



Airline Industry Analysis - Press Release

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Growing Number of Low-Fare Airlines Offering Frequent Flyer Programs

Comparison of twelve U.S based low-cost carriers indicates the largest five provide frequent flyer programs to their passengers.

March 15, 2004, Shorewood, WI. The IdeaWorks Company has compared the leading low-fare airlines in the United States on the basis of frequent flyer program benefits. Twelve airlines were included in the survey: AirTran Airways, Allegiant Air, ATA Airlines, Frontier Airlines, jetBlue Airways, Pan Am, Southeast Airlines, Southwest Airlines, Spirit Airlines, Sun Country Airlines, TransMeridian Airlines and USA3000 Airlines.

These airlines are among those recognized by the USDOT as low-fare carriers due to operating cost advantages enjoyed over network carriers such as American Airlines and Northwest Airlines. Recently launched low-fare brands operated by network carriers, such as Song by Delta Air Lines and Ted by United Airlines, were not included in the survey completed by IdeaWorks.

Five low-cost carriers, representing the largest airlines of the group in terms of available passenger seats, were found to offer traditional frequent flyer programs: AirTran Airways, ATA Airlines, Frontier Airlines, jetBlue and Southwest Airlines. These programs allow passengers to accrue benefits from flight activity in the form of miles, points or credits; which may be redeemed for free airline travel. Southwest has the longest tenure among the group with the launch of a frequent flyer program in 1987. The number of low-fare carriers offering frequent flyer programs grew to five airlines by 2002. All of these programs offered the feature of automated flight tracking by November, 2003.

“Budget-conscious travelers can enjoy the added advantage of a frequent flyer program from the largest low-fare airlines,” said IdeaWorks president Jay Sorensen. “AirTran, ATA Airlines, Frontier, jetBlue and Southwest sell low-priced tickets and reward their best customers with the same type of perks offered by higher-cost network airlines such as American and Northwest.”

Among the low-fare airlines, the Rapid Rewards program offered by Southwest Airlines and the EarlyReturns program offered by Frontier Airlines offer the greatest number of benefits and partners. Credit earning opportunities in the Southwest program includes co-branded credit cards, five national hotel brands and four rental car companies. The Frontier program also offers mileage accrual opportunities such as co-branded credit cards, one national hotel brand, three rental car companies and flights on Midwest Airlines and Virgin Atlantic Airways.

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The frequent flyer programs offered by AirTran Airways, ATA Airlines and jetBlue do not include partners in each of the traditional credit card, hotel and car rental categories. A-Plus Rewards from AirTran Airways does offer a co-branded card and a rental car partner, but not a hotel partner. ATA Travel Awards from ATA Airlines and trueBlue from jetBlue feature basic reward travel benefits without partners in the credit card, hotel and car rental categories.

“While not offering traditional frequent flyer programs, a few of the other low-fare airlines offer unique savings to their more frequent travelers,” said Jay Sorensen. “Southeast, Spirit and Sun Country have developed their own membership-based programs to recognize their best customers. These airlines may develop frequent flyer program benefits as their networks grow.”

Club 59 offered by Southeast charges an annual fee, such as \$229 for individual travelers, for the ability to purchase tickets for \$59 to any destination during a 12 month period. The Spirit Advantage program offered by Spirit Airlines provides benefits aimed at the business traveler such as 10% savings on premium cabin fares and a waiver of service charges for reservation changes. The Sun Country VIP Club charges an initiation fee of \$99 plus \$12 per month for the ability to purchase roundtrip tickets at a fare of \$29 plus 9 cents per mile, along with additional member benefits.

About IdeaWorks: IdeaWorks was founded by Jay Sorensen 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. IdeaWorks brings value as a consultant by researching the expectations of the customer, learning from the wisdom of the client organization and applying innovative ideas to create solutions for clients and consumers.

Sources for the Airline Industry Analysis: All frequent flyer and membership-based program information was compiled by IdeaWorks loyalty marketing staff through web site content and conversations with airline representatives during March, 2004. The listing of low-fare carriers, and airline classification by number of available seats, is from the USDOT Airline Industry Metrics report issued on January 8, 2004.

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