

The Wall Street Journal

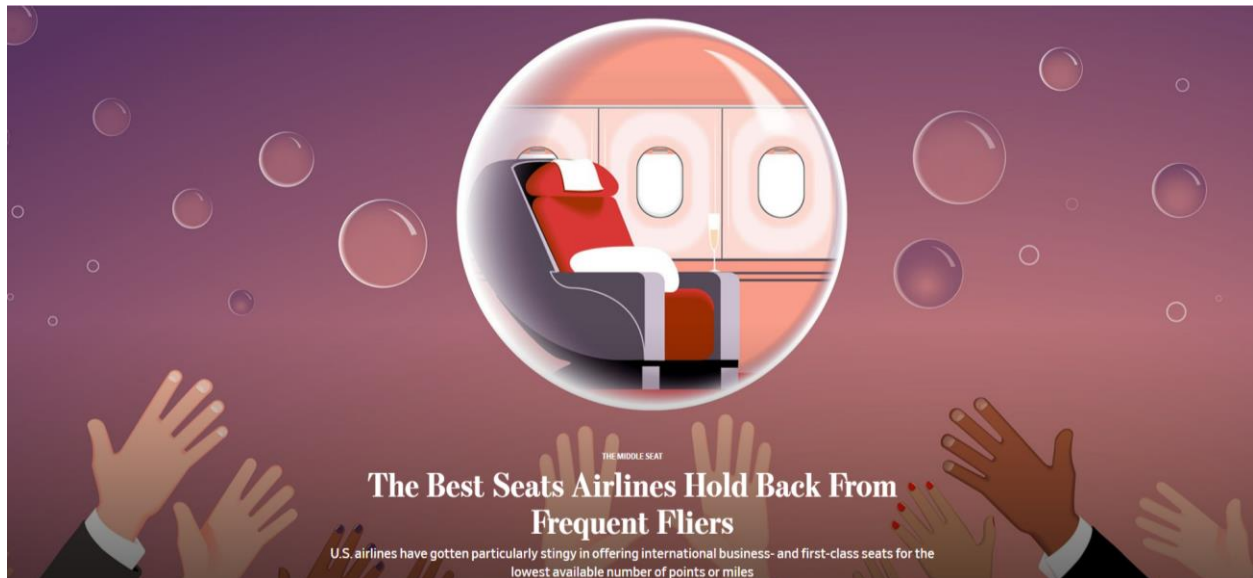
January 22, 2020

The Best Seats Airlines Hold Back from Frequent Fliers

By Scott McCartney

This article is based upon a report issued by IdeaWorksCompany.

The top dream in frequent-flier awards has become an illusion at U.S. airlines.



Landing a free first-class or business-class ticket on a long flight is the ideal reward for many travelers. They might spend years saving up enough miles for that special seat. But new data show that while some international airlines have generous availability of long-haul business-class award seats, U.S. airlines, particularly United, make it nearly impossible to find a seat at advertised lower mileage levels.

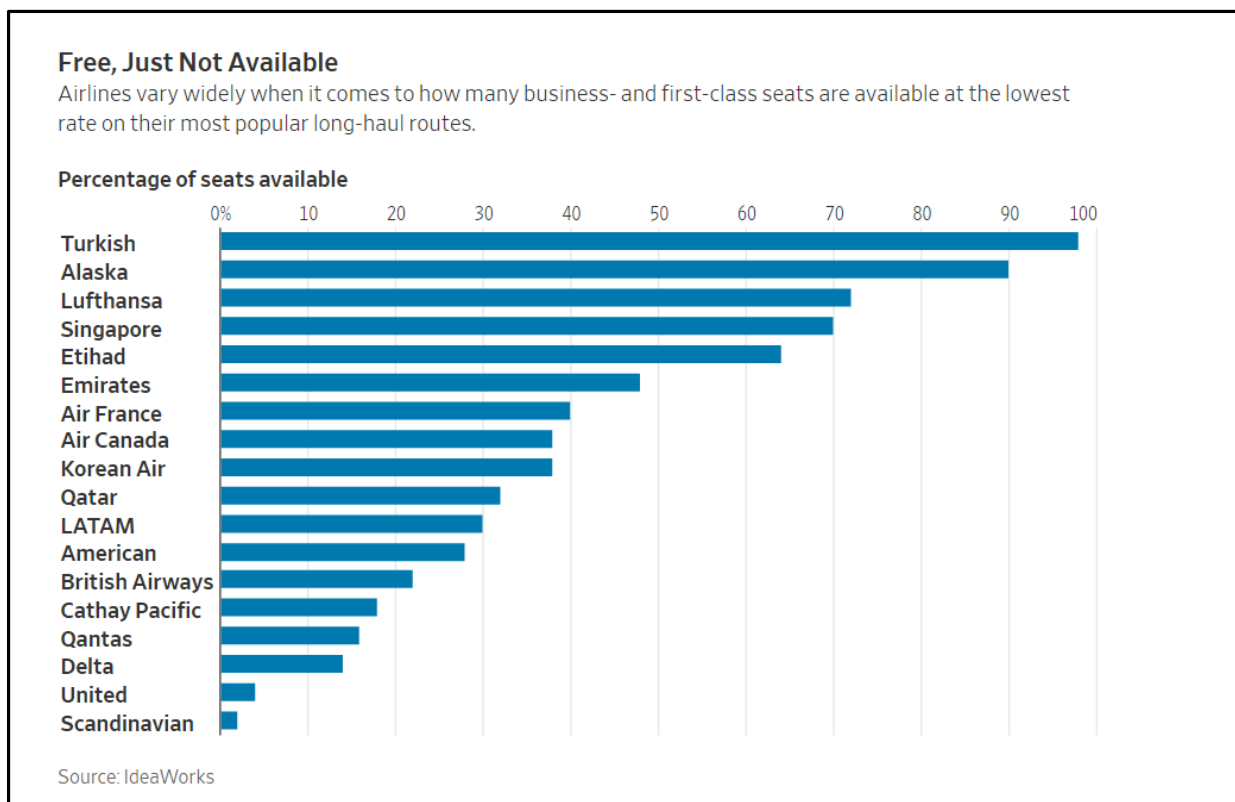
Consulting firm IdeaWorks did 3,600 searches for two business- or first-class awards on 18 different airlines. It found Turkish Airlines had the highest availability at 98% and Scandinavian Airlines the lowest at 2%.

United had two seats available at the Saver level on only 4% of the queries made. Jay Sorensen, president of IdeaWorks, calls that result “a heart-stopping statistic.” Delta was only slightly better, at 14%, while American came in at a somewhat more respectable 28%.

Bottom line: The ability for most members of frequent-flier programs at United, Delta and American “to take a business-class trip to Europe has gone,” Mr. Sorensen says.

Alaska showed a remarkable 90% availability, but that reflects first-class domestic seats, since Alaska doesn’t have long-haul international service on wide-body aircraft.

The survey looked for seats on each airline’s 10 busiest routes longer than 2,500 miles—the routes where each airline has the most seats. For each airline, 200 queries were made for travel dates June through October 2019, searching for two seats together at the lowest published mileage level. That’s typically between 100,000 and 150,000 miles round trip for tickets to Europe, for example. Mileage levels that aren’t discounted and have greater availability usually cost at least twice as much in miles.



Airlines clearly have different attitudes about making their expensive seats available for mileage redemption. At the generous end, Lufthansa and Singapore both hit at least 70% availability in the IdeaWorks research, while British Airways had seats available on only 22% of queries and Qantas only 16%.

Singapore says it makes a fixed percentage of seats available for awards on every flight to keep members happy. The airline won't disclose the number, but "it's a decent percentage of seats," says Ryan Pua, vice president of loyalty marketing. If seats haven't been claimed, Singapore discounts miles needed for a ticket each month for travel the following month.

The poor showing by U.S. airlines reflects, in part, the major increases some airlines have made in the number of miles required for awards. Some airlines have relabeled their standard prices in miles as saver rates and added a more expensive, less restricted redemption level. Delta and United have stopped publishing mileage award charts and moved to dynamic pricing where the price in miles can vary, typically moving in concert with the cash price for a ticket.

U.S. airlines have increased availability of domestic travel awards—they say that's where today's customers most want to redeem their miles.

But the limited availability for business- and first-class seats on long routes also reflects a strong economy where corporations and wealthy leisure travelers are willing to pay thousands of dollars for a flat bed for sleeping on a long flight. And airlines aren't eager to give away expensive seats rather than sell them for cash.

More than that, Mr. Sorensen thinks part of the limited availability reflects the windfall some airlines receive from credit card companies who buy miles to give to customers as loyalty rewards for card use. The credit card deals put billions of additional miles into circulation, chasing the best seats. Demand goes up, but supply doesn't.

United says its long flights have lots of availability for business-class seats—at higher prices, not the Saver level. The airline is moving away from Saver and Everyday award nomenclature, and instead will just offer a price in miles for a specific flight tied more closely to the cash price, says Michael Covey, managing director of MileagePlus premier programs.

Instead of a fixed percentage of seats available, United takes into account the cash price of a ticket, expected demand for the seats and other factors in deciding how many award seats are available to lower mileage prices.

"It's realistic that people are going to be able to find awards when they want to go. Whether or not we're going to have a plethora of awards at the lowest cost throughout the course of a year, I think that is tougher and tougher to find," Mr. Covey says.

United's average price of economy awards redeemed by customers declined in 2019, while the average price in the business cabin, compared with 2018, "has gone up slightly," he says.

Demand for awards is up. Although United hasn't published specific numbers yet, Mr. Covey says fliers redeemed a record number of awards in 2019.

Mr. Covey notes that United does publish an award calendar showing the lowest price on different days, so frequent fliers with flexibility can find less expensive awards. He also notes that the IdeaWorks survey searches for awards without any elite status in United's frequent-flier program. Starting with the platinum level, top-tier frequent fliers do get increased availability for award seats when they search.

Delta declined to comment other than offering a statement: "In 2019, members redeemed more miles for awards travel than ever before, and we continue to invest in new opportunities for customers to use miles as a form of payment."

American says 85% of its redemptions are in the main cabin and 15% in premium cabins. "That's been pretty stable over the years," says Bridget Blaise-Shamai, vice president of customer loyalty and insights at American.

Unlike Delta or United, American still publishes an award chart, and offers discounted mileage awards online. A New York-Los Angeles award on an airplane with lie-flat seats costs between 65,000 and 125,000 miles round trip, for example, while flights between the U.S. and Europe in business class range from a saver level of 115,000 to a peak price of 270,000 miles round trip.