



Contact: Jay Sorensen
For inquiries: 414-961-1939
Jay @ IdeaworksCompany.com

Miles to Smiles or Sold Out – First Ever Global Survey Finds Disparity in Airline Reward Seat Availability

ezRez Software and the IdeaWorks Company introduce the annual guide for understanding and maximizing loyalty marketing.

May 3, 2010, Shorewood, Wisconsin - - They may all sound the same, but they're not. Some frequent flier programs make good on their promise, to customers and the sponsoring airline. Others create as much trouble as they do benefit – for customers and for the airline. For the first time, a global research report illuminates this burgeoning facet of the travel industry.

Loyalty marketing programs have become a crucial tool to reach the best customers, encourage consumer retention, and generate millions in revenue. The most popular such tools are frequent flier programs, and managing member expectations has become an airline marketing skill as important as planning routes or choosing fares. Reward seat availability is a key measurement the best customers use to assess the value of a frequent flier program.

When seats are lacking, consumers grumble in protest to friends, co-workers, and members of the media. Perhaps just behind a la carte fees, reward seat shortages have become the number one complaint among savvy travelers worldwide. When seats are plentiful, the love is returned many times over as consumers brag about their good fortune and heap praise for the gift of travel received from a favored airline.

The **ezRez Guide to Loyalty Marketing by IdeaWorks** is the first publication dedicated to frequent flier programs. The handbook will follow the success established by three editions of the *Guide for Ancillary Revenue and a la Carte Pricing*. The new 110-page Guide features research and analysis related to reward alternatives, program IPO spinoffs, and elite level strategies. The guide also includes extensive research into online reward availability for the world's major airlines.

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IdeaWorks made 6,160 booking queries at the websites of 22 frequent flier programs during February and March 2010. Travel dates spanned June through October 2010; 10 long-haul routes and 10 city pairs under 2,500 miles were checked to assess reward seat availability.

Overall Reward Availability		
Ranked High to Low – Seat Availability for June – October 2010		
% Availability	Airline	Program Name
99.3%	Southwest	Rapid Rewards
98.6%	Air Berlin	topbonus
93.6%	Air Canada	Aeroplan
90.0%	Virgin Blue	Velocity
85.7%	Lufthansa/SWISS/Austrian	Miles & More
77.1%	Singapore Airlines	KrisFlyer
76.4%	Iberia	Iberia Plus
75.0%	Alaska Airlines	Mileage Plan
72.9%	Jet Airways	Jet Privilege
72.9%	Qantas Airways	Frequent Flyer
71.4%	Continental Airlines	OnePass
68.6%	United Airlines	Mileage Plus
67.9%	AirTran Airways	A+ Rewards
67.1%	Cathay Pacific	Asia Miles
65.0%	British Airways	Executive Club
64.3%	SAS Scandinavian	EuroBonus
57.9%	American Airlines	AAdvantage
56.4%	Air France/KLM	Flying Blue
36.4%	Emirates	Skywards
35.3%	Turkish Airlines	Miles&Smiles
12.9%	Delta Air Lines	SkyMiles
10.7%	US Airways	Dividend Miles

*% of queries that result in outbound and return reward seats
See "Notes regarding query methodology" at the end of this press release.*

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The top-ranked programs seem to apply a balanced approach to serving all constituents . . . the airline, members, partners, and investors. These programs have learned how to create loyalty while generating cash, by providing an adequate supply of seats at the levels offering best reward value. This is helped by controlling liability through aggressive expiration policies. The revenue part comes naturally when members become enthused (and not frustrated) by program participation.

Make no mistake, top-ranked programs make a conscious decision to provide more reward seats - - even at the potential short term cost of foregoing revenue from the sale of the very same seat to a fare-paying customer. Frequent flier programs have an abundant choice of methods to reward members for their loyalty. In addition, pay-with-point options give points an almost cash-like quality. One-way rewards are also becoming more prevalent.

“More airlines are choosing to solve reward availability issues by allowing members to redeem miles, kilometers, credits, and points for hotel accommodations, car rentals, personal services, and merchandise,” said John Swanciger, senior vice president, sales & marketing for ezRez Software. “These methods provide more opportunities for members to spend frequent flier currency.” The company is the sponsor of the **ezRez Guide to Loyalty Marketing by IdeaWorks** and provides solutions that encourage airline customers to book hotels, car rental, travel insurance, activities, and vacation packages with frequent flier miles.

The mission of the Guide is to help airlines build better frequent flier programs by describing successful initiatives at airlines throughout the world. IdeaWorks builds upon these stories by interpreting financial results, conducting executive interviews, and searching financial documents for hard-to-find information. The **ezRez Guide to Loyalty Marketing by IdeaWorks** will include the following sections:

- **Going Beyond Air Travel with Alternative Rewards.** IdeaWorks explores the methods and economics of boosting redemption activity through one-way rewards, anytime travel, merchandise, and fare-based redemption.
- **Cashing In Your Miles – FFPs and IPOs.** Air Canada begat Aeroplan in 2005. TAM begat Multiplus in 2010. This evaluation of TAM's recent spinoff helps illuminate whether the time is right to seek the ultimate form of redemption.
- **Understanding the Power of American's Elite Program.** Diamond – Gold – Platinum status has now been eclipsed by the ultimate frequent flier perk of invitation-only elite status. Should your airline consider raising the stakes in the frequent flier game?

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- **Lessons Learned from the Hotel Industry.** Much can be learned from frequent guest programs, especially how contractual relationships with franchisees could be applied to the world of airline alliances.
- **Stories from the Field.** ezRez travel industry clients speak on the value of loyalty and ancillary revenue.

The Guide will be available July 15, 2010 for purchase and immediate download at the AirlineInformation.org website for \$399.

***Notes regarding reward query methodology:** Booking queries for a party of 2 travelers were made at frequent flier program websites during February 2010 with minor follow-up work conducted during the first week of March 2010. Some airlines require a Saturday night stay for reward travel; all of the queries used date pairings that included a Saturday night stay. While the city pairs varied for each frequent flier program, the travel dates did not. Specific dates were selected for 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. Overly circuitous routings were not allowed. When offered, online reward availability for partner airlines was always requested.*

About The IdeaWorks Company: IdeaWorks 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 the hotel, airline, marine, railroad, consumer products and health care sectors. IdeaWorks specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, creating partner-marketing strategies, cost reduction programs and business restructuring. Learn more at IdeaWorksCompany.com.

About ezRez Software: ezRez Software, Inc. enables its partners to sell any combination of travel products including air, car, hotel, trip activities, packaging and travel insurance to anyone, anywhere in the world. ezRez provides access to more than 200,000 travel suppliers and its clients include some of the world's largest airlines, hotels, travel agencies and banking loyalty programs, such as AirAsia, American Airlines, American Express, Delta Air Lines, JetBlue, Intercontinental Hotels, LAN Airlines, Starwood Hotels & Resorts, and United Airlines. Based in San Francisco, ezRez was founded in 2003 and has secured \$17.1 million in venture funding led by Canaan Partners with participation from Azure Capital Partners. For more information visit www.ezrez.com.

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