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Rankings for Frequent Flier Programs: How Airlines Fared

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If somebody can compile lists of the funniest cat videos and potatoes that look like actor Channing Tatum, shouldn't there be a decent ranking of airline frequent-flier programs?

Studies and surveys are beginning to take a closer look at airline loyalty programs, probing customer satisfaction and testing just how available those "free" trips are. Although every airline has a frequent-flier program, the research is showing some consistent differences among airlines. Generally, older and established frequent-flier programs fare worse than newer ones at low-cost carriers.

The new information can help consumers choose an airline loyalty program, as well as credit cards connected to those programs.

"The programs at the top are younger programs," says Jay Sorensen, president of loyalty consulting firm IdeaWorks, which sponsors an annual survey on award availability. "They don't have these big huge overhanging liabilities of miles or points that have been accrued through credit-card activity. There isn't this huge pile of points they're trying to get off the books, where you have too many miles chasing too few reward seats."

In May, market-research company J.D. Power for the first time released rankings of airline loyalty programs.

In the past, information comparing programs has been hard to come by. For years, there have been annual industry awards, but those tend to be geared toward elite frequent travelers who value top-notch service in first class and plenty of upgrades and perks. But now, even infrequent travelers are cashing in awards, in large part because of miles earned through credit cards offered in partnership with the airlines.

Measuring airline seats' value

Unlike buying, say, a washing machine, where you can compare models, features and price easily on the Internet or in consumer magazines, measuring the value of an airline's frequent flier program can be difficult. Although the method of accumulating miles is usually clear, the success rate of actually being able to redeem them for free flights tends to be much foggier.

That's beginning to change. The J.D. Power survey examined customer satisfaction with the ease of earning and redeeming points, program terms, customer service and other areas. Ideaworks' Switchfly Rewards Seat Availability Survey, in its fifth year, tested the availability of award seats on the most popular routes of 25 airlines worldwide.

For instance, Southwest Airlines placed at or near the top of both sets of rankings. The airline started a frequent flier program three years ago that allows customers to earn points based on how much they spend on tickets -- or charge on their Chase Southwest Rapid Rewards cards -- then redeem points based on the price of the fare. That makes seats available on virtually every flight.

Alaska Airlines received the top score in the J.D. Power survey, in large part because of its extensive partnerships. In fact, it's possible to receive value from the airline without ever stepping foot on one of its planes -- the ones with the distinctive Eskimo face on the tail. Customers can earn Alaska miles on 14 other airlines, including Delta and American. They can then redeem miles on Alaska or those airlines, which include many international carriers.

"The partnership network really helped Alaska get to the top," said Rick Garlick, global travel and hospitality practice lead at J.D. Power.

In contrast, US Airways landed at the bottom of both surveys. In the IdeaWorks study, just 35 percent of US Airways flights tested had award availability at the lowest level, including just 3 percent of flights longer than 2,500 miles. The airline is merging with American Airlines but has not yet fully integrated its frequent-flier program.

American Airlines spokesman Casey Norton said in an email that the airline couldn't respond specifically without studying the reports' methodologies. But he pointed out that US Airways eliminated award blackout dates in April 2014 and is making other improvements to its program.

"As we build the world's greatest global airline, we will offer a loyalty program that supports and reflects that position," he wrote. "Our first priority is to integrate the two loyalty programs to provide our customers a more seamless travel experience and greater opportunities to earn and redeem miles on our expanded network."

Reward models matter

Sorensen says the amount of award seats available often reflects a tension within airlines. Airlines sell frequent-flier miles to credit-card companies, but then must strike a balance between making seats available and selling them.

"For airlines at the bottom, it's intentional, it's not accidental," he says. "There's a reason for that. They don't want to give up seats."

There are signs, though, that airlines are moving away from that model and more toward one like Southwest's. In February, Delta Air Lines changed its frequent flier plan, basing frequent-flier miles awarded on the fare paid, not the distance flown.

People who like to travel have plenty of choices of credit cards, even beyond those affiliated with airlines. Card issuers such as Chase, Capital One, American Express, Bank of America and Barclaycard offer cards that accumulate points in bank-reward programs, which can be exchanged for travel from a large number of airlines, hotels and other travel providers.

Experts say that travel-reward credit cards aren't for everybody. If you don't spend that much on credit cards, you might not be able to earn enough for free trips, says Thad Peterson, senior analyst with Aite Group.

"That kind of thing will only work for somebody who is doing a lot of everyday spending and likes to travel," he said. "One of the problems with travel rewards is it's not going to help somebody who's at a low threshold."

Garlick, of J.D. Power, says he thinks shining a light on airline loyalty programs will help encourage them all to improve.

"The competitive nature of the loyalty landscape is such that everybody is always trying to do better and better," he said.