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The Best (and Worst) Frequent-Flier Programs for Free Seats for 2017

By Scott McCartney

This article is based upon a report issued by IdeaWorksCompany.

Southwest and JetBlue outperform larger U.S. and foreign competitors with more generous programs, while American lags behind again.

Bad news for frequent fliers: The small movement to make it easier to cash in miles and points for seats is ending, and airlines may keep getting even stingier.

An annual survey of availability of the type of frequent-flier ticket most travelers use shows a drop to 72% this year from 77% in 2016. Many foreign airlines known for superior service and seating have gotten more tightfisted with award seats. Availability on U.S. airlines actually improved, according to consulting firm IdeaWorks, and overall U.S. airlines offered better award availability than the rest of the world, even though American is among the skimpiest of all airlines.

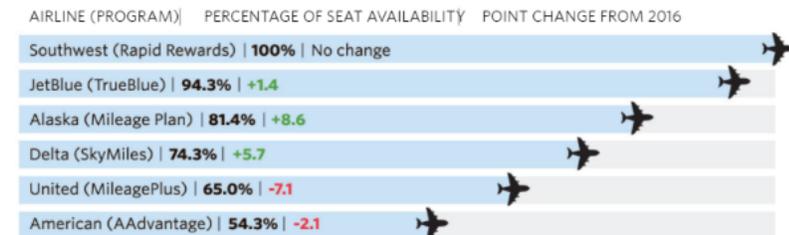
Oh, Say Can You Sit?

How the six major U.S. airlines stack up in a survey of frequent-flier rewards availability.

But that may be the only decent news for travelers for a while. "I suspect it's not going to improve," IdeaWorks president Jay Sorensen says.

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How the six major U.S. airlines stack up in a survey of frequent-flier rewards availability.



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

Source: IdeaWorks

Airlines are increasingly using frequent-flier programs to generate revenue instead of rewarding customers, he says. In addition, increased competition with rapidly growing discount airlines and Persian Gulf carriers has led to financial strains for big airlines outside the U.S. Demand for travel is strong, so airlines can choose: Sell the seat for cash or miles. More are choosing cash over miles. And few have followed Southwest and JetBlue to more transparent redemption of offering every seat with a price in cash or points, making it easier to score free seats.

“When airlines are financially successful, they have the bandwidth to do lots of things better. This is one of those things,” says Mr. Sorensen.

Southwest and JetBlue topped a test of seat availability on 25 leading airlines worldwide. Delta and Alaska scored significantly better this year than 2016. Availability declined on United and American ranked ahead of only two of the 25 airlines.

The Most Rewarding Rewards

Southwest and JetBlue again outperformed competition in a survey of frequent-flier award seat availability. The survey examined 25 airlines for itineraries from June to October 2017.

Cathay Pacific, Emirates, Turkish and Air Berlin all posted a significant drop in availability. Qantas, Lufthansa, Air France/KLM and Air China had smaller declines.

IdeaWorks, based in Shorewood, Wis., shops online in March for two available award seats on each airline’s busiest routes for travel dates June through October. The survey looks only for “saver level” awards—usually the minimum number of miles or points and subject to blackout dates and capacity controls. A U.S. domestic saver ticket is typically 25,000 miles. Seats available on partner airlines count.

The survey, sponsored by CarTrawler, is designed to look at how typical travelers use frequent-flier programs, not power users with elite benefits. As they have with many of their services, airlines have skewed frequent-flier perks to please business travelers who buy expensive tickets and squeeze benefits for low-fare passengers. When Delta, United and American switched to giving out miles based on fare instead of distance, they created huge bonuses for top business fliers, for example.

Consumer frustration at finding awards weakened the marketing power of frequent-flier programs over the past decade. That led to some pledges from airlines to make their programs more rewarding so occasional travelers and millions of consumers with credit cards tied to airline miles will stay hooked. Availability climbed steadily in the IdeaWorks surveys from 2010 to 2016. But that ended with this year’s results.



Airline filings with the Securities and Exchange Commission closely align with the survey's findings on award availability. Southwest, which had awards available for 100% of the queries made, reported that nearly 13% of its passenger traffic flew on Rapid Rewards program awards in 2016. At American, only 6.3% of passenger traffic flew on awards, including upgrades. Delta and United had just under 8%. Passenger traffic is measured by revenue passenger miles—one RPM equals one passenger flying one mile.

In the 2017 IdeaWorks survey, American's award availability dropped 2 points to 54%, ahead of only two airlines among the 25 surveyed.

American is looking at improving availability of saver awards, says Bridget Blaise-Shamai, vice president of customer loyalty. "We certainly don't set out to be the lowest by this measure and we certainly value and want to run a competitive program," she says. As for the percentage of RPMs on award travel being lower than Southwest, Delta and United, Ms. Blaise-Shamai says, "We recognize we have room to go and we're committed to making that happen."

In the availability survey, Delta rose nearly 6 percentage points this year to 74%, putting it in the middle of the pack globally.

When the IdeaWorks survey started in 2010, Delta had seats available on only 13% of queries made. "We've been working hard to improve that," says Karen Zachary, managing director of Delta's SkyMiles program.

Delta says in the past year it has made more awards available at its lowest pricing tier, which internally Delta calls Level One, and has better matched pricing in miles with fares. The airline now runs mileage sales along with fare sales. In the 12 months ended in April, Delta customers redeemed 16% more tickets at Level 1, compared with the 12 months prior. Prices paid in miles for domestic tickets declined 3.3%, Ms. Zachary says.

United's award availability declined 7 points this year to 65%. The airline noted it scored higher than other U.S. airlines in trips of 2,500 miles or more, but didn't explain the overall availability drop.

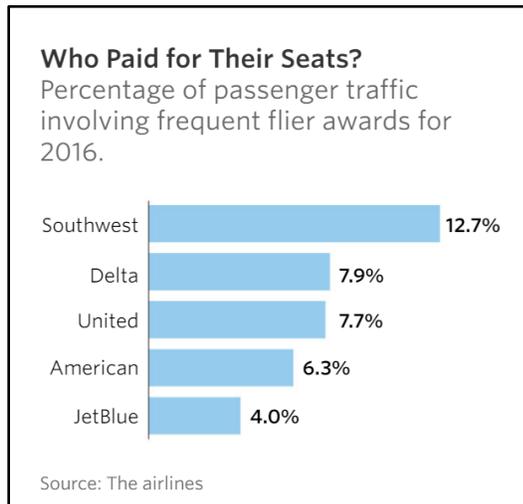
Southwest says travelers who score free tickets come back for more. Travelers hooked on Rapid Rewards buy more cash tickets, especially higher-fare business tickets, and sign up for more credit cards linked to Southwest, says Jonathan Clarkson, senior director of loyalty and partnerships at Southwest.

"At this point we've been thrilled with the performance of the program," Mr. Clarkson says.

Mr. Sorensen says some airlines benefit in the survey from making awards available online from partner airlines. United, for example, had partner awards show up on 13 different airlines—helping its long-haul award availability. Other airlines have been more

restrictive on what they put on their websites. Some make partner awards available only if consumers phone the airline. Others chose to restrict partner awards because the airline has to buy the seat on its partner to give it out as an award.

Most frequent-flier miles are earned now with credit cards and other paybacks from merchants. But the ones earned the old-fashioned way, sitting in an airplane seat, actually provide a princely return.



Mr. Sorensen calculated a payback for each U.S. airline based on what you'd have to spend in base fares flying to get an award ticket. Alaska had the highest payback, returning 11% of the base fares paid. That was even better than Southwest, which had a payback calculated at about 9%. American was lowest among U.S. airlines, at less than 4%.

Payback increases dramatically for elite-level frequent fliers who get bonus miles or points when they fly. In some cases, Mr. Sorensen says, airline miles for premium travelers can amount to a 25% rebate.