

## CREDIT, DEBIT & LOYALTY CARDS

# Look for a mileage plan that will work for you

■ Make the most of loyalty schemes offered by airlines even if you aren't a frequent flyer



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**C**onventional wisdom says frequent flyer programmes (FFPs) are good for those who fly regularly — and only them. This explains why some 80 per cent of passengers in the region are not members of FFPs offered by their airlines because they aren't considered that. In the US, on the other hand, the most mature FFP market, the figure drops below 10 per cent for some airlines.

It is true that most airlines want their FFPs to be seen as an extension of their brand and product strategy, aimed at making their customers a bit less price-sensitive. This works fine with corporate travellers, but it has its limits with the majority of customers for whom price is an important factor. Only when prices are right, aspects such as the brand image or the FFP membership influence their decision-making.

But as experience in other markets show, these customers might be missing a trick by not paying more attention to these schemes as they easily offer a

retroactive discount of 5-10 per cent when used properly. The recent move by Sharjah-based low-cost carrier Air Arabia to launch its own loyalty programme — aiRewards — might change that perception in the region now.

Air Arabia is joining a long list of leading low-cost carriers in the world offering a frequent flyer scheme, including such well-known brands as AirAsia, Southwest, JetBlue, Norwegian

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and Cebu Pacific. Among the bigger carriers, only easyJet and Ryanair still refuse to adopt that winning formula.

As it has happened in other markets before, Air Arabia's move is also likely to push other regional low-cost carriers to reconsider their strategy in order to grab a bigger share of the market of frequent, and even not so frequent, flyers. Otherwise, they risk losing business and their brand perception might also suffer as their over-

all product proposition seems incomplete all of a sudden.

### The perfect deal

But even without flying on typical low-cost carriers, infrequent customers can still benefit from these schemes with full-service carriers. Most airlines would award points on all fares, albeit less points at lower fares than at higher-priced, flexible tickets. As an Emirates Skywards member, for instance, you would still earn 550 miles at special fares for a round trip from Dubai to Mumbai, compared to 2,200 miles at the most flexible fare.

The problem, however, is that an infrequent traveller is unlikely to have any chance of making it to the 27,500-mile threshold required for a round-trip award flight on the same route before his first 550 miles expire owing to the three-year expiry rule.

The solution here would be to pick partner programmes of Emirates, which have less stringent expiry rules. This could, for instance, include programmes such as those of Qantas or Alaska Airlines, where accumulated miles don't expire for active members. Active members are defined as members having an account activity usually every 18 or 24 months, hence leaving them sufficient time to collect



points, which can be used at some point down the road.

### Play the game right

The programme selection becomes a bit more cumbersome for such members since some additional parameters need to be taken into account and the value proposition is often pretty poor for these customers as the Skywards example shows. This makes the straight-forward 5 per cent discount offered under the Air Arabia scheme even more appealing.

The overall challenge for this new breed of FFP members is to play the value game right. They should be careful not to

get into the trap of programmes and pay more than what they should pay, but include them in their evaluation process nevertheless. The right balance with other decision factors such as price, schedule, product and brand importance needs to be found.

The good news for all customers not really considering themselves frequent flyers is that airlines around the world are waking up to discover their potential. They're adjusting their loyalty programmes to provide members with new opportunities of benefiting earlier from their membership. While the value proposition of op-

tions such as the conversion of miles into cash as offered by Etihad is little attractive compared to flight redemptions, such alternatives do have a concrete value for customers for whom any redemption remains a distant illusion.

So for all those having refused the FFP concept in the past, it might be a good moment to reconsider your position and have a new look at the programmes and what they might really have to offer.

— The writer is one of the world's leading experts on loyalty programmes and the founder and Managing Director of Global Flight