



## These Two Industry Heavyweights Are Teaming Up to Fill a Big Void

### Description

Its no secret: Aeroplan customers are unhappy.

The demise of **Aimia Inc.'s** ([TSX:AIM](#)) flagship program has been a slow burn. First announced more than a year ago, **Air Canada** ([TSX:AC](#)) is dropping Aeroplan in favour of creating its own loyalty program.

Although Air Canada is committed to Aeroplan until June 2020, customers are left wondering what their points will be worth come deadline day. Likewise, its demise has left a void. There is no premier air travel loyalty program in the Canadian marketplace.

Enter **Westjet Airlines Ltd.** ([TSX:WJA](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

### Ampli loyalty platform

Last week, the two industry heavyweights announced *Ampli*, a new travel loyalty platform..

The loyalty platform takes aim at one of Aeroplan's greatest frustrations — the inability to book flights. Too many blackouts, too little flights available.

Not Ampli. It doesn't intend to make the same mistakes.

Westjet was quick to point out that Ampli will not have blackouts when loyalty points can't be redeemed. It also took aim at Air Canada directly, emphasizing that the company does not overbook flights.

### Flights are what matter

About 90% of Canadian belong to loyalty programs. Prior to the Air Canada announcement, Aeroplan had approximately five million members. Although Aeroplan miles could be redeemed for merchandise and gift cards, the flights were the most important draw.

Approximately 75% of Aeroplan redemptions are Air Canada flights. The peripherals may be nice, but

customers are interested in flights more than anything.

### Void presents an opportunity

Air Canada has yet to release any details on its new loyalty program. As such, there is no true flight rewards program available. Westjet and RBC took notice and are acting quickly. Its new program is expected to launch by end of year, a desirable first-to-market position.

If Ampli succeeds where Aeroplan failed, they have a good chance to seize significant market share in Canada's loyalty landscape. Customers are littered with loyalty programs, but none can fill the void left by Aeroplan.

Ampli has a real chance to stand out.

Outside of Westjet, Royal Bank has made a smart move here. Two of its main competitors, **Toronto-Dominion Bank** and **Canadian Imperial Bank of Commerce** are stuck with Aeroplan through 2024.

Not an enviable position; it's tough to market a declining brand. I sense future write-downs.

Upon the launch of Ampli, RBC's credit card offerings attached to the new program will instantly become more attractive. Customers looking for a fresh start will no doubt turn to RBC's Ampli-branded cards, especially if they come with juicy sign-up rewards.

Canada's loyalty landscape is in the midst of change. RBC and Westjet just upped the ante.

### CATEGORY

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1. NYSE:RY (Royal Bank of Canada)
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