



What Air Canada's purchase of Aeroplan means for all those points you have

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You can stop plotting how to burn off your Aeroplan points.

Air Canada will no longer be leaving Aeroplan to fend for itself like a shopping mall that's lost its anchor retailer. Instead, the airline and its financial partners have reached an agreement to buy Aeroplan. If all goes according to plan, Aeroplan will be folded into a new Air Canada customer-loyalty program in 2020.

In a [bulletin](#) to members, Aeroplan used the term "smooth transition" to describe what's ahead. Expect better than that. Aeroplan has lost some street cred and could really use a reboot.

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Aeroplan is a massive presence in customer loyalty. Its membership includes both the country's frequent-flying business elite and everyday people who fly occasionally.. The consulting firm MarketSense Inc. reports that 44 per cent of Canadian credit-card holders are part of Aeroplan, either through linked credit-card programs from banks or direct membership.

But Aeroplan has been in a reputational tailspin since the news broke last year that Air Canada planned to fly the coop. You can redeem Aeroplan points for sundry goods and services, but Air Canada flights are where the value is.

If you're an Aeroplan member, you had to be asking at that point how to hold onto that value past the 2020 departure date set by Air Canada. Use up your points and move on? Put your faith in Aeroplan's plan to revitalize its brand by forging new relationships with other airlines? One of Aeroplan's promises sounded tempting: Allowing members to choose "any seat on any airline, anywhere and at any time."

Booking Air Canada flights through Aeroplan is currently full of what credit-card industry consultant Mary-Anne Huestis refers to as "irritants." These include a limited inventory of reward flights and difficulties in finding the flights to the destination you want on the date you want without absurd connections.

Ms. Huestis suggests Air Canada model the new version of Aeroplan after the travel-reward programs several banks offer through their credit cards. These cards typically allow you to book pretty much any seat you want using your points. "These programs generate higher satisfaction ratings than Aeroplan," she said.

An invigorated Aeroplan would be great, but don't expect it to last. Here's the template for running a customer loyalty program: Start off with a widely appealing offer and let it build loyalty. Then, after a while, start dialling back the generosity. That's from the Aeroplan playbook, by the way.

Example: The move more than a decade ago to have points expire if you didn't earn new points or redeem existing points over the course of a year. Aeroplan also said it would cancel points that remained unused after seven years, but later backtracked.



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We're now in a holding period for Aeroplan members. There's no need to burn off your points in a hurry by settling for a flight you didn't really want. Ideally, you'd wait to hear more from Air Canada about its plans for Aeroplan. If improvements are coming, it would make sense to hold your flight redemptions until 2020 or later.

Another unanswered question is how Air Canada will handle redemptions for non-travel related items. Ms. Huestis said Aeroplan began allowing members to redeem points for gift cards as a way to mitigate frustration over not being able to book reward flights. Stymied in our attempts to get the flights we wanted, my wife and I have in the past redeemed Aeroplan points for gift certificates for electronics and clothing.

There is one group of people who may want to use their Aeroplan points sooner rather than later – those who hold Aeroplan cards offered by American Express. Visa Canada, Toronto-Dominion Bank and Canadian Imperial Bank of Commerce are partners with Air Canada in buying Aeroplan, but not Amex.

Ms. Huestis said it's unclear whether Amex would continue to offer Aeroplan cards once its current contract with the program expires.

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