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## **Value Airlines Fill Top 7 Slots with Best Reward Seat Availability, and Among Global Airlines Singapore is Best**

*IdeaWorksCompany releases results from the 4th annual Switchfly Reward Seat Availability Survey.*

May 9, 2013, Shorewood, Wisconsin - - Value-oriented airlines dominate the top results in the 4th annual **Switchfly Reward Seat Availability Survey**. Air Berlin, Southwest, and Virgin Australia placed in the top 6 for the 2010, 2011, 2012 and 2013 editions of the reward survey. For 2013 Air Berlin, GOL, and Southwest share first place with outstanding 100% scores, with every flight queried in the survey providing reward seats. The list of carriers was expanded to 25 for 2013 with the addition of Air Asia, Air China, and AviancaTaca.

The largest year-over-year improvement were registered by global players Air France/KLM (up 22.2 points) and Emirates Airlines (up 12.1 points). AirTran Airways (a unit of Southwest) continued upward movement with a 7.9 point increase and a nearly 50 point increase since 2011. Comparing total average result for the same 22 airlines included in the 2012 and 2013 surveys reveals a minor half point drop for 2013. Thus, overall reward availability is largely unchanged for the global airline industry.

Continuing last year's theme, survey findings indicate frequent fliers are better served by the reward programs offered by value-oriented airlines. The average among the seven value-oriented airlines in the survey was 96% which is up from the 2012 result of 93.5%. The other more traditional carriers in the survey group registered 61.5% which is slightly lower than the 2012 average of 62.9%.

Lower fare airlines benefit from the composition of their route networks. Most focus on short and medium haul flights (under 2,500 miles) which often feature multiple daily flights. Global network airlines operate a mix of short, medium and long haul flights. Reward seat availability is traditionally lower for intercontinental markets because multiple daily operations are more rare and seating density is lower. Available rewards were found for 84.7% of the queries for flights of 250 to 2,500 miles. The result dropped to 42.7% for flights longer than 2,500 miles. Of the 25 airlines in the analysis, only 18 were included in the longer distance queries. Among these, Singapore Airlines had outstanding results with a success rate of 94.3%, with US Airways posting a bottom-of-the-ranking result of 4.3% for long haul flights.

Saver-style rewards are an important benefit for most members and the primary topic of this survey. The Switchfly Reward Seat Availability Survey is based upon 7,560 booking queries made by the IdeaWorksCompany at the websites of 25 frequent flier programs during March 2013. Travel dates spanned June through October 2013, with top routes for each carrier checked to assess reward seat availability. The following table summarizes the results of the 2013 survey:

Overall Reward Availability				
Ranked High to Low – Seat Availability for June – October, 2013				
Rank	% Total Availability	Airline	Program Name	Change from 2012 to 2013
1 (tie)	100.0%	Air Berlin	Topbonus	No change
	100.0%	GOL	SMILES	↑2.9 points
	100.0%	Southwest	Rapid Rewards	No change
2	98.6%	Virgin Australia	Velocity Rewards	↑8.6 points
3	95.0%	AirTran Airways	A+ Rewards	↑7.9 points
4	90.0%	Air Asia	BIG	New for 2013
5 (tie)	88.6%	JetBlue	TrueBlue	↑2.2 points
	88.6%	Singapore Airlines	KrisFlyer	↓ 2.1 points
6	86.4%	Qantas Group	Frequent Flyer	↑7.8 points
7	82.1%	Lufthansa/SWISS/Austrian	Miles & More	↓ 10.0 points
8	80.0%	United Airlines	MileagePlus	↓ 7.1 points
9	79.3%	Air China	PhoenixMiles	New for 2013
10	77.9%	Air France/KLM	Flying Blue	↑22.2 points
11	66.4%	Air Canada	Aeroplan	↓ 12.2 points
12	65.7%	British Airways	Executive Club	↓ 13.6 points
13 (tie)	56.4%	Alaska Airlines	Mileage Plan	↓ 2.9 points
	56.4%	Cathay Pacific	Asia Miles	↓ 14.3 points
14	55.0%	LAN	LANPASS	↓23.6 points
15	54.3%	AviancaTaca	LifeMiles	New for 2013
16	51.4%	SAS Scandinavian	EuroBonus	↓ 6.5 points
17	48.6%	American Airlines	AAdvantage	↑2.9 points
18	45.0%	Emirates	Skywards	↑12.1 points
19	40.0%	Turkish Airlines	Miles&Smiles	↑1.4 points
20 (tie)	36.4%	Delta Air Lines	SkyMiles	↑9.3 points
	36.4%	US Airways	Dividend Miles	↑2.8 points

*% of Total Availability = Percent of queries that result in outbound and return reward seats. See "Notes regarding reward query methodology" at the end of this press release. Value oriented airlines: Air Berlin, GOL, Southwest, Virgin Australia, AirTran Airways, Air Asia, and JetBlue.*

## Reward Seat Availability

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The “% of Total Availability” column represents the frequency of queries which produced one or more available flights for a roundtrip pair of travel dates. A minimum of two seats was required for each outbound and inbound reward reservation query. For example, the 98.6% result for Virgin Australia reflects the fact that 276 of the 280 outbound and inbound date queries provided a minimum of one flight in each direction with at least two available saver-style reward seats. The right-hand column compares 2013 results to the Reward Seat Availability Survey conducted by the IdeaWorksCompany in 2012.

“Ongoing consolidation and capacity cuts continue to squeeze reward seat availability, and yet frequent flier programs find ways to grow their membership and drive redemption,” said Daniel Farrar, CEO of Switchfly. “While often viewed as a program’s primary redemption benefit, reward seats need not be the final frontier. Travelers banking a percentage of the trillions of miles outstanding today have interesting options as more programs start to think ‘outside the cabin’ to include rewards through joint ventures and alliance partners, hotel nights, rental cars, other travel and retail purchases and even cash.”

Reward travel is considered the most important frequent flier program benefit by a majority of travelers. The results of the analysis clearly demonstrate how programs differ in this regard. The big jump of 47.9 points since 2011 for AirTran A+ Rewards indicates Southwest is applying its generous reward allocation philosophy to the airline it acquired during 2011. Members of the Qantas Frequent Flyer Program are undoubtedly pleased by four years of consistent improvement for reward seat availability; Qantas is up 13.5 points since the 2010 survey. United continues to offer great reward availability; MileagePlus is top rated among North American global carriers in the survey.

The continuing presence of Air Berlin, Southwest, GOL, and Virgin Australia as top reward seat availability performers is no accident; these programs obviously treat reward travel as a priority and management allocates meaningful inventory to the effort, incurring an opportunity cost for the seats not sold for cash fares.

The size of the 2013 survey increased to 25 airlines with the addition of Air Asia, Air China, and AviancaTaca. Air China and its PhoenixMiles program represents the first China-based addition to the survey. All the carriers and frequent flier programs chosen for the analysis met two key criteria. First, they are among the largest airlines based upon passenger traffic reported for 2011. Second, the online reward booking website must allow reward queries to be conducted during March for a June through October flight period and be available in English.

Survey results reflect the availability of saver-style rewards (capacity controlled seats) with two exceptions. For Southwest, Anytime or Wanna Get Away rewards priced up to 12,500 points (each way) qualified as reward travel. For JetBlue, rewards priced at 12,500 points (each way) qualified as reward travel. Similar to their US-based counterparts, \$12,500 in credit card purchases provides 12,500 points, which is equivalent to the miles required for a one-way reward.

IdeaWorksCompany collected new data for all US-based airlines in the survey for 2013. The average reward price was noted for all 250 to 2,500 mile queries, which effectively represents domestic reward travel in the US. The lowest average prices were offered by Southwest at 9,353 points and JetBlue at 15,774 points. Among the five remaining carriers, Alaska Airlines offered the lowest average mileage price at 24,607 with US Airways the highest at 31,143 miles. The results indicate the pay-with-points method used by Southwest and JetBlue provides better value than airlines using traditional reward pricing.

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The IdeaWorksCompany again tested US-based carriers for reward travel using a much shorter 5 to 15 day booking window. Eighty queries were made for departures from 09 April through 19 April for Alaska Airlines, American, Delta, JetBlue, Southwest, United, and US Airways. The test was performed on April 05, 2013 to determine how carriers release reward seats just prior to departure. The results confirm what many travelers already suspect is true; booking later sometimes provides better results.

<b>Short Advance Booking Test</b>			
<b>Seat Availability for 09 - 19 April 2013 Departures – Captured on 05 April 2013</b>			
<b>% Availability</b>	<b>Airline</b>	<b>Program Name</b>	<b>% for 2013 Versus 2012</b>
85.0%	Southwest	Rapid Rewards	n/a
77.5%	United Airlines	MileagePlus	↓ 10 points
60.0%	Delta Air Lines	SkyMiles	↑ 35 points
57.5%	American Airlines	AAdvantage	↓ 7.5 points
57.5%	US Airways	Dividend Miles	↑ 15 points
37.5%	Alaska Airlines	Mileage Plan	n/a
37.5%	JetBlue	TrueBlue	n/a
<i>n/a – Carriers were not included in the Short Advance Booking Test for 2012.            See “Notes regarding reward query methodology” at the end of this press release.</i>			

Delta, American, and US Airways offer reward availability for this 5 to 15 day booking window that is actually above their query results for the 3 to 7 month booking window. These carriers apparently have policies that add more seats closer to departure. This practice helps reduce mileage liability and ensures seats are not empty when the aircraft door closes. Results from the Delta queries showed a considerable increase of 35 points from 2012, which indicates the airline has become far more generous when allocating seats for reward travel close to the date of departure.

Overall results from four years of surveys indicate conditions have stabilized for members. The first survey in 2010 yielded an average score of 66.1% for all airlines queried; this improved to 68.6% for 2011, 70.9% for 2012 and finally 71.1% for 2013. Competition in the US for credit cardholders, a lucrative source of ancillary revenue, keeps airlines focused on reward availability. Bank travel reward cards, such as Capital One and Chase Sapphire Preferred, rely on a “travel anytime on any airline” message that supports a perception that reward seats are in scant supply. With the US airline industry experiencing healthy financial recovery and consolidation, time will tell if airlines continue their present level of generosity.

Elsewhere in the world, with the exception of Air France/KLM and Qantas, global network airlines might be destined to move toward an average query result of 50 to 55%. The green and red arrows displayed on the Overall Reward Availability chart (see page 2) provide visual evidence of this phenomenon. If Air France/KLM and Qantas gain increased loyalty and revenue from their reward generosity, more network carriers might be encouraged to move up in the rankings. If a 50 to 55% trend actually develops, it may leave value carriers increasingly isolated by their near perfect results, with most other carriers aiming for a common standard of mediocrity.

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**Notes regarding reward query methodology:** *Booking queries for a party of two travelers were made at frequent flier program websites during March 2013. Some airlines require a Saturday night stay for reward travel; all of the queries used date pairings that included a Saturday night stay. While the city pairs varied for each frequent flier program, the travel dates queried did not. 280 specific dates were selected for survey queries and only reward seat availability for travel on the date specified was recorded; any departure time was acceptable. Furthermore, reward travel had to be available on the outbound and return dates queried. Overly circuitous routings and layovers longer than 4 hours were not accepted.*

*The top 10 routes longer than 2,500 miles and the top 10 shorter routes were selected for each airline. Alaska Airlines was switched to this methodology for 2013 due to the carrier's increased emphasis on the Hawaii market. Due to a lack of long-haul routes, the top 20 overall routes were queried for these airlines: Air Asia, AirTran, GOL, JetBlue, Southwest, and Virgin Australia. Ten top Europe - Palma de Mallorca city pairs (out of 20) were substituted for Air Berlin to reflect the carrier's major Mediterranean emphasis on holiday flights. When offered, online reward availability for partner airlines was always requested; rewards fulfilled by calling the airline were not. Online access is important for consumers; a major US carrier disclosed more than 90 percent of its domestic reward bookings are made online. The survey is designed to focus on this important consumer attribute.*

**About Switchfly:** Switchfly, Inc. is a global technology company that powers travel commerce and loyalty redemption solutions for some of the world's most recognizable brands across travel, loyalty, financial services and ecommerce. World-class products delivered via a flexible software-as-a-service platform let clients easily launch and maintain a complete online travel and loyalty experience superior to any online travel agency. Tailored to their customers' needs while maintaining a full brand match, Switchfly solutions drive stronger customer engagement, enhance brand loyalty and increase revenue. Founded in 2003 and headquartered in San Francisco, the Company generates more than \$1 billion in revenue for its clients annually and has facilitated the redemption of more than 100 billion reward points and miles. The company's global client roster includes American Airlines, Emirates, JetBlue, LAN Airlines, Norwegian Air Shuttle and TAM Airlines; American Express Loyalty Edge, IAG Avios, Lufthansa Miles & More and United MileagePlus; InterContinental Hotels Group, Marriott and Starwood Hotels; Expedia, Orbitz and Priceline; American Express, Groupon and PayPal. For more information, visit [www.switchfly.com](http://www.switchfly.com).

**About IdeaWorksCompany.com:** IdeaWorksCompany was founded in 1996 as a consulting organization building brands through innovation in product, partnership and marketing, and building profits through financial improvement and restructuring. Its international client list includes airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorksCompany specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, frequent flier programs, and on-site executive workshops. Learn more at [IdeaWorksCompany.com](http://IdeaWorksCompany.com).

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