

Risks of travel rewards

Are travel and hospitality companies managing the risks of loyalty programs?

There may be a potential expectation gap between frequent travelers' security expectations and their actual experience. Travelers expect physical safety and security – that now extends to the cyber world. The current status of loyalty data security presents both an opportunity and a potential threat.



Personalization strategies are at risk

A loyalty program data breach could have significant brand impact

Travelers should be diligent and protect their information

Expectation



vs

Reality



Personal information is secured to the same – or even *higher* – standard as a financial institution

Feel their loyalty accounts are secure enough



Are willing to share hobbies or other personal data

23%

Said should a breach occur, they would be less likely to patronize the company

Consumers are not considering the wider risks when private data, including travel schedules and other sensitive personal information, is lost or publicly exposed.

76%

Still believe the biggest risk is loss of credit card numbers

15%

Are concerned that a breach would result in theft of loyalty points

21%

Only change their passwords once a quarter



53%

Use the same password for other accounts

My biggest concern is that if there was a breach that they would know where I live and have all my info. Money can be replaced but my daughter cannot...

Survey respondent

Consumers may not have sufficient confidence to entrust their personal data required to deliver truly innovative and customized experiences.



* Data reflects responses of high frequency travelers, defined as those who have stayed more than 26 nights in a hotel in the past 12 months or flown more than 25,000 miles in the past 12 months

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Background

Companies that can persuade their customers to share detailed information about their interests, hobbies, and preferences will create a highly valuable and continuous cycle: the more information they gather, the more they will be able to personalize the travel experience, and the tighter their bond with customers. But if they fail to live up to their custodial responsibility to secure customer information, that bond can be shattered in an instant. The full report will be available in the summer of 2014. Contact us at karmour@deloitte.com or follow along at [@DeloitteCB](https://twitter.com/DeloitteCB).

Methodology

In April 2014, Deloitte conducted a survey of more than 1,000 customers in the United States who stayed at a hotel for at least 26 nights or more in the past 12 months, or flown more than 25,000 miles in the past 12 months, are a member of at least one hotel or airline loyalty program, and were born between 1924 and 1995. The survey uncovered their views on security and privacy practices of frequent traveler plans.

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