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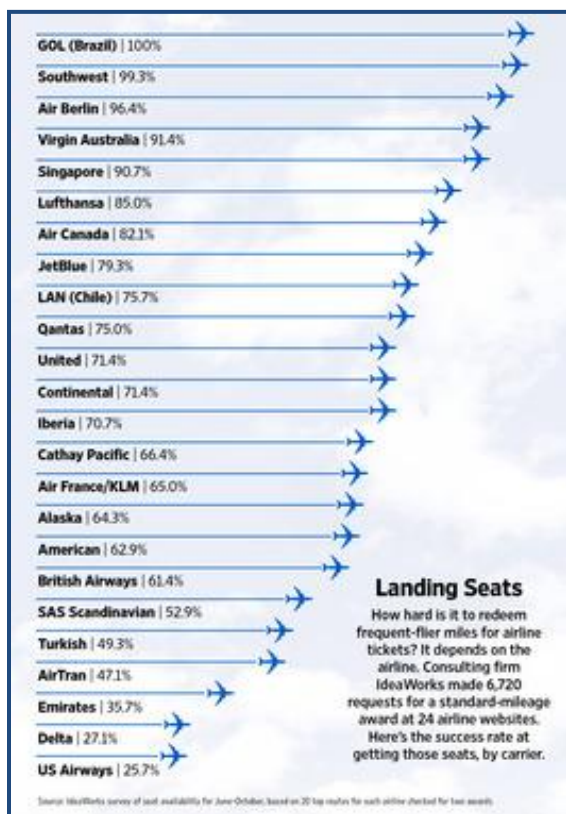
For Frequent Fliers, a Ranking of the Stingiest Airlines

By Scott McCartney

This article is based upon a report issued by IdeaWorks.

Travelers may find it just a teeny-tiny bit easier to redeem miles this year compared with last year, according to a new study of 24 different frequent-flier programs world-wide.

Best among U.S. carriers: Southwest Airlines Co., which had award seats available for 99.3% of the queries made, and jetBlue Airways, which offered seats 79.3% of the time. Southwest and jetBlue both use points instead of miles, and IdeaWorks Co., the consulting firm that conducted the study, searched for award seats available at 25,000 points, the equivalent to standard awards at other airlines.



Worst among U.S. carriers: US Airways Group Inc. and Delta Air Lines Inc., which didn't have seats available in about three out of every four requests. Still, both carriers showed large improvement over the past year, more than doubling their availability rates.

Of 6,720 requests for award trips at standard mileage levels, typically 25,000 miles for a domestic ticket on U.S. airlines, 68.6% turned up with available seats, according to IdeaWorks. That's up slightly from 66.1% last year. The fact that availability increased at all is surprising: Airlines are eager to sell seats rather than trade them for miles due to high fuel costs.

That said, it is expected to be especially tough to exchange miles for seats this summer because airlines are already heavily booked.

Airlines say they have tried to improve availability as miles have been losing some luster and award liability has been piling up on balance sheets. Miles bring in billions of dollars in revenue for airlines when they sell them to credit-card companies that offer loyalty rewards, and carriers have acknowledged they need to loosen restrictions on seat availability or risk losing customers.

Inventory managers at airlines typically allocate seats in the lowest mileage-redemption levels when the lowest fares are still available. Then, they make award seats available only at higher-mileage prices as fares increase on a flight. Some popular flights may never have standard-level frequent-flier seats available.

Among international airlines, Star Alliance carriers Singapore, Lufthansa and Air Canada scored highest in award-seat availability, along with low-fare carriers GOL of Brazil and Europe's Air Berlin. GOL had the distinction of offering seats on all 280 requests made.

"I think airlines are getting the message that award availability is important," said Jay Sorensen, president of IdeaWorks. "Are airlines where they need to be yet? I don't think so. But the overall picture is positive."

The number of awards used at United Continental Holdings Inc., the parent of United and Continental airlines, was up 17.6% last year over 2009, according to the company's filing with the Securities and Exchange Commission. Delta awards used were up 10.8%, AMR Corp.'s American Airlines rose 7.7% and Southwest 6.7%.

More customers have been using miles for domestic awards, in light of higher ticket prices, rather than holding out for hard-to-book international prizes. As a result, more awards are being redeemed, airlines say.

The IdeaWorks survey also pointed to the toughest city to get into and out of using frequent-flier miles: San Francisco. The city is a popular vacation spot year-round, so demand remains high.

This summer, fliers don't have to be going to San Francisco to have a hard time using miles. Frequent-flier program executives at several airlines say summer bookings with awards are already above average compared with past years, and below average so far for fall and winter trips. Higher ticket prices have prompted more people to shop early this year for summer vacations, and burn miles because they have more buying power.

"For us, availability is a bit lower year-over-year for summer. We're booked higher for the same point in time this year," said Tom Trenga, vice president of revenue management at US Airways. "It's not only tighter for award seats. It's tighter for any seat."

The availability study, sponsored by ezRez Software Inc., which supplies online travel-selling tools to airlines, hotels and travel agencies, checked availability by doing what travelers do—asking airline websites for a pair of award tickets at standard award levels. IdeaWorks, which consults to airlines on loyalty programs and ancillary revenue projects, picked 20 of each airline's busiest routes, both international and domestic. Fourteen dates between June and October were checked during March and early April for each route, for a total of 6,720 queries across the 24 airlines.

The result is data that quantify a frustration consumers have long complained about: Scant opportunity to miles when you want to go to popular destinations.

US Airways, which offered seats for only 25.7% of IdeaWorks queries, also looks miserly with its frequent-flier awards on other measures. Last year, only 4% of the airline's passenger traffic involved a frequent-flier award. Delta, United, American, Southwest and Alaska were all over 7.5% of revenue passenger miles with awards. (A revenue passenger mile, or one passenger flying one mile, is the standard measure of traffic for airlines.) Alaska was best at a hefty 9% of revenue passenger miles on frequent-flier awards. The number of awards redeemed at US Airways in 2010 was flat compared to 2009, while rival carriers showed increases.

US Airways said the low numbers reflect the airline's comparatively smaller frequent-flier membership, its short-haul route structure which makes it harder for members to rack up big mileage totals, and the propensity for its members to cash in miles for awards on Star Alliance partner airlines that fly longer routes. "People like to burn miles in long-haul routes and they go burn them on Star partners," Mr. Trenga said.

Delta, at 27.1% availability in the study, says it has made major improvements in availability over the past year, driven largely by its low standing in the IdeaWorks research last year and coverage by this column. That forced the department that controls ticket pricing to work closely with managers of the SkyMiles program, airline executives say, such as changing how many seats are offered at Delta's lowest "Saver" mileage level.

"We really upped our Saver award availability," said Jeff Robertson, Delta's vice president of loyalty programs.

In addition, Delta has been opening up lowest-level Saver awards close to departure for flights that aren't selling well, Mr. Robertson said. Traditionally airlines have made seats available for awards far in advance, rarely adding to award inventory in the final 21 days before departure. But that's changed. Travelers should now check early and check often.

IdeaWorks tested award availability five to 15 days before departure for travel in April and found that seats were available on Delta 42.5% of the time, compared to the airline's overall 27.1% rate. United, American and US Airways all had lower availability close-in than they did in the regular advance-purchase test.

The research unearths a tip for travelers having trouble using their frequent-flier miles: It might be easier to get "free" tickets using miles on low-fare carriers than it is on big carriers with global networks.

The survey showed that six low-fare carriers had seats available for 85.6% of the requests made. The 18 other carriers in the survey offered seats for only 62.9% of requests made.

One reason for this is that low-fare airlines tend to have smaller credit-card tie-ins. American, by contrast, said that 62% of the 185 billion frequent-flier miles it issued last year went to customers as credit-card rewards, not flying in airplanes.

In addition, low-fare airlines don't have long histories of customers accumulating billions of miles—their programs are younger and often set up relatively quick expiration dates for miles or points.