



Money

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Fliers quickly cash in US Airways rewards

By Dan Reed, USA TODAY

IdeaWorks contributed information to this article (see italics) and provided the data displayed in the graph.

Struggling US Airways' frequent fliers last year flooded it with free-trip claims, a signal that its best customers view the No. 7 carrier's future dimly.

Free reward trips jumped 25% from 2003. It's by far the biggest rise among big U.S. airlines with well-established loyalty programs. The free trips accounted for about 8% of total mileage flown by US Airways' passengers.

Mileage rewards claimed		
Airline	2004 reward trips*	Change from 2003
US Airways	1.5	25.0%
American Airlines	2.6	4.0%
Delta Air Lines	2.9	3.6%
Southwest Airlines	2.5	unch.
Northwest Airlines	1.4	-2.0%
United Airlines	1.7	-15.0%
Continental Airlines	1.2	-17.0%
* - In millions Source: IdeaWorks		

Industrywide, frequent fliers claimed 14.7 million free trips, down 2.1% from 2003, according to IdeaWorks. The Wisconsin-based consultant uses airlines' government filings to analyze reward travel.

"People are reading in the media that (US Airways) is in danger of shutting down and are thinking, 'Gee, I'd better cash in my miles,' " says Jay Sorensen, IdeaWorks' president.

But US Airways spokeswoman Amy Kudwa attributes the sharp rise to an unspecified number of trips given to loyalty club members of other airlines in the 15-member Star Alliance. US Airways joined the global marketing group in May 2004.

The Arlington, Va.-based carrier has been operating in bankruptcy protection since

September. It has lost \$4.5 billion since 2000 and has been cutting costs to keep flying. It has acknowledged merger talks with America West Airlines.

The September bankruptcy filing, the second since August 2002, jolted Dan LaFountain of Rockville, Md., to start using his credits in the carrier's Dividend Miles program. He took his family on a trip to Denmark and flew his mother and stepfather to San Francisco.

"I began to feel like I had a half-million miles that I might not be able to use if I didn't use them quick," says LaFountain, who designs educational curriculums for a toy company.

Hal Brierley, a loyalty marketing consultant, agrees that the surge in free travel signals that US Airways' best customers have grown fearful that it won't be around much longer.

He says that when airlines issue even one bad quarterly financial report, "The redemption rate spikes."

Only discounter AirTran showed a larger percentage jump than US Airways, up 53.5% from 2003.

Sorensen says frequent fliers on that small, fast-growing discounter only recently have accumulated enough miles to earn free trips.