



American and Turkish Airlines Show Dramatic Increase in Reward Seat Availability with Southwest Staying on Top

The 9th annual Reward Seat Availability Survey — sponsored by CarTrawler — also finds survey newcomers Norwegian and China Eastern ranked in the top 8 among 25 airlines.

Dublin, Ireland & Shorewood, Wisconsin, USA, 16 May 2018 — The CarTrawler Reward Seat Availability Survey answers the question, “How easy is redemption for the basic and most popular reward type offered by the world’s top airlines?” The 25 carriers in the survey remained almost the same as 2017, with China Eastern, Norwegian, and WestJet as newcomers for 2018. Key findings from this year’s survey include:

- The currency of frequent flyer programs is rapidly changing.
- Reward pricing is being influenced by cash fares and market forces.
- Some airlines are making dramatic improvements to reward availability and value.

Earning miles or points is rapidly shifting to spend-based methods rather than distance flown. Of the 25 airlines in the 2018 survey, 11 now use ticket prices to determine mileage and points accrual. The momentum of this shift is boosted by Air France/KLM and the Lufthansa Group switching to euro-based accrual during 2018.

These changes are now affecting how airlines deliver reward travel to members. In obvious and subtle ways, the prices of reward tickets are being influenced by cash fares. That’s because the global expansion of low cost carriers has created pricing disruption. Global network airlines are realizing the old binary method of using reward tables based on distance creates unreliable reward value. Members increasingly believe low fares should correspond to lower reward prices. For example, reward prices as low as 12,000 miles roundtrip were found on select Delta routes in the US, where the previous price was 25,000 miles roundtrip.

Member expectations and satisfaction are important for airlines seeking success. Happy members buy more tickets and use their co-branded credit cards more often. Perhaps this is why 11 airlines improved their reward availability for 2018, while seven airlines had declines. Among the most significant changes is a huge 27.8 point increase of overall reward seat availability for American’s AAdvantage program and a giant 31.4 point increase for the Turkish Miles&Smiles program for long-haul reward availability. Southwest Rapid Rewards held its first place position with an outstanding 100% score; every flight queried provided reward seats below the one way domestic saver-style level of 12,500 points/miles.

“CarTrawler is powering the evolution of airline loyalty packages by providing partners with targeted offerings that help them to reward loyal passengers. Our new on-demand taxi solution personalises the customer experience radically by giving loyalty members the option of booking their ride directly from the airline’s app and paying for it using loyalty miles,” says Michael Cunningham, Senior Vice President of Distribution Strategy at CarTrawler.

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The following table summarizes the overall reward availability results of the 2018 survey, which reflects the combined results of medium-haul routes (251-2,500 miles) and long-haul routes (2,500+ miles) as applicable by frequent flyer program:

| Reward Availability Survey Overall Reward Availability Ranked High to Low – Seat Availability June through October, 2018 | | | | |
|---|-----------------------------|--------------------------|---------------------|---------------------------------|
| Rank | % Total Availability | Airline | Program Name | Change from 2017 to 2018 |
| 1 | 100.0% | Southwest | Rapid Rewards | <i>No change</i> |
| 2 | 96.4% | Air Canada | Aeroplan | ↑6.4 points |
| 3 | 95.0% | Turkish | Miles&Smiles | ↑15.7 points |
| 4 | 94.3% | JetBlue | TrueBlue | <i>No change</i> |
| 5 | 91.4% | Lufthansa/SWISS/Austrian | Miles & More | ↑0.7 points |
| 6 | 90.7% | Qantas Group | Frequent Flyer | ↑9.3 points |
| 7 | 89.3% | China Eastern | Eastern Miles | <i>New for 2018</i> |
| 8 | 84.3% | Norwegian | Norwegian Reward | <i>New for 2018</i> |
| 9 | 82.1% | American | AAdvantage | ↑27.8 points |
| 10 | 80.0% | Air China | PhoenixMiles | ↑5.7 points |
| | 80.0% | China Southern | Sky Pearl Club | ↓5.0 points |
| 11 | 77.1% | AirAsia Group | BIG Loyalty | ↑1.4 points |
| 12 | 75.7% | United | MileagePlus | ↑10.7 points |
| 13 | 72.1% | Delta | SkyMiles | ↓2.2 points |
| 14 | 69.3% | Alaska Group | Mileage Plan | ↓12.1 points |
| 15 | 68.6% | Korean Air | Skypass | ↓2.8 points |
| 16 | 65.7% | Emirates | Skywards | ↑1.4 points |
| 17 | 62.9% | Air France/KLM | Flying Blue | <i>No change</i> |
| 18 | 62.1% | British Airways | Executive Club | ↓12.2 points |
| 19 | 61.4% | Cathay Pacific | Asia Miles | ↑6.4 points |
| 20 | 57.1% | WestJet | WestJet Rewards | <i>New for 2018</i> |
| 21 | 55.0% | LATAM Airlines | LATAM Pass | ↑6.4 points |
| 22 | 54.3% | GOL | SMILES | <i>No change</i> |
| 23 | 47.9% | Scandinavian | EuroBonus | ↓7.8 points |
| 24 | 27.1% | Avianca | LifeMiles | ↓11.5 points |

*% of Total Availability = Percent of queries that result in outbound and return reward seats.
For tied results, carriers appear in alphabetical order.*

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Overall reward availability for the group of 25 airlines increased to 73.6% for 2018, which is a marginal increase above last year's level of 72.4%. Norwegian and WestJet are compelling additions to the 2018 survey because these carriers operate pay-with-points programs. Norwegian represents a first-time opportunity to include a long-haul network which uses the pay-with-points method.

The Survey Measures Saver-Style Reward Availability

The CarTrawler Reward Seat Availability Survey is based upon 7,420 booking and fare queries made by the IdeaWorksCompany at the websites of 25 frequent flyer programs to assess "saver style" reward seat availability. Saver-style rewards are an important benefit for most members and the primary topic of this survey. The "% Total Availability" column (see prior page) 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 query.

As in previous years, survey findings indicate frequent flyers are better served by the reward programs at low cost carriers (LCCs). The average among the six LCCs (AirAsia, GOL, JetBlue, Norwegian, Southwest, and WestJet) was 77.9%, while the more traditional carriers in the survey registered 72.3%. Among these, JetBlue, Norwegian, Southwest, and WestJet have pay-with-points redemption that uses a distinct method to conduct reward queries, which requires additional explanation of the survey methodology.

Credit cards are a universal method to earn significant quantities of points. For many members, cards represent the largest source of point accrual. Credit card earning rates for these LCCs were compared to more traditional programs such as United (for JetBlue and Southwest), Air Canada (for WestJet), and Scandinavian (for Norwegian). For example, one United MileagePlus mile was found to equate to one Southwest Rapid Rewards point because of identical card accrual rates. Similarly, 100 Scandinavian Eurobonus points were found to equate to 10 Norwegian CashPoints using each program's basic credit card.

Saver-style reward prices posted by Air Canada, Scandinavian, and United were then converted to each LCC's pay-with-points currency to determine the maximum reward levels permitted for reward queries. For example, a 10,000-point reward for Scandinavian was determined to represent 1,000 Norwegian CashPoints. This method creates a bridge by which very distinct reward methods can be compared.

Long-Haul Reward Availability Sees Nearly 4-Point Improvement

Airlines generally operate more flights on short-haul routes. For example, an airline might offer 16 daily nonstop departures from Frankfurt to Munich, whereas nonstops between Frankfurt and Bangkok are limited to a single daily operation. Traditionally it has been difficult for airlines to offer reward availability on long-haul flights that compares favorably to shorter routes. But some airlines are becoming better at this task, as demonstrated by an overall availability result which increased to 64% for 2018 from 60.3% in 2017.

Turkish Airlines and its Miles&Smiles program sits at the top of the long-haul reward availability table (see following page) with a nearly perfect 98.6% result. Out of 140 long-haul queries (2,500+ miles) only one roundtrip did not provide reward seats at the saver level. This result reflects a more than doubling of the 41.4% reward availability scored by Turkish for the 2015 survey. Two other programs saw big jumps for 2018: American AAdvantage and LATAM Pass. As one of the world's largest airlines, American has obviously made big changes to reward capacity. The airline has come a long way from the 17.1% long-haul reward result posted in 2012.

| Long-Haul Flights Reward Availability (2,500+ miles) | | | | |
|---|-----------------------------|--------------------------|---------------------|---------------------------------|
| Ranked High to Low – Seat Availability for June through October, 2018 | | | | |
| Rank | % Total Availability | Airline | Program Name | Change from 2017 to 2018 |
| 1 | 98.6% | Turkish | Miles&Smiles | ↑ 31.4 points |
| 2 | 94.3% | Air Canada | Aeroplan | ↑ 4.3 points |
| | 94.3% | Norwegian | Norwegian Reward | <i>New for 2018</i> |
| 3 | 84.3% | China Eastern | Eastern Miles | <i>New for 2018</i> |
| | 84.3% | Lufthansa/SWISS/Austrian | Miles & More | ↑ 2.9 points |
| 4 | 81.4% | Qantas Group | Frequent Flyer | ↑ 14.3 points |
| 5 | 74.3% | China Southern | Sky Pearl Club | ↓ 11.4 points |
| 6 | 72.9% | United | MileagePlus | ↑ 4.3 points |
| 7 | 71.4% | American | AAdvantage | ↑ 25.7 points |
| 8 | 70.0% | Cathay Pacific | Asia Miles | ↑ 10.0 points |
| 9 | 64.3% | Air China | PhoenixMiles | ↑ 11.4 points |
| 10 | 62.9% | Emirates | Skywards | ↓ 1.4 points |
| 11 | 60.0% | Air France/KLM | Flying Blue | ↓ 1.4 points |
| 12 | 51.4% | Alaska Group | Mileage Plan | ↓ 14.3 points |
| | 51.4% | Delta | SkyMiles | ↓ 2.9 points |
| 13 | 48.6% | British Airways | Executive Club | ↓ 4.3 points |
| | 48.6% | LATAM Airlines | LATAM Pass | ↑ 18.6 points |
| 14 | 38.6% | Korean Air | Skypass | ↓ 27.1 points |
| 15 | 21.4% | Avianca | LifeMiles | ↓ 11.4 points |
| 16 | 7.1% | Scandinavian | EuroBonus | ↓ 5.7 points |

% of Availability = Percent of queries that result in outbound and return reward seats. 20 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. For tied results, carriers appear in alphabetical order.

Reward Payback Provides a Common Benchmark

Back in 2015, IdeaWorksCompany introduced "Reward Payback" for its new annual hotel loyalty report. This same metric has been calculated for seven North American carriers since 2016 for the US- and Canada-based programs in the survey. Reward payback is a simple benchmark to measure how these programs deliver their primary benefit to everyday travelers. It represents the reward value returned per dollar spent on base fares.

| Average Reward Payback for 2018 Top 251 - 2,500-mile reward markets | | | | |
|---|---------------------|--|--|--------------------|
| Airline | Program Name | Basic Payback (no elite status) | Highest Payback (with elite status) | Elite Tier |
| Alaska Group | Mileage Plan | 11.7% | 26.3% | MVP Gold 75K |
| Southwest | Rapid Rewards | 8.6% | 17.2% | A List Preferred |
| JetBlue | TrueBlue | 7.5% | 11.2% | Mosaic |
| Delta | SkyMiles | 6.0% | 13.2% | Diamond |
| United | MileagePlus | 4.7% | 10.3% | Premier 1K |
| American | AAdvantage | 3.4% | 7.5% | Executive Platinum |
| Air Canada | Aeroplan | 2.4% | 4.8% | Super Elite |
| WestJet | WestJet Rewards | 1.8% | 8.9% | Gold |
| Average | | 5.8% | 12.6% | |
| <i>Based upon 140 queries for each airline comparing lowest available reward price and base fare booked at airline website. Aeroplan results are adjusted to reflect the reward fee charged in addition to government taxes and fees.</i> | | | | |

The reward payback method allows everyday consumers to readily compare programs using a value-oriented benchmark. There are some caveats, as calculations are based upon the lowest available reward price and base fare. Therefore, the results presented in the “Basic Payback” column in the above table are most applicable for leisure travel and members not benefitting from an elite status accrual bonus. The “Highest Payback” column incorporates the higher accrual rate provided to members with top elite status in a program (also using the lowest prices).

Members with status really benefit from the accrual rates tied to spending. The big three carriers (American, Delta, and United) boost regular accrual by 220% for their top tier members. WestJet clearly wants to impress with a 500% increase above the base tier for their Gold level members. While Alaska doesn’t score very high for overall reward availability for saver-style rewards, its reward payback is positively outstanding. Those lucky few with MVP Gold 75K status can enjoy a greater than 25% reward payback return for dollars spent with the airline.

Frequent Flyer Programs Can Be Responsive to Consumers

The results from the 9th annual Worldwide Report of Reward Availability indicate generally better value will greet many consumers for 2018. Yes, airlines can truly be different, as shown by dramatically improved results posted by American and Turkish Airlines. This improvement is certainly not isolated. IdeaWorksCompany has tracked average reward prices in the US since 2013. Consumers may be surprised that these have declined by 10.8% with reductions driven by Alaska, American, Delta, and Southwest. But these reductions are not in isolation, as air fares have declined by 8.9% for the 2013-2017 period, according to US DOT statistics.

IdeaWorksCompany believes the pricing transparency provided through the internet has made consumers more aware of travel value. Whether they buy travel with cash, miles, or points — they have learned to expect real value everywhere. Savvy airlines recognize this new dynamic and know they must actively work to create programs that are truly rewarding in every regard.

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IdeaWorksCompany offers an FAQ – Frequently Asked Questions document and a graphic image of the page 2 table 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 flyer program websites during March 2018. 280 specific dates (140 queries for airlines lacking long distance networks) from June through October 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. Any connection displayed was acceptable except those requiring ground transfers flights between different airports such as New York LaGuardia and JFK.

Survey results reflect the availability of saver-style rewards (capacity controlled seats) with four exceptions. For Southwest, 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. These levels are essentially equivalent to the 25,000-mile price used by major US carriers for domestic reward travel. For WestJet, the reward pricing limits range from 150 to 250 WestJet Dollars. For Norwegian, CashPoints converted to euros (along with provision for taxes and fees charged by its primary competitor Scandinavian) established the pricing limits for each market queried.

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 10 overall routes were queried for these airlines: AirAsia, GOL, JetBlue, Southwest, and WestJet.

About CarTrawler: CarTrawler is the world's leading B2B travel technology platform providing multimodal transport solutions to almost one billion passengers annually. Utilising our network, which spans over 50,000 international locations, we connect travellers in real time, on any device, to every significant transportation supplier. CarTrawler's unique technology is an easy to implement platform, personalised based on your customers' trip details. Our technology provides our customers with higher conversion rates and increased revenue. For more information visit www.CarTrawler.com.

About IdeaWorksCompany: 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 flyer programs, and on-site executive workshops. Learn more at IdeaWorksCompany.com.

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