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**GULF TIMES**

## Qatar's plans to tackle inflation should be lauded

By promising to fight inflation "by all available means and tools," HH the Emir Sheikh Tamim bin Hamad al-Thani has given hope to both citizens and expatriates who fear that inflation triggered by internal and external influences would impact the overall quality of life in Qatar.

Though the country enjoys one of the highest standards of living in the world, it is imperative that suitable measures in the form of checks and balances are put in place to ensure that runaway inflationary trends threatening economies around the world don't have a cascading effect on Qatar.

HH the Emir Sheikh Tamim, speaking at the 42nd ordinary session of the Advisory Council in the presence of HH the Father Emir Sheikh Hamad bin Khalifa al-Thani, said a government committee had been set up to propose necessary solutions to control inflationary pressures.

"Inflation has a negative effect on growth and society and because of that price rise is a problem that worries everyone," he said.

"Individuals, civil society organisations and the Chamber of Commerce and Industry of Qatar must play their roles and endeavour to avoid any unjustified

**It's an encouraging sign that the government is thinking ahead**

price rise, because it is a joint responsibility and the role of those institutions is no less important than that of the state in this area," the Emir added.

Qatar was one of the few countries that

remained largely unaffected by the global recession that began in 2007 and led to the collapse of several top banks and businesses around the world.

Indeed, the US has only recently started recovering from the crisis, while several countries in Europe are continuing to struggle with rampant inflation, high levels of unemployment and deteriorating standards of living.

In Spain, unemployment has crossed the 20% mark and France, too, is struggling to cope, with jobless figures rising above 12%. Greece has been almost perpetually teetering on the brink of disaster.

In the neighbourhood, even the UAE couldn't escape the fallout with the property market taking a big hit and other businesses suffering huge losses.

But thanks to highly proactive and people-oriented business policies, Qatar, a global player both economically and politically, has managed to thrive despite the negative trends that led to business empires struggling to maintain their competitive edge.

"The government will seek to contain it (inflation) by all available means and tools, and, in particular, through the monetary and fiscal policies, combating monopoly, encouraging competitiveness, setting an appropriate timetable to invest in major projects and co-ordinating between these projects to avert being concentrated in a short period of time leading to pressure on the available potential capacity," HH the Emir said in his speech.

The Emir also called for the diversification of the economy and the need to encourage private enterprise to ensure that the country's progress is not hampered in any way. It's an encouraging sign that the government is thinking ahead so that Qatar can achieve its cherished goals in line with its National Vision 2030.

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A scene from the film, *Up in the Air*. George Clooney played a character in the film about corporate road warriors - those who travelled frequently. He clocked up 10mn miles as a frequent flyer in the film.

# The ins and outs of travel loyalty programmes

Travel has grown in stature, increasingly becoming a key element of corporate life today

**By Updesh Kapur**  
Doha



**D**uring my many years working as a travel journalist, I had the privilege of interviewing some of the world's leading executives from across the tourism, hospitality and aviation sectors.

Here were the brains behind the successful growth of business empires in a travel industry that was evolving leaps and bounds.

Some have gone on to write books charting their meteoric rise to fame and fortune; others continue running their companies with passion and pride or merely moved on from one business to another. Hearing first-hand the personal stories that make them tick was a great learning curve.

Virgin Group founder, the maverick Sir Richard Branson, Qatar Airways' charismatic CEO Akbar al-Baker, hotel veteran Bill Marriott, easyjet founder Sir Stelios Haji-Ioannou and the pioneer of the all-inclusive resort concept, Sandal's chairman and founder Gordon Butch Stewart were just some of the few leaders whose thoughts I penned on paper.

These were captivating, visionary, incisive and thought-provoking interviewees who provided a great insight into their world of doing business.

One thing in common was the drive to excel and be the best in their field with service delivery a priority in the quest to be successful. Each adopted a unique style of creating and executing strategies.

However, despite the advent of new technology and cyclical economic downturns, travel was, and remains, fundamental to their way of conducting business. Sitting behind an office desk was just not an option. Get out there to bring business, develop business and maintain business was a discipline entrusted in senior management.

The corporations that bring in revenue; the consumer who is the end user; the travel supplier without which a hotel or airline cannot survive; or the government bodies around the world needed to support business growth in their countries. The reasons to travel are endless.

Whether it was for Sir Richard from home base in London; Bill Marriott in Washington DC; al-Baker in Doha; Haji-Ioannou in Monaco on the French Riviera; or Butch Stewart in the Jamaican capital Kingston, sitting on a plane was, and still remains, second nature to these high fliers.

Between them these high-profile travel executives have clocked up tens of millions of air miles and millions of room nights, circling the globe in pursuit of excellence to boost their company's image and profile.

Travel has grown in stature, increasingly becoming a key element of corporate life today. As the world's largest industry and being the single largest employer, it's no wonder that travel is serious business with countless new entrants looking to have a piece of the action.

Recognising travel as an important commodity, airlines and hotels have gone a long way to tempt customers to repeatedly use their services and be loyal to their brands. Add car rental, you have all three main elements that make up a travel package.

For the frequent travellers mentioned above, service and loyalty go hand in hand. Without service, loyalty can disappear.

The birth of loyalty programmes in the travel industry more than 30 years ago gave rise to a new marketing tool to attract, entice and retain travellers.

For years before then, there were already plenty of loyalty incentive schemes, essentially in the retail environment.

Many would remember loyalty stamps and shopping vouchers given at check-out tills towards payment of subsequent purchases.

The travel industry caught onto the loyalty bug in the early '80s.

The philosophy was simple. If you fly, the tendency is you need a hotel room at the final destination. Travel more to earn more miles and more points - enough to redeem them for a subsequent free flight or free hotel stay.

Started off by US airlines following deregulation of the domestic aviation industry which saw intense competition as more carriers began operations, there was no choice but to bring out these marketing tools to provide differentiation and value for money.

American Airlines led the loyalty onslaught through the creation of the industry's first such incentive programme, helped by the use of sophisticated reservation systems to track passenger data. Within days, United Airlines followed and other rivals jumped onto the bandwagon soon after.

At stake was the loyalty of hundreds of thousands of travellers; corporate road warriors who had to travel in the name of business. Winning their loyalty would go a long way to build an airline's brand.

**Elite travellers love the recognition and being treated specially**

European airlines followed suit, then came the Asian carriers. US-based hotel groups joined the privilege train after initial scepticism that these were nothing but marketing gimmicks. They created their own loyalty schemes that spread across Europe, Asia and rest of the world. Car rental companies also tagged along.

The rest as they say is history! More than 30 years on, these incentive schemes are seen as a fabric of consumerism and a part of life for the corporate road warrior for whom these were originally aimed at. The men and women who travel for work yet demand tangible benefits for the sacrifice they make being away from home for days on end.

Today, the loyalty programmes of airlines, hotel groups and car rental companies are not only linked with each other, but they have tied up with credit cards and retail outlets to provide extra value to help retain customer loyalty.

Are you surprised that in the US, loyalty culture has become so integrated in daily routines that consumer habits reveal many purchases are made using credit cards that are inextricably linked to a travel programme? Paying off the shopping bill, car loan, school fees or even mortgages with a loyalty-linked credit card are common practice in the States and increasingly around the world.

More spend, more points, more perks. Great tools at the outset, yet they have somewhat created a dilemma for service providers, particularly airlines.

There are believed to be trillions of unused air miles out there. Some say up to 15tn. The accrual of miles by frequent flyers has by far beaten all projections, which has cost airlines serious revenue deficits running into millions of dollars a year.

With an average 5% of an aircraft's seating capacity sold on redemption award tickets, where frequent travellers use miles earned in exchange for tickets, the countless number of unused miles has created a big headache for the airlines that market them. Never had they imagined such numbers stacking up to extortionate levels.

Unable to remove such programmes for fear of customer backlash, airlines have to continue offering them but with fresh ideas to maintain

competitive edge. So bonus miles, easier redemption options on flights or other travel services, free transfer of miles to family and friends, elite benefits to the biggest spenders and exchanging miles plus cash for products, are just some examples of marketing tactics used.

Airlines have aggressively moved into the retail arena to provide frequent flyers with more options to redeem their miles. Aside from virtual online stores, there have been ventures into exclusive retail outlets selling anything from household products and electronics to luggage, clothing and even cars and motorbikes.

Of course nothing comes for free. The airline has to make a solid return on investment for the items being sold, so the cost of products purchased by airlines has to be far less than the miles being redeemed by consumers.

For the most elite travellers, 100% bonus miles on flights mean accrual of miles at a faster rate - another headache for some airlines, particularly those in the US.

The more miles earned, there is the lure of reaching a higher tier of membership. But to maintain the higher status, one has to keep flying and earning miles. Elite travellers love the recognition and being treated specially. In the 2009 film *Up in the Air*, loyal American business traveller Ryan Bingham, the character played by George Clooney, was on a mission to accumulate 10mn frequent flyer miles. Accomplishing it meant a lot of perks. It's not just about the miles gained; it's about obtaining elite status and being recognised with ultimate levels of service at every customer service touchpoint.

VIP hotlines to deal with all your flight booking queries, complimentary upgrades, elimination of travel black-out dates during holiday season, priority airport check-in and boarding, fee waivers when changing bookings and customary lounge access are among the host of benefits.

And if you're lucky, have an aircraft named after you!

Today's frequent travellers are extremely savvy. They do their research before they fly. Which airline offers the most miles on a route even if it means taking inconvenient flight connections to get to the final destination; which airlines offer free complimentary upgrades. The more you have, the more you want.

There are magazines, online portals and community organisations in cyberspace dedicated to the frequent flyer.

During my many interviews, I had the pleasure of meeting one of the world's most respected hoteliers.

Here was a man who spent as much time in the air as on the ground, flying in the comforts of first and business class and staying in luxury hotels around the world.

He mapped out much of his schedule a year ahead. Locked in the diary would be the leading annual travel industry exhibitions and trade shows including: World Travel Market in London; Arabian Travel Market in Dubai; ITB Berlin in the German capital; Pacific Asia Travel Association's yearly conference in Asia; and plenty, plenty more.

Now in semi-retirement in California and sitting on numerous business advisory boards, Edwin Fuller has slowed down his travels considerably after a memorable 40-year, single company career with Marriott, one of the world's largest hotel chains.

From salesman and marketer to general manager and president, Fuller is truly a Marriott veteran. He spent the last 20 years of his hotel career as president and managing director of Marriott International during which time he was charged with the formation and operation of over 550 hotels in 72 countries. When he took the helm, there were only 16 Marriott properties outside the US.

He was the driving force behind the company's global aspirations, spearheading the international expansion of a chain that was a

household name in North America.

Marriott is essentially a hotel operator, managing properties rather than owning them, bar a few exceptions. With a US domestic market saturated by hotel brands, Marriott felt the growth, revenue and more opportunities was away from the US, hence the push to all parts of the world with its main Marriott signature brand but also almost 20 other sister brands at different price points under the Marriott umbrella.

So Fuller's life was a plane trip and hotel stay in different cities, different countries and different continents, crossing different time zones frequently every month.

Like him, his office was always on the move but without all the gizmo aids that we see today - the explosion of the Internet era, smart phones etc.

Fuller accumulated an average 500,000 miles a year. Recognition by United Airlines earned him a place in the history books, among the few loyal passengers to have his name Edwin D Fuller, Customer gracing the side of a Boeing 747 below the co-pilot's window. After securing 4mn miles, United awarded him entry into an exclusive club of lifetime global service members.

Affectionately known as the "Fuller Express" the 747 would ply global routes bearing his name for five extraordinary years. A feel good factor indeed. With over 10mn miles accrued to date, he has found it easy to use them, passing onto family and friends, and taking the odd holiday to fully relax and unwind.

As Fuller himself put it, the recognition was an honour for his loyalty but also for his dedication to the job. He knows a lot about the mechanics of loyalty programmes having been instrumental in establishing Marquis Club, the forerunner to Marriott's globally recognised Marriott Rewards.

After retiring from Marriott, Fuller wrote a book about managing growth and change, appropriately titled *You Can't Lead with Your Feet on the Desk: Building Relationships, Breaking Down Barriers and Delivering Profits*.

Travelling, he enthused, was essential to develop business internationally. In the global community we live in, the day-to-day relationship built through years of face-to-face meetings is what built up Marriott's business, not through mere e-mails, faxes and phone calls.

His book talks about using relationships to break down barriers, building revenues and solving problems. He highlighted the sheer strength of personal relationships that helped keep the hotel business going strong in different parts of the world.

If you run an operation that's not in the same town as your office, it's essential that you get on a plane or get in the car and go see those operations, he wrote. All too often, the ivory tower syndrome of an office limits the views of someone who is capable of managing but doesn't have a clear understanding of what's going on in his or her world.

His experience working outside the US convinced him that the best way to gain a better, more complete understanding of people, cultures, beliefs and historical events, was to leave his desk behind.

That's the principle which successful executives follow and preach. In a recent communique with him, Fuller told me that it was fun to watch the miles accumulate. He went on to say that good service, reliability, personal recognition, anticipating needs at the airport and onboard, genuine caring and being there to help when needed, counted more than the occasional freebies.

So those shiny silver, gold, platinum and black-coloured loyalty cards, together with the rewards and recognition that come with them, are a long way away from disappearing.

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