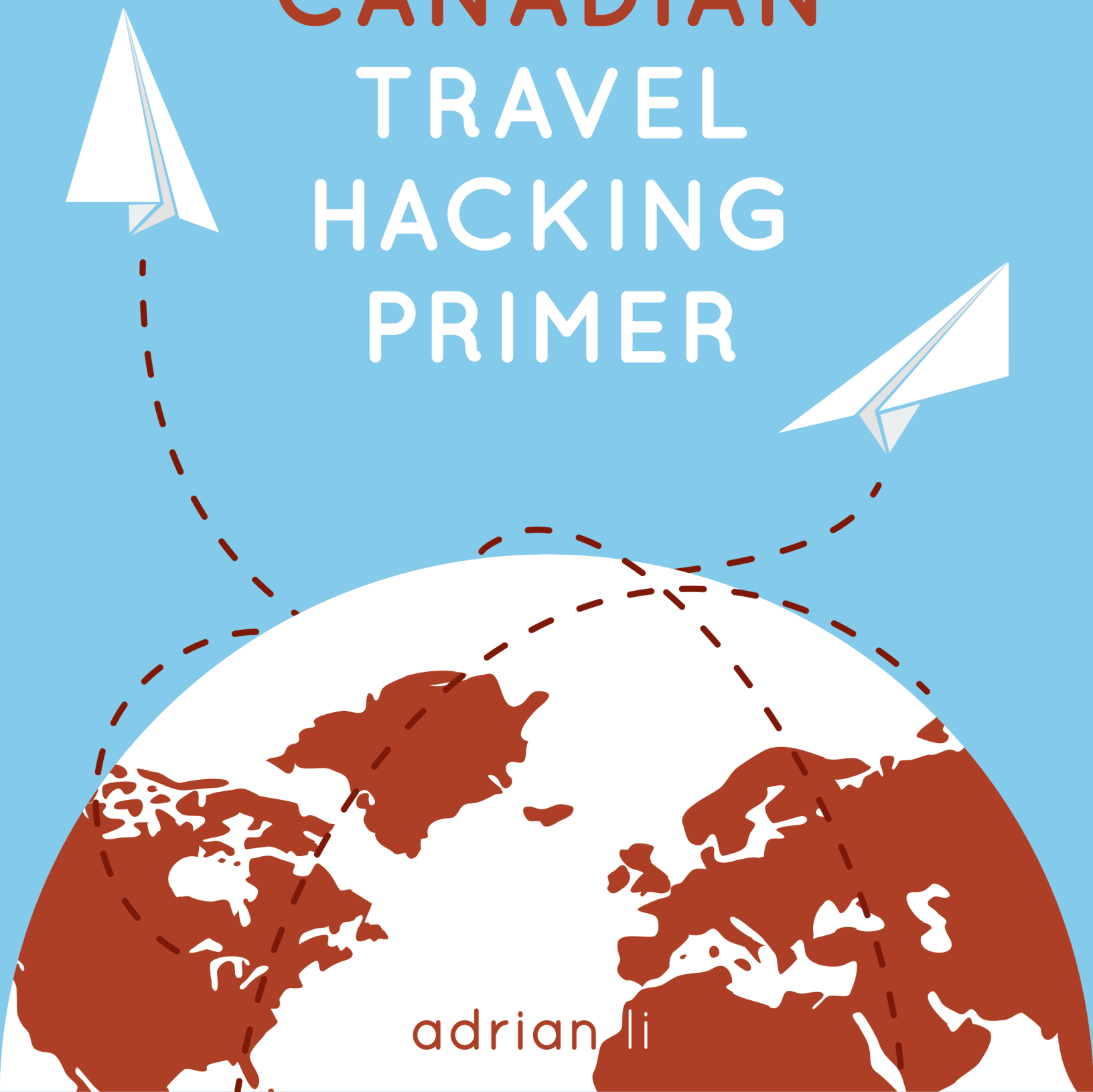


# THE CANADIAN TRAVEL HACKING PRIMER



adrian li

# Introduction

Click.

You're smiling while you hold hands with your partner. The two of you are on an exotic beach, running through the sand. Palm trees frame the perfect moment as you notice the sun setting on the horizon. Brilliant orange gleams and warms your skin. And as you take in the scene—

Click.

You close the e-mail because your boss is walking by your desk. But maybe you're at home rather than work. Regardless, every now and then, an e-mail arrives in your inbox prompting you to think about taking a vacation.

You'll spend some time thinking about it, but you always come to the same conclusion: You don't have enough days off, or you just can't afford it. I can't help you get more days off, but I can definitely help you with that other problem.

Many Canadians often want to take a break from their busy lives to travel or go sightseeing. Assuming that we can find the time to do so, our next hurdle is money. The high costs of flights and hotels often make a vacation seem unaffordable.

I had always thought *that's just the way it is*. But I was wrong.

In 2013, I discovered an underground world of “travel hackers.” These people fly first class around the world while sipping champagne in airport lounges and paying a fraction of the price us regular people do.

How do they do this? Can *you* do this? Can anyone? What tricks do the travel hackers have up their sleeves? Surely, this isn't something a regular Joe can pull off, right?

Using the research skills I picked up from my time in law school, I quickly dived into this online community. I spent over 100 hours reading everything about how to “hack” the travel industry.

By 2014, I was sipping champagne in first class while flying across the Pacific Ocean—all for only \$20.

I'm here to tell you that it can be done, and it isn't as hard as you might think. This book is designed to show you how you can get started. Not long after you learn the concepts in this book, you'll be on your way to becoming a travel hacker yourself.

## Designed for the Average Canadian

The ideas are actually quite simple, but the resources out there don't exactly make it easy.

When I first began my research, I had to read dozens of posts from many different blogs. I also had to peruse hundreds of online forum threads, trying to decipher the language. Who knew that “Y,” “J,” and “F” mean “coach,” “business,” and “first class,” respectively? Did you know that “stopover” and “layover” have very distinct meanings? The travel hacking community has so much jargon that people have actually had to write glossaries to make sense of it all.

But don’t worry. I designed this book for you, the average Canadian who already has enough to deal with. Perhaps all you want is a simple trip from Toronto to Vancouver for cheap. This book can help you get there. I did all the research and work so that you don’t have to.

I’m not going to go into exceeding detail about everything that you can do to hack your travel. This guide will give you the necessary foundational knowledge to dive in further. But keep in mind that this primer is a broad overview of a very large topic.

Over the years, friends of mine have invited me out to dinner and asked me to teach them how to travel hack. This book contains everything that I would tell them during the course of a three-hour meal. The goal is to teach the basic concepts in a simple and practical way so that you may do your own exploring (if you so wish).

I should also mention that this book assumes that you have decent credit. It is very difficult to apply for most credit cards if

you have a terrible credit score. It's a small price to ask for what can be described only as a dream come true.

## What You Will Learn

This book is a complete starter kit. You will learn everything you need to save thousands on your next vacation. My goal is for you to become knowledgeable in the art of travel hacking as quickly as possible.

In the next chapter, I'll share my story of how I got started with travel hacking. This will give you some context as to how a regular Canadian like you can do the same. From there, we'll get into some of the basics, such as airlines, alliances, and loyalty programs. This will lay the groundwork for the rest of the book, for everything revolves around these entities.

Then, we'll begin our main topic of earning points. We'll cover techniques like credit card churning, referral bonuses, and manufactured spending, and I'll also share with you a few of my favourite credit cards.

On a more practical note, I'll also give you some guidelines for evaluating credit cards while addressing the issue of maintaining a good credit score.

After we've covered how to earn our points, I'll teach you how to spend them efficiently. Many people think that earning points is

the hardest part, but redeeming points can be just as complex and frustrating. I'll cover how to decide what loyalty program to choose, what stopovers are, how to reduce fees, and also situations where you shouldn't use your points.

As you can see, there is a lot of content to cover. I won't lie and say that travel hacking is easy, but it is a lot simpler than most people will have you believe. I've worked really hard to boil down all the information to the key things that you need.

Read on to begin your journey into travel hacking!

# How I Got Started

Before we get into the nuts and bolts, I thought it would be a good idea to share about how I got started with travel hacking. If you're still having doubts about whether you can achieve this yourself, don't worry. Reading about my personal story of how I got started should give you an idea of how the techniques in this book can work for almost anyone.

## The Reunion

Let's go back to May of 2013. I had just finished my first year at law school, and I couldn't find a job for the summer. When I heard of an informal reunion with some of my former classmates, I jumped at the opportunity to see what everyone was doing.

I went to the reunion not expecting much, and I ended up sitting at the bar with someone whom I hadn't talked with in a long time. We were having a conversation about our careers when something curious caught my attention. He mentioned that he'd been planning to travel ever since he collected a lot of points from the Aeroplan loyalty program.

Now, I used to think that the 50,000 points I had with the Aeroplan program was quite impressive. It took me a good number of years to build up to that total. This friend I was talking

with at the reunion said he had more than 100,000 points, and he hadn't even flown in the past two years.

This completely boggled my mind because I thought the only ways to earn a lot of points were to fly a lot or spend a lot of money. I had to ask my friend. "How is it possible that you could have more than double my points without having flown at all?"

I pressed further, and I could tell he was getting excited. This was clearly his hobby. He told me that there are actually many ways to earn points. He mentioned something about signing up for a credit card, getting the sign-up bonus, and then referring himself to do it again.

I was intrigued, but it sounded really complicated and to be a big hassle, so I didn't pursue it further. That night, my friend sent me an e-mail with a referral link for a credit card. I took a look and then quickly forgot about it. Little did I know that this would be the start of an amazing journey, one that I never thought would be possible.

## My Mother Did It

Every couple of weeks, I would have dinner with my mother. She would often be on the lookout for cheap fares so that she could visit her parents in Hong Kong or her sister in Los Angeles.

During one such dinner, I casually mentioned that my friend had over 100,000 Aeroplan points by registering for credit cards. I



didn't say much beyond that, but she seemed interested. Later that week, she asked me to forward her the referral that I'd received from my friend. I promptly did so and forgot about the whole thing.

At dinner two months later, however, she was excited. "I have enough points to go visit my parents!" she said. I was shocked. How did she earn the necessary points so quickly? A round-trip flight from Toronto to Hong Kong would be 75,000 points. She had about 30,000 points before, so she must have somehow earned at least 45,000 points within two months.

In such little time, my mother had been able to accomplish what I had thought would take years. By registering for two American Express credit cards, she was able to earn about 55,000 points. Just like that, she had enough for a round-trip flight to Hong Kong.

Now, the distance between Toronto and Hong Kong is 12,500 kilometres. A typical trip would cost over \$1,500 when booking online. The fact that my mother had achieved this in only two months just by applying for a couple of credit cards was very compelling.

And here's the best part: my mother is just a regular woman with an average amount of free time and some basic common sense. When I saw what she had been able to do, I knew I had to get in on it as well. I asked her for a referral, and I spent some time studying how to do this for myself.

## The Plunge

So, I took the plunge. I spent many sleepless nights reading and researching about the nuances of how to become a travel hacker. I learned that travel hacking has many dimensions. Most of the information online is for those living in the United States, but there's also a strong community of Canadians doing the same.

Depending on what country you live in, your options can be drastically different. Different destinations might mean picking different airline loyalty programs. And different loyalty programs can mean choosing different credit cards to apply to. Travel hacking requires an understanding of the airline industry, as well as the relevant credit cards, while keeping in mind the kind of places where you want to go.

To be completely honest, I was quite overwhelmed. However, the fewer options available to us Canadians meant that it would be easier to see the truly worthwhile opportunities. This is probably the reason why this book is possible in the first place (an American counterpart would be much longer and more complex). I wrote this book not only to save you thousands of dollars, but also to save you the hundreds of hours it took me to fully understand how travel hacking works.

# Airlines, Alliances, and Loyalty Programs

First, we need to have a basic understanding of airlines, airline alliances, and also loyalty programs in general. Although this book is primarily focused on flights, we'll also touch on hotel loyalty programs briefly.

Loyalty programs are corporate marketing efforts that reward and encourage loyal buying behaviour. Typically, this means you can collect and earn points that you can redeem later for goods and services. Consequently, this entire book is focused on earning points and then redeeming them for flights.

Most major airlines have their own loyalty programs. In Canada, our two largest airlines—Air Canada and WestJet—both have theirs. Because WestJet's loyalty program has far fewer opportunities for travel hacking, we will not be discussing them in this book.

Hotels and credit card companies also have their own loyalty programs. Very often, the points you earn in these programs are transferable to other loyalty programs. This can open up a lot of opportunities because it allows your points from these companies to have value elsewhere.

It is also important to understand airline alliances, which are a group of airlines that have agreed to share their products and services with each other (in varying degrees). This is especially important when we talk about redeeming points later on.

## Airline Programs

In this book, I'll specifically discuss two airline loyalty programs: Aeroplan by Air Canada and Avios by British Airways.

The reason for Aeroplan is obvious: it's the loyalty program associated with our nation's largest airline. When you're looking for flights to and from Canadian cities, it's pretty hard to beat the selection that Air Canada can provide. Furthermore, we Canadians have access to more special offers relating to Aeroplan than any other airline's loyalty program.

Being part of Aeroplan also means you can redeem for flights on Air Canada's partner airlines as well. Air Canada is part of the Star Alliance network of airlines, the world's oldest and largest airline alliance. This means that you can redeem your Aeroplan points for flights all over the globe.

If you're just starting out, Aeroplan should be enough. However, if you don't mind enrolling in another loyalty program, Avios can also be very worthwhile. Because British Airways belongs to the Oneworld airline alliance, you would be able to access an entirely different network of airlines that you couldn't with Aeroplan.

If you're enrolled in both Aeroplan and Avios, then you have access to two of three of the world's largest airline alliances—namely, Star Alliance, Oneworld, and SkyTeam. That can be pretty useful no matter where you plan to travel.

You may also benefit from smaller programs, such as Alaska Air and SkyMiles, but we won't talk about those, for their benefits are relatively limited.

## Credit Card Programs

As for credit card loyalty programs, we'll be concentrating on the American Express Membership Rewards program. This is tied to the main family of cards offered by American Express. For brevity, I will refer to these points as AMEX points.

What's great about AMEX points is that they can be transferred (at a 1:1 ratio) into either Aeroplan or Avios. This makes AMEX points very valuable and is also why they're the focus of this book.

The major Canadian banks also have their own loyalty programs. Rather than discussing each of them in detail, however, I'll leave you with a few important guidelines.

When you're considering whether a loyalty program is worthwhile, you need to figure out how you're going to collect the points and what the points are actually worth to you.

Some credit card companies will advertise that you get four points per dollar spent, but that's meaningless unless you know exactly how you can redeem those points. One of the more annoying strategies that these companies use is a bracket approach.

Let's say the program requires 35,000 points to compensate you for a \$350 expense. If your expense ends up being \$349 instead, then you won't get to use your points. You're out of luck.

The use of your points may also have other restrictions, such as blackout dates or specific travel services you have to book through. Make sure you understand what you're getting into before you sign up.

## Hotel Programs

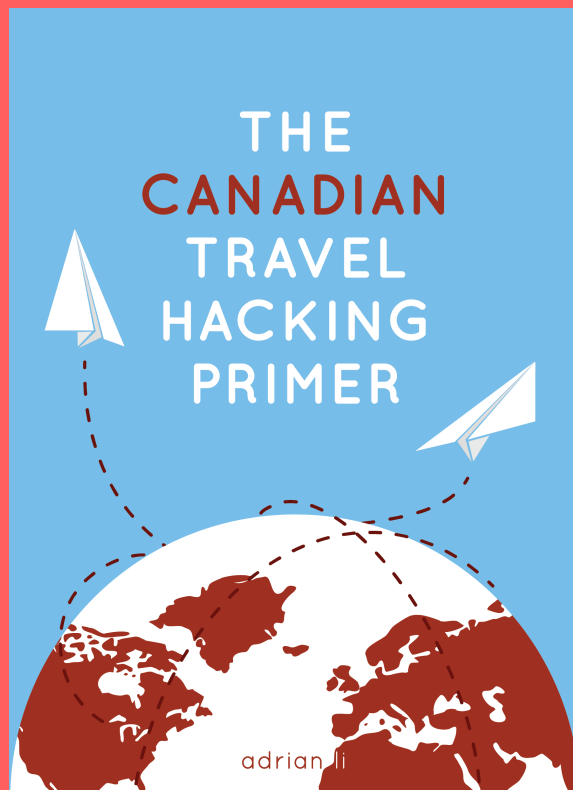
There is no leader for hotel loyalty programs. Choosing one will depend on your own preference and the destination where you're planning to travel. Although many hotel loyalty programs exist, sometimes they may not serve the location you're planning to visit.

I'm personally quite fond of the Starwood Preferred Guest (SPG) program. Some of the many hotel brands included are Sheraton, Four Points, W Hotel, Westin, and others. I'm fond of SPG because AMEX points can be converted into SPG points, albeit at a ratio of 2:1. You may even redeem Aeroplan points for stays at some SPG locations; however, this isn't recommended, for it's

usually not a good use of your points. AMEX also issues an SPG-branded credit card, which can be quite worthwhile, depending on the sign-up bonus at the time.

Marriott Rewards is also an interesting program. Chase Canada offers a credit card with a relatively generous sign-up bonus of Marriott Rewards points. I'll go into more detail in the section on Chase Canada cards.

Hotel loyalty programs are a little harder to earn points for, primarily because there are so many of them and so few special offers. The rest of this book will focus on how to use credit cards to earn points for flights.



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