

LOYALTY MARKETING REPORT SERIES FOR 2012

Airlines Woo Members with Wild, Weird and Wonderful Rewards

IdeaWorks reviews the frequent flier programs associated with 150+ airlines to find the most unique rewards that go far beyond flying.

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Edited by Eric Lucas



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About Jay Sorensen, Writer of the Report

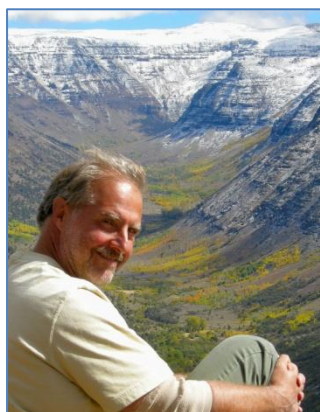
Jay Sorensen's research and reports have made him a leading authority on frequent flier programs and the ancillary revenue movement. For 2012 he will be a speaker at the FFP Spring Event at the Freddie Awards in New York, the IATA Passenger Services Symposium in the Middle East, and the MEGA Ancillary Revenue and FFP Event in San Diego. His published works are relied upon by airline executives throughout the world and include first-ever guides on the topics of ancillary revenue and loyalty marketing. He was acknowledged by his peers when he received the Airline Industry Achievement Award at the MEGA Event in 2011.



Jay, with sons Aleksei and Anton, on the top of Brokeoff Mountain in Lassen Volcanic National Park in northern California.

Mr. Sorensen is a veteran management professional with 28 years experience in product, partnership, and marketing development. As president of the IdeaWorks consulting firm, he has enhanced the generation of airline revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations, planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

About Eric Lucas, Editor of the Report



Eric, at his favorite summer retreat, Steens Mountain, Oregon.

Eric Lucas is an international travel, natural history and business writer and editor whose work appears in MSN/Bing Travel, Michelin travel guides, *Alaska Airlines Magazine*, *Westways Magazine* and numerous other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of six books, including the 2009 Michelin *British Columbia Green Guide*. Eric has followed and written about the travel industry for more than 20 years. He lives in Seattle, Washington, where he grows and sells organic garlic; visit him online at www.TrailNot4Sissies.com.

ezRez Software, Inc. Rebrands to Switchfly, Inc.

New Brand Reflects SaaS Company's Growth and Product Expansion Beyond Travel; Follows New Digital Wallet Product and Recent Acquisition of Topquest

ezRez Software, Inc., the San Francisco-based software-as-a-service provider of travel, loyalty and payment solutions, today announced it has rebranded the company, changing its name to Switchfly, Inc. The Switchfly brand will be supported by the launch of a new website, www.switchfly.com.

From its founding in 2003 with a focus on travel transactions, the company has evolved into a leading provider of software solutions that help companies build their brands and connect with their highest-value customers through a rich online experience. Switchfly works with some of the world's largest and most respected brands in travel, loyalty and payments, including American Airlines, AirAsia, American Express, Emirates, Intercontinental Hotels & Resorts, JetBlue, Lufthansa, PayPal, Starwood Hotels & Resorts and United Airlines.

The rebrand is a natural progression following the company's rapid growth and global expansion over the past few years. It also follows the company's recent acquisition of Topquest, which provided entry into the social media and mobile arenas, and its move into payments with a new digital wallet product that was announced in October 2011 with beta partners PayPal and United MileagePlus. Unmatched in the marketplace, Switchfly delivers a single technology platform that can power multiple products under multiple brands deployed across multiple countries.

"The Switchfly brand embodies the growing range of products and services our company offers across several channels," said Daniel Farrar, CEO of Switchfly. "Switchfly offers our clients the unique ability to enhance their brand and create loyalty with technology solutions that go beyond customer expectations while at the same time decreasing costs."

The comprehensive Switchfly product suite includes:

- Travel commerce platforms for airlines, hotels and OTAs
- Loyalty point redemption platforms for travel and financial services loyalty programs
- Payments engine for digital wallets, payment services and loyalty programs
- Social media solutions for travel providers, loyalty programs and merchants
- Mobile platforms to enhance shopping, loyalty redemption and social media experiences

Switchfly, which serves clients on six continents, processes more than \$750 million in transactions annually and loyalty program members have redeemed more than 100 billion reward points through its platform.

For more information about Switchfly and the company's comprehensive product suite, visit:

www.switchfly.com

"The Switchfly brand embodies the growing range of products and services our company offers..."

—DANIEL FARRAR, CEO



SWITCHFLY™



Airlines Woo Members with Wild, Weird and Wonderful Rewards

IdeaWorks reviews the frequent flier programs associated with 150+ airlines to find the world's most unique rewards that go far beyond flying.

Consumers expect more from their frequent flier programs and airlines seem to be stepping up to the challenge. Members are seeing the benefits of a competitive marketplace. Points are gradually replacing miles, and more often provide the ability to pay-with-points to secure any unsold seat. Miles and points are now used to book hotel accommodations and car rentals online without the need of paper reward certificates. Airlines are adding personality and more options to their reward charts with new categories of merchandise, personal services, and travel package rewards.

IdeaWorks reviewed the frequent flier programs associated with more than 150 of the world's airlines to seek examples of unusual and unique rewards. This report provides a compilation of 40 alternative rewards ranging from the extravagant to everyday comforts. The \$3.5 million yacht offered by Etihad Airways, with a reward price of nearly 386 million miles, is tops on the list in terms of price. At the opposite end of the spectrum is the convenience of using miles to buy an onboard treat. Icelandair allows its members to shop on board using miles, where a mere 650 miles will purchase a "happy marriage cake" or when cash is used, 300 Iceland kroner (which equals about \$3).



Priced at \$3,536,556, the 68-foot Azimut is the most expensive reward identified by IdeaWorks during the research of this report.

The savviest airlines have a well conceived reward strategy that supports the personality of the brand and the objectives of the program. It's not a surprise that Virgin Atlantic relies upon the family of Virgin Group brands to offer reward selections that are fun, vibrant, luxurious, and sassy. The very same attributes also describe the Virgin Atlantic brand.



From sub-orbital spaceflight to Sir Richard Branson's private island hideaway, Virgin Atlantic effectively draws upon Virgin Group resources to add value for its members.

Meanwhile, other programs seem to model reward offers on the concept of an "endless buffet." The abundance of styles and selections merely overwhelm the consumer – and don't provide clear brand direction. A better strategy provides a base of good

reward opportunities layered with unique rewards that better engage members in the brand personality desired by the airline.

Beyond Merely Rewarding to Really Brand-Building

Maslow's "hierarchy of needs" is a theory in psychology, proposed by Abraham Maslow in his 1943 paper A Theory of Human Motivation.¹ The theory says humans dedicate the greatest effort to meet physical needs such as food and shelter. After these are met, a person focuses on higher needs such as family, health, and property. Eventually, a person may strive for the highest level called "self actualization" which includes the qualities of morality and creativity. The same pattern applies to the development of reward structures for frequent flier programs.

Every program delivers the basic reward of free travel when launched. The results from the annual Reward Seat Availability Survey indicate some programs are far more generous than others in this regard. From this basic initial structure springs a growing reward complexity and program maturity. Members want rewards free of restrictions, and the next natural addition are rewards without capacity controls and blackout dates. At some point, airlines become involved in alliances and codeshare partnerships. This introduces the next level of reward development - - partner airline rewards. This level of development seems to satisfy most of the world's airlines. However, their members are very likely longing for more.

Air travel rewards are often delivered without the need for the airline to open its wallet. Partner awards rarely incur a cash cost, as every airline strives to balance the rewards "sold" to partner airlines against the rewards "purchased" from airlines. Hotel and car rental rewards often involve accrual partners and this extends the marketing and promotional power of the program. The attractiveness of these rewards is greatly enhanced when the process is automated; members book hotels and cars online and pay with miles and points. This feature is becoming increasingly commonplace among global players, such as American, British Airways, Lufthansa, and United. The troika of air, hotel, and car rental rewards allows the program to offer members a one-stop shopping experience for leisure travel.

The development of non-air rewards can now continue with the crafting of a strategy to support the tactical elements of the carrier's brand. Through its review of programs worldwide, IdeaWorks identified seven reward styles associated with alternative rewards: 1) Adventure & Outdoor Fun, 2) Fun Treats & Little Luxuries, 3) Member Auctions & Raffles, 4) Personal Growth, 5) Rewards from the Airline, 6) Special Events & Rare Items, and 7) Unique Travel Experiences. Alternative rewards can make members more engaged and change how they feel about their relationship with a frequent flier program. When done correctly, alternative rewards can lift a program from merely being rewarding to one that helps define the brand of the airline.

Crafting a Rewarding Alternative Reward Strategy

Each reward style delivers different benefits to the airline. Alternative rewards – by definition – are distinct from regular plain old airline rewards. Beyond the benefit of reducing reward liability, these new rewards encourage members to interact more with the program and support the brand of the airline by creating a personality for the frequent flier program.

¹ A.H. Maslow, A Theory of Human Motivation, Psychological Review 50 (1943).

Lower priced rewards compel members to redeem more frequently. Reward auctions and raffles also provide another reason for members to visit the website. Accountants may grimace at higher redemption levels, but motivated frequent flier program members naturally buy more tickets. Frequent engagement also reminds members to rely on the airline website when planning and booking travel. The optimum scenario occurs when a member books more of their travel at the website . . . using cash, miles, or ideally a combination of both. Why should a frequent flier program only provide benefits when a member is on the road? Rewards can also engage members with perks in their hometown.

Unique rewards also create a personality for a frequent flier program and the airline. The examples provided in this report prove rewards can be fun, luxurious, and demonstrate care for a member's welfare. There are undoubtedly additional attributes, but these three were clearly present in the array of alternative rewards reviewed by IdeaWorks.

Benefits for the Airline – Wild, Weird and Wonderful Rewards						
Styles of Alternative Rewards	Creating Member Engagement			Crafting a Brand Based Upon		
	More Frequently	When Planning Travel	Thru Local Activity	Fun	Luxury	Caring
Adventure & Outdoor Fun		•		•		
Fun Treats & Little Luxuries	•		•	•	•	
Member Auctions & Raffles	•	•		•	•	
Personal Growth			•			•
Rewards from the Airline	•			•		
Special Events & Rare Items			•	•	•	
Unique Travel Experiences		•			•	

The following describes the attributes associated with the seven reward styles along with examples of how carriers realize the benefits listed in the table:

- Adventure & Outdoor Fun.** These rewards can be strong brand identifiers. Nothing says “unique” like rewards that provide vertigo-instilling experiences such as spaceflight, mountaineering, and piloting a jet. They also reinforce the travel element of a carrier's website. Don't be too worried about keeping lower price points, as these are traditionally big-mileage rewards.
- Fun Treats & Little Luxuries.** This is a powerful reward style because of the number of benefits provided to the airline. Mileage and point prices should be priced below the most popular flight reward. For example, in the US this is the 25,000-mile economy class domestic reward. These rewards can help an airline establish more local identity with close-by vendors. It's said the best gift provides a splurge you would never buy for yourself. The hot lather shave offered by AviancaTaca is an excellent example of a personal indulgence. Lufthansa's sockscription reward, which promises to deliver pairs of men's socks with the regularity of a Swiss watch, seemingly hits both marks - - it's a fun treat and a little luxury.


- **Member Auctions & Raffles.** Alaska Airlines is a good role model to follow and puts substantial effort into their auction events. These almost always involve program partners. When done right, the partner is happy with the additional exposure and as a result, the cost to the airline for the reward item is sometimes zero. Don't waste valuable staff time chasing donations for every item. Set a budget and spend cash on the smaller components.

Caution is advised, as the number of auction participants can be limited. IdeaWorks analyzed 163 prior Delta SkyMiles auctions and found the events averaged only 26 bids. However, these auctions did move more than 18 million miles of reward liability from Delta's accounts. The choice to auction volunteer work at Delta's Habitat for Humanity homebuilding project in Thailand is pure genius. Not only does this generate positive publicity, it added to the sense of pride felt by the large group of Delta employees that also volunteered for the project. Carefully read each of these descriptions, because the airlines have demonstrated wonderful creativity.

The surprise here is the effectiveness of raffles. IdeaWorks found raffles offered by Etihad and Emirates. Management at Etihad disclosed to IdeaWorks many millions of miles are redeemed by members for popular raffle events.

- **Personal Growth.** This might be the weakest reward style in terms of benefits because these rewards often lack the sexy allure of the other styles. The language lessons offered by TAM are a good idea because they support the allure of foreign travel. Cooking lessons and spa services are well received by members.
- **Rewards from the Airline.** This is a favorite category for the IdeaWorks team because it inspires innovation. Airlines are introducing "pay with points" options for a la carte services with excess baggage rewards offered by more carriers. Placing new services on the reward chart, as Qantas has done with its wireless bag tag, creates exposure among frequent travelers. Virgin Atlantic's "Flying Without Fear Classes" not only sends a message of caring, but it's good for business too. Malaysia Airlines uses existing company resources to provide a flight simulator experience for members. Airline rewards can provide an additional benefit for the airline; they often cost very little cash to provide.
- **Special Events & Rare Items.** Airlines often sponsor cultural and arts events and this reward style provides an outlet to share these with program members. Airlines can offer performance tickets as a way for members to redeem miles locally. Etihad obviously wishes to create a reputation as being the "go to" brand for the finer things in life by offering a 68-foot yacht. The airline may lack a single member with 386 million miles to spend, but this reward obviously generates big media interest.
- **Unique Travel Experiences.** It's probably impossible to top the exclusivity of 7 nights at Sir Richard Branson's Caribbean island hideaway - - but the other featured rewards also look oh-so-very enjoyable. These can become more powerful brand ambassadors when combined with first class travel on the airline. Airlines should consider this when contemplating difficult to reach destinations. These rewards can appear skimpy when premium class travel on the airline is not included.

The 40 alternative reward examples provided on the following pages can quickly overwhelm. It's important to consider the development of a carrier's reward strategy one step at a time. The below table is offered as one method for airlines to embark on a path to program development and improvement. This is one path, many others are possible. The route chosen by any airline is always influenced by factors such as the carrier's brand personality, the importance of its frequent flier program, and the availability of cash and staffing resources. Converting paper-based methods to online self-service also makes a program more attractive and represents a maturing of program design.

One Method of Hierarchy of Reward Development	
Basic Reward Design  Mature Reward Design	1. Capacity controlled airline reward travel.
	2. Anytime airline travel rewards – no capacity controls.
	3. Inclusion of airline partners and alliance rewards.
	4. Hotel, car rental, and retail rewards.
	5. Rewards that engage members and support the brand.

The development of better rewards will incur expense. However, more passenger revenue and incremental trips are the results produced when a program better engages members. IdeaWorks analyzed the value per mile associated with the rewards featured in this report. The mathematical average for the 15 mileage-based rewards was a value of \$0.008 per mile. Described another way, members on average would realize nearly a penny of retail value for every mile redeemed. Values did vary and ranged from a low of \$0.003 per mile for the 45-minute flight on a DC3 offered by Air France KLM to a high of \$0.029 per mile (nearly 3 cents) for Virgin Atlantic's 7-night Necker Island holiday.

Care should be taken to select good vendors for alternative rewards. In other words, don't be cheap. Members seeking a reward experience very likely represent a carrier's best customers. It is, after all, called a "reward" and bad experiences are doubly disappointing.

Let's return to Abraham Maslow who also wrote, "What a man can be, he must be" about this theory of human motivation. He further explained, "The specific form that these needs will take will of course vary greatly from person to person. In one individual it may take the form of the desire to be an ideal mother, in another it may be expressed athletically, and in still another it may be expressed in painting pictures or in inventions." When applied to the world of loyalty marketing, the "mature reward design" suggests each program should become the best it can be -- nothing more, nothing less.

There is one more observation offered by Maslow that seems very applicable to the topic of frequent flier rewards . . . "Man is a perpetually wanting animal." Airline executives might move that statement from being a theory to a universal law.

Please note the review of rewards was conducted April 2012. All prices displayed in US dollars; some have been converted from local currencies to US dollars using rates found at XE.com. Reward selections offered by an airline may vary by country of residence.

Adventure & Outdoor Fun

Virgin Australia – Velocity

Reward: Virgin Galactic Sub-Orbital Spaceflight

Price: 25,000,000 points (\$200,000 is the starting price per flight at VirginGalactic.com)

Item Description –

Experience zero gravity and look back at mother Earth with a Virgin Galactic sub-orbital spaceflight. Climb to 50,000 feet with Virgin Mothership Eve and then feel the power as the roar of the rocket motor has SpaceShipTwo traveling in a matter of seconds at over 3 times the speed of sound.

When the rocket motor switches off, experience the silence of space before floating weightless in the cabin with fellow astronauts. Buckle in for the return and re-enter Earth's atmosphere for the glide home. All spaceflights operate from the Virgin Galactic Spaceport in New Mexico, USA.



Virgin Australia – Velocity

Reward: Mountaineering 5 Day Snow and Ice Quest for 6 Persons

Price: 1,460,000 points (\$10,424 price offered through RedBalloon)

Item Description –

Join other adventurers for a 5-day winter mountaineering expedition and team building activity in Kosciuszko National Park in Australia. Climb a frozen waterfall, sleep in an igloo, trek the snow-covered wilderness, and then set out for the summit of Australia's third highest mountain, Mount Twynnam. Senior mountaineering instructors are there to guide and show the way. No previous climbing or mountaineering experience is required. The reward is provided by redeeming gift cards with the RedBalloon catalog.

Southwest Airlines – Rapid Rewards

Reward: Fighter Pilot Experience

Price: 213,750 Points (\$1,395 price offered through Air Combat USA)

Description –

The pilot experience begins when you put on a flight suit, parachute, and helmet. Experience the thrill and excitement of a dogfight with an introduction to basic air combat. Imagine scouring the skies in a real military aircraft in search of enemy aircraft. The flight covers basic maneuvers including formation flight, gun sight tracing, and multiple aerial dogfights. Flight missions are recorded on a DVD to take home. The duration of the event is 2 ½ to 3 hours with one hour in the air. Participants cannot be taller than 6' 7" and must weigh less than 250 pounds; no flight experience or pilot's license are necessary. The reward is provided through Air Combat USA at 23 locations throughout the United States. This reward is only available to Southwest Airlines Rapid Rewards credit cardholders.



airBaltic – BalticMiles

Reward: Dog Sled Riding

Price: 13,574 points (\$95 price offered at BalticMiles.com)

Item Description –

Latvia's forests offer plenty of opportunities for dog sledding adventures for the whole family. Two persons will enjoy a ride of five kilometers (3+ miles) in a sled pulled by huskies. In the spring and autumn months a wheeled cart is used. Huskies do their best during cooler weather; the tour is only offered when the air temperature is below five degrees Celsius (41 degrees Fahrenheit). The reward is provided through DavanuServiss.lv.



Fun Treats & Little Luxuries

Finnair – Finnair Plus

Reward: €20 Bowling Voucher at BowlCircus

Price: 8,000 points (€20 converts to \$27)

Item Description –

Bowling is back. BowlCircus operates bowling and billiards centers throughout Finland. Choose from bowling, billiards, and a sauna evening with friends. The €20 voucher may be used to pay for bowling, shoe rental, billiards, and sauna services. Voucher is valid at BowlCircus in: Vantaa, Espoo, and Vuotakki. Bowling fees range from €24 to €38 per lane, per hour for 4 to 6 persons.



AviancaTaca – LifeMiles

Reward: Hot Lather Shave in New York City

Price: 8,250 miles (estimated retail price of \$50)

Item Description –

Men can pamper themselves with this reward. Celebrate the classic male institution of a hot later shave with a straight edge blade at a premier barber spa in Manhattan. This is a truly old school experience with steamed towels and 45 minutes of complete relaxation.

Hawaiian Airlines – HawaiianMiles

Reward: Coral Creek Golf Course - One Round of Golf

Price: 15,000 miles (average course fees range from \$60 to \$80)

Item Description –

This 18-hole championship golf course in Ewa Beach, Hawaii offers spring-fed lakes, coral rock formations, and a signature over-water 10th hole with a 30-foot cascading waterfall. This reserved tee-time reward includes use of a golf cart.

American – AAdvantage

Reward: Brussels Beer Tasting Tour

Price: 14,700 miles (\$73 price offered through American Airlines Vacations)

Item Description –

Take this Brussels beer-tasting tour to discover why Belgium is famous for exceptional beer. The tour offers the ideal method to visit some of the country's finest breweries, learn about Belgium's beer heritage, and of course . . . to taste great beer. Groups are limited to a maximum of 20 people and led by a knowledgeable local guide who will explain the tastes and unique attributes of an astonishing range of beer. Beer is included and tour pick-up is from a central meeting point in Brussels. The reward is provided by booking through American Airlines Vacations.



Lufthansa/SWISS/Austrian – Miles & More

Reward: “Sockscription” from Blacksocks.com

Price: 21,000 miles (\$89 price offered through Blacksocks.com)

Item Description –

Blacksocks.com was launched in 1999 with the mission to free man from the tedium of managing the purchase of socks. More than 60,000 customers in 75 countries now enjoy the timely delivery of high quality socks. The “sockscription” plan delivers three pairs of the same socks right away, and follows up with identical deliveries at four months and eight months. The bestselling sock is classic black in pima cotton; a variety of socks and colors are available for subscription delivery. The reward includes postage worldwide; there are no additional charges.



Cathay Pacific – Asia Miles

Reward: Body Scrub at the Langham Palace in Hong Kong

Price: 30,000 miles (estimated retail price of \$218)

Item Description –

The “Traveller’s Retreat” package includes plenty of pampering at the luxurious Chuan Spa in Hong Kong’s Langham Palace Hotel: 120-minute body scrub using sea salt and exclusive oils, Chuan Signature massage, and Thalgo marine algae extract facial for one person. The experience also includes the spa’s pre-treatment bathing ritual of steam rooms, saunas, and hot tubs. Guest access is provided to the hotel’s Pulse fitness studio and rooftop swimming pool. The sense of relaxation is completed with a serving of tea and fresh fruit.

Member Auctions & Raffles

Alaska Airlines – Mileage Plan

Reward: Auction - A Uniquely Capital Getaway

Price: Winning bid was 428,919 miles

Item Description –

Alaska Mileage Plan members were invited to bid on this Juneau, Alaska package during 2011:

- First Class, round-trip travel for 2 from any Alaska Airlines city to Juneau, Alaska.
- Board Room airport lounge access on the days of travel.
- 4-day full-size car rental, courtesy of Avis.
- 3-night stay for 2 in a King Suite, courtesy of Westmark Baranof Hotel.
- Mendenhall Glacier Dogsledding by Helicopter Tour for two persons, courtesy of TEMSCO Helicopters.
- Dinner for two persons, up to \$75, courtesy of the Twisted Fish Company.



Delta Air Lines – SkyMiles

Reward: Auction – Habitat for Humanity Homebuilding in Thailand

Price: Winning bid was 401,001 miles

Item Description:

SkyMiles members were invited to bid on this charitable volunteer trip during 2009:

In partnership with Habitat for Humanity, Delta's Force for Global Good will be building four homes for families in Thailand. Two people designated by the winning bidder would join Delta employees, and President Jimmy Carter, on this trip. This activity includes four days of homebuilding and two days of cultural experiences in Thailand. The package includes:

- Round trip in First Class for two people on Delta's between Atlanta and Bangkok.
- Accommodations for 6 nights.
- Three meals a day and all non-alcoholic beverages.
- Transportation between Bangkok and the Chiang Mai worksite.

The group will work on four houses through every stage of construction such as framing, plastering, siding, roofing, painting, and general labor. The winning bidder will receive a detailed itinerary and handbook for the trip.

Delta disclosed this additional information at its website: The auction attracted 53 bids and bidding started at 50,000 miles. Auction length was approximately 4 weeks.

airBaltic – BalticMiles

Reward: Auction – Flight Simulator Experience with the CEO

Price: Winning bid was 211,000 points

Item Description –

BalticMiles members were invited to bid on this reward featuring the carrier's CEO during 2012:

The winner of the auction will enjoy a first-ever reward experience of receiving flight simulator instruction from an airline CEO. The experience will occur at the airBaltic Training Centre in Riga under the guidance of Martin Gauss, who is the CEO of airBaltic and an experienced pilot.



airBaltic disclosed this additional information at its website: The auction attracted 505 bids. Bidding began at 2 points and the auction length was 2 weeks.

Cathay Pacific – Asia Miles

Reward: Auction - Kobe Bryant Autographed NBA Jersey

Price: Winning bid was 90,000 miles

Item Description –

Asia Miles members were invited to bid on this reward during 2009:

The winner of this auction will receive a Los Angeles Lakers jersey autographed by NBA player Kobe Bryant. He is among the NBA's top 25 list of all-time high-scorers and was Most Valuable Player for the 2007-2008 season. One jersey is available for bidding and its authenticity is guaranteed through the patented five-step process used by Upper Deck. The minimum bid is 38,000 miles and bids can be placed in minimum increments of 1,000 miles.

Asia Miles disclosed at its website 14 bids were made on this item.

Emirates - Skywards

Reward: Raffle – Business Class Tickets

Price: 2,500 miles for each raffle entry

Item Description –

Emirates offers an ongoing monthly prize drawing with raffle entries priced at 2,500 miles. The prize is a pair of Emirates round-trip business class tickets to any destination. Members may redeem miles for multiple raffle entries. The prize drawing is conducted during the first week of a month for all raffle entries from the prior month. There is no limit to the number of raffle entries a member may redeem. Skywards lists the monthly raffle winner at its website.



Etihad - Guest

Reward: Raffle – Train with Manchester City Football Club

Price: 100 miles for each raffle entry

Item Description –

Etihad offers ongoing prize drawings with raffle entries priced at 100 miles. Members may purchase any quantity of raffle entries. Once purchased, the miles are deducted from the member's Etihad Guest frequent flier account and an email is sent with entry numbers. The following is an example of a recent raffle package:



Etihad Airways is giving some lucky fans the chance to train at the Etihad Stadium with the stars of Manchester City. The prize package includes the following:

- Warm-up session at the first team training ground with an internationally renowned player.
- Meet and greet with the team's manager and coaching staff.
- Tour of Etihad Stadium.
- Full replica home kit that is just like the team uniform.
- 2-night stay (with breakfast) at one of the Hilton Hotels in Manchester.

If the winning member lives outside of the UK, Etihad will also provide two round trip Pearl Business Class tickets to Manchester. The "Train with Manchester City Football Club" raffle is scheduled for two months.

Personal Growth

Finnair – Finnair Plus

Reward: Helsinki Culinary Institute Cooking Course

Price: 35,000 points (estimated value of \$265)

Item Description –

Points may be redeemed at the Helsinki Culinary Institute for a 6-hour Theme Course for one person or a 3-hour Cooking Workshop for two persons. Themes include pasta production, sauces, wild herbs, barbeque, and single-course cooking.



Bangkok Airways - FlyerBonus

Reward: Health Check-Up at Bangkok Hospital

Price: 400 points (estimated value of \$250)

Item Description –

In an ultimate display of concern for program members, Bangkok Airways offers a health check-up reward at its hometown's leading hospital. The following services are included: Complete blood count (CBC), Glucose fasting blood sugar (FBS), Liver function test, Hepatitis B, Kidney function test, Lipid profile, Urine exam, Chest X-ray, EKG, Entire abdomen ultrasound, Check-up report, and meal coupon for dining in the hospital.

Virgin Australia - Velocity

Reward: Circus Experience

Price: 15,500 points (\$103 price offered through Smartbox)

Item Description –

This reward offers an opportunity to fulfill the dream of running off to join the circus. Based in Katoomba, less than two hours from Sydney, Australia is the Candy Stripe Circus. The highly trained professionals there will tailor a workshop to match the abilities of every participant. Walking on stilts, flying high on the trapeze, and juggling are part of this very unusual course curriculum. This 90-minute activity is available to participants age 8 and above. The reward is featured in the Adventure catalog from Smartbox.



TAM - Multiplus

Reward: Wizard Language Schools – 6 months of foreign language training

Price: 86,000 Multiplus Points (retail value not determined)

Item Description –

What better method to encourage travel than to provide language education? TAM, through its participation in the Multiplus program, offers members the ability to redeem points at Wizard Language Schools. This reward provides two classes per week, textbooks, and audio guides. This is Brazil's largest franchise language education network with locations also in the US, Europe, Latin America, Japan, and China. Students may choose from English, Spanish, Italian, German, French, Japanese, Chinese, and Portuguese instruction. Wizard is the only language school in Brazil that teaches English Braille.

Rewards from the Airline

Malaysia Airlines – Enrich

Reward: Flight simulator time

Price: 60,000 miles (\$500 price offered at the Flight Crew Training Centre website)

Item Description –

This reward provides a 60-minute training experience at the Flight Crew Training Centre operated by Malaysia Airlines. During a simulated flight, participants are guided on take off and landing procedures. The instructor sits behind the captain's seat and creates a number of flight conditions such as snow or rain, turbulence, and engine failure. Most of the simulators are equipped with full motion systems, high quality daylight visual elements, and offer exceptional realism to create an experience that's as close to real flying as possible.

The following simulators are operated by the Centre: Boeing 747-400, Boeing 777-200, Airbus A330-300, Airbus A380, two units of Boeing 737-400, Boeing 737-800 and Fokker 50.



Lufthansa – Miles & More

Reward: Lufthansa Private Jet Charter - Rimini, Italy to Nice, France (one-way)

Price: 2,345,000 miles for 7 passengers (pricing example provided on website)

Item Description –

Lufthansa Private Jet goes beyond first class with aircraft dedicated to a personal itinerary. Now it's easy to reach out-of-the-way places in Europe and the Russian Federation at an attractive fixed price. Lufthansa Private Jet specializes in creating seamless connections with Lufthansa and SWISS long-haul flights at Frankfurt, Munich, and Zurich. The Miles & More rate is for a Rimini, Italy to Nice, France (270-mile flight) flight in a jet with a capacity for 7 passengers.

Reward prices are determined by the distance flown and aircraft type. IdeaWorks estimates the retail value of the charter example is approximately \$20,000.



Virgin Atlantic – Flying Club

Reward: Flying Without Fear Class

Price: 35,000 to 40,000 miles (\$400 offered through Virgin Atlantic Airways)

Item Description –

Virgin Atlantic Airways has identified a socially conscious method to grow its business . . . by helping fearful fliers. Virgin Atlantic claims it's the only program operated by an airline in the UK. The Flying Without Fear program has been operating since 1997 and has changed the lives of thousands. The airline operates 20 courses a year at locations throughout the UK. The all-day course begins with a briefing from a Virgin Atlantic line captain who debunks myths related to flying and explains the entire process of flight. Afterwards, cabin crew trainers describe the tasks of flight attendants and a licensed therapist provides practical strategies to combat fear. The afternoon features a 45-minute flight on a commercial aircraft. Students receive a booklet, instructional CD, hot lunch, and certificate signed by Richard Branson.

Pegasus Airlines – Pegasus Plus

Reward: Pre-Order Pegasus Café Meals such as Breakfast

Price: 20 FlightPoints (approximately \$11 for the cold breakfast selection)

Item Description –

Economy class passengers on Pegasus flights may pre-order meals online at least 36 hours prior to departure. The cost of pre-order may be paid with FlightPoints from the Pegasus Plus frequent flier program. Pegasus offers a wide range of hot and cold entrees such as the cold breakfast selection shown in the picture. The breakfast meal pictured offers fresh yoghurt, sliced deli meats, cheese, hard-boiled egg, bread roll, croissant, and jam for approximately 20 Turkish lira. One FlightPoint may be exchanged for one Turkish lira of value.



Qantas – Frequent Flyer

Reward: epiQure by Qantas – 12-Month Wine Community Membership

Price: 13,000 points (\$103 price offered by Qantas Frequent Flyer)

Item Description –

The Qantas Frequent Flyer program has created epiQure as a new fine wine community for wine enthusiasts. The inspiration for epiQure is the carrier's renowned reputation for its onboard wine selection. epiQure allows members to enjoy these wines at home along with selections available from a wide array of wineries and winemakers. The following lists the benefits of membership:

- Earn three Qantas Frequent Flyer points for every dollar spent on wine and events and 4 points per dollar at selected restaurants (point accrual for online wine purchase is only available to epiQure members).
- Earn a bonus 2,000 points with the first dozen bottles purchased and 8,000 for the fourth dozen bottles.
- Pay no delivery charges in Australia through June 2012.
- Attend private invitation-only events such as wine tastings and gala events.
- Use points to purchase wine and event tickets.

New members receive a complimentary bottle of 2005 Jacob's Creek 35th Anniversary Padthaway Shiraz valued at \$130.

Qantas – Frequent Flyer

Reward: Q Bag Tag

Price: 7,000 points (\$52 price offered by Qantas)

Item Description –

The new Q Bag Tag is a permanent bag tag that allows travelers to check-in baggage easily when flying within the Qantas domestic network; it eliminates the need for a paper bag tag. Each tag contains RFID technology that synchronizes the flight details on your boarding pass or Qantas Frequent Flyer card with baggage. Personal information is not stored on the tag. Construction uses a durable hard plastic disc, with a soft rubber outer ring, and an elastic cord that permits easy attachment to a luggage handle.



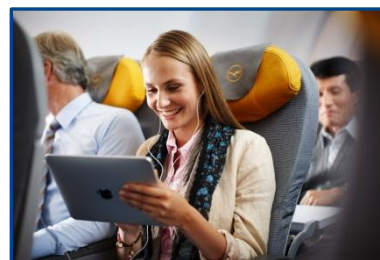
Lufthansa – Miles & More

Reward: Onboard Wireless Internet for 1 hour

Price: 3,500 miles (\$15 price offered by Lufthansa FlyNet)

Item Description –

Miles & More members may use their frequent flier card to pay for goods onboard the flight, such as wireless internet access. Lufthansa now offers Lufthansa FlyNet WiFi on select long-haul flights. Simply present the Miles & More account number; the miles are then deducted from the member's account. The rate plan also includes 24-hour access for 7,000 miles.



Icelandair – Saga Club

Reward: “Happy Marriage Cake” Onboard Menu Item

Price: 650 miles (approximate \$3 price offered by Saga Shop Kitchen)

Item Description –

Icelandair offers an a la carte menu to its economy class passengers. Travelers may purchase Saga Shop Kitchen (and retail goods) using points from their Saga Club membership. And while onboard, why not enjoy a piece of “Hjónabandssæla” or in English, it’s called Happy Marriage Cake. This is a traditional Icelandic oatmeal cake with rhubarb jam that was once a staple of every coffee break and birthday party . . . but oddly enough, not served at weddings.



Special Events & Rare Items

Etihad - Guest

Reward: Azimut 68-Foot Yacht

Price: 385,806,128 miles (\$3,536,556 price offered at the Etihad Guest website)

Item Description –

With a price higher than 385 million miles, or \$3.5 million, this is the most expensive frequent flier reward identified by IdeaWorks in its worldwide review of programs.

This Azimut 68S (67'9" length hull) is a 2009 model with an expansive living area on the main deck. By day, four large glass doors open to unite the salon and cockpit into a single open space. This yacht offers accommodation for six guests in three cabins. The price includes delivery.



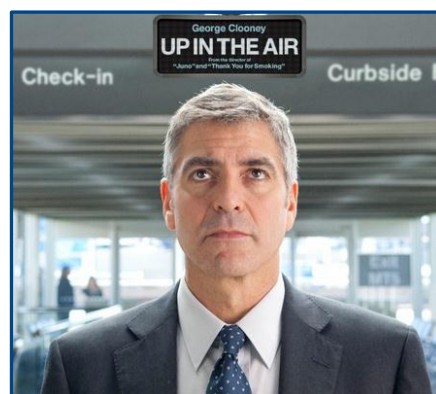
Air Canada - Aeroplan

Reward: Leather vest autographed by George Clooney

Price: 177,000 miles (value is priceless)

Item Description –

Aeroplan scores double for this rare item because proceeds from the sale also benefit a charity. 100% of proceeds from this redemption will go to War Child Canada, Aeroplan Beyond Miles charity. George Clooney is one of the most recognized and respected stars in the world. He has become one of the most prominent actors of his era, an Academy Award-winning performer, a risk-taking director, and a socially conscious activist. His movie titles include *Batman and Robin*, *Ocean's Eleven*, and that favorite of the frequent flier industry -- *Up in the Air*.



Southwest Airlines – Rapid Rewards

Reward: Madonna Concert Ticket at Yankee Stadium in New York

Price: 1,007,573 points (\$3,150 per ticket price offered online for same seating zone)

Item Description –

This reward provides two prime tickets directly in front of the stage for Madonna’s 06 September 2012 concert in New York. This reward is only available to Southwest Airlines Rapid Rewards credit cardholders.

Air France KLM – Flying Blue

Reward: 45-Minute Flight on a DC3 Dakota

Price: 50,000 miles per person (\$167 offered by DDA Classic Airlines)

Item Description –

DDA Classic Airlines is a unique partner for Air France KLM. The airline is owned by the Dutch Dakota Association and was founded in 1982 with the motto of “Working on the future of the past.” Its goal is to make historic aviation available to many people. The organization has preserved two Dakota aircraft in pristine flying condition. The aircraft provide heritage flight experiences. Air France KLM is an active supporter of the Dutch Dakota Association and offers 45 minute flights as a reward in the Flying Blue frequent flier program.



Passengers begin the journey with a glass of bubbly and a pre-flight briefing with the pilots. During the flight, passengers have the opportunity to visit the cockpit. Each participant receives a “Dakota Experience Certificate” to document the flight on the historic aircraft.

SAS Scandinavian Airlines - EuroBonus

Reward: Meet the Wolves in Sweden

Price: 31,802 points (estimated value of \$165)

Item Description –

Getting to meet wolves up close is a truly extraordinary feeling. This reward provides the opportunity to socialize with, and get really close to, these fascinating animals. Not only will participants get to touch the wolves, but some may have the chance to feel a pair of big paws resting on their shoulders.



Throughout the whole one-hour experience, an animal keeper is in the enclosure with the tour group and is prepared to provide answers on any question about wolves. It’s the perfect gift for animal lovers. Please note the wolves are happy to greet humans and socialize, but their paws are not always clean. Durable clothing is recommended and avoid anything that dangles -- as the wolves love playing with straps on clothing, big earrings, and necklaces.

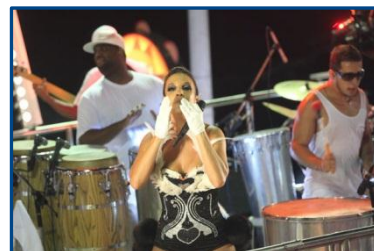
TAM - Fidelidade

Reward: Carnival in Salvador, Brazil

Price: Starting at 7,700 Multiplus points (estimated value of \$160)

Item Description –

In New Orleans it's called Mardi Gras, and in Brazil it's Carnival. TAM, through its participation in the Multiplus program, allows members to redeem points for a classic Carnival experience in Salvador. Members may choose to view the party from a "camarote" viewing platform and club, or to join the madness on the street with a moving "bloco" street party. Bookings are arranged by the Central Bahia Carnival Company. The Axe Bahia camarote package provides all day carnival access, all-inclusive open bar, and an a la carte food court.



Delta - SkyMiles

Reward: Bringing you to Broadway – *The Lion King*

Price: 22,500 miles (\$152 price offered by Audience Rewards)

Item Description –

Delta and Audience Rewards makes it easy to redeem miles for a theater performance in Charlotte and Durham (North Carolina), Los Angeles, San Diego, and San Jose (California), New York City, and Tucson (Arizona). Show choices include *Billy Elliot*, *Mama Mia!*, *Avenue Q – the Musical*, *Evita*, *Jersey Boys*, *RENT*, *Phantom*, and *Wicked*. This specific reward choice provides an anytime unrestricted single orchestra ticket at the Minskoff Theatre in New York for a performance of *The Lion King*.

Unique Travel Experiences

Virgin Atlantic – Flying Club

Reward: 7-Night Stay at Sir Richard Branson's Private Island

Price: 1,000,000 miles for two people (\$28,895 price offered by Virgin Limited Edition)

Item Description –

Necker Island is Sir Richard Branson's private island, set amidst the turquoise waters in a stunning and unspoiled area of the Caribbean. A few weeks each year are set aside for couples to share this 17-acre island paradise. These "Celebration Weeks" are available to 14 couples who will share the island "house-party style" with all food, drink, and on-island activities included in the reward package.



Dining can be formal or informal, indoors or outdoors, themed or traditional, beachside or poolside, or even under the stars. Necker's wonderful Michelin-trained chefs can prepare dishes for all tastes. Guests have access to a freshwater pool and large Jacuzzi. This is an island after all, and boat transfers from Virgin Gorda or Beef Island are provided. Flights on Virgin Atlantic are not included.

Air Canada - Aeroplan

Reward: Morocco by Train – A Private Guided Tour (Two Persons)

Price: 286,000 miles (\$2,028 price offered at KensingtonTours.com)

Item Description –

Morocco has fascinated travelers for centuries with its sun-drenched sea, blazing desert, cool mountain passes and unique food, architecture and history. Explore the UNESCO world heritage city of Fes, and the exotic matchless bazaar of Marrakech. This 5-night/6-day privately guided tour of Morocco by train features this daily itinerary:

- Day 1 – Private transfer from airport. Board train in Casablanca and travel first class to Fes (3.5 hrs.), private vehicle/guide to Riad Salam Hotel. Dinner included.
 - Day 2 – Private walking tour of Fes with local guide.
 - Day 3 – Private transfer from hotel to Fes train station. First-class train travel from Fes to Marrakech (7 hrs.), private transfer to Riad Daria Hotel.
 - Day 4 – Private walking tour of Marrakech with local guide.
 - Day 5 – At leisure in Marrakech.
 - Day 6 – Private transfer to Marrakech train station. First-class train travel from Marrakech to Casablanca (3.5 hrs.). Transfer to airport.
-

South African Airways - Voyager

Reward: Sabi Sabi Private Game Reserve 2-Night Stay (Two Persons)

Price: 240,000 miles (approximate \$3,400 price offered by Sabi Sabi)

Item Description –

Sabi Sabi Private Game Reserve, situated in the world-renowned 65,000-hectare Sabi Sand Wildtuin in the southwestern section of Kruger National Park, is a wildlife oasis, where guests can observe at close quarters the age-old natural relationship between predator and prey. Big game abounds and roams freely throughout this pristine part of the ancient African continent. The diverse habitat is home to spectacular wildlife including the “big 5” (lion, leopard, rhino, buffalo and elephant) as well as cheetah, wild dog and some 200 other animal species indigenous to the area. This package provides 2-night accommodation for two persons at Bush Lodge, Selati Camp, or Little Bush Camp during the low season. This is an all-inclusive stay with breakfast, lunch, dinner, house selection of beverages, morning and evening safaris via Land Rover, and taxes.

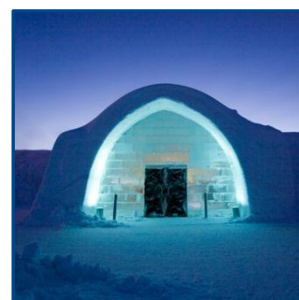
SAS Scandinavian - EuroBonus

Reward: Ice Hotel Weekend in Sweden (Two Persons)

Price: 395,441 points (\$1,740 price displayed at EuroBonus website)

Item Description –

Explore the exquisite beauty of the Arctic on a 3-day adventure trip, 100 miles north of the Arctic Circle. The destination is the astonishing Ice Hotel: a chic hotel built from the ice each year, which melts away every spring. Relax in the Ice Bar, go for a sauna, and then curl up in your thermal sleeping bags for a night in a bedroom made completely of ice. The experience also includes a dogsledding tour across the frozen wilderness, 2nd night at the Musher’s Lodge, and daily breakfast.



Emirates - Skywards

Reward: Private Desert Dining Experience

Price: 52,400 miles per person (\$230 priced offered by Arabian Adventures - Emirates Group)

Item Description –

The mysterious desert is the ideal venue for a magical and memorable evening to surprise someone special, celebrate an occasion, or just enjoy a quiet romantic evening in this idyllic setting. Trained safari guides driving 4x4 vehicles lead the thrilling journey - over dunes and through the Dubai Desert Conservation Reserve. The second part of the trip is more sedate, on camel-back, and deep into the heart of the desert. A private tent lit by flaming torches and set up with piping hot food and unlimited beverages adds practical touches to the ethereal dining ambience. Other traditions of local hospitality revive memories of the Arabian Nights with Bedouin style seating, aromatic water pipes, and optional arrangements such as a private vehicle, falconry show, celebratory cake, henna painting, fortune telling, or a belly dance performance.



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- Ancillary Revenue in a Time of Crisis (75 minutes)
- Show Me the Money (75 minutes)
- Is Greed Still Good? (75 minutes)
- Ancillary Revenue Boosts the Bottom Line (75 minutes)
- Moving to Merchandising Methods in the Cabin (90 minutes)
- Airline and Hotel Fees: Wicked, Good, Misunderstood? (75 minutes)
- Allegiant Air: How to Be Better Than Ryanair (60 minutes)

Frequent Flier and Loyalty Marketing:

- Loyalty by the Billions (60 minutes)
- Solving the Reward Availability Problem (60 minutes)
- Worldwide Guide to Reward Availability (75 minutes)

General Airline Industry:

- Guide to the Airline Industry – Extended Seminar (2 hours)



The BlueSkyU experience delivers these benefits:

- Jump start your strategic and practical knowledge of ancillary revenue.
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Contact Jay Sorensen, President, IdeaWorks Company ■ Jay "at" IdeaWorksCompany.com ■ IdeaWorksCompany.com