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## **Why Airline Rewards Programs Are Trying Harder to Keep You Loyal**

*The major carriers are loosening their rules to ensure their most frequent fliers stay in the fold even when they haven't been flying frequently*

By Scott McCartney

***IdeaWorksCompany contributed information to this article - - see italics.***

Status matters: social, work, financial, health, legal or marital. This is a year when many people will be paying a lot of attention to another status: frequent-flier elite status.

Travelers—and airlines—are worried that they won't requalify for top-tier frequent-flier status without frequent business trips and long international flying. So airlines are making big changes to keep loyalty to a particular carrier from breaking.

Most carriers extended status earned in 2019 through this year because of the pandemic. The concern now is whether people can requalify this year for 2022 with so many international borders closed and business travel still depressed.

United reduced qualification requirements by about 25% at the start of the year, added some bonuses and last week launched an additional welcome-back bonus giving even more qualifying points for your first three trips, or the chance for more bonus points from credit card spending. Other airlines have also made changes and say more are likely coming to make it easier to requalify:

\* American has lowered qualification thresholds, rolled over earnings from the fourth quarter last year and waived some requirements for spending \$30,000 on an airline co-branded credit card.

\* Delta is offering bonuses toward qualification for buying premium tickets, from extra legroom to first-class seats, and is temporarily counting trips taken on frequent-flier award tickets toward elite status.

\* Southwest gave all its A-List members a boost of points and flights that amounted to about 40% of what you need to earn this year to extend status next year.

"We're doing all we can right now with our customers to help them retain their status," says Michael Covey, managing director of United's MileagePlus program.

The changes showcase a basic problem facing airlines: How do you keep customers loyal when they're not flying? Many are expected to travel a lot more in 2022, but if elite status has expired, they'll be free agents possibly open to moving their business to other airlines.

"I think that free-agent status begins now," says Rick Elieson, president of American's AAdvantage program, because elite status has already been extended for 2021 but remains uncertain for next year.

Fliers earn elite status at most airlines through a combination of flying and spending. The thresholds are significant: Typically the lowest tier requires 25,000 miles flown or 30 flights, plus \$3,000 in spending a year. The highest tiers require more than 100,000 miles flown or at least 120 flights, plus \$15,000 or more in spending.

Early boarding is a prized perk of elite status, but airlines also give it to certain credit card holders and people willing to pay extra. As many travelers face the prospect of losing top-tier status because of limited travel this year, methods to hang on to benefits will become more important.

For travelers, elite status can provide practical and psychological benefits. High status usually brings more perks and better treatment. Plus, you end up feeling recognized and even loved when so many travelers feel unheard and unappreciated.

For airlines, elite-level fliers are a key to profitability. Road warriors buy pricier tickets more often and account for a large share of airline revenue. And as travel has started to rebound, elite-level members have traveled more, on average, than regular customers. Mr. Covey says that over United's most recent quarter, the percentage growth of trips by Premier members outpaced that of non-Premier members by double digits.

Of course, the magic of travel may have worn off for some grounded travelers who don't want to resume the grind of being away from home constantly and enduring the delays and discomforts. Airlines worry about that. Some say, however, they have been buoyed by continued use of airline credit cards—an indicator that customers still covet miles and trips.

Rather than temporarily shrink thresholds, Delta has opted to provide accelerators to accommodate for reduced travel by top customers. An elite-level traveler who buys a first-class ticket can get a total of 75% additional qualifying points for that trip. Like other airlines, Delta is counting more co-branded credit-card spending toward elite qualification this year. And Delta has offered something unique among U.S. airlines: counting travel on award tickets toward elite qualification. Usually only purchased fares get counted.

Even with those offers, many fliers may not qualify or could see a downgrade in their status. And others taking advantage of the accelerators may find it easier to qualify for higher tiers.

“You’ll probably see redistribution in elite ranks,” says Dwight James, Delta’s senior vice president for customer engagement and loyalty.

Mr. James also says Delta will survey its Medallion members in the next couple of weeks to see if the changes made so far are satisfying top customers. More bonuses may be coming.

“We want to continue to ensure that customers feel that the loyalty currency is valuable,” he says.

That’s a fundamental issue for loyalty programs.

***While top-tier travelers fervently covet their status, many travelers have found that status isn’t the golden goose it used to be, says Jay Sorensen, president of IdeaWorksCompany, a Shorewood, Wis.-based consulting firm specializing in loyalty programs.***

***Being in the lower or middle rungs of the status ladder no longer wins upgrades, since airlines are selling more first-class seats at discounted prices. You can earn early-boarding and baggage-fee waiver perks just by having an airline’s credit card.***

***In addition, the programs have become significantly more complex, with thresholds built around complicated measures like elite-qualifying points.***

***“I think these elite status programs are suffering under the weight of themselves,” Mr. Sorensen says. “Airlines have learned how to sell all these things, and they would prefer to generate the cash rather than give them away. The cost of that is that you have significantly reduced the allure of the elite tiers.”***

Southwest says even with the boost it gave top-tier customers at the beginning of the year and changes to its credit card program that allowed more elite-qualification with spending, frequent travelers are starting to worry that they likely won’t requalify for its popular Companion Pass or A-List statuses.

“I think that’s a valid concern,” says Jonathan Clarkson, Southwest’s managing director of marketing. “We want people to achieve status. It’s in our interest to make status achievable for people.”

More adjustments to help frequent travelers requalify are likely coming. “It won’t be a quiet year for us,” says Corbitt Burns, director of Southwest’s Rapid Rewards program. cy, it is good to be king.