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Airlines get creative with frequent flyer rewards

By Misty Harris

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You know frequent flyer programs have changed when one of the rewards on offer is a class for people afraid of flying.

Responding to competition from other loyalty programs, as well as formats that allow points to be earned on everyday purchases, airlines are expanding redemption options to meet the needs of more people — including those who've never flown a day in their life.

A new report on frequent flyer programs, which reviews the offerings of some 150 airlines, identifies the most inspired offerings and sheds light on just how far members can go with their “miles.” In the case of Virgin’s galactic sub-orbital space flight, at a cost of 25 million points, the answer is self-evident.

Other rewards highlighted in the review, published this month by IdeaWorks, include a leather vest autographed by George Clooney (Air Canada, 177,000 points); a wine-of-the-month club membership (Qantas, 13,000 points); a hot lather shave (AviancaTaca, 8,250 points); and even enrolment in a Flying Without Fear class, which addresses individual travel phobias — claustrophobia, for example — enlists a therapist to teach psychological techniques for beating anxiety, and concludes with a 45-minute voyage on a commercial aircraft (Virgin Atlantic, 35,000 to 40,000 points).

“If you’re flying all the time on business, oftentimes the last thing you’d ever want is another free airline ticket,” says IdeaWorks president Jay Sorensen, an expert on frequent flyer programs. “So we’re seeing more and more items that can be redeemed close to home.”

Sorensen says the savviest airlines align themselves with rewards partners consistent with their brand; Virgin, for example, features redemption opportunities that reflect its image as sassy, vibrant and fun.

Less appealing is what Sorensen calls the “endless buffet” model.

“I’ve never been a fan of airlines putting out a catalogue of trinkets and trash,” says Sorensen. “I would encourage an airline to be a bit more creative than allowing customers to convert their points into a free electric toothbrush. I see zero romance in that — and romance is what helps create loyalty.”

According to Aaron Carr, general manager of product management for Aeroplan, adding unconventional rewards was largely a response to a shift in customer base — one that came to include non-traditional participants who were earning credits everywhere from the drugstore to the gas station.

“We were starting to have more and more members accumulate (miles) on everyday purchases, so we knew we needed to add some breadth and depth to our redemption program to keep them interested,” says Carr.

Aeroplan now offers nearly 1,200 rewards, including gift cards, digital downloads (think ebooks and music), a private chef for a week, and celebrity-autographed swag, with proceeds from the latter going to charity. Of the 2.3 million rewards redeemed in 2011, roughly 20% were non-air related.

Other loyalty programs have the same idea, with Air Miles recently introducing the option to instantly redeem miles for cash discounts at participating retailers.

Linda DiMaria, an Air Miles collector since 1997, couldn't be happier about the change.

“It's better to get something you can use now than to save up for a trip that will probably never happen anyway,” says DiMaria, who lives in Toronto. “I mean, I would love to go to Hawaii but I know that's not going to be possible. We don't have money for that type of thing.”

But a handful of programs, including WestJet Rewards, continue to offer exclusive redemption on flights and vacation packages, citing such benefits as simplicity and consistency.

“We think it makes good sense for people to accrue money to use toward the very thing they accrued it for,” says Jennifer Sanford, spokeswoman for WestJet.