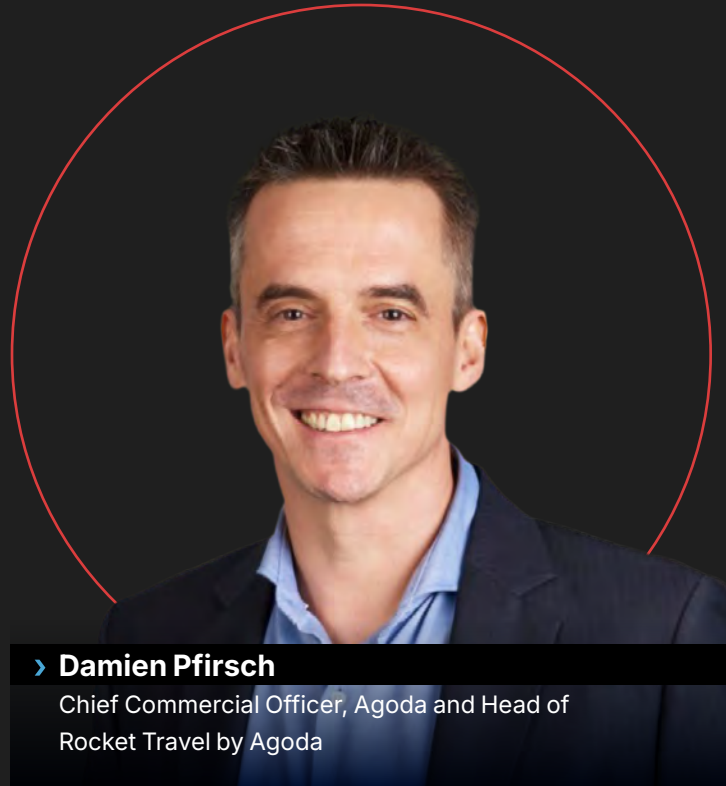
Rocket Travel by Agoda

Loyalty is at a turning point. While earning points has become more straightforward compared to the early days of loyalty, redeeming those points remains a significant pain point for customers among some programs. Confusing processes, limited redemption options, and low perceived value mean nearly half of all loyalty points go unused. This isn't just a missed opportunity for customers; it directly reduces program efficiency, wastes resources, and puts the long-term relevance and business impact of the loyalty offering at risk.

At Rocket Travel by Agoda, we see this as the industry's biggest opportunity. The future of loyalty isn't just about points — it's about delivering experiences so valuable and seamless that customers are willing to spend both their points and their cash, again and again. Clear, fast, and rewarding redemption builds trust and drives repeat business, while spending cash on a loyalty platform is the strongest proof that it delivers value equal to — or better than — what customers find on any non-loyalty platform. This is the standard every loyalty offering should meet.

But most programs haven't caught up. Opaque rules, limited choice, and friction at every step are widening the gap between what customers expect and what they actually get. In a world where switching is easy, that gap is a risk no brand can afford.

That's why we've partnered with Skift to dig into what's broken — and what's working — in loyalty today. This report



› **Damien Pfirsch**

Chief Commercial Officer, Agoda and Head of Rocket Travel by Agoda

brings together new research, partner insights, and our own experience powering loyalty offerings for leading brands. We have created a framework to evaluate what it takes to close the value gap and set a new standard based around: clarity, choice, instant value, and a loyalty experience that delivers better value than cash ever could.

At Rocket Travel by Agoda, we're helping partners modernize their loyalty strategies by expanding inventory, enabling flexible redemption, and using data to personalize every touchpoint. Our goal is simple: to help brands deliver loyalty experiences that customers actually want and that drive measurable business results.

We hope this report sparks new ideas and practical steps for your own program. The brands that move fastest to close the value gap will be the ones that win the next generation of loyal customers. ◀



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Introduction: The Value Gap in Loyalty

Earning loyalty points has come a long way since the early days of frequent flyer miles and loyalty cards. Today, travelers can accumulate rewards in more ways than ever, with credit cards, retail, and even food delivery feeding loyalty balances. However, while the earn side of the equation has accelerated, the spend side has stalled. Redeeming points remains frustratingly difficult among many programs, with most customer journeys still outdated, difficult to navigate, and limited in value.

According to Antavo's Global Customer Loyalty Report 2024¹, only around 50% of loyalty points earned are redeemed. This means every second point awarded to customers goes unused. These unused points are a symptom of loyalty programs stacked against travelers. According to a Skift report², this growing discontent is tied to higher spend requirements, shrinking redemption windows, and frequent downgrades that make loyalty feel like less of a deal. For example, one airline company has increased redemption costs for key routes³ while another now requires members to spend more to retain elite status.⁴ At the same time, blackout periods are becoming more common, and redemption windows are shrinking, especially around peak or last-minute travel.

But redemption is only part of the value equation. A truly effective loyalty program is one where customers are willing to spend both points and cash within the ecosystem. When members choose to pay out of pocket, it signals trust in the experience, confidence in the pricing, and belief that the benefits are worth it. This shifts loyalty from being a retrospective "thank you" for past behavior into a powerful driver of future decisions.

The airline sector provides a strong case in point. Over the past eight years, Delta and American Airlines more than doubled their revenue from selling miles to card issuers, while United Airlines'

revenue rose by 70%.⁵ According to a McKinsey report⁶, the best loyalty programs increase revenue from participating customers by 15–25% annually. The message is clear: Customers are willing to continue spending with a brand because the value in participating in their ecosystem is obvious. When designed around value, loyalty is one of the most reliable growth engines a brand can build.

However, despite the clear revenue upside and strong behavioral impact of loyalty done right, most programs still fall short where it matters most: delivery. The "value gap" between what customers expect and what they experience continues to widen, eroding satisfaction, reducing engagement, and leaving both money and long-term loyalty on the table. To close it, brands must rethink loyalty as a value-led customer experience, not just a points marketplace.

This trend report will explore what's broken in the travel loyalty experience and what brand programs can do to fix it. It will outline new benchmarks for what a successful loyalty experience should deliver: clarity, value, choice, exclusivity, speed, and consistent engagement across both earning and spending moments. Brands that evolve toward this future will win long-term customer trust by creating loyalty rewards that feel even more valuable than cash. <

- 1 [LOYALTY PROGRAM TRENDS: GLOBAL CUSTOMER LOYALTY REPORT 2024](#)
- 2 [ARE LOYALTY PROGRAMS FAIR? THE BACKLASH AGAINST AIRLINES' MOST VALUABLE ASSET](#)
- 3 [QANTAS HAS DEVALUED ITS FREQUENT FLYER POINTS. WHAT SHOULD YOU DO NOW?](#)
- 4 [VIRGIN'S NEW VELOCITY RULES COULD PUSH ELITE FREQUENT FLYERS INTO QANTAS' ARMS](#)
- 5 [HOW LOYALTY PROGRAMMES ARE KEEPING AMERICA'S AIRLINES ALOFT](#)
- 6 [NEXT IN LOYALTY: EIGHT LEVERS TO TURN CUSTOMERS INTO FANS](#)

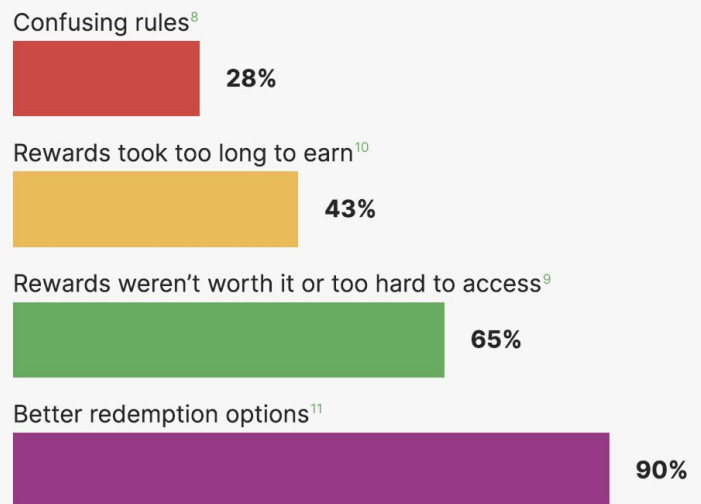
Where Does Loyalty Fall Short?



One of the most common frustrations for travel loyalty members is a lack of clarity. Programs often present a maze of redemption charts, blackout dates, shifting categories, and opaque pricing. Trust declines when members cannot easily calculate their points' worth. Nearly 28% of customers abandon programs because the rules are confusing or the rewards don't feel worth it.⁷

Delays in reaching meaningful benefits add another layer of frustration. Programs that require months or years of accumulation before a traveler sees value are out of step with how consumers interact with brands today. The modern economy rewards immediacy, whether it's same-day delivery, real-time service upgrades, or flexible booking options. Loyalty programs that continue to rely on distant payoffs create a mismatch between traveler behavior and program design. According to a [Cordial report](#), 43% of customers stopped participating because the rewards took too long to earn.

Reasons Customers Abandon Loyalty Programs



7 [THE LOYALTY PROGRAM ILLUSION: WHY POINTS DON'T EQUAL PREFERENCE](#)

8 [THE LOYALTY PROGRAM ILLUSION: WHY POINTS DON'T EQUAL PREFERENCE](#)

9 [FOSTERING AFFINITY THROUGH SMARTER LOYALTY PROGRAMS](#)

10 [WHY CUSTOMERS ARE LEAVING YOUR LOYALTY PROGRAM \(AND WHAT YOU CAN DO ABOUT IT\)](#)

11 [CASHING OUT: WHAT CONSUMERS EXPECT FROM LOYALTY PROGRAMS](#)

Practical Choices Override Loyalty

Travel decisions are rarely made in a vacuum. Travelers weigh their booking decisions against immediate needs, and convenience often wins out: 31% of travelers say they book outside their loyalty program when a flight schedule or hotel location is more convenient.¹² A flight at the right time or a hotel in the right location will override loyalty ties when the alternative adds friction to the trip.

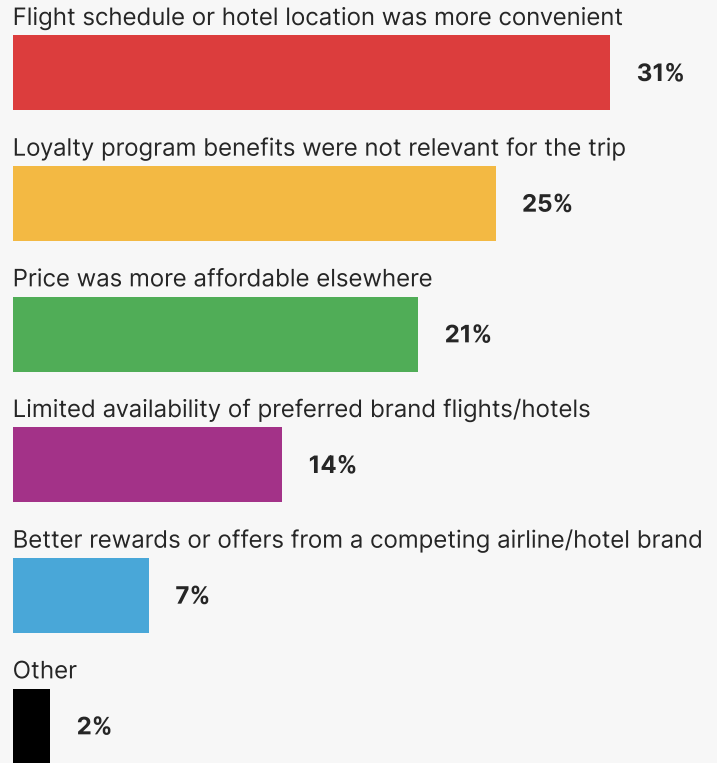
Loyalty benefits that feel irrelevant to the journey also weaken attachment, with 25% citing this as a reason for going elsewhere. Programs that fail to deliver value in context risk being bypassed for options that better fit the moment.

Pricing remains an equally powerful driver of choice. 21% of travelers said they opted out of their program because they found a more affordable price elsewhere. When a fare or nightly rate feels inflated, travelers are quick to compare alternatives, even if it means stepping outside their program. It's clear that rewards cannot compensate for poor pricing. In fact, redemption behavior itself underscores how price-sensitive travelers are. Customers often turn to points when the listed price exceeds what they're willing to pay in cash, showing that loyalty breaks down when the value equation feels imbalanced.

The psychology of loyalty assumes that emotional connection or sunk investment in a program will outweigh practical concerns. In reality, convenience and relevance carry greater weight in day-to-day decision-making.

Loyalty Breaks Down When Convenience and Relevance Are Missing

Key factors influencing decisions to book outside loyalty programs (% of travelers):



Source: Skift State of Travel 2025



¹² STATE OF TRAVEL 2025

Hotel Loyalty Lags Behind Airlines

While not without challenges, airline programs often provide clearer benchmarks for redemption. A flight from one city to another has a defined market value, and members can compare points against cash relatively easily. Hotels occupy a different terrain. The variability in nightly rates, seasonal demand, and property-level policies creates an environment where members struggle to understand what their points deliver.

Dynamic pricing has only added to the confusion. A redemption that once felt achievable can suddenly double in cost depending on timing or demand. This unpredictability may undermine confidence in the program and leave travelers questioning the point of participation.¹³

Inconsistency is another challenge plaguing some hotel loyalty programs. Two properties under the same brand may operate with entirely different rules, creating frustration for members who expect uniformity. The lack of a coherent framework makes it difficult for travelers to plan redemptions with confidence.¹⁴



The Cost of Friction

The consequences are costly: 77% of consumers are now quicker to drop a loyalty program than they were just three years ago.¹⁵ In a recent Accenture survey¹⁶, half of hotel loyalty members said programs no longer deliver the value they once promised. This dissatisfaction translates into “loyalty leakage.” According to a Skift report¹⁷, travelers are increasingly bypassing frequent flyer programs and hotel memberships in favor of flexibility, price transparency, and convenience, driving more bookings to online travel agencies, a market now growing at nearly 8% CAGR and outpacing direct hotel and airline channels.¹⁸ The financial impact is also significant, with millions of unredeemed points sitting on company balance sheets as liabilities that must eventually be paid out.

13 [MARRIOTT BONVOY MOVING TO DYNAMIC PRICING, REMOVING AWARD CHARTS](#)

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18 [ONLINE TRAVEL AGENCIES MARKET OUTLOOK REPORT 2025-2034: SMARTPHONE ADOPTION DRIVES 45% SHARE IN APP-BASED OTA BOOKINGS, FUELING LONG-TERM GROWTH \(7.9% CAGR\)](#)

Q&A: Designing Loyalty Around the Customer



SkiftX spoke with Damien Pfirsch, chief commercial officer at Agoda, to understand how loyalty programs must evolve to meet changing customer expectations.

SkiftX: How have customer expectations around loyalty and rewards changed over the last few years?

Damien Pfirsch: Achieving customer loyalty has become harder than ever. Competition has increased, especially online, where new brands can easily enter the market and challenge incumbents. Customers are less loyal because they're focused on price and short-term value. They want better deals now, rather than waiting months or years to redeem points. Loyalty programs, therefore need to be transparent and easy to understand. Ten years ago members might have calculated point values and accepted complex schemes. Today, customers are more informed, compare offers constantly, and demand immediate value.

What are the most common pain points you see customers experiencing when engaging with loyalty programs?

The biggest issues are around earning and redemption. On the earning side, rules are often complicated and buried in fine print. Airlines have improved transparency, but many programs still make it difficult for members to know what they'll get. Customers need clarity on how points are earned and whether the rewards are worth it. On the redemption side, friction is the main problem. Members struggle to understand the required points or find the redemptions too limited. Points buy less than cash in many cases.

What makes a loyalty program feel truly rewarding or relevant to today's travelers?

Loyalty program members expect to be treated better than others with perks such as status recognition, priority queues, lounge access, etc. However, while those feel-good factors still matter they're no longer enough. Members now also demand trans-



parency, value, and access to unique experiences money can't buy, such as exclusive events or upgrades. The challenge for programs is that expectations haven't shifted from one set of benefits to another — they've expanded. Travelers still want the traditional perks, but they also expect more. That makes loyalty harder to manage, but it's necessary to stay relevant.

What are the business consequences when friction creeps into the loyalty experience?

Loyalty programs are expensive to run. They can directly impact a company's profit if they don't generate repeat business. The biggest risk is investing heavily but failing to create engagement. We've also seen a massive correlation between loyalty and redemption. If members earn points but rarely use them, the program absorbs costs without driving loyalty. When customers finally redeem for something that feels low in value, they often walk away. In short, the cost remains, but the loyalty payoff never comes.

How can programs better communicate value to members?

Simplicity is key. Programs should move away from opaque conversion rules in favor of clearer programs, such as point-to-value equivalencies. Hardcore "points hunters" who track every percentage still exist, but most people no longer have the patience. Members want clear, immediate value and a rewarding experience, not complicated math. Simplified messaging, transparent rules, and exciting rewards are what keep people engaged.

How is Rocket Travel by Agoda rethinking loyalty to reduce friction and increase perceived value?

Rocket Travel by Agoda builds white-label travel platforms that carry a partner’s branding and lets members book hotels, flights, car rentals, and activities with their loyalty credentials.

Running a travel business is complex, so many banks, airlines, and retailers struggle to offer competitive options. We address this by providing partners with a platform built on the same technology and inventory foundations as our B2C site, used by millions of travelers worldwide. This ensures highly competitive pricing, broad inventory, and a smooth user experience. For loyalty programs, we layer on additional benefits such as easy logins, transparent point usage, and exclusive perks such as early check-in, late checkout, or bundled experiences.

What does the future of loyalty look like to you? Where do you see the biggest opportunities for innovation over the next decade or so?

First, points must become better than cash. That starts with a frictionless experience and real economic value: using points should be as simple and rewarding as paying with cash, or even better. When redemption is seamless and the value is clear, points become truly compelling for members.

Secondly, exclusivity and unique experiences are becoming even more important. Travel has always been a powerful redemption category because it creates emotional attachment by helping people build lasting memories. The next step is giving members access to experiences money can’t easily buy, such as sold-out events and special privileges.

At the same time, technology will be the enabler. Data, personalization, and Artificial Intelligence make it possible to tailor offers, refine communications, and deliver relevant rewards at scale. They don’t change the goal, which is still to create genuine connection, but they allow programs to execute it better. For example, using AI, we can recommend hotels based on member profiles, personalize marketing messages, or speed up customer service. The future of loyalty is a mix of frictionless redemption, superior value, and personalized experiences that make members feel recognized in ways cash alone cannot deliver. <

“Using points should be as simple and rewarding as paying with cash, or even better.”

DAMIEN PFIRSCH, CHIEF COMMERCIAL OFFICER, AGODA



The New Benchmarks: What Customers Want and How to Measure It

2

Travelers Prioritize Practical Gains in Loyalty Programs

Top reasons travelers join loyalty programs (% of travelers):



Source: Skift State of Travel 2025

The erosion of trust, convenience, and value makes it clear why traditional loyalty models no longer hold. Programs must reset the benchmark to remain relevant. That new standard proposed in this report rests on three pillars: practical value, clarity and transparency, and relevance.

Practical Value

The first pillar is practical value: does the program offer tangible benefits that motivate travelers to join and participate? Most travelers join loyalty programs for pragmatic reasons rather than emotional attachment to brands. According to the Skift State of Travel 2025 report¹⁹, discounted travel opportunities, easier earning and redemption, and access to premium services are the strongest motivators. These are tangible benefits that directly influence the booking decision and reinforce loyalty through everyday value. By contrast, softer factors like brand affinity or social connections sit at the bottom of the list. Only a small share of travelers say they join programs because of brand loyalty alone.

¹⁹ [STATE OF TRAVEL 2025](#)

Clarity and Transparency

The second pillar is clarity. Programs must make it easy for travelers to understand how points translate into value. A Deloitte study found that nearly nine in 10 respondents rated ease of use simplicity, and clear financial benefits as "important" or "very important." In other words, loyalty is strongest when members can see the value instantly without doing the math.

86%

of travelers say financial rewards, simplicity, and ease of use are the most important parts of a loyalty program.²⁰

Value also extends to availability. A discounted rate that is consistently accessible or a reward seat that is easy to book speaks more loudly than aspirational perks that are rarely attainable. The brands that deliver these tangible, everyday benefits keep members engaged because the payoff is immediate and practical

Relevance

The third pillar is relevance. Nearly eight in ten consumers are more likely to engage with brands that tailor rewards to their behavior and preferences.²²

78%

of consumers are more likely to engage when rewards are personalized.²¹

That means programs must evolve from static benefits to adaptive experiences, with discounts, upgrades, or services that resonate with the individual traveler. In practice, this makes loyalty less about accumulating points over time and more about immediate recognition that adds value to each booking. Relevance also comes through when members willingly spend cash inside the loyalty ecosystem. A cash booking made on the platform means that the program delivers competitive value on its own merits, not just through attached rewards.



20 [2024 CONSUMER LOYALTY SURVEY](#)

21 [2025 EY LOYALTY MARKET STUDY](#)

22 [2025 EY LOYALTY MARKET STUDY](#)

Loyalty Value Delivery Frame

Travelers are clear about what matters: practical value they can see, rules they can trust, and benefits that match the trip in front of them. The challenge is execution. Most programs still struggle to make redemption effortless across channels. What's missing is a consistent way to judge whether redemption delivers on those expectations. The following framework organizes redemption into testable dimensions, providing a practical tool for loyalty leaders to assess and optimize their programs.

Core Value

- **Value Parity:** Do points deliver similar or better value compared to cash? Are redemption products priced competitively and transparently across channels?

Everyday Utility

- **Breadth of Use:** How many categories, products, and real-world scenarios can points be applied to?
- **Frequency:** How often can points be used, and in how many different situations?
- **Timeliness:** How quickly can customers redeem and access value? Instant usability, mobile integration, and real-time rewards build satisfaction and trust.

Experience Enhancers

- **Exclusivity:** Are there experiences or rewards only available through points? Unique offerings reinforce the emotional and functional benefits of loyalty membership.
- **Personalization:** Are redemption options, recommendations, and communications tailored to the individual? Personalization increases relevance and conversion.

Trust Builders

- **Simplicity:** Is the redemption process fast, intuitive, and easy to understand? Lack of friction is essential for sustained participation and trust.
- **Earning Motivation:** Do customers book with cash to unlock benefits, earn status, or access exclusive rewards? A strong earn proposition drives repeat use and higher spend.
- **Repeat Cash Bookings:** Are loyalty members more likely to return and pay full price than non-members? Effective programs increase lifetime value and reduce churn.



Q&A: Raising the Bar on Modern Loyalty Experiences



SkiftX spoke with Chris Besendorfer, managing director and head of Citi Travel & Rewards at Citigroup, to discuss how loyalty programs can meet rising customer expectations and deliver value across every stage of the travel journey.

SkiftX: What trends have you observed in what customers expect from loyalty programs today? Where are loyalty customers placing the most value?

Besendorfer: We're seeing a clear shift toward flexible, accessible, and personalized loyalty. Cardmembers are looking for programs that deliver value in everyday life as well as during larger travel moments. The ability to redeem points for travel, experiences, or essentials across multiple categories has never been more important. Customers want choice and ease, and they expect their loyalty programs to reflect how they live and spend.

What have you found most challenging about delivering a strong loyalty experience?

The challenge is balancing broad value with deep personalization. Every cardmember has different preferences, redemption patterns, and travel behaviors.

Our goal is to meet them where they are while making the experience smooth from start to finish. That requires close collaboration with partners and continued investment in digital platforms like Citi Travel to ensure the product matches customer expectations.

What were you looking for in a loyalty solution partner, and how did Rocket Travel by Agoda fit that vision?

We were looking for a partner that shared our ambition to innovate and deliver real value to cardmembers. Rocket Travel by Agoda brought deep travel expertise and the technology infrastructure needed to help us reimagine the booking experience. Their scale and agility have allowed us to expand access to over 1.4 million hotels and properties worldwide, along with competitive pricing for hotels and flexible payment options. Together, we've built a foundation that's aligned with how today's travelers search, book, and engage.

“The ability to redeem points for travel, experiences, or essentials across multiple categories has never been more important. Customers want choice and ease, and they expect their loyalty programs to reflect how they live and spend.”

CHRIS BESENDORFER, MANAGING DIRECTOR AND HEAD OF CITI TRAVEL & REWARDS, CITIGROUP



What impact have you seen on engagement since integrating Rocket Travel by Agoda’s platform?

We’ve seen strong growth in platform engagement since the launch of Citi Travel. Cardmembers are taking advantage of our hotel and resort inventory and flexible redemption tools like split pay options. With the introduction of the Citi Strata Elite™ Card, we’ve seen increased interest in premium travel bookings as our cardmembers continue enjoying 12x points on hotels, car rentals, and attractions booked on the Citi Travel portal. Overall, the results confirm that when you invest in a better experience, customers respond.

What signals do you look for to track customer satisfaction with loyalty?

We look closely at engagement signals across booking, redemption, and repeat behavior: Are customers returning to the platform? Are they exploring new benefits? Are they unlocking the full value of their rewards? We also monitor satisfaction across service touchpoints to ensure we’re providing a frictionless and rewarding journey. Continued growth in ThankYou® Rewards usage and bookings through the Citi Travel platform shows that our investments are resonating.

What has been your most significant recent learning as you continue to evolve your loyalty program?

One of our biggest learnings is that loyalty is no longer just about earning — it’s about access. Customers are responding to differentiated benefits offered as part of our Reserve Collection of Hotels, like early check-in and daily breakfast. The more we can build those into the ecosystem and make them easy to use, the stronger our long-term engagement becomes. We’ve also seen the importance of integrated digital platforms that allow customers to engage when and how they prefer, whether through the Citi app or online.



Where do you see the biggest opportunities for growth or differentiation in your program going forward?

We see continued opportunity in delivering travel value through platforms like Citi Travel while expanding our engagement across loyalty tiers. As the Citi Travel platform grows, we’re focused on offering differentiated access across cards, partnerships, and experiences that reflect what customers value most. Loyalty will continue to be a key driver of brand preference and engagement, and our new products like the Citi Strata Elite™ Card are built with this in mind to offer premium benefits that reward how customers live today. <

“ One of our biggest learnings is that loyalty is no longer just about earning — it’s about access. ”

— CHRIS BESENDORFER, MANAGING DIRECTOR AND HEAD OF CITI TRAVEL & REWARDS, CITIGROUP



How to Deliver a Modern Loyalty Experience

3

Delivering valuable rewards requires an operating model that connects commerce, data, partners, marketing, governance, and teams to one outcome: members choose to both redeem and pay cash because the value is obvious. The six capabilities below translate that goal into execution with clear metrics and accountability.

1. Flexible Commerce Infrastructure

Make redemption as fast and simple as modern e-commerce checkout. Members should see real-time balances, real-time pricing, instant confirmations, and the ability to mix points and cash or make partial payments. Refunds need the same speed and clarity as cash bookings.

Payment orchestration should be frictionless. Accept cards and wallets alongside 'pay with points' where relevant, so members can choose the path that maximizes value without friction. This also keeps cash spend inside the loyalty ecosystem.

What to track:

- Confirmation time from click to ticket or room
- Percentage of bookings using points plus cash
- Refund cycle time
- Pay with Points rate
- Percentage of bookings that fail or are abandoned due to payment or balance errors

Why Partners Choose Rocket Travel by Agoda

- **Dynamic Rewards:** Margin-based model that boosts conversion, repeat engagement, and revenue
- **Instant Accrual:** Rewards stored at booking for simple reconciliation and fast reporting
- **Personalized Offers:** Tiered incentives tailored to customer profiles to drive key behaviors
- **Industry-leading Inventory:** 31M+ listings with 98.4% meet-or-beat availability, 500+ airlines across 300k+ routes, and 360k+ activities and experiences
- **Market-leading Pricing:** 86% meet-or-beat competitor pricing



2. Data and Personalization Engine

Use behavioral signals and trip context to time offers when intent is highest. Recommend the best option between points and cash based on value parity at that moment. Nudge members to earn with cash when it meaningfully advances them toward benefits they care about.

Personalization should be adaptive, not frustrating or annoying. Audience models, next-best-action logic, and content variants need guardrails for transparency and frequency so the experience feels helpful rather than intrusive.

What to track:

- Conversion uplift from recommendations
- Attachment of earn prompts to cash bookings
- Redemption value realized versus cash benchmark
- Engagement with personalized messages

3. Partner and Inventory Strategy

Members judge value by what they can book. Expand high-quality inventory across air, hotel, activities, and experiences, and protect value parity with competitive pricing. Secure exclusive allotments and experiences that only points can access. Monitor marketplace prices daily and enforce rate integrity in contracts to avoid perceived devaluation.

What to track:

- Percentage of redemptions at or above cash value
- Inventory availability
- Fill rates on exclusive inventory
- Price parity exceptions and time to resolution

4. Marketing Technology and Customer Journeys

Teach members how to get value. Use lifecycle journeys to surface redemption options at the right moments, trigger reminders before points expire, and retarget cash opportunities that move members toward the benefits they want. Show the math in plain language so members can see why a recommendation beats alternatives. Clear reminders of value can turn a points user into a repeat cash buyer.

What to track:

- Breakage reduction
- Open-to-book rates on education journeys
- Percentage of recaptured expiries
- Incremental cash bookings driven by value explainers

5. Governance and Controls

Dynamic pricing requires rules. Set guardrails that keep redemptions within a clear value band and publish changes with advance notice. Run experiments behind fairness checks and maintain an audit trail for pricing and policy updates. Treat devaluations as rare events with a clear rationale and member givebacks.

What to track:

- Variance from value parity bands
- Member sentiment after changes
- Complaints per number of bookings
- Regulatory issues avoided
- Experiment win rate that sustains parity

6. Cross-Functional Ways of Working

Align loyalty, product, partnerships, data, and operations to one scorecard. Instrument every journey end-to-end. Hold weekly reviews of value parity, repeat cash bookings, redemption frequency, breakage, and member satisfaction. Tie incentives to these outcomes so teams optimize for the same goals.

What to track:

- Repeat cash propensity for redeemers
- Lifetime value lift versus non-members
- Redemption frequency per active member
- Net satisfaction with redemption flows

These six capabilities form the backbone of a modern loyalty program. When executed well, they create the benchmarks that show whether loyalty is truly working:

Redemption as the value benchmark

- Members redeem with confidence because inventory is broad, confirmations are instant, and the value is clear.
- Members use points frequently across everyday categories and flexible points-plus-cash options that feel easy and worthwhile.

Cash spend as the trust benchmark

- Members book with intent, paying cash inside the ecosystem because it moves them closer to meaningful rewards.
- Members return after redemption to spend cash again, proving the program's value stands on its own beyond points.

Case Study: How Flying Blue Increased Bookings by 200% with Rocket Travel by Agoda

The Partnership: Flying Blue, the loyalty program of Air France, KLM, Transavia, Aircalin, and TAROM, partnered with Rocket Travel by Agoda to expand member benefits beyond flights.

The Rollout: Together, they launched a partner-branded hotel booking platform designed to give members more choice, flexibility, and a smoother way to earn and redeem miles.

The Result:

- 200% increase in hotel bookings
- 4 repeat bookings on average
- 1 million properties available worldwide
- 10,000 miles per night on hotel stays
- Miles or Miles-plus-cash payment options
- Localized support including French and Dutch



Q&A: The Power of Partnerships in Loyalty



SkiftX spoke with Jonathan Clarkson, vice president and chief product officer at Southwest Airlines, to discuss how partnerships can help deliver meaningful loyalty for today's traveler.

SkiftX: What defines a "valuable" experience in a loyalty program?

Clarkson: Choice and flexibility are at the heart of a valuable loyalty program. Customers want control over how they travel, and this has informed many of the enhancements we've rolled out to our products, including assigned seating, revamped fares, and our Getaways vacation packages. The goal is to offer a personalized product while providing convenience and ease. We've also revamped our credit card to include benefits that offer more choice on the day of travel and make everyday spending more rewarding. The aim is simple: make loyalty feel rewarding and convenient at every step.

How do you see personalization shaping loyalty expectations going forward?

Personalization has a major impact on customer loyalty and engagement. We constantly assess our product offerings based on feedback from our most engaged customers, and personalization has been a driving force in our product changes, new fare bundles, and new options. We aim to provide a broader set of customers with the ability to control and choose features in the journey they want. We also invite customers who have not previously considered Southwest to try our product and return after a great experience.

What should brands consider when building or scaling partner coverage in a loyalty program?

Always start with the customer. Ask what they value, and then consider how partnerships can extend that value beyond the core offering into lifestyle benefits, retail, or other parts of the travel journey. Brands that do this effectively will be rewarded with greater loyalty because they seek to be relevant in more ways.

“ Always start with the customer. Ask what they value, and then consider how partnerships can extend that value beyond the core offering into lifestyle benefits, retail, or other parts of the travel journey. ”

JONATHAN CLARKSON, VICE PRESIDENT AND CHIEF PRODUCT OFFICER, SOUTHWEST AIRLINES

How does Rocket Travel by Agoda help brands close redemption gaps and improve perceived value?

Rocket Travel by Agoda worked closely with us to design a program that reflects what our members value most. Our partnership increases the value of our Rapid Rewards currency because it enables redemption beyond flights. The company's breadth of hotel inventory and partner network makes points more versatile and relevant, which increases engagement.

What metrics do you believe matter most when evaluating the long-term success of a loyalty program?

Redemption tells the story. An industry-leading share of Southwest's seats are booked with points, double that of most carriers. This is an important metric that shows customer retention and engagement. Having a high rate of reward travel will continue to be an important metric, along with tracking what customers hold

at the highest value. We've seen that having reward points that don't expire and the option to earn toward differentiators like our Companion Pass are important drivers of loyalty.

Looking ahead, what will differentiate leading programs from the rest?

Reliability, value, and recognition. Travelers will always care about price and schedule first, so we focus on making Southwest the easiest and most reliable choice. Additionally, loyalty must reward members in ways that matter, such as free checked bags, seat selection for cardholders, and a high rate of reward travel. That combination of brand reliability, personalization, and a high travel redemption rate will set a program up for success.

What makes a partnership work in today's loyalty landscape?

The best partnerships begin with clear, shared goals and a plan to measure success. Regular collaboration keeps both teams moving in the same direction. And like any relationship, it works best when the teams enjoy working together. That sense of collaboration creates better outcomes for both brands and their customers. <

“Redemption tells the story. An industry-leading share of Southwest's seats are booked with points, double that of most carriers.”

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The Future of Travel Loyalty

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Loyalty programs are entering a decisive era. The next wave of innovation will transform loyalty from a static rewards system into a dynamic growth engine. The following trends outline how loyalty will evolve in the years ahead:

Friction Will No Longer Be Tolerated

As friction declines everywhere in commerce, tolerance for complication in loyalty will continue to decrease.²³ Travelers have grown accustomed to smooth digital interactions across every aspect of their lives, and loyalty programs will not get a pass. Complicated redemption rules, slow processes, or confusing restrictions will drive members away.

Personalization Will Become the Baseline

Generic rewards and one-size-fits-all perks will no longer resonate. Travelers increasingly expect rewards that reflect their behavior, preferences, and trip context.²⁴ Loyalty programs must integrate personalization into the entire customer journey, from tailored search and booking experiences to relevant redemption options. Brands that fail to personalize risk irrelevance.

Points Will Be Treated as Power

The era of passive points accumulation is ending. Instead, points are becoming a flexible, real-time currency that improves travelers' ability to book, save, and access exclusive privileges. With 60% of brands now using Customer Lifetime Value as a key measure²⁵, the focus is moving to the actual earning potential and usefulness of points over their lifetime, not merely how many are collected. Loyalty programs that treat points as power rather than a bookkeeping exercise will earn deeper customer trust.

Ecosystem Loyalty Will Redefine Engagement

Customers expect their loyalty currency to carry weight across every part of their lifestyle, not just within a single airline or hotel chain. Omnichannel and ecosystem models spanning travel, retail, finance, and experiences are expanding as the next competitive frontier. According to an SAP report²⁶, 54% of customer-focused companies see improved loyalty and retention with omnichannel efforts across all touchpoints. Embedding rewards into everyday life creates a stickier, more resilient bond.

Loyalty Investment Will Continue to Grow

Brands are doubling down on loyalty as a core customer engagement and revenue driver. According to a Loyalty360 report²⁷, 77% of companies are either maintaining or increasing budgets for loyalty initiatives. This investment is flowing into modern technology platforms, AI-driven personalization, and expanded partner networks, all designed to keep pace with evolving expectations and protect loyalty from becoming commoditized.

²³ [STATE OF THE CONSUMER 2025: WHEN DISRUPTION BECOMES PERMANENT](#)

²⁴ [NEW REPORT: 3 TRAVEL LOYALTY STRATEGIES FOR 2025](#)

²⁵ [LOYALTY PROGRAM TRENDS 2025 REPORT](#)

²⁶ [32 CUSTOMER LOYALTY STATISTICS YOUR BUSINESS NEEDS TO KNOW IN 2025](#)

²⁷ [LOYALTY360 BRAND MARKETER RESEARCH: 2025 STATE OF CUSTOMER LOYALTY](#)

North-Star Metrics

For loyalty to evolve, brands must manage it with discipline. The next era requires a stronger focus on metrics that capture customer value, redemption quality, and long-term impact. Together, these metrics map directly to the pillars of value, clarity, and relevance outlined in this report:

- **Value Parity Index:** Tracks how closely the value of a redemption matches what customers would pay in cash for the same product. Flag large variances or inconsistencies that may erode trust or trigger breakage. Helps ensure redemptions feel “worth it.”
- **Redemption Rate and Frequency per Active Member:** Track how often members redeem rewards, how quickly they do so after earning them, and whether certain categories drive better engagement. Tracking redemption speed and category performance helps expose friction points and highlights where value is strongest. With industry redemption rates averaging around 50%²⁸, programs must benchmark carefully to avoid breakage and disengagement.
- **Repeat Cash Booking Rate:** The ultimate signal of loyalty: how often members return to book with cash compared to non-members, especially after a redemption. Strong programs treat redemptions as a springboard for future bookings, not the end of the journey.

- **Program NPS and Satisfaction Scores:** Customer sentiment is one of the most sensitive indicators of loyalty health. Tracking Net Promoter Score (NPS) and satisfaction with redemption fairness, transparency, and ease provides early warning signs during point devaluations or pricing changes.
- **Partner Coverage and Quality Score:** Breadth alone is meaningless without depth. Programs must assess the competitiveness, pricing, and quality of their partner inventory. True loyalty requires meaningful and accessible options, not just a long list of technical rewards.
- **Points-with-Purchase (PwP) Utilization and Breakage Forecast:** PwP data reveals how customers value flexibility. High utilization signals relevance and ease while low usage may point to poor UX or insufficient value. Breakage forecasting allows programs to proactively adjust before disengagement sets in.



28 [LOYALTY LEFTOVERS: WHY ARE UNUSED POINTS BAD FOR BUSINESS?](#)

Q&A: The Next Era of Travel Loyalty



SkiftX spoke with Staci Markwood, head of partnerships at Rocket Travel by Agoda, to understand what it takes to deliver loyalty experiences that feel relevant, rewarding, and built for the future.

SkiftX: How do you define what a loyalty experience should look like in the future?

Staci Markwood: A loyalty experience should feel less like a transaction and more like a relationship. Points and discounts remain important, but they're only the starting point. Customers today expect every touchpoint with a brand to feel personalized and rewarding in ways that go beyond the math of points. That could mean a smooth booking flow, an offer that speaks to their preferences, or recognition of their status when they log in. When every interaction signals that the brand knows and values them, that's when loyalty moves from being mechanical to meaningful.

What are some of the biggest challenges loyalty programs face when it comes to delivering that experience?

Creating connections while driving customer loyalty and brand advocacy is a challenge for companies across every industry. Loyalty programs struggle to stand out in a crowded market and to prove their value clearly enough to keep members engaged. Too many programs still put the burden on the customer to figure out if they're getting a fair deal. Programs must put resources into creating offers that stand out and rewards that customers find memorable and worth coming back for.

How should loyalty programs evolve to better meet members' expectations?

While the ability to earn rewards is essential for increasing brand loyalty, the redemption experience is where trust and repeat engagement are either won or lost. Loyalty programs should look beyond simple transactional rewards to include more personalized and emotionally engaging experiences, such as access to unique events, tailored travel upgrades, or even everyday conveniences that make a trip smoother.

“While the ability to earn rewards is essential for increasing brand loyalty, the redemption experience is where trust and repeat engagement are either won or lost.”

STACI MARKWOOD, HEAD OF PARTNERSHIPS, ROCKET TRAVEL BY AGODA

Transparency is also critical. Customers don't want to guess how much their points are worth. Flexibility is equally important, whether that's mixing points with cash or booking on mobile without extra steps. Additionally, customers are increasingly looking for purpose-driven brands, so loyalty should reflect the values people want to support.

What makes a strong partner network in the loyalty space?

A strong partner network in the loyalty space is diverse, well-integrated, strategically aligned, and focused on delivering value to customers and brands. It shouldn't just be a partnership based on service but one with shared goals, aligned incentives, and a proven track record of industry expertise. This creates a win-win ecosystem that drives engagement, loyalty, and value for everyone involved.

At Rocket Travel by Agoda, we lead with product innovation, build around customer needs, and treat partnerships as true collaborations. We leverage years of travel expertise and top-notch technologies to build customizable solutions that meet our partners' needs and drive added value to their loyalty programs for the long term.

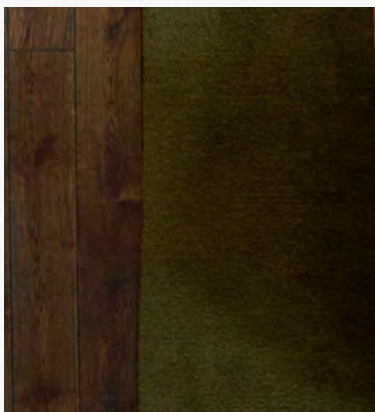
How has Rocket Travel by Agoda helped deliver on the flexibility or personalization that customers expect today?

Flexibility and personalization sit at the heart of our design for partners. We support seamless experiences with these fundamental principles in mind, with features like Single Sign-On (SSO), so members can enjoy instant recognition and access to their status, points balance, and rewards across devices and channels.

That recognition allows us to serve them relevant offers and recommendations in real time. Features like flexible payment allow customers to combine points and cash, giving them more choice and control. For us, it's about removing friction while making every interaction tailored to the individual.

How can loyalty programs build smarter engagement journeys across the customer lifecycle?

The key is to think about the customer's journey, not the program's. At Rocket Travel by Agoda, we act as an extension of our partners' brand to deliver a flawless experience on our sites. For example, we support dynamic earn and redemption values customized by each partner and advanced features like points accelerators by credit card type or tier. Members can combine rewards with card payments through split tender transactions. And with direct API connections for refunds, cancellations are processed quickly and cleanly, reinforcing trust at a moment when it matters most.



Ultimately, our approach is about giving both partners and travelers the flexibility to define what value means to them, and the personalization to deliver it at every touchpoint.

What kind of tech or infrastructure do you think loyalty programs need to keep up with evolving traveler behavior?

Programs need flexible and scalable technology that can keep pace with customer expectations. That means cloud-based infrastructure to support spikes in demand and roll out new features quickly, dynamic earn and redemption capabilities that can handle multiple currencies and partner offers, a mobile-first design so members can engage wherever they are, and data-driven systems that integrate easily across channels. Traveler behavior shifts quickly — your tech stack has to adapt just as fast.

What long-term trends do you think brands should plan for now in loyalty?

AI is already reshaping loyalty, and it will only accelerate. It enables true personalization at scale by surfacing the right offer at the right time for the right customer. It also helps brands streamline operations with smarter customer service, where emerging agentic AI can manage bookings and resolve issues in real time. AI can analyze enormous amounts of data to tailor rewards on the spot, whether that means recommending the best redemption option or delivering an offer that feels uniquely relevant. In the long run, successful brands will use AI to drive efficiency and create experiences that feel purposeful and deeply rewarding. <





Key Takeaways

Winning loyalty today means moving past transactional schemes and designing experiences travelers actively choose, whether redeeming points or paying in cash. This report highlights how successful programs and loyalty leaders can balance immediate rewards with long-term trust by turning redemption and cash spend into the ultimate measures of loyalty. Here are some direct actionable insights for loyalty program leaders to add to their playbook:

- **Close the Value Gap:** Ensure points provide competitive value compared to cash to build confidence that redemptions are worth it while making cash prices fair enough to keep customers booking inside the program.
- **Design for Practical Use:** Offer everyday benefits such as easier earning, flexible redemptions, and consistently fair pricing that directly influence booking decisions.
- **Build Trust Through Simplicity:** Eliminate friction with transparent rules, real-time confirmations, and redemption journeys as smooth as any modern transaction.
- **Deliver Relevance at Every Touchpoint:** Use personalization and trip context to align rewards with traveler needs, so experiences feel meaningful.
- **Invest in Technology and Partnerships:** Modernize infrastructure with data-driven systems, scalable platforms, and partner networks that expand choice and maintain value parity.
- **Measure What Matters:** Track redemption frequency, repeat bookings, satisfaction, and partner quality to ensure programs drive both engagement and revenue. <

About Skift

Skift is the largest industry intelligence platform, providing media, insights, and marketing to key sectors in travel. Through news, research, conferences, exclusive interviews, strategic sector-focused newsletters, and more, Skift deciphers and defines the global trends that matter to the marketers, strategists, and technologists shaping the industry.

SkiftX is Skift's in-house content marketing studio, working collaboratively with partners like Accor, Abu Dhabi's Department of Culture and Tourism, AWS, Expedia, Allianz Partners, and many more to help brands solve problems, create unforgettable moments, and communicate big ideas through content, research, and event activations.

Visit skift.com/work-with-us to learn more or email skiftx@skift.com.

About Rocket Travel by Agoda

Rocket Travel by Agoda is the strategic partnerships arm of Agoda, a Booking Holdings (NASDAQ: BKNG) company. Rocket Travel by Agoda partners with global brands to grow their business through customized travel solutions that bring together technology and distinctive customer service to deliver value and build loyalty for their customers.

Visit rockettravel.com to learn more.

