

Air Canada, partners buy Aeroplan loyalty program

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Air Canada, whose planes are shown here on the tarmac of Roissy-Charles de Gaulle Airport, north of Paris, is leading a consortium to buy back loyalty program Aeroplan

Air Canada led a consortium of banks in buying back Canada's leading

loyalty program Aeroplan, and said Tuesday it plans to roll it into its own points card.

"We are pleased to see that an agreement in principle has been reached as Aeroplan members can continue to earn and redeem with confidence," Air Canada chief executive Calin Rovinescu said on behalf of the consortium.

The purchase of Aeroplan, he added, "would allow for a smooth transition to Air Canada's new loyalty program launching in 2020, safeguarding their miles and providing convenience and value for millions of Canadians."

Air Canada, the Toronto-Dominion (TD) bank, Canadian Imperial Bank of Commerce (CIBC) and Visa Canada offered to buy Aeroplan from its parent Aimia for Can\$450 million (US\$345 million) in cash and assuming Can\$1.9 billion reward points liabilities.

This follows a hostile takeover bid in July for significantly less.

In recent weeks, Aimia signed deals with a handful of airlines in an effort to rebuff Air Canada.

The current tentative deal, however, is supported by Aimia's board and largest shareholder, Mittleman Brothers, which has a 17 percent stake. A shareholder vote on the offer will be scheduled in the fall.

Air Canada invented Aeroplan more than three decades ago to reward frequent flyers, but later spun it into a separate company.

Last year Air Canada announced it would terminate its partnership with Aimia in 2020 and create its own loyalty program.

TD and CIBC are Aeroplan's biggest customers, both offering credit cards that allow clients to accumulate points that can be used to book flights.

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