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## **The Best and Worst Airline Rewards Programs for 2015**

By Scott McCartney

*This article is based upon a report issued by IdeaWorksCompany.*

*A survey finds Southwest with the best frequent-flier seat availability among major U.S. carriers. Who had the worst?*



*Southwest Airlines tied for first in a survey of frequent-flier award seat availability, though its numbers may drop in the future. It has new, more complex rates for converting frequent-flier points into a free ticket. PHOTO: ASSOCIATED PRESS*

If you're still collecting frequent-flier miles, you may be missing the points.

Travelers continue to be frustrated by the inability to cash in frequent-flier miles for popular flights. Seats are often limited or nonexistent, and airlines more often ask for huge numbers of miles above basic levels to get award tickets.

But an annual study of award availability shows Southwest Airlines and JetBlue Airways, both of which have point-based loyalty programs instead of using miles as currency for award tickets, had ample availability compared with other airlines.

Southwest had seats available on 100% of the survey's requests, tying it with Air Berlin for best. JetBlue had availability on 87% of the queries.

Southwest and JetBlue price every seat in cash or an equivalent number of points—the higher the cash price, the more points needed to score the seat. That means there are no capacity controls or limits. If you're just short of the points needed for one flight, you can often find a cheaper one. With mileage-based programs, airlines restrict availability for award seats and offer them only at fixed prices, such as 25,000 miles for a domestic trip.

"Frequent fliers are better served by reward programs at value-oriented airlines," says Jay Sorensen, president of IdeaWorks, the consulting firm that conducted the study for the sixth straight year.

Despite frustrations with redemption, frequent-flier miles remain addictive. But the loyalty programs are undergoing major changes. More airlines are switching to rewards based on dollars you spend with an airline rather than distance flown. Southwest made the change in 2011 and it's been a hit with consumers: The number of people signed up for Southwest's Rapid Rewards program has increased 65% since the change.

United and Delta airlines made the change to basing miles earned on ticket price rather than distance, rewarding high-fare customers but leaving frugal travelers with far fewer miles for their trips. But both airlines still award what they call miles rather than points, and availability of award tickets is still very closely controlled.

The study, underwritten by travel technology company Switchfly, found United again had the best availability among the three U.S.-based big international airlines. United had saver seats available on 75% of all requests, compared with 67% for American and 58% for Delta.

Just looking at flights longer than 2,500 miles—mostly international and coast-to-coast or Hawaiian U.S. itineraries—showed even more scarcity of available seats. United had open award seats on 67% of IdeaWorks's long-haul reservation requests; American had seats on 56% of queries, and Delta had award seats available only 31% of the time. Only one airline in the study, Scandinavian, had a lower long-haul availability rate than Delta's.

"Delta is the least generous by a significant margin," Mr. Sorensen says. Delta says it made improvements to award availability beginning last year and overall availability of domestic saver awards has improved by 50%. The airline also introduced a new 10,000-mile, one-way award that requires purchase 21 days in advance but cuts the miles needed for the cheapest award 20% to make it easier for consumers to cash in miles.

The Switchfly survey results mirror the airline's own data, Delta says, including the lower rates for international redemption compared with domestic. "We've made a lot of improvements in domestic, but not as much in long-haul," says Karen Zachary, managing director of Delta's frequent-flier program. "The focus for us has been on domestic, which has the lion's share of redemptions."

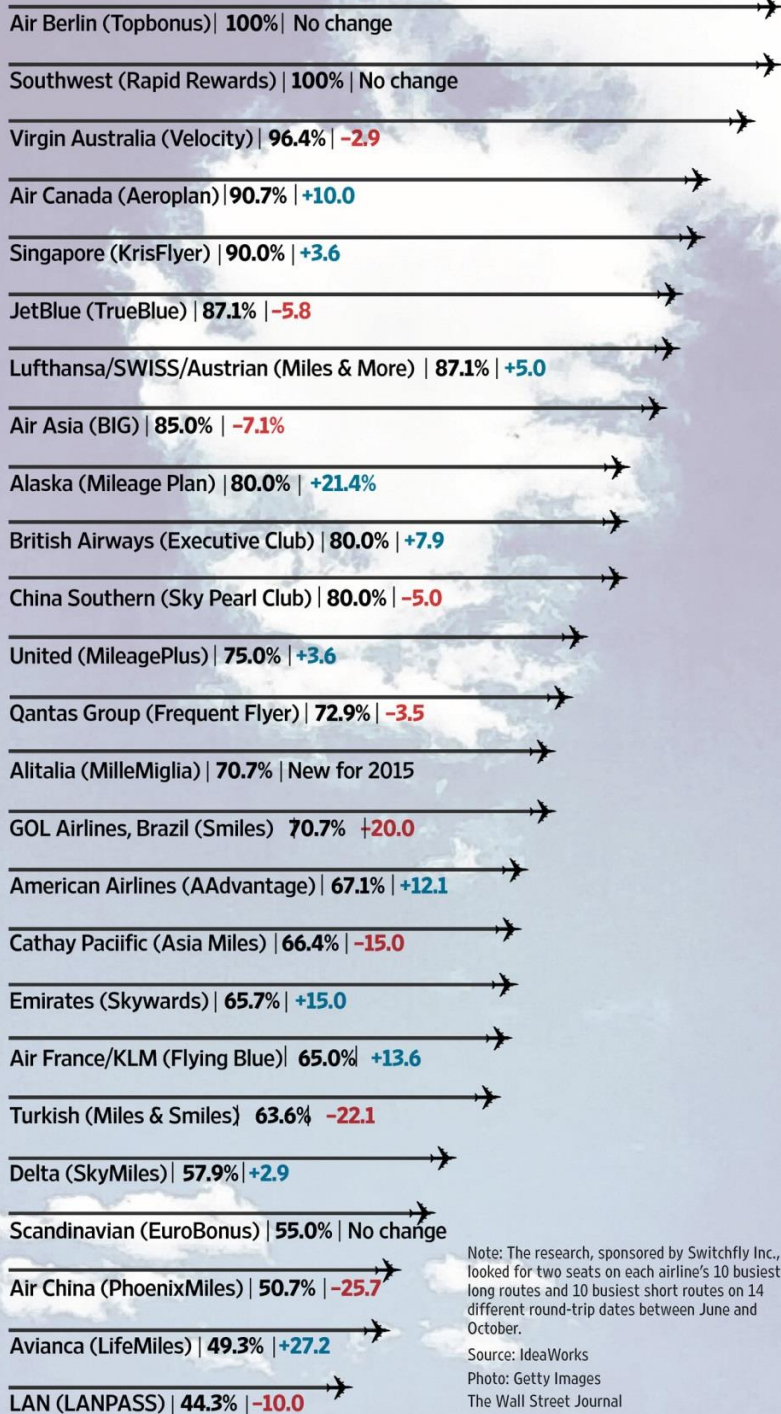
Frequent-flier programs are offering more variable pricing—in points or miles—for

award tickets. In February, for example, Delta stopped publishing charts showing mileage-award levels. If you want to know how many miles you need for ticket from New York to Paris, you have to look at specific flights and see different prices in miles, just like different fares in dollars.

## Is This Seat Taken?

Southwest and Air Berlin again head the list of airlines in a survey of frequent-flier award seat availability. Below, the results of a test of 25 airlines for itineraries from June to October 2015.

**AIRLINE (PROGRAM) | PERCENTAGE OF SEAT AVAILABILITY | POINT CHANGE FROM 2014**



Note: The research, sponsored by Switchfly Inc., looked for two seats on each airline's 10 busiest long routes and 10 busiest short routes on 14 different round-trip dates between June and October.

Source: IdeaWorks  
Photo: Getty Images  
The Wall Street Journal

Southwest also moved to more opaque award pricing in April. On its discounted, advance-purchase fares, the most popular for frequent-flier awards, it used to have a standard conversion rate: 70 points for every dollar of fare. If the ticket cost \$300, you could always buy it with 21,000 points. Now Southwest says the conversion rate on those fares will depend on the popularity of the flight. Many may still be 70 points per dollar, but popular flights may cost more. Southwest calls the price increases “modest,” but it won’t disclose new conversion rates.

“It’s not an effort to claw back award seats,” says Jonathan Clarkson, director of Southwest’s frequent-flier program. Early conversion rates were cheap and now “we have to manage the costs of the program,” he says.

The survey, made before Southwest's increases, asks for two seats at "saver" prices, the basic award airlines offer, on hundreds of flights at the 25 largest frequent-flier programs in the world. The 7,640 queries were made in March for travel dates from June through October. IdeaWorks checked availability of award seats on flights in each airline's 10 largest long-haul and 10 largest medium-distance routes.



*Fliers fretted when American merged its program with that of US Airways, which had a reputation for award-seat stinginess. But American did better on the survey in 2015 than it did in 2014. ILLUSTRATION: JASON SCHNEIDER*

The average price IdeaWorks found in its survey for Southwest was 9,457 points per round-trip ticket. For JetBlue, the average was 18,003 points. The study checks availability at 25,000 points or lower for those airlines, since 25,000 miles is the saver threshold for other airlines, and credit cards in both kinds of programs typically pay out one point or mile for each dollar spent.

Award availability at the saver level has increased in recent years. Seats were available on 74% of all queries this year, up from 66% in 2010, IdeaWorks says.

Frequent-flier programs generate huge revenue for airlines. In addition to the benefits of creating loyalty through elite status and awards for frequent travelers, many of whom fly on last-minute fares, airlines sell billions of miles to credit-card companies and others who hand them out to customers as loyalty rewards. American says 61% of the AAdvantage miles it issued in 2014 were to partners, not directly to passengers. United says revenue from miles sold in 2014 was \$2.9 billion.

For many frequent fliers, benefits such as complimentary upgrades or preferential customer service matter more than free tickets. And for international fliers, business-class or first-class tickets actually offer a lot more value for their miles than cashing them in for cheaper coach tickets.



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Alaska made big gains this year, showing seats available on 80% of queries, up more than 21 points from last year. Alaska's long-haul award availability jumped 45 percentage points, which IdeaWorks termed "amazing" since many of the Seattle-based airline's long flights are from the West Coast to Hawaii. Free tickets to Hawaii are typically hard to land at airlines.

Alaska, in a fierce battle with Delta in Seattle, says it decided in 2014 to boost award availability to help hang on to customers being wooed by Delta. Compared with a year ago, the inventory of available seats at the saver level is now 38% higher, Alaska says.





*Southwest has raised the number of points needed for some free tickets twice since March 2014, including once since the IdeaWorks survey was taken. ILLUSTRATION: JASON SCHNEIDER*

The airline also says the war with Delta partly triggered the change, along with the comparative rankings of the IdeaWorks annual survey. Airlines with stingy programs have generated “frustration and rancor,” says Caroline Boren, managing director of Alaska’s loyalty program, “and we felt like we had an opportunity to differentiate our program.”

American’s 12-point increase in award availability is encouraging to many of its frequent fliers wary of the merger with US Airways, which typically had poor availability compared with other U.S. airlines. But American says it didn’t alter the way the combined airline allocates award seats when it merged the US Airways Dividend Miles program into American’s AAdvantage program.

“We think we have a good thing going here,” says Bridget Blaise-Shamai, American’s managing direct of customer loyalty and insights.

To improve redemption, United says it has launched sales on frequent-flier awards targeted to customers through emails. With the launch of the airline’s new website this week, United will do more, says Parveen Sharma, a United vice president in charge of its MileagePlus program. Customers who search for award seats and can’t find them may automatically get a notice if a seat opens up.

“We are experimenting with it,” Mr. Sharma says.