

ISSUED MAY 2017

Congratulations
to Hainan Airlines
and its Fortune Wings
Club for qualifying
for inclusion in
the 2017 report.
(See page 5 for details)

Worldwide Report of Reward Availability

The global assessment of reward seat availability
for 25 major frequent flyer programs

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Edited by Eric Lucas



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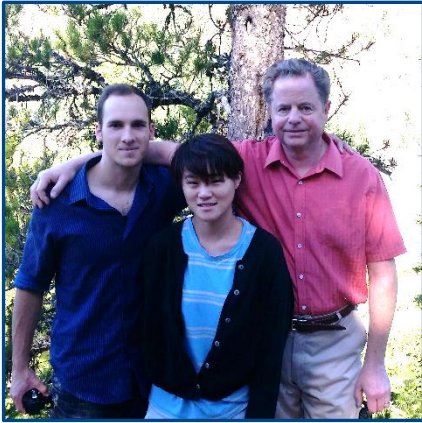
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Issued May 2017 by IdeaWorksCompany.com LLC
 Shorewood, Wisconsin, USA
 IdeaWorksCompany.com

About Jay Sorensen, Writer of the Report

Jay Sorensen's research and reports have made him a leading authority on frequent flyer programs and the ancillary revenue movement. He is a regular keynote speaker at the annual MEGA Event, spoke at IATA Passenger Services Symposiums in Abu Dhabi and Singapore, and has testified to the US Congress on ancillary revenue issues. His published works are relied upon by airline executives throughout the world and include first-ever guides on the topics of ancillary revenue and loyalty marketing. He was acknowledged by his peers when he received the Airline Industry Achievement Award at the MEGA Event in 2011.

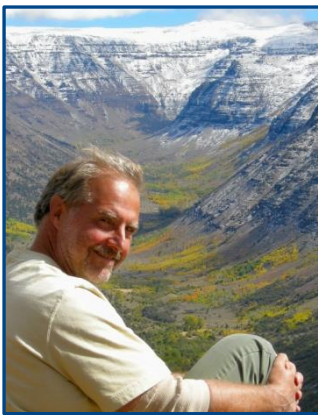


Jay, with son Aleksei and daughter Annika, in North Cascades National Park in Washington.

Mr. Sorensen is a veteran management professional with 30 years experience in product, partnership, and marketing development. As president of the IdeaWorksCompany consulting firm, he has enhanced the generation of airline revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations,

planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

About Eric Lucas, Editor of the Report



Eric, at his favorite summer retreat, Steens Mountain, Oregon.

Eric Lucas is an international travel, culture and natural history writer and editor whose work appears in Michelin travel guides, *Alaska Airlines Magazine*, *Westways Magazine* and numerous other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of eight books, including the 2017 *Michelin Alaska* guide. Eric has followed and written about the travel industry for more than 25 years. He lives on San Juan Island, Washington, where he grows organic garlic and heirloom corn; visit him online at TrailNot4Sissies.com.

General Commentary and Analysis

Introduction to the Report

The steady improvement made in overall reward seat availability since 2010 was reversed in the results from this year's Reward Seat Availability Survey. Last year 76.6% of reward queries provided saver-style reward seats; this dropped to 72.4% for 2017. The story for US-based consumers is generally positive, while frequent flyer members elsewhere in the world are mostly seeing moderate to significant declines in reward seat availability.

Some things haven't changed; airberlin, JetBlue, and Southwest have placed within the top-six ranking since 2014. For 2017, three airlines made significant improvements to their rankings. Alaska Airlines had the 7th best reward seat availability for 2017, which is much improved from its 14th place ranking in 2016. AirAsia Group made a 10-position leap from 19th in 2016 to 9th for 2017. Delta also made a significant jump from 16th in 2016 to a 10th place ranking in 2017.

Southwest now holds the first place position by itself with an outstanding 100% score; every flight queried provided reward seats at the domestic saver-style level of 12,500 points/miles. Southwest actually did better than this, and always offered a minimum of three flight choices for every query performed (no other airline achieved this).

The 25 carriers in the survey remained the same as 2016; except Hainan and Qatar replaced Alitalia and Virgin Australia as larger airlines which now provide reward availability that can be queried online. The following overall conclusions result from the 2017 survey:

- Nine airlines dropped reward seat availability by more than 5 points for 2017; it's no coincidence six of these airlines also face financial challenges for the current year. This includes airberlin, Cathay Pacific, Emirates, and Turkish Airlines.
- Long-haul availability also dropped (after years of steady improvement) with only four airlines having availability scores above 70% for 2017 compared with eight last year.
- Reward payback was introduced in 2016 as a new metric for North American programs, with an average return of 5.5% per dollar spent on base fare last year; this showed a noticeable increase to 6.5% for 2017. Concurrently, average reward prices for US domestic travel (excluding United) dropped by nearly 11% for 2017.

The results from the 2017 survey are mixed, with overall reward prices dropping in the US, but elsewhere in the world, airlines are cutting back access to saver-style reward seats.

The Survey Queries Saver-Style Reward Availability

This reward availability report is based upon 7,420 booking and fare queries made by the IdeaWorksCompany at the websites of 25 frequent flyer programs during March 2017. Travel dates spanned June through October 2017, with top routes for each carrier checked to assess "saver style" reward seat availability.

The following table summarizes the overall reward availability results of the 2017 survey:

Reward Availability Survey Overall Reward Availability Ranked High to Low – Seat Availability June through October, 2017				
Rank	% Total Availability	Airline	Program Name	Change from 2016 to 2017
1	100.0%	Southwest	Rapid Rewards	No change
2	94.3%	JetBlue	TrueBlue	↑1.4 points
3	90.7%	airberlin	topbonus	↓9.3 points
	90.7%	Lufthansa/SWISS/Austrian	Miles & More	↓2.1 points
4	90.0%	Air Canada	Aeroplan	↓0.7 points
5	85.0%	China Southern	Sky Pearl Club	↑2.1 points
6	82.9%	Hainan Airlines	Fortune Wings Club	New for 2017
7	81.4%	Alaska Group	Mileage Plan	↑8.6 points
	81.4%	Qantas Group	Frequent Flyer	↓7.9 points
8	79.3%	Turkish	Miles&Smiles	↓12.9 points
9	75.7%	AirAsia Group	BIG	↑15.7 points
10	74.3%	Air China	PhoenixMiles	↓3.6 points
	74.3%	British Airways	Executive Club	↑0.7 points
	74.3%	Delta	SkyMiles	↑5.7 points
11	71.4%	Korean Air	Skypass	↓12.9 points
12	66.4%	Qatar Airways	Privilege Club	New for 2017
13	65.0%	United	MileagePlus	↓7.1 points
14	64.3%	Emirates	Skywards	↓14.3 points
15	62.9%	Air France/KLM	Flying Blue	↓4.3 points
16	55.7%	Scandinavian	EuroBonus	↓ 2.1 points
17	55.0%	Cathay Pacific	Asia Miles	↓19.3 points
18	54.3%	American	AAdvantage	↓2.1 points
	54.3%	GOL	SMILES	↓22.9 points
19	48.6%	LATAM Airlines	LANPASS	↑3.6 points
20	38.6%	Avianca	LifeMiles	↓15.0 points

% of Total Availability = Percent of queries that result in outbound and return reward seats. See “Reward Query Methodology” near the end of this commentary section. For tied results, carriers appear in alphabetical order.

Long-Haul Reward Availability Sees a Slight 0.8 Point Decline Since 2016

Over time, reward travel to faraway places is becoming more accessible with airlines offering increased reward inventory on 2,500+ mile routes. But 2017 saw a pause in this upward trend with saver-style seats available for 60.3% of queries for 2017, which is a small decrease from the 2016 result of 61.1%. 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 lessens the benefit of better availability.

Long-Haul Flights Reward Availability (2,500+ miles)				
Ranked High to Low – Seat Availability for June through October, 2017				
Rank	% Total Availability	Airline	Program Name	Change from 2016 to 2017
1	90.0%	Air Canada	Aeroplan	↑1.4 points
2	85.7%	China Southern	Sky Pearl Club	↓2.9 points
3	81.4%	airberlin	topbonus	New for 2017*
	81.4%	Lufthansa/SWISS/Austrian	Miles & More	↓4.3 points
4	68.6%	United	MileagePlus	↓2.9 points
5	67.1%	Hainan Airlines	Fortune Wings Club	New for 2017
	67.1%	Turkish	Miles&Smiles	↓20.0 points
	67.1%	Qantas Group	Frequent Flyer	↓11.4 points
6	65.7%	Alaska Airlines	Mileage Plan	↑17.1 points
	65.7%	Korean Air	Skypass	↓5.7 points
7	64.3%	Emirates	Skywards	↓12.9 points
8	61.4%	Air France/KLM	Flying Blue	↑1.4 points
9	60.0%	Cathay Pacific	Asia Miles	↑1.4 points
10	58.6%	Qatar	Privilege Club	New for 2017
11	54.3%	Delta	SkyMiles	↓1.4 points
12	52.9%	Air China	PhoenixMiles	↓12.9 points
	52.9%	British Airways	Executive Club	↓1.4 points
13	45.7%	American	AAdvantage	↓5.7 points
14	32.9%	Avianca	LifeMiles	↓8.6 points
15	30.0%	LATAM Airlines	LANPASS	↓5.7 points
16	12.9%	Scandinavian	EuroBonus	↓2.9 points

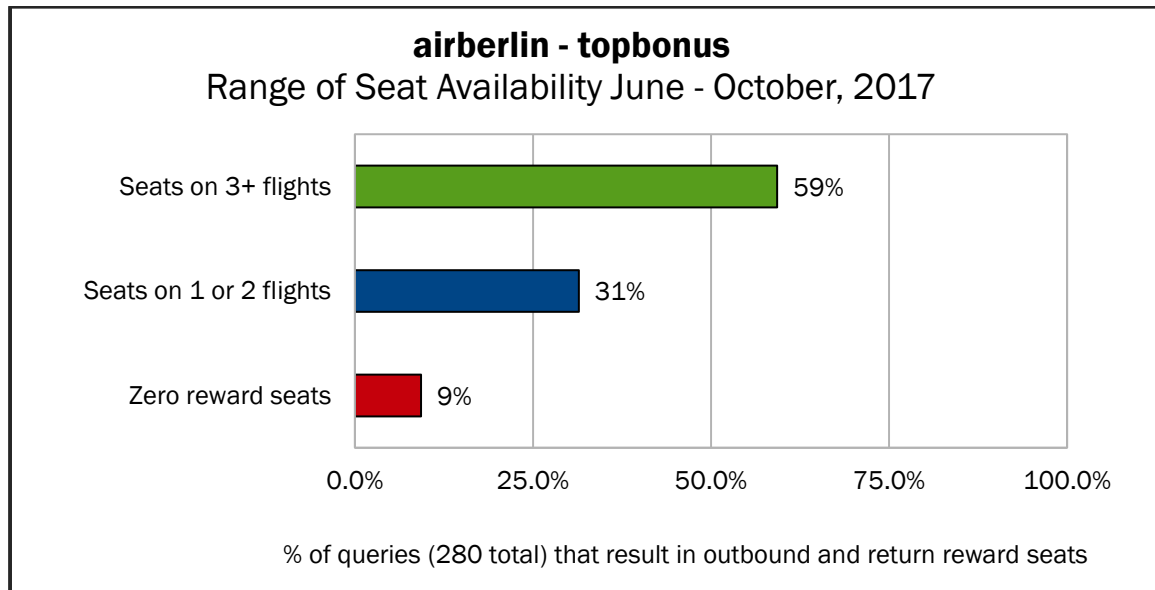
*% of Availability = Percent of queries that result in outbound and return reward seats. See “Reward Query Methodology” near the end of this commentary section. 21 of the 25 programs were queried for long-haul reward availability. For these carriers, 2,500+ mile routes represented a meaningful portion of overall flight activity. For tied results, carriers appear in alphabetical order. * Only 250-2,500 mile flights have been queried for airberlin in past years.*

airberlin – topbonus

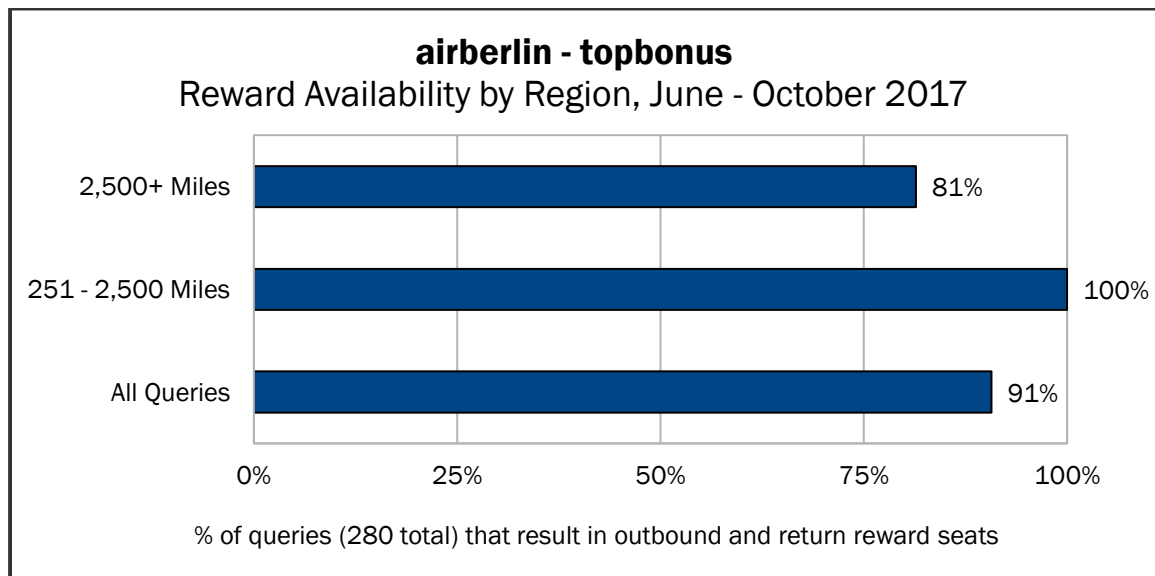
Overview of Reward Availability			
Reward ranking:	#3 (total availability is 90.7%) Tied for #3 w/ Lufthansa/SWISS/Austrian.	City Pairs Queried	
Reward level queried:	Reward flight level in economy class (excluding taxes).	<p>251 - 2,500 Miles (10 total)</p> <p>TXL MUC MUC DUS CGN TXL TXL DUS HAM MUC TXL STR PMI DUS ZRH TXL MUC CGN TXL VIE</p>	
Summary of reward structure:	Reward flights are capacity controlled. Additional miles may be spent to pay for taxes and fuel surcharge. Topdeal tickets are offered to select city pairs for fewer miles. One-way rewards are offered.		
Airline partners observed at online booking engine:	None observed.		
Alliance:	Oneworld (since 20 March 2012) Etihad Airways partner		
Date queries made:	March 2017		
Pay with points/miles (same as cash)	Not offered.		
Key non-air redemption opportunities:	The program added the topbonus Shop with 250+ products in July 2014.		
Search conditions:	None selected.		
Observations:	<p>Companion ticket offer provides a 50% mileage discount for the second person in the reward itinerary. Miles may be redeemed for payment of assigned seating.</p> <p>Booking site was easy to use; response time has improved significantly since 2015 and is very acceptable.</p> <p>Please note the five largest long-haul markets were repeated to complete the list of 10 total city pairs in the query database. Airberlin's limited long-haul network of flights with daily frequency required this adjustment. 2017 is the first year long-haul flights have been queried for airberlin, which is due to the carrier's 2017 network restructuring to deemphasize intra-Europe flying.</p>		<p>2,500 + Miles (10 total)</p> <p>TXL AUH DUS JFK TXL JFK DUS MIA ORD TXL</p> <p><u>See note to left.</u></p>

airberlin – 2

Overall Reward Seat Results. The results from each booking query were analyzed to determine flight availability based upon the number of flights offered.

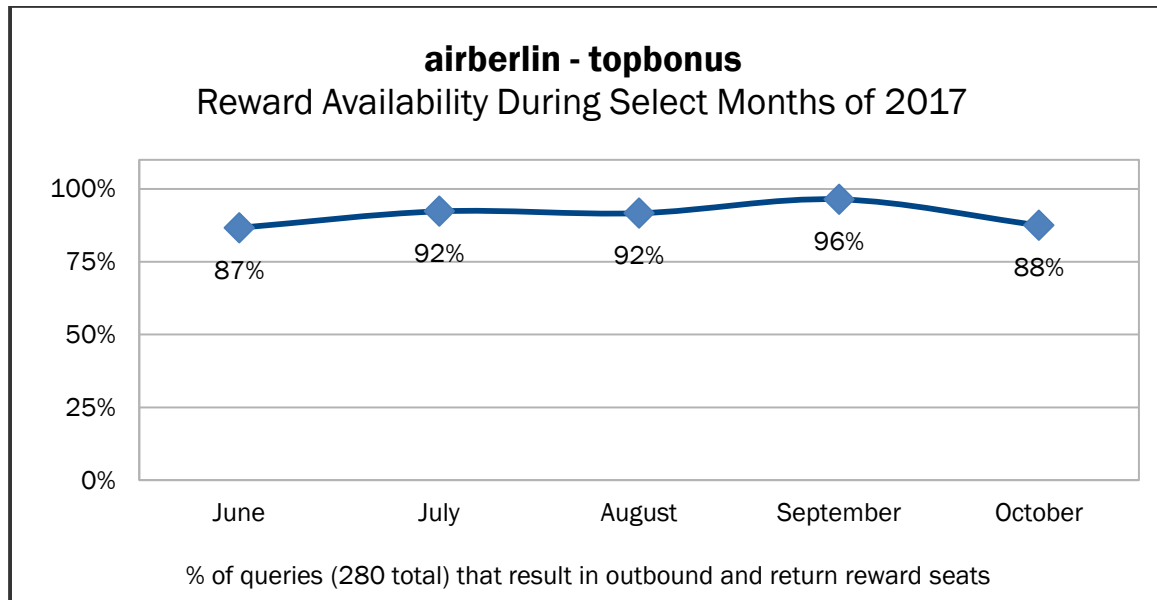


Reward Availability by Region. This graph displays the reward queries grouped by geographic regions and length of flight. 50% of the queries were 251 - 2,500 mile city pairs and 50% were for city pairs at 2,500 miles or more.

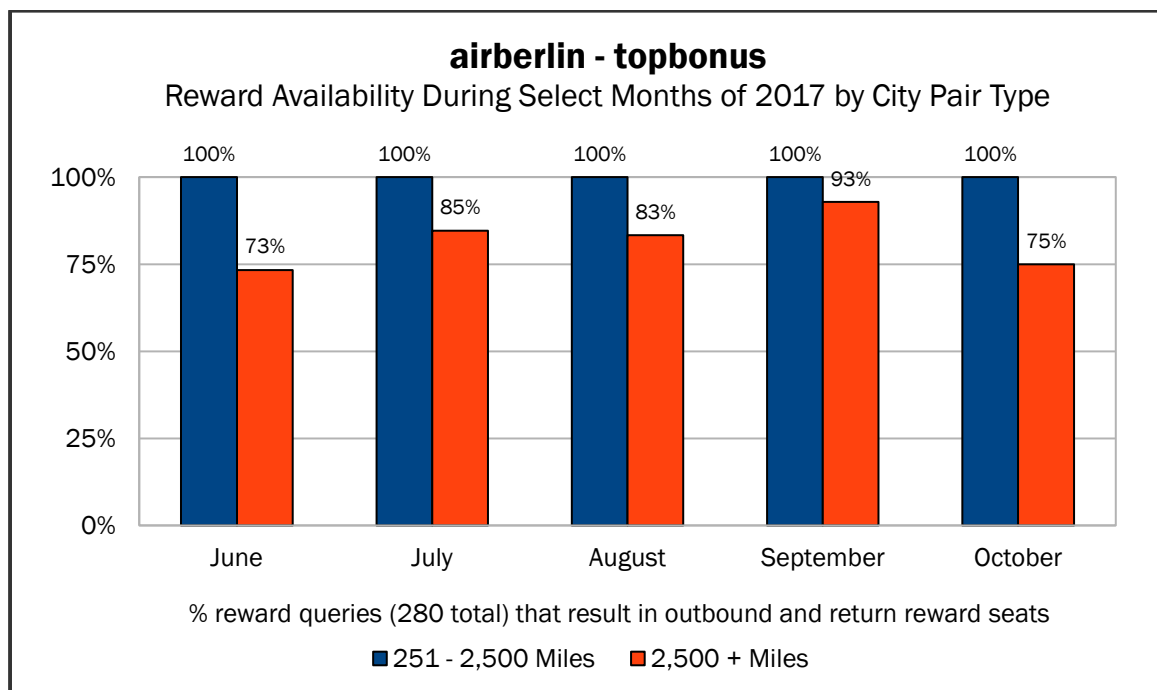


airberlin – 3

Reward Availability During Select Months. This graph displays the reward queries grouped by departure month. June represents seat availability with a 3 month booking window, as queries were made March 2017. October statistics provide longer term results with a 6 – 7 month booking window.



Reward Availability by City Pair Type. This graph displays the reward queries grouped by departure month and city pair type.



airberlin – 4

Screen shot of reward booking page from the carrier's website.

Your flight search

Berlin - Tegel – Munich
Fri. 01/09/17 – Thu. 07/09/17, 2 adults

[Change your search](#) [+/- 3 days](#)

Note

Please note that when you book a return flight you must choose the same fare category for both legs of your journey (either inclusive or exclusive of taxes and charges). Before booking your award flight, we also recommend that you check whether there are any special promotions available offering flights at attractive low fares.

✈️ outbound flight

Berlin - Tegel (TXL) – Munich (MUC), Friday, 01/09/17

excl. incl.

start/end	Stops	duration of journey	miles	miles
<input checked="" type="checkbox"/> 06:50–08:00	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 08:40–09:50	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 10:15–11:25	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 12:55–14:05	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 15:00–16:10	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 16:50–18:00	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 17:50–19:00	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 18:40–19:50	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 19:45–20:55	0	01 h 10 min	7,500	15,000
<input type="checkbox"/> 21:30–22:40	0	01 h 10 min	7,500	15,000