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Points, Pillows and Porsches: Hotel and Car Rewards at the Top 30 Airlines

Redemption expansion helps carriers discharge burgeoning loyalty program liabilities.

December 17, 2012, Shorewood, Wisconsin – Car and hotel rewards are now offered by every major frequent flier program in North America and Europe with the exception of Turkish Airlines and US Airways. Of the 30 frequent flier programs reviewed worldwide, 20 offer hotel rewards and 17 provide car rental rewards. IdeaWorksCompany's newest report offers the following observations on the car and hotel rewards phenomenon:

- Six airlines (American, British Airways, Delta, Lufthansa, Southwest, and United) use online methods that mimic the ease of booking a car or hotel at an online travel agency website such as Expedia.
- Car rental reward booking queries showed an average retail value of \$0.012 (1.2 cents) per mile. On the higher end, an Air Canada Aeroplan reward for a 2-day car rental at Orlando for February 1-3, 2013 priced at \$204 at Hertz.com required 8,500 miles – a value of 2.4 cents per mile.
- Hotel reward booking queries showed an average value of \$0.007 (0.7 cents) per mile redeemed. On the lower end, an Air France Flying Blue reward for a 2-day stay at the Hilton London Heathrow for February 1-3, 2013, priced at \$280 at Hilton.com, required 135,000 miles – a value of 0.2 cents per mile.
- Full feature car and hotel reward programs, which offer multiple brands online, usually represent 5% to 10% of a carrier's overall mileage or point redemption activity.

The most effective method to maintain the loyalty of members is for an airline to improve the overall appeal of its frequent flier program. This can be accomplished by adding reward seat inventory, improving access to upgrades, providing better personalized services, and of course by boosting reward choices through car and hotel rewards.

Points, Pillows and Porsches: Hotel and Car Rewards at the Top 30 Airlines was released today as a free 15-page report sponsored by Switchfly and is available at the IdeaWorks website: www.IdeaworksCompany.com.

About IdeaWorks: IdeaWorks was founded in 1996 as a consulting organization building brands through innovation in product, partnership and marketing, and building profits through financial improvement and restructuring. Its international client list includes airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorks specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, frequent flier programs, and on-site executive workshops. Learn more at IdeaWorksCompany.com.

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