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Southwest and airberlin Top Reward Rankings but Turkish Airlines and Air China Rise High

*The 7th annual Switchfly Reward Seat Availability Survey also finds
JetBlue has best reward payback among major North American carriers.*

May 11, 2016, Shorewood, Wisconsin – Value-oriented airlines dominate the top tiers of the 7th annual **Switchfly Reward Seat Availability Survey**. Airberlin, Southwest, and Virgin Australia have placed within the top six in every edition of the reward survey since 2010. Two global carriers made significant improvements to their rankings. Turkish Airlines had the 4th best reward seat availability for 2016, which is much improved from its 15th place ranking in 2015. Likewise, Air China showed big improvement by moving to the 10th slot from 18th place in 2015.

Once again, airberlin and Southwest share first place with outstanding 100% scores; every flight queried in the survey provided reward seats at saver-style levels. Southwest actually did better and was found to always offer a minimum of three flight choices for every query performed. The 25 carriers in the survey remained the same as 2015; except Korean Air, which as a larger carrier now allows a longer booking window for reward seat queries, replaced Singapore Airlines.

The following overall conclusions were identified by the 2016 survey:

- Overall reward availability is up for the third year in a row. 76.6% of the 2016 queries yielded reward seats, which is above last year's result of 74%, and the 2014 result of 72.4%.
- Seven years of results demonstrate that seasonality truly matters as shown by the graph on page 3; reward seat availability dips dramatically for July.
- Long-haul availability has improved significantly over time with eight airlines having availability scores above 70% for 2016 compared to just three back in 2010.
- Reward payback was introduced as a new metric for North American programs with an average return of 5.5% per dollar spent on base fare.

While commentary within the frequent flier community may suggest otherwise, the annual results from the Survey point toward better reward availability, especially for global airlines based outside the US.

“This survey reflects the fact that airlines can't afford to take their customers for granted. 21st century consumers are savvy and plugged-in. They know when their loyalty programs are offering them a real value and when they are not delivering; and they don't have time for loyalty programs that aren't delivering, especially in such a competitive space. Increasingly, consumers expect a personalized booking, travel and reward experience. Every time a customer interacts with the brand – online, offline or mobile – the user experience must be on-point. Airlines must make this happen and ensure that zero customers have a bad experience anywhere along the booking or redemption path,” said Switchfly CEO Daniel Farrar in response to the 7th Annual Survey.

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The following table summarizes the overall reward availability results of the 2016 survey:

Switchfly Reward Seat Availability Survey Overall Reward Availability Ranked High to Low – Seat Availability June through October, 2016				
Rank	% Total Availability	Airline	Program Name	Change from 2015 to 2016
1 (tie)	100.0%	airberlin	topbonus	No change
	100.0%	Southwest	Rapid Rewards	No change
2	94.3%	Virgin Australia	Velocity	↓2.1 points
3 (tie)	92.9%	JetBlue	TrueBlue	↑5.7 points
	92.9%	Lufthansa/SWISS/Austrian	Miles & More	↑5.7 points
4	92.1%	Turkish	Miles&Smiles	↑28.6 points
5	90.7%	Air Canada	Aeroplan	No change
6	89.3%	Qantas Group	Frequent Flyer	↑16.4 points
7	84.3%	Korean Air	Skypass	New for 2016
8	82.9%	China Southern	Sky Pearl Club	↑2.9 points
9	78.6%	Emirates	Skywards	↑12.9 points
10	77.9%	Air China	PhoenixMiles	↑27.1 points
11	77.1%	GOL	SMILES	↑6.4 points
12	74.3%	Cathay Pacific	Asia Miles	↑7.9 points
13	73.6%	British Airways	Executive Club	↓6.4 points
14	72.9%	Alaska Group	Mileage Plan	↓7.1 points
15	72.1%	United	MileagePlus	↓2.9 points
16	68.6%	Delta	SkyMiles	↑10.7 points
17	67.1%	Air France/KLM	Flying Blue	↑2.1 points
18	61.4%	Alitalia	MilleMiglia	↓9.3 points
19	60.0%	Air Asia Group	BIG	↓25.0 points
20	57.9%	Scandinavian	EuroBonus	↑2.9 points
21	56.4%	American	AAdvantage	↓10.7 points
22	53.6%	Avianca	LifeMiles	↑4.3 points
23	45.0%	LAN	LANPASS	↑0.7 points

% of Total Availability = Percent of queries that result in outbound and return reward seats. See "Notes regarding reward query methodology" at the end of this press release. Value oriented airlines: Air Asia, airberlin, GOL, JetBlue, Southwest, and Virgin Australia.

The Survey queries saver-style reward availability

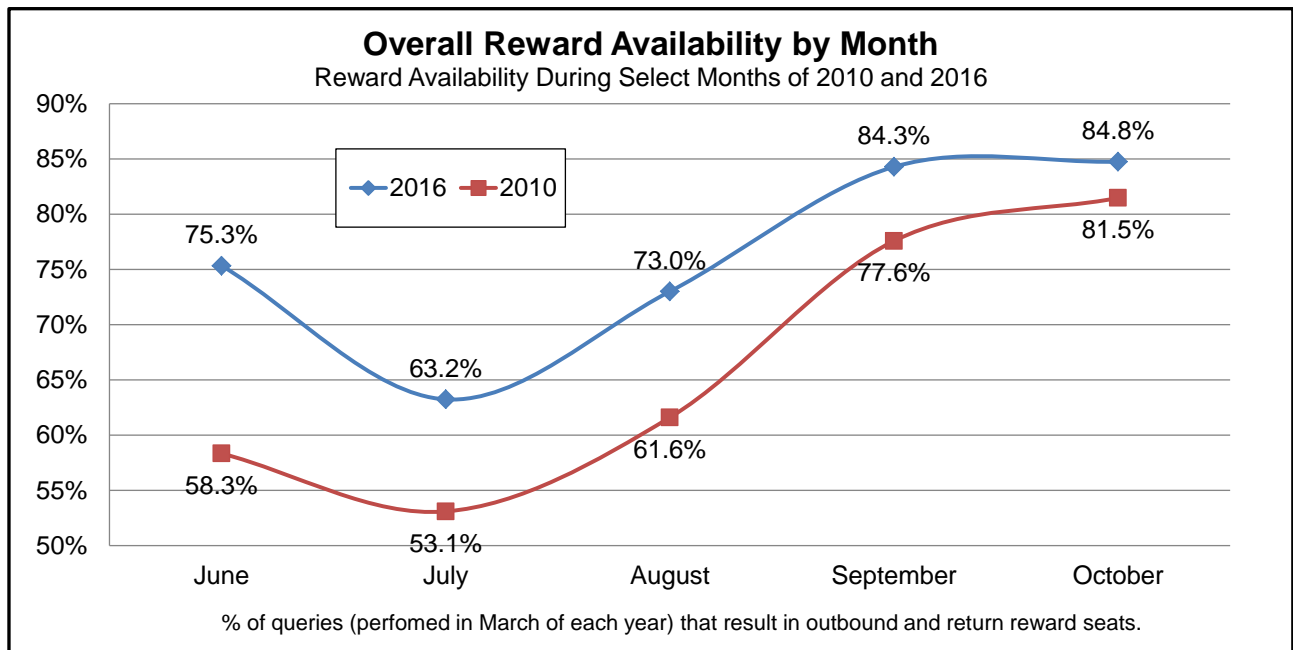
The Switchfly Reward Seat Availability Survey is based upon 7,140 booking and fare queries made by the IdeaWorksCompany at the websites of 25 frequent flier programs during March 2016. Travel dates spanned June through October 2016, with top routes for each carrier checked to assess “saver style” reward seat availability.

As in previous years, survey findings indicate frequent fliers are better served by the reward programs at value-oriented airlines. The average among the six value-oriented airlines (Air Asia, airberlin, GOL, JetBlue, Southwest, and Virgin Australia) was 87.4%, while the more traditional carriers in the survey group registered 72.6%.

Saver-style rewards are an important benefit for most members and the primary topic of this survey. The “% of 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 reservation query. For example, the 92.1% result for Turkish Airlines reflects the fact that 258 of the 280 outbound and inbound date queries provided a minimum of one flight in each direction with at least two available saver-style reward seats. The right-hand column compares 2016 results to the Switchfly Reward Seat Availability Survey conducted by the IdeaWorksCompany in 2015.

Members find fewer reward seats during July

As mentioned earlier, seasonality greatly influences reward seat availability. The following graph displays the significant drop that occurs for the summer months with September and October providing much better availability. The months of June, July and August show real stress on airline seat inventory with large families, couples, solo leisure travelers and even business travelers, competing to book seats using cash, miles, or points. At the same time, many airlines look to these months to provide the biggest revenue boost of the year and are often reluctant to offer reward seats which don't yield comparable profits.



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The graph also displays the overall reward seat availability improvement that has occurred since the Survey was first released in 2010. While the seasonality trend has prevailed for seven years, the current-year results show solid overall improvement with 2016 results well above 2010.

Long-haul reward availability sees a 17+ point jump since 2010

Reward travel to faraway places is becoming more accessible with airlines offering increased reward inventory on 2,500+ mile routes. Saver-style seats were available for 61.1% of queries for 2016, which is a meaningful increase above the 2015 result of 54.5%. Back when the first survey was conducted in 2010, the same statistic was a very skimpy 43.9%. Of course, the prices of these rewards have generally increased over time. Notable price hikes have been made in the last couple of years by US-based global carriers and this mitigates the benefit of better availability.

Long-Haul Flights Reward Availability (2,500+ miles)				
Ranked High to Low – Seat Availability for June through October, 2016				
Rank	% Total Availability	Airline	Program Name	Change from 2015 to 2016
1 (tied)	88.6%	China Southern	Sky Pearl Club	↑7.2 points
	88.6%	Air Canada	Aeroplan	↓1.4 points
2	87.1%	Turkish	Miles&Smiles	↑45.7 points
3	85.7%	Lufthansa/SWISS/Austrian	Miles & More	↑11.4 points
4	78.6%	Qantas Group	Frequent Flyer	↑30.0 points
5	77.1%	Emirates	Skywards	↑ 8.5 points
6 (tied)	71.4%	United	MileagePlus	↑4.3 points
	71.4%	Korean Air	Skypass	New for 2016
7	65.7%	Air China	PhoenixMiles	↑24.3 points
8	60.0%	Air France/KLM	Flying Blue	No change
9	58.6%	Cathay Pacific	Asia Miles	↑12.9 points
10	55.7%	Delta	SkyMiles	↑24.3 points
11	54.3%	British Airways	Executive Club	↓8.6 points
12	51.4%	American	AAdvantage	↓4.3 points
13	48.6%	Alaska Airlines	Mileage Plan	↓14.3 points
14	41.4%	Avianca	LifeMiles	↑5.7 points
15	35.7%	LAN	LANPASS	↑4.3 points
16	24.3%	Alitalia	MilleMiglia	↓17.1 points
17	15.7%	Scandinavian	EuroBonus	↑4.3 points

% of Availability = Percent of queries that result in outbound and return reward seats. See “Notes regarding reward query methodology” at the end of this press release. 19 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.

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Long-haul rewards are one area which can pose challenges for frequent flier program members. Some airlines radically reduce reward inventory for long-haul travel during June, July, and August. This is often a major source of member frustration. Please remember the queries for this survey are conducted in March; that's a generous 3- to 5-month period prior to departure. But as displayed in the table above, some airlines successfully overcome the revenue conflict and provide more rewards for their long-haul routes.

Turkish Airlines made a nearly 50-point leap in the rankings in the course of a single year. Delta, Air China, and Qantas also greatly boosted their results from 2015. Delta's accomplishment is made noteworthy by the size of the airline. As one of the world's largest airlines, moving up 24+ points in the results is a difficult task — but one which is undoubtedly warmly greeted by its members.

Reward payback introduces a new benchmark

Last fall IdeaWorksCompany introduced "Reward Payback" for its new annual hotel loyalty survey. This same metric has been calculated for seven North American carriers in the 2016 Survey: Air Canada, Alaska, American, Delta, JetBlue, Southwest, and United. 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.

For example, a reward trip between San Francisco and Chicago on United might be priced at 25,000 miles. The same roundtrip costs \$249 (base fare) to purchase and accrues 1,247 miles in the MileagePlus program. The member would need to take about 20 of these trips to accrue mileage sufficient for the 25,000 reward. Reward payback is calculated by dividing the \$249 value of the reward by the total base fare expenditure of \$4,980 (for the 20 trips) to generate a result of 5%. Described another way, the dollars spent on base fares yields a reward payback of 5 cents.

When frequent flier programs are assessed using this method, the loyalty power of these programs becomes quickly apparent. With retail-oriented loyalty programs offering rewards of 1% to 2%, the prospect of a 5% return presents a compelling argument to join and become a repeat customer.

This 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 reward payback data is most applicable for leisure travel. Fares paid by business travelers are often much higher and would generate more miles (or points) in programs that base accrual on the fare paid. Under this circumstance, reward payback is dramatically increased for the customer. In addition, elite members also accrue bonus miles which can easily double the rate of reward payback. This metric does not evaluate the payback provided by co-branded credit cards.

Average Reward Payback Top 251 - 2,500-mile reward markets		
Airline	Program name	Payback
JetBlue	TrueBlue	7.9%
Alaska Airlines	Mileage Plan	7.8%
Southwest	Rapid Rewards	7.3%
United	MileagePlus	5.0%
Delta	SkyMiles	3.8%
Air Canada	Aeroplan	3.2%
American*	AAdvantage	3.1%
<i>Based upon 140 queries for each airline comparing lowest available reward price and base fare booked at airline website</i> <i>* Reward payback for American uses revenue-based accrual method announced for introduction in second half of 2016.</i>		

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IdeaWorksCompany did additional calculations to determine how elite status would affect reward payback. The results can be very dramatic, such as the 17.6% reward payback associated with Alaska Mileage Plan for MVP Gold 75K elite members benefitting from the 125% mileage bonus. Other generous results include Southwest at 14.6% for A-List Preferred members (100% point bonus), JetBlue at 11.8% for Mosaic members (3-point bonus), and United at 11.1% for Premier 1K members (120% mileage bonus).

This survey is designed to compare online booking experiences

All the carriers and frequent flier programs chosen for this analysis meet two key criteria. First, they are among the largest airlines based upon passenger traffic reported for 2014. Second, the online reward booking website must allow reward queries to be conducted during March for a June through October flight period and be available in English. When offered, online reward availability for partner airlines was always requested; rewards fulfilled by calling the airline were not. Online access is important for consumers; a major US carrier disclosed more than 90 percent of its domestic reward bookings are made online. The survey is designed to focus on this important consumer attribute.

The results of the 7th annual Switchfly Reward Seat Availability Survey reinforce the distinctions that exist between programs in terms of their generosity to consumers. Reward travel does represent only one dimension of the value provided by a program to its members. But it's an attribute that truly sets frequent flier programs apart from the seemingly unlimited array of loyalty programs available to consumers. Airlines have known since the first programs were introduced 35 years ago — nothing can match the allure of a practically free flight to an exotic destination. The results from seven years of Surveys demonstrate how some airlines deliver this promise much better than others.

Key findings are summarized in an infographic available at the press release section of the IdeaWorksCompany.com website.

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Notes regarding reward query methodology: Booking queries for a party of two travelers were made at frequent flier program websites during March 2016. 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. 280 specific dates 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. Overly circuitous routings with long elapsed travel times and layovers longer than 4 hours were not accepted.

Survey results reflect the availability of saver-style rewards (capacity controlled seats) with two 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.

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 20 overall routes were queried for these airlines: airberlin, Air Asia, GOL, JetBlue, Southwest, and Virgin Australia. The selection of Avianca's 251-2,500 mile routes includes markets under 250 miles. Because surface transport in Colombia compares so poorly, these short markets are among the airline's most popular for reward travel; the change better aligns consumer preference with the query methodology.

About Switchfly: Switchfly is a travel-commerce and loyalty platform that enables enterprises to rapidly deploy state-of-the-art online travel services to their customers, and then to optimize and personalize those services for profitable revenue growth. Leading airlines, hotels, financial service providers and even retailers depend on Switchfly's B2B2C SaaS platform to power their omnichannel travel and loyalty experiences because it uniquely combines a highly scalable and secure SaaS architecture with deep product and content inventory. Powerful analytics and real-time decision engines allow them to foster contextually-rich customer engagement, even as they benefit from Switchfly's continuously evolving SaaS platform. Founded in 2003 and headquartered in San Francisco, Switchfly generates more than \$1.25 billion USD in revenue for its clients annually and facilitates the redemption of more than 35 billion reward points and miles each year. The company's global client roster includes American Airlines, Emirates, JetBlue and LAN Airlines; IAG Avios, Lufthansa Miles & More and United MileagePlus; InterContinental Hotels Group and Starwood Hotels; Expedia, Orbitz, Priceline and Groupon. For more information, visit www.switchfly.com.

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

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