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Top Frequent-Flier Programs for 2018

By Scott McCartney

This article is based upon a report issued by IdeaWorksCompany.

Southwest leads a survey of award availability on 25 airlines, along with Air Canada, Turkish and JetBlue; American makes a big move to open up seats



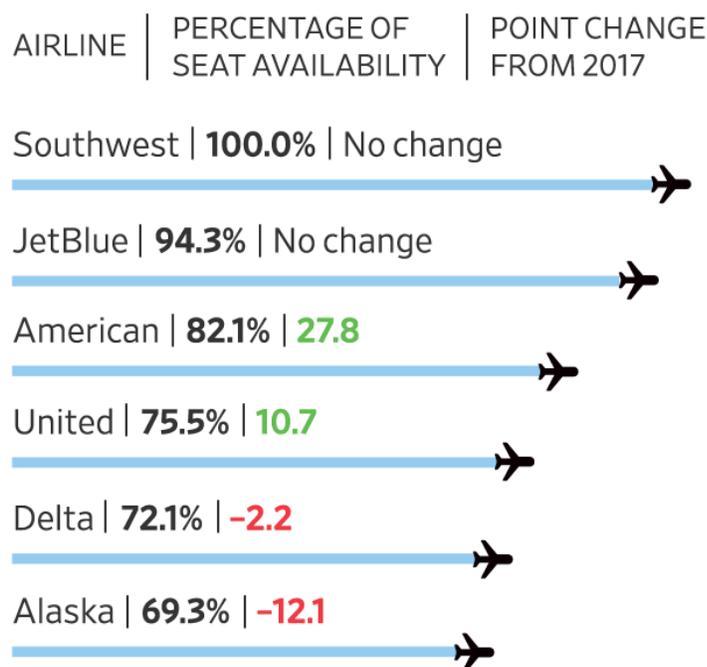
Southwest Airlines had the best frequent-flier award availability in a survey of 25 airlines. According to data from the airline, nearly 14% of the airline's passenger traffic comes from people using frequent-flier awards. PHOTO: DAVID PAUL MORRIS/BLOOMBERG NEWS

A few of the biggest airlines are making big changes to their frequent-flier programs, actually opening up availability and cutting the number of miles needed for tickets to places people really want to go.

The annual IdeaWorks survey of award availability shows that while overall ability to find flights at basic "saver" levels was about the same as last year at 25 airlines, American Airlines significantly relaxed its grip on award seats, especially to Hawaii and Europe.

American had availability on 80% of the possible trips IdeaWorks checked, up from about 50% last year.

That moved American from the lowest award-seat availability among U.S. airlines to No. 3 behind Southwest and JetBlue . United made changes, too, and its availability was up more than 10 percentage points to 76% overall.



Most of United’s improvement came on domestic routes rather than long international trips, according to Jay Sorensen, president of IdeaWorks, an aviation consultancy based in Shorewood, Wisc.

“These are not accidental things,” he says. “They have upped their game.”

The annual survey, sponsored by travel-technology firm CarTrawler, looks at how difficult it is for travelers to redeem frequent-flier miles and points for trips. During March, IdeaWorks made more than 7,000 trip searches among 25 airlines, looking for two seats at the basic “saver” award level—25,000 miles

for a domestic U.S. round-trip, for example—on 14 specific travel dates June through October. Each airline’s 10 busiest long routes and 10 busiest medium-length routes, both domestic and international, are queried to get the fullest picture of award availability.

Travelers have complained for years about skimpy or nonexistent availability of award seats and big increases in the number of miles needed for awards. Savvy travelers know they can get more bang for their miles if they use them for first-class upgrades and international business-class seats, or redeem them on partner airlines. But the basic-economy ticket is still the most widely used, and an important comparison of each program’s stinginess or generosity with award seats.

While a few airlines showed big improvement, overall availability was about the same as last year, according to IdeaWorks. A few airlines showed declines of around 12 percentage points in their success rates in using awards for a specific trip, including the carrier Alaska.

Alaska says it hasn’t changed its award allocations and that whatever reduced availability for the flights IdeaWorks found in its March searches was temporary.

For years American has been near the bottom of the IdeaWorks survey in availability. In 2012, for example, American had award seats available on only 17% of trips longer than 2,500 miles—a key measure as travelers often want to use miles for long trips. This year, the long-trip success rate was 71%.

After American’s dismal showing last year, Bridget Blaise-Shamai, American’s vice president of customer loyalty, promised change. It turned out to be dramatic.

A look at carriers' frequent-flyer-mile programs:

AIRLINE	PROGRAM	TOTAL AVAILABILITY
Southwest	Rapid Rewards	100.0%
Air Canada	Aeroplan	96.4%
Turkish	Miles & Smiles	95.0%
JetBlue	TrueBlue	94.3%
Lufthansa/SWISS/Austrian	Miles & More	91.4%
Qantas	Frequent Flyer	90.7%
China Eastern	Eastern Miles	89.3%
Norwegian	Norwegian Reward	84.3%
American	AAdvantage	82.1%
Air China	PhoenixMiles	80.0%
China Southern	Sky Pearl Club	80.0%
AirAsia	BIG Loyalty	77.1%
United	MileagePlus	75.7%
Delta	SkyMiles	72.1%
Alaska	Mileage Plan	69.3%
Korean	Skypass	68.6%
Emirates	Skywards	65.7%
Air France/KLM	Flying Blue	62.9%
British Airways	Executive Club	62.1%
Cathay Pacific	Asia Miles	61.4%
WestJet	WestJet Rewards	57.1%
LATAM	LATAM Pass	55.0%
GOL	GMILEG	54.3%
Scandinavian	EuroBonus	47.9%
Airance	LifeMiles	27.1%

SHOWING 1 TO 25 OF 25 ROWS 25 ROWS PER PAGE

Note: The research, sponsored by CarTravler, 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. IdeaWorks

American says it made more seats available so it would be comparable in award availability to competitors like United and Delta. American actually jumped ahead of both, even though United also showed improved availability.

American says it improved its internal monitoring of AAdvantage award availability, a necessary first step, and made award tickets more valuable to American in its pricing system so computers would make more seats available at “saver” levels. American also changed frequent-flier pricing of connecting trips so they’d be priced as though there was one flight each way instead of multiple flights, reducing the number of miles needed to book. And it specifically made more awards available to Hawaii and Europe at saver levels.

“Not only have we increased availability but it’s to markets that our customers value,” Ms. Blaise-Shamai says. “It’s got to be where they want to go.”

American says it compares its availability with that of competitors by looking at the percentage of passenger traffic on frequent-flier awards reported to the Securities and Exchange Commission annually. For 2017, United and Delta were both over 7.5%; American just 6.1%. Ms. Blaise-Shamai says American’s changes came during 2017 and its low percentage reflects a poor start to the year in frequent-flier traffic.

United says it made adjustments in November to increase availability of saver awards in the U.S. and Canada. Between November and April, MileagePlus members booked 400,000 more saver awards than during the same period a year earlier, the airline says.

“Looking forward to our peak summer months, we see a double-digit increase in award redemption,” a United spokeswoman says.

Southwest and JetBlue liberally make seats available for awards and again topped the survey, along with Air Canada at 96% availability and Turkish at 95%.

Mr. Sorensen says low-cost airlines consistently yield the best value for travelers in terms of free coach tickets. Six low-cost carriers in the survey averaged about 78% availability; traditional carriers, 72%.

Southwest had seats available at 25,000 points or less for a domestic round-trip on 100% of queries, the same as last year. JetBlue’s success rate was 94%, also unchanged from 2017.

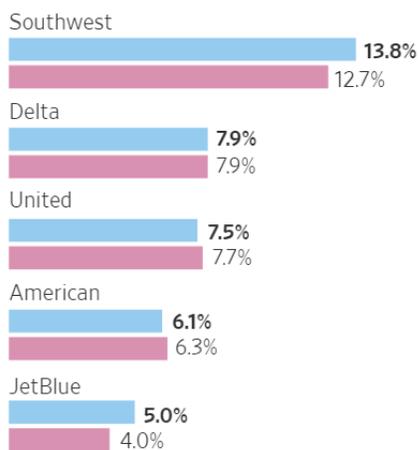
Annual SEC filings show that customers are cashing in a lot more points than in previous years at Southwest and JetBlue. On Southwest, a staggering 13.8% of passenger traffic was on Rapid Rewards tickets in 2017, up from 12.7%. Remarkably, on average, nearly one of every seven passengers on any flight is riding on an award ticket.

Award Traffic

Some airlines disclose what percentage of passenger traffic involves frequent flier awards. Here are the numbers for 2017.

Percentage of traffic on frequent-flier awards

■ 2017 ■ 2016



Notes: Passenger traffic measured in revenue passenger miles; one RPM is one passenger flown one mile

Source: The airlines

Southwest says redemption has been on an upward trend as customers find more ways to earn miles, such as with credit cards. That’s what the airline wants—it gets paid for miles sold to credit-card companies.

Once customers use an award ticket, they rank Southwest higher in customer satisfaction surveys and are more likely to buy higher-priced fares, use a Southwest-branded credit card more frequently and buy ancillary add-ons like early boarding, says Jonathan Clarkson, Southwest’s senior director of loyalty, partnerships and products. That spending helps pay for “free” tickets.

“The people who earn and redeem more points also do a lot of other things we like,” he says. “All that fosters engagement and sort of a more genuine loyalty to our brand versus just simple reward seats.”

JetBlue jumped from 4% of its passenger traffic in 2016 on awards to 5%, a 25% boost. Like

Southwest, JetBlue says its customers are accumulating more points and reaching levels where they can cash them in for awards faster.

More airlines are now giving out miles or points based on the price of a trip instead of distance. Eleven of the 25 airlines in the survey now use price; Air France/KLM and Lufthansa made the switch in the past year.

But there's no correlation between the cash price of a ticket and the number of miles or points needed to buy it at most airlines, Mr. Sorensen says. The exceptions are Southwest, JetBlue and Norwegian, where points have specific buying power in terms of the ticket price. At other airlines, the value of a point or mile is hidden.

"That is yet another point of disappointment for the consumer," Mr. Sorensen says.