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Frequent-Flier Miles: Best Airlines for Cashing In

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Booking a free ticket with your frequent-flier miles can seem like casino gambling: Getting what you want is like hitting a jackpot, but more often than not, the house wins.

Not all airlines offer the same odds. Availability of award tickets at the basic mileage level on United Airlines is twice as good, for example, as on Delta Air Lines or US Airways, according to the Switchfly Reward Seat Availability Survey. The survey, to be released Thursday, found that United had seats available on 80% of the queries made. Delta and US Airways both had the lowest availability rate among the 25 airlines, at only 36.4%.

Southwest Airlines and JetBlue Airways scored best among U.S. airlines. Those two, along with other discount airlines, showed greater availability than airlines with big international networks. Southwest had seats available for every query. Southwest's AirTran Airways unit had seats available for 95% of queries, while JetBlue offered seats 88.6% of the time.

The disparity in availability is "not accidental," said Jay Sorensen, president of IdeaWorksCompany, a consulting firm that conducted the study. Some airlines "consciously provide more award seats."

The survey also tested booking tickets just five to 15 days before departure in April. The chances of getting tickets were better than when booking three to seven months in advance on Delta, US Airways and American Airlines. This indicates airlines have gotten more aggressive about making unsold seats available shortly before departure to make sure planes take off full. Delta's short-term booking rate increased 35 points over the same period in 2012.

Cashing in miles has been a source of long-standing frustration. Some fliers set clocks to request free tickets at midnight 331 days, or about 11 months, before departure—traditionally the moment airlines open a flight for booking—only to find no seats available on popular flights. And airlines have raised the price of award tickets by introducing higher-cost award tiers, reducing availability at the lowest award level.

Overall, average award availability was about the same as last year, at 71.1%. Availability increased at discount airlines and declined at more traditional carriers with extensive international networks. "Ongoing consolidation and capacity cuts continue to squeeze reward seat availability," said Daniel Farrar, chief executive of Switchfly Inc., a technology company that provides software for loyalty programs at airlines, hotels and banks, and sponsored the study.

Travelers have an easier time getting free tickets on discount carriers in part because they generally have short flights with multiple departures each day on each route. Airlines generally make more seats available on short flights. They tend to offer intercontinental trips only once or twice a day, and they have more confidence they can sell seats to cash-paying customers rather than giving them away for miles.

Some airlines, including Southwest, are also simply answering customer demand that frequent-flier miles be easier to cash in.

"This was one of the pain points that we tried to solve with the new program," said Ryan Green, Southwest's senior director of loyalty and partnerships.

Southwest's old program had limits on availability. Southwest's new program, launched in March 2011, offers an award price for any ticket available for sale. Southwest's percentage of its passenger traffic flying on awards increased to 9% in 2012, from 8.3% a year earlier, according to the company's annual 10-K filing with the Securities and Exchange Commission.

The survey found seats for a huge majority of queries across all airlines for flights under 2,500 miles: nearly 85%. But the success rate for seats dropped to only 43% for flights longer than 2,500 miles.

Among carriers offering long-haul trips, Singapore Airlines was the most generous for its frequent fliers, making seats available on 94% of queries. US Airways was the stingiest with its long flights, with award seats available on only 4.3% of queries.

Air France-KLM showed the biggest improvement of any of the 25 airlines in the survey, with availability jumping 22.2 points to 77.9%. An Air France spokeswoman said that as part of an improvement program, the carrier did "indeed try to make more award seats available."

Delta and US Airways have scored at the bottom for award seats all four years of the survey, though both have upped their availability. In 2010, both carriers offered seats to fewer than 13% of the IdeaWorks queries.

Delta says it, like other airlines, offers all seats on planes to frequent fliers, just at higher mileage cost than the lowest redemption level, which is 25,000 miles for a domestic coach round-trip ticket. Both Delta and US Airways have a three-tier redemption structure, offering seats at the basic level, a midtier level at around 40,000 miles for a

domestic coach ticket and a full-fare level for as many as 60,000 miles for domestic coach round trips.

A Delta spokeswoman said the carrier was pleased the survey showed its increased availability for close-in bookings, something Delta has tried to boost. Half of all Delta award tickets are now booked within 60 days of departure. "Award demand is at an all-time high," she said. Yet Delta customers actually redeemed fewer awards last year compared with 2011, according to the company's SEC filings, and the percentage of passenger traffic flying on awards last year dipped as well.

US Airways, which said in its 10-K filing that its redemption totals were unchanged from 2011, notes that its short-haul route structure means its customers take longer to reach awards and many prefer to redeem awards on partner airlines for long trips. That availability doesn't show up on the airline's website—customers have to call—so it wouldn't be included in the study, a US Airways spokesman noted.

Consumers earn more miles these days as rewards from credit-card companies and other vendors rather than from actual flying. American Airlines reported in its SEC filings that it issued 209 billion frequent-flier miles in 2012; 66% of them were sold by the airline to partner companies to give as rewards to their customers. The allure of free travel to prized destinations has remained a powerful driver of consumer loyalty.

The survey is based on 7,000 booking requests for two seats at the lowest mileage level, now often called "saver" awards, at 25 airlines. Each airline's website receives 280 queries on their busiest routes. Consumers can sometimes find better award availability by calling airlines and getting an experienced agent to hunt for seats and check the inventory of airline partners. The vast majority of award tickets, however, are booked online.

IdeaWorks made queries in March for travel dates spanning June through October, and selected itineraries that always included a Saturday-night stay with travel on each airline's top 10 routes under 2,500 miles and 10 busiest routes longer than 2,500 miles in order to evaluate availability in each carrier's strongest markets. Circuitous routes and layovers longer than four hours were rejected.

IdeaWorks kept track of the lowest offer each airline had for seats on trips under 2,500 miles and found Southwest had the lowest average cost, at 9,353 points. US Airways had the highest, with an average of 31,143 miles required to get a round-trip ticket for flights under 2,500 miles.