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By Chris McGinnis

Airline award seats cheaper, easier to find. Wait. What?

This article is based upon a report issued by IdeaWorksCompany.

Study finds shift to dynamic pricing hasn't hurt reward travel

After major airlines started to shift their frequent flyer award ticket costs from fixed amounts to dynamic pricing that can change from day to day, many program members were concerned that this was just a cover to make reward seats more expensive and harder to find. But a new study suggests that's not what happened at all- at least for domestic, economy class flying.

The 2019 study of airline award travel by IdeaWorks Company found that not only has free seat availability improved this year compared with 2018 on most carriers, but that over the past five years – i.e., since dynamic award pricing started to kick in – the average mileage/point cost of an economy class reward ticket on major U.S. airlines has declined significantly.

The IdeaWorks team conducted 200 online requests per airline during March 2019 for award travel on various specific dates from June through October.

The requests were for award seats for a party of two traveling in economy class on popular routes. The searchers looked for the lowest priced (i.e. capacity controlled) award seats.

The research determined that for flights of under 2,500 miles on the major North American carriers, the average reward seat price in 2019 vs. 2014 declined by a whopping 27.4 percent on Alaska Airlines (to 17,000 miles), by 24.8 percent on Delta (to 19,680 miles), by 18.6 percent on American (to 23,700 miles) and by 10 percent on United (to 25,000 miles).

The lowest average reward ticket price in 2019 was on Southwest (7,367 points, down 6.6 percent from 2014), followed by JetBlue (16,708 points, a drop of 5.2 percent). Keep in mind these programs are points vs miles based.

Overall, Ideaworks said, average reward ticket prices on U.S. carriers have declined by 17 percent since 2014. While variable pricing has made award travel more expensive as the departure date approaches, "airlines have also lowered reward levels to encourage redemption on off-peak dates and for less popular routes," IdeaWorks noted. So it's cheaper and easier to fly when the airline wants you to and likely more expensive to fly when you and everyone else wants to.

Another big factor in driving down award travel costs has been the growth of low-cost competitors like Frontier, Spirit and Allegiant, the study observed. "These airlines have entered big markets at major hubs, which has placed downward pressure on regular air fares," IdeaWorks said. "This has also affected variable reward prices."

As for the availability of award travel, the 2019 survey's seat requests were successful 100 percent of the time for trips on Southwest Airlines, keeping it in the same number one spot it had last year, when it also scored 100 percent. (Southwest does not impose blackout dates, but rates can vary a lot.)

The success rate on United was 85 percent, IdeaWorks said – an improvement of 9.3 points from the 2018 study. The comparable rates were 98 percent on JetBlue (up 3.7 points), 84 percent on American (up 1.9 points) and 78 percent on Alaska (up 8.7 points). Award seat availability on Delta this year was 62 percent in IdeaWorks' searches, a drop of 10 points from 2018.

Average Reward Prices for 2019 – Top North American Airlines Top 251 - 2,500-mile reward markets, economy class rewards				
Airline	Program Name	Average Reward Price		Change from 2018 to 2014
		2019	2014	
Southwest	Rapid Rewards	7,367 points	7,887 points	-6.6%
JetBlue	TrueBlue	16,708 points	17,626 points	-5.2%
Alaska Group	Mileage Plan	17,000 miles	23,429 miles	-27.4%
Delta	SkyMiles	19,680 miles	26,179 miles	-24.8%
American	AAdvantage	23,700 miles	29,107 miles	-18.6%
United	MileagePlus	25,000 miles	27,786 miles	-10.0%

Based upon 50 mileage- and point-level queries for each airline at the lowest available reward price.

The availability searches also included several major foreign airlines, for a total of 20 carriers surveyed. Of those 20, 13 showed better availability than last year while only three showed a decrease, IdeaWorks said. "That's a meaningful improvement, with two carriers exhibiting big year-over-year availability improvements," including British Airways (an 80 percent success score, up 17.9 points) and Korean Air (84 percent, up 15.4 points).

Looking only at long-haul economy class award travel – i.e., flights of more than 2,500 miles – the study found a 22-point improvement in seat availability over the past five years. From 2018 to 2019, long-haul award seat availability on American increased 10.6 points to an 82 percent success rate, IdeaWorks said. The rate was 80 percent on United (up 7.1 points), 78 percent on British Airways (up 29.4 points), 70 percent on Korean (up 31.4 points), and 66 percent on Alaska (up 14.6 points). But the long-haul success rate for reward ticket requests on Delta dropped 5.4 points from last year, to 46 percent.

But frequent fliers who like to redeem miles for those nice big lie-flat business and first class seats may not be seeing much improvement. Matthew Klint, who writes the popular Liveandletsfly.com blog and frequently books awards for himself and his Award Expert clients, tells SFGate: "The numbers do point a rosier picture of domestic redemptions, but these come at a cost. While legacy airlines have 'thrown us a bone' by lowering the price of some domestic award tickets, we have seen a consistent increase in the cost of premium cabin tickets. For those who like to use their miles for business or first class, we can expect that redemption prices will continue to rise."

The study also found that major airlines have increasingly made award travel on their partner carriers available for online booking. Back in 2014, the average number of partner airlines that turned up in online award travel requests was 3.2, the company said, while this year it was 5.5.

I ran into this earlier this year when I was surprised to find a roundtrip on United between San Francisco and Atlanta for only 25,000 miles during a relatively slow weekend in early March-- as low as seen it in recent years on the convenient daytime flights I prefer. I snatched it up and I'm glad I did. Checking now for SFO-ATL for peak Christmas, the outbound flight on a popular day is high at 32,500, but the return on slower Christmas evening is just 16,000 miles-- not bad! But when it came to a late summer trip to Italy in business class, United wanted a whopping 155,000 miles for one-way trip from SFO to Naples. Ouch.