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Southwest and airberlin Still Tops for Rewards, but Alaska Airlines and Avianca Jump in the Rankings

*IdeaWorksCompany releases results from the 6th annual
Switchfly Reward Seat Availability Survey.*

May 14, 2015, Shorewood, Wisconsin - - Value-oriented airlines dominate the top tiers of the 6th annual **Switchfly Reward Seat Availability Survey**. Airberlin, Southwest, and Virgin Australia have placed within the top six in every edition of the reward survey since 2010. But global network carriers Air Canada (and the Aeroplan coalition loyalty program), Lufthansa, and Singapore are now in the top 5. Once again, airberlin and Southwest share first place with outstanding 100% scores; every flight queried in the survey provided reward seats at saver-style levels. The 25 carriers in the survey remained the same as 2014, except Alitalia replaced US Airways as the latter frequent flier program was merged with American's during of March 2015.

Three broad themes came into focus in the 2015 survey. First, airlines overall are continuing to be more generous with reward seats. The average for all airlines for 2010 was 66.1%, which increased to 74% this year. Second, global network airlines are improving their rankings for long-haul reward seat availability. The chart on page 4 of this document shows many big-name airlines made big gains this year. Third, within the US, the availability of close-in reward seats is firmly entrenched as reality. United, Air Canada, Southwest, and American all made meaningful improvements to offer more seats for departures only days or weeks away, with successful query scores ranging from 72% to 92% for this group of four airlines.

The big gainers this year were Alaska Airlines and Avianca. Alaska's overall reward availability score has reached a respectable 80% due to a 21.4-point boost over last year's result. And its score for long haul availability leapt more than 45 points. It's an amazing statistic because most of the routes queried are oh-so-popular Hawaii routes. It's not easy for an airline to allocate seats for these hot destinations because they are also easy to sell for cash fares. Likewise, Avianca boosted availability of rewards across the range of short-, medium-, and long-haul markets. And while its overall position hovers near the bottom of the chart, the result provides a meaningful improvement from 2014.

"The meaningful improvements we are seeing in 2015 are promising signs that the voice of the airline customer is stronger than ever. Consumers expect something of value from brands in return for their business and for their loyalty, and they want and expect offers that are relevant reflections of themselves. The key takeaway is that airlines can't afford to allow a single customer to have a bad experience anywhere in the booking or redemption path (online/offline/mobile). We need to make sure the user experience is top notch every time a customer interacts with the brand. It will be interesting to see how annual survey results change in coming years as airlines begin to implement a more personalized booking, travel and reward experience for their customers," said Switchfly CEO Daniel Farrar in response to the 6th Annual Survey.

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The following table summarizes the overall reward availability results of the 2015 survey:

Switchfly Reward Seat Availability Survey Overall Reward Availability Ranked High to Low – Seat Availability June through October, 2015				
Rank	% Total Availability	Airline	Program Name	Change from 2014 to 2015
1 (tie)	100.0%	airberlin	topbonus	No change
	100.0%	Southwest	Rapid Rewards	No change
2	96.4%	Virgin Australia	Velocity	↓2.9 points
3	90.7%	Air Canada	Aeroplan	↑10.0 points
4	90.0%	Singapore	KrisFlyer	↑3.6 points
5 (tie)	87.1%	JetBlue	TrueBlue	↓5.8 points
	87.1%	Lufthansa/SWISS/Austrian	Miles & More	↑5.0 points
6	85.0%	Air Asia Group	BIG	↓7.1 points
7 (tie)	80.0%	Alaska Group	Mileage Plan	↑21.4 points
	80.0%	British Airways	Executive Club	↑7.9 points
	80.0%	China Southern	Sky Pearl Club	↓5.0 points
8	75.0%	United	MileagePlus	↑3.6 points
9	72.9%	Qantas Group	Frequent Flyer	↓3.5 points
10 (tie)	70.7%	Alitalia	MilleMiglia	New for 2015
	70.7%	GOL	SMILES	↓20.0 points
11	67.1%	American	AAdvantage	↑12.1 points
12	66.4%	Cathay Pacific	Asia Miles	↓15.0 points
13	65.7%	Emirates	Skywards	↑15.0 points
14	65.0%	Air France/KLM	Flying Blue	↑13.6 points
15	63.6%	Turkish	Miles&Smiles	↓22.1 points
16	57.9%	Delta	SkyMiles	↑2.9 points
17	55.0%	Scandinavian	EuroBonus	No change
18	50.7%	Air China	PhoenixMiles	↓25.7 points
19	49.3%	Avianca	LifeMiles	↑27.2 points
20	44.3%	LAN	LANPASS	↓10.0 points

% of Total Availability = Percent of queries that result in outbound and return reward seats. See "Notes regarding reward query methodology" at the end of this press release. Value oriented airlines: Air Asia, airberlin, GOL, JetBlue, Southwest, and Virgin Australia.

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The Switchfly Reward Seat Availability Survey is based upon 7,640 booking queries made by the IdeaWorksCompany at the websites of 25 frequent flier programs during March 2015. Travel dates spanned June through October 2015, with top routes for each carrier checked to assess “saver style” reward seat availability.

As in previous years, survey findings indicate frequent fliers are better served by the reward programs at value-oriented airlines. The average among the six value-oriented airlines (Air Asia, airberlin, GOL, JetBlue, Southwest, and Virgin Australia) was nearly 90%, while the more traditional carriers in the survey group registered 69.4%.

Saver-style rewards are an important benefit for most members and the primary topic of this survey. The “% of Total Availability” column represents the frequency of queries which produced one or more available flights for a roundtrip pair of travel dates. A minimum of two seats was required for each outbound and inbound reward reservation query. For example, the 96.4% result for Virgin Australia reflects the fact that 270 of the 280 outbound and inbound date queries provided a minimum of one flight in each direction with at least two available saver-style reward seats. The right-hand column compares 2015 results to the Switchfly Reward Seat Availability Survey conducted by the IdeaWorksCompany in 2014.

The lowest reward availability scores on the chart have improved significantly since 2010 when US Airways was at 10.7% and Delta was 12.9%. For 2015 the lowest airline score is 44.3% for LAN, but this result represents a significant 33.6 point improvement above the 10.7% result from 2010. Frequent flier program members may be surprised to hear this, but airlines as a group have become more generous with reward seat availability. Carriers have been motivated to improve reward availability for reasons beyond the ethic of fairness and the desire to polish their brands. More and more airlines are governed by accounting regulations that allow airlines to post revenue to their income statements only after a member redeems miles or points.

It must be noted the reward availability results for some carriers did have big decreases for 2015. The overall score for Air China dropped to 50.7% which represents a 25.7 point decrease from 2014. Turkish Airlines erased almost half of last year’s big gain by dropping 22.1 points to 63.6% for 2015. GOL of Brazil scored the largest drop of any value-oriented airline by falling 20 points for an overall result of 70.7%.

It’s difficult to discern why airlines choose to decrease the supply of reward seats for their members. For Brazil-based GOL and Air China, perhaps it’s the troubles facing their national economies. The reversal for Turkish is perplexing because the airline is performing so very well in terms of growth, revenue, and profits. In addition, members of its Miles&Smiles program might be smiling less when attempting to redeem a reward for a long-haul market. Reward availability for these alluring markets, such as New York City and Bangkok, dropped in excess of 34 points for 2015.

The major loyalty industry news for 2014 was Delta’s announcement it would switch to revenue based mileage accrual during 2015. This ranges from 5 points per dollar spent on base fares for members without status, and up to 11 points for Diamond level members. The new method produces a windfall of miles for members paying higher fares. But it also reduces the mileage accrual for members without status booking saver-type fares. A regular member buying a \$316 roundtrip Atlanta – San Francisco ticket accrues 1,580 miles in 2015; that same trip delivered 4,278 miles in 2014.

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Delta did make amends last year by nicely boosting US domestic saver reward availability. And this year the carrier introduced a new domestic 10,000-mile one-way reward for select markets. This represents a 2,500-mile discount off the regular rate and requires 21-day advance booking. The 10,000-mile reward was found to be liberally available and represented more than 58 percent of Delta’s domestic reward results for the 2015 survey.

Long-haul reward availability provides an exceptional measure of which programs best meet the needs of very frequent fliers. If you live in Europe, these rewards provide access to alluring places such as the Grand Canyon and Hong Kong; or if you live in the US or Canada, it’s reliable favorites such as London and Rome. These rewards require more miles and are most accessible to high-flying travelers or those with big balances courtesy of co-branded credit cards.

Long-Haul Flights Reward Availability (2,500+ miles)				
Ranked High to Low – Seat Availability for June through October, 2015				
Rank	% Total Availability	Airline	Program Name	Change from 2014 to 2015
1	90.0%	Air Canada	Aeroplan	↑5.7 points
2	84.3%	Singapore	KrisFlyer	↑2.9 points
3	81.4%	China Southern	Sky Pearl Club	↑7.1 points
4	74.3%	Lufthansa/SWISS/Austrian	Miles & More	↑10.0 points
5	68.6%	Emirates	Skywards	↑17.1 points
6	67.1%	United	MileagePlus	↑2.9 points
7 (tie)	62.9%	British Airways	Executive Club	↑8.6 points
	62.9%	Alaska Airlines	Mileage Plan	↑45.7 points
8	60.0%	Air France/KLM	Flying Blue	↑14.3 points
9	55.7%	American	AAdvantage	↑18.6 points
10	48.6%	Qantas Group	Frequent Flyer	↓5.7 points
11	45.7%	Cathay Pacific	Asia Miles	↓27.1 points
12 (tie)	41.4%	Turkish	Miles&Smiles	↓34.3 points
	41.4%	Air China	PhoenixMiles	↓12.9 points
	41.4%	Alitalia	MilleMiglia	New for 2015
13	35.7%	Avianca	LifeMiles	↑28.6 points
14 (tie)	31.4%	LAN	LANPASS	↑7.1 points
	31.4%	Delta	SkyMiles	↑10.0 points
15	11.4%	Scandinavian	EuroBonus	↑1.4 points

% of Availability = Percent of queries that result in outbound and return reward seats. See “Notes regarding reward query methodology” at the end of this press release. 19 of the 25 programs were queried for long-haul reward availability. For these carriers, 2,500+ mile routes represented a meaningful portion of overall flight activity.

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Long-haul rewards are one area which can pose challenges for frequent flier program members. Some airlines radically reduce reward inventory for long-haul travel during June, July, and August. This is often a major source of member frustration. Please remember the queries for this survey are conducted in March; that's a generous 3- to 5-month period prior to departure. The long-haul reward availability result for Cathay Pacific was 8% for July, Turkish Airlines was 15% for July, and no reward seats could be found on SAS Scandinavian for June, July, and August at saver-style levels.

Overall demand is high for these destinations and supply is typically limited to one to three widebody flights per day. Suffice to say, airlines are always struggling to meet member expectations for reward seats. This makes the results posted by Air Canada and Singapore all the more amazing with reward seats found for more than 69% of the queries for the top-demand period of June through August. Alaska disclosed it changed its reward allocation strategy at the end of 2014, which undoubtedly explains a 45+ point increase to its long-haul results for 2015. JetBlue also made a change near the end of 2014 and lowered its minimum price from 5,000 points to 3,500 points.

Reward prices were noted for all 250- to 2,500-mile queries for the seven airlines based in the US and Canada. These statistics offer a snapshot of the average reward price associated with their top markets. The results indicate the pay-with-points method used by Southwest and JetBlue provides better value than airlines using traditional reward pricing. It's safe to assume miles and points for these seven carriers provide similar value. The accrual rate associated with the co-branded credit cards (typically the largest source of accrual) offered by the six US-based carriers is the same; one mile or point is accrued for each \$1 of everyday purchases.

Average Reward Prices Top 251 - 2,500-mile reward markets		
Airline	Program name	Average per R/T
Southwest	Rapid Rewards	9,457
JetBlue	TrueBlue	18,003
Air Canada	Aeroplan	20,933
Delta	SkyMiles	23,214
Alaska Airlines	Mileage Plan	23,393
United	MileagePlus	26,607
American	AAdvantage	27,393

All the carriers and frequent flier programs chosen for this analysis meet two key criteria. First, they are among the largest airlines based upon passenger traffic reported for 2013. Second, the online reward booking website must allow reward queries to be conducted during March for a June through October flight period and be available in English. When offered, online reward availability for partner airlines was always requested; rewards fulfilled by calling the airline were not. Online access is important for consumers; a major US carrier disclosed more than 90 percent of its domestic reward bookings are made online. The survey is designed to focus on this important consumer attribute.

The results of the 6th annual Switchfly Reward Seat Availability Survey support the idea that consumers should choose carefully if reward seat availability is sought as a primary benefit of program participation. In the US market, the three big network airlines (American, Delta, and United) are now making giant profits and next year's survey results will reveal whether some of this was invested back into their frequent flier programs. Consumers always have a choice and it's hoped this survey helps travelers choose the program that's best for their needs.

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Key findings are summarized in an infographic available at the press release section of the IdeaWorksCompany.com website.

Notes regarding reward query methodology: *Booking queries for a party of two travelers were made at frequent flier program websites during March 2015. Some airlines require a Saturday night stay for reward travel; all of the queries used date pairings that included a Saturday night stay. While the city pairs varied for each frequent flier program, the travel dates did not. 280 specific dates were selected for survey queries and only reward seat availability for travel on the date specified was recorded; any departure time was acceptable. Furthermore, reward travel had to be available on the outbound and return dates queried. Overly circuitous routings with long elapsed travel times and layovers longer than 4 hours were not accepted.*

Survey results reflect the availability of saver-style rewards (capacity controlled seats) with two exceptions. For Southwest, Anytime or Wanna Get Away rewards priced up to 25,000 points (roundtrip) qualified as reward travel. For JetBlue, rewards priced at 25,000 points (roundtrip) qualified as reward travel.

The top 10 routes (based upon total seats offered for sale during a 12-month period) longer than 2,500 miles and the top 10 medium-haul routes (251 to 2,500 miles) were selected for each airline. Due to a lack of long-haul routes, the top 20 overall routes were queried for these airlines: Air Asia, GOL, JetBlue, Southwest, and Virgin Australia. Ten top Europe - Palma de Mallorca city pairs (out of 20 total) were substituted for airberlin to reflect the carrier's major Mediterranean emphasis on holiday flights. The selection of Avianca's 251-2,500 mile routes was changed this year to include markets under 250 miles. Because surface transport in Columbia compares so poorly, these short markets are among the airline's most popular for reward travel; the change better aligns consumer preference with the query methodology.

About Switchfly: Switchfly is a travel-commerce and loyalty platform that enables enterprises to rapidly deploy state-of-the-art online travel services to their customers, and then to optimize and personalize those services for profitable revenue growth. Leading airlines, hotels, financial service providers and even retailers depend on Switchfly's B2B2C SaaS platform to power their omnichannel travel and loyalty experiences because it uniquely combines a highly scalable and secure SaaS architecture with deep product and content inventory. Powerful analytics and real-time decision engines allow them to foster contextually-rich customer engagement, even as they benefit from Switchfly's continuously evolving SaaS platform. Founded in 2003 and headquartered in San Francisco, Switchfly generates more than \$1.25 billion USD in revenue for its clients annually and facilitates the redemption of more than 35 billion reward points and miles each year. The company's global client roster includes American Airlines, Emirates, JetBlue and LAN Airlines; IAG Avios, Lufthansa Miles & More and United MileagePlus; InterContinental Hotels Group and Starwood Hotels; Expedia, Orbitz, Priceline and Groupon. For more information, visit www.switchfly.com.

About IdeaWorksCompany.com: IdeaWorksCompany 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. IdeaWorksCompany specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, frequent flier programs, and on-site executive workshops. Learn more at IdeaWorksCompany.com.