

2 October 2019

Australian Competition and Consumer Commission (ACCC)

loyaltyschemes@acc.gov.au

Dear Sir/Madam

SUBMISSION ON CUSTOMER LOYALTY PROGRAMS

I would like to congratulate the ACCC for its enquiry and reports on Customer Loyalty Programs. I found the reports most interesting and very professional. I fully support the following draft recommendations of the enquiry:

- Draft recommendation 1: Improve how loyalty schemes communicate with customers
- Draft recommendation 2: Prohibition against unfair contract terms and certain unfair trading practices
- Draft recommendation 3: Improve the data practices of loyalty schemes
- Draft recommendation 4: Strengthen protections in the Privacy Act and broader reform of Australian privacy law

I have had poor experiences with the Qantas Frequent Flyer Program and the Expedia points system. In summary, points were expired without warning by Qantas and points were not added to my Expedia account despite being advised in writing that I would get the Expedia points after the cruise I paid for via a travel agent. Expedia still has not provided me with the points.

This year I have been concerned about the expiry of points without notification from Qantas. If you do not subscribe to Qantas advertising and news by email they do not notify you if your points are about to expire. It is not clear that flying with Jetstar rarely gets you any Qantas points. It is also not clear that you can activate your points with minor purchases from the Qantas Frequent Flyer web site. I now know how to do this after about 9 months emailing and talking to Qantas to get the expired points reinstated. I was grateful that Qantas eventually reactivated the expired points and showed me how I could keep my previously earned points.

There was a change to the Qantas Frequent Flyer program this year. It is now much easier to book Qantas flights online. There should be more emphasis on how you can redeem points and not just numerous advertising emails on how to earn points. People have an incentive to earn points if they know they can redeem points for a specific trip or purchase in the future. It is not clear how much points are worth.

In conclusion, Qantas and Expedia:

- failed to adequately advise customers about critical components of their loyalty schemes, including the need to remain 'active' by earning or redeeming points within a specified period to avoid the expiry of points, or about the restricted availability of redemption opportunities, and
- made unilateral changes that unfairly restricted the benefits available under a loyalty scheme, for example, by unilaterally reducing the rate at which they could earn points, or the value of their points previously accumulated.

Overall, customer loyalty programs are more complex and restrictive than necessary and orientated more to the company than the customer. The programs need to be simpler for customer loyalty.

Yours faithfully



M/s Birute Don