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The Value of a Frequent Flier Mile Jumps in 2005 But Reward Availability Remains a Consumer Complaint

In a likely nod to consumer dissatisfaction, United Airlines introduces a new loyalty currency that bypasses the need to rely upon traditional reward availability.

May 11, 2006, Shorewood, Wisconsin, USA. IdeaWorks has analyzed the value of one of the world's most unique currencies - - the frequent flier mile. By some measures, the value of a frequent flier mile seems to be increasing, and yet other measures suggest a troubled mileage marketplace.

The Mileage Value Index computed by the IdeaWorks Company describes fluctuations in mileage values for the most recent 12 years of the 25-year history of the major U.S. programs. The buying power of frequent flier miles, as measured by the number of miles required to buy a typical reward ticket for U.S. domestic travel, may have hit bottom during 2004. Here is a sampling of the observations from the analysis:

- In 1994, when the prevailing U.S. reward level was 20,000 miles, the typical frequent flier mile would purchase 2.2 cents of reward travel.
- Since 2001, falling domestic air fares have brought the value of a frequent flier mile down to 1.4 cents in 2004 - - its lowest level since 1994.
- Frequent flier program members can take some comfort in the increased buying power of frequent flier miles, which rose to 1.6 cents in 2005.
- United's new "Choices" currency replaces traditional miles with the freedom to purchase "Any available seat, any United flight, anytime" at United.com.

"Frequent Flier Miles Gain Value But Redemption Remains a Consumer Complaint" was released today as a 9-page Industry Analysis. The full Industry Analysis is available at the IdeaWorks web site: <http://www.ideaworkscompany.com/news/>.

About IdeaWorks: 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 brand development, customer service improvement, customer research, competitive analysis, creating partner marketing strategies, cost reduction programs and business restructuring. Learn more at www.IdeaWorksCompany.com.

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