



## **Southwest is Tops in Annual Reward Rankings, But Survey Shows Fewer Reward Seats Worldwide**

*The 8th annual Reward Seat Availability Survey — now sponsored by CarTrawler — also finds Alaska Airlines has best reward payback among major North American carriers.*

**Dublin, Ireland & Shorewood, Wisconsin, USA, 17 May 2017** — The steady improvement in airline reward seat availability since 2010 ended with the results from this year's CarTrawler Reward Seat Availability Survey. Last year 76.6% of reward queries provided access to a saver-style reward seat; 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 seeing moderate to significant declines in reward seat availability.

Some things haven't changed; airberlin, JetBlue, and Southwest have placed in the top six since 2014. For 2017, three airlines showed 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. Air Asia 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 10th place in 2017.

Southwest now holds the first place position by itself with an outstanding 100% score; every flight queried provided reward seats below the domestic saver-style level of 12,500 points/miles.

The survey answers the question, "How easy is redemption for the basic and most popular reward type offered by the world's top airlines?" The 25 carriers in the survey remained almost the same as 2016; Hainan and Qatar replaced Alitalia and Virgin Australia. The following overall conclusions were identified by 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 to 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; this showed a noticeable increase to 6.5% for 2017. Concurrently, average reward prices for US domestic travel (except on United) dropped by nearly 11% for 2017.

"Airlines that run enhanced reward programs for their loyal customers have a great opportunity to differentiate themselves in the increasingly competitive travel marketplace. This report shows that an increased focus on value-based rewards will give airlines a keen competitive edge in the battle for the customer. Airlines that personalise their loyalty offerings to the needs of their customers can enjoy increased revenues across flight and ancillary products. More importantly customer satisfaction and lifetime value will increase," said Aileen O'Mahony, Chief Commercial Officer at CarTrawler.

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

<b>Reward Availability Survey</b> <b>Overall Reward Availability</b> <b>Ranked High to Low – Seat Availability June through October, 2017</b>				
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%	Air Asia 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	LATAM Pass	↑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. For tied results, carriers appear in alphabetical order.*

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Airberlin, and its topbonus program, dropped from the #1 slot shared with Southwest for many years. This can be attributed to the growing global ambitions of the airline, as it implements a significant network shift from intra-Europe flying to long haul intercontinental flights. Accordingly, long-haul queries were performed for the first time, which had the effect of reducing airberlin's overall score. The carrier is ranked within the top 3 for long-haul reward availability; a ranking ironically shared with its primary competitor, Lufthansa.

### **The Survey Queries Saver-Style Reward Availability**

The CarTrawler Reward Seat Availability Survey 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.

As in previous years, survey findings indicate frequent flyers are better served by the reward programs at value-oriented airlines. The average among the five value-oriented airlines (Air Asia, airberlin, GOL, JetBlue, and Southwest) was 83.0%, while the more traditional carriers in the survey group registered 69.8%.

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 booking query. For example, the 79.3% result for Turkish Airlines reflects the fact that 222 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 2017 results to the Reward Seat Availability Survey conducted by the IdeaWorksCompany in 2016.

### **Long-Haul Reward Availability Sees Slight 0.8 Point Decline From 2016**

Over time, reward travel to faraway places has become more accessible with airlines offering increased reward inventory on 2,500+ mile routes. But 2017 saw a pause in this positive trend with saver-style seats available for 60.3% of long-haul 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 mitigates the benefit of better availability.

Long-haul rewards are one area which can pose challenges for frequent flyer 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 below, 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 2016 rankings, but gave back 20 points for 2017 (the largest decrease among the airlines surveyed). Alaska Airlines was unique for 2017 with a large jump of 17.1 points from its 2016 result. Sadly for consumers, 2017 results largely indicate a net overall reduction of saver-style reward availability for long-haul flights.

<b>Long-Haul Flights Reward Availability (2,500+ miles)</b>				
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	LATAM Pass	↓5.7 points
16	12.9%	Scandinavian	EuroBonus	↓2.9 points

*% of Availability = Percent of queries that result in outbound and return reward seats. 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 short-haul flights have been queried for airberlin in past years.*

**Reward Payback Introduced a New Benchmark in 2016**

Back in 2015, IdeaWorksCompany introduced "Reward Payback" for its new annual hotel loyalty report. This same metric has been calculated for seven North American carriers in the 2016 and 2017 reward availability reports: 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.

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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 yield a reward payback of 5 cents.

Average Reward Payback Top 251 - 2,500-mile reward markets				
Airline	Program Name	2017 Payback	2016 Payback	Change from 2016 to 2017
Alaska Airlines	Mileage Plan	11.4%	7.8%	↑3.6 points
Southwest	Rapid Rewards	8.7%	7.3%	↑1.4 points
JetBlue	TrueBlue	7.8%	7.9%	↓0.1 points
Delta	SkyMiles	5.8%	3.8%	↑2.0 points
United	MileagePlus	5.0%	5.0%	No change
American	AAdvantage	3.9%	3.1%	↑0.8 points
Air Canada	Aeroplan	3.1%	3.2%	↓0.1 points
<b>Average</b>		<b>6.5%</b>	<b>5.5%</b>	
<i>Based upon 140 queries for each airline comparing lowest available reward price and base fare booked at airline website, and no elite status for the FFP member.</i>				

When frequent flyer 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 an 11% 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 presented here is most applicable for leisure travel and members not benefitting from an elite status accrual bonus.

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.

IdeaWorksCompany did additional calculations to determine how elite status would affect reward payback. The results can be very dramatic, such as the very generous 25.6% reward payback associated with Alaska Mileage Plan for MVP Gold 75K elite members benefiting from the 125% mileage bonus. Other generous results include Southwest at 17.4% for A-List Preferred members (100% point bonus), JetBlue at 11.7% for Mosaic members (50% points bonus), and United at 10.9% for Premier 1K members (120% mileage bonus).

**This Survey is Designed to Compare Online Booking Results**

All the carriers and frequent flyer programs chosen for this analysis meet two key criteria. First, they are among the largest airlines based upon passenger traffic reported for 2015 (the most recent full year for global traffic results). Second, the online reward booking website must allow reward queries to be conducted during March for a June through October flight period. 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 report is designed to focus on this important consumer attribute.

The results from the 8th annual Worldwide Report of Reward Availability indicates airlines can reduce reward seat availability when their finances are stressed. They'd prefer to generate more quick cash by selling these seats to consumers — not allocating the inventory to benefit frequent flyer members. Back in 2008 the opposite happened — when consumer demand for buying seats plummeted, airlines made plenty available for reward travelers. While today's trend applies globally, the situation in the US is different. Reward seat availability has decreased, but at the same time airlines are fine tuning domestic reward prices. Surprisingly, this has yielded lower reward prices and this creates better value for US frequent flyer program members.

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 flyer 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, that nothing can match the allure of a practically free flight to an exotic destination. This survey provides proof that some airlines deliver this promise much better than others.

*IdeaWorksCompany offers an FAQ – Frequently Asked Questions document at the at the press release section of the [IdeaWorksCompany.com](http://IdeaWorksCompany.com) website.*

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**Notes regarding reward query methodology:** Booking queries for a party of two travelers were made at frequent flyer program websites during March 2017. 280 specific dates (140 queries for airlines lacking long distance networks) 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. Any connection displayed was acceptable. This represents a change from prior years in which extremely long layovers were not included.

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. These levels are essentially equivalent to the 25,000-mile price used by major US carriers for domestic 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 10 overall routes were queried for these airlines: Air Asia, GOL, JetBlue, and Southwest.

**About CarTrawler:** CarTrawler connects business and leisure customers and online travel retailers with more road and rail transport solutions than they will find anywhere else. More than 100 international airlines and 2,000 travel retailers around the world trust CarTrawler to provide their customers with real-time access to over 1,600 leading and independent car rental agents, coach transfers, rail networks and chauffeur drive services at 43,000 locations in 195 countries. By satisfying customer demand for choice and convenience, CarTrawler consistently delivers profitable growth for its partners. For more information, please visit [www.cartrawler.com](http://www.cartrawler.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 flyer programs, and on-site executive workshops. Learn more at [IdeaWorksCompany.com](http://IdeaWorksCompany.com).

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