

# BLOG: Brand Loyalty

What are the benefits of brand loyalty? It depends whether you ask the customer or the airline. For there to be a benefit to a carrier, they must give something in return.

I started researching brand loyalty, and soon wished I'd never started. It's a web of partnerships, where points can be earned, transferred and spent. So what are the main advantages for an airline?

## **1. Brand Advocacy**

Brand advocates are fans and supporters. They preach the advantages of the airline, and will go out of their way to promote, without having to be compensated. Airlines love brand advocates.

## **2. Price Insensitivity**

This means the customer isn't influenced by the price of an airfare. Even if an airfare is higher than the competition, the customer will still make the purchase because they trust the brand they are buying from. The average age of a British Airways 747 was 22 years, but passengers still travelled on this older fleet, compared with cheaper, competing carriers, because of the BA reputation and the earning Avios.



## **3. Direct Referrals**

Direct referrals are new customers who have received a recommendation from an existing customer. No additional funding is required to create promotions for this individual, and they will purchase without having to be engaged. Word-of-mouth marketing is king.

## **4. Customers Pay Attention**

Email marketing is still as important as ever. If an airline wants to keep their brand name in the back of your mind, an email is a very effective way of marketing the message. Signing up to a rewards programme encourages potential customers to leave contacts, which are then used as part of a marketing campaign later.

## **5. Life Is More Predictable**

A loyal base of customers makes forecasting in many areas a lot more manageable. Having regular customers, who have made more than one purchase, allows suppliers to predict incoming revenue much more efficiently.

What are the benefits to the customer? Here are some of the largest airline rewards programmes around.

## **Star Alliance**

At the time of writing, Star Alliance had 27 full members. Member airlines serve more than 1,330 airports in 192 countries. The alliance has a two-tier rewards program, Silver and Gold, with incentives including priority boarding and upgrades.



# STAR ALLIANCE

The Star Alliance two premium levels (Silver and Gold), are based on a customer's status in a member's frequent-flyer program. Member and regional airlines recognize Star Silver and Gold status, with a few exceptions mostly pertaining to airport lounge access. Membership is based on the frequent-flyer programs of the individual airlines. Many members have a premium status beyond Gold, which is not recognized across the alliance.

Europe's largest mileage scheme is Lufthansa Group's Miles and More, with 7 qualifying carriers participating - Adria, Austrian Airlines, Brussels Airlines, Croatia Airlines, LOT Polish Airlines, Lufthansa and Swiss International Air Lines. There are also around 40 partner airlines in the scheme, where miles can be accumulated.

There are other ways to collect award miles when not travelling. The Lufthansa Miles & More Credit Card can be subscribed to (which may be issued as a VISA, MasterCard or American Express card, depending on the country in which it is issued) and at least one award mile for every two Euro spent. Unfortunately this scheme is no longer available in the UK. A one-time sign-up bonus is given and sometimes introductory promotions may apply, such as double or triple award miles for an introductory period.

Award miles can be earned on certain Deutsche Bahn trains, when staying in certain hotels such as Accor brands, shopping in certain shops, car rental, investing in certain funds, opening an account with certain banks, picking up a catalogue in a Bang & Olufsen store, and others. For all offers see the Miles & More website as offers vary between countries. However, all these offers do not earn any status miles.

Another way of topping up your Lufthansa air miles is through a company called HolidayCheck ([www.holidaycheck.de](http://www.holidaycheck.de)). Think of it as a German language type of TripAdvisor. If your German is OK, you can leave feedback on hotels, and earn points which can be converted to Lufthansa miles.

## **One World**

Oneworld is the third-largest global alliance in terms of passengers, and at the time of writing it had 13 full airline members, and 30 airline affiliates. These are generally regional airlines that are either owned by or have strong commercial links with the alliance's full members.



Oneworld has three premium status levels—Ruby, Sapphire, and Emerald. These levels are based on the customer's tier status in the member airline's frequent-flyer program. Emerald status is the highest level in each member's programme, and all of the statuses are recognised by each of the member airlines.

The premium statuses have no specific requirements of their own. Membership is based solely on the frequent-flyer programs of the individual

member airline.

In the UK it is possible to earn British Airways Avios using the American Express credit card.

The standard **British Airways** American Express Card offers a 5,000 Avios starting bonus, you can earn one Avios per £1.00 spent, and there is no annual fee. There is also a Premium Plus card available. Avios are the reward currency used by Aer Lingus, British Airways, Flybe, Iberia, Kulula, Air Italy and Vueling.

**Virgin Atlantic** promote a Mastercard which can be used to accumulate Virgin miles. Unlike British Airways, they fly to just 17 destinations, but if you love Virgin, or use their routes frequently, this might be for you. Their Reward credit card offers a 5,000 mile bonus with your first purchase, and most importantly, there is no annual fee.

If anyone knows of any other UK credit cards, with no annual fees, but with airline benefits, could you please let me know?

If you are a member of the **Hilton Honors** programme, you can convert your points to British Airways Avios. Once you have 10,000 Hilton Honors Points, you can exchange 10,000 Points into 1,000 Avios.

The first air miles programme was launched by **American Airlines** in 1981. I once read, in the 1990's, that a spokesperson from the carrier had said the introduction of an airline frequent flyer programme was the worst corporate idea ever.

## **Skyteam**

The Skyteam alliance is made up of 20 members, with two premium levels, Elite and Elite Plus, based on a customer's tier status in a member carrier's frequent-flyer program.

Each of the member and associate airlines recognises the elite statuses, with a few exceptions. The statuses have no specific requirements of their own; membership is based solely on the frequent-flyer programs of individual member airlines.



Flying Blue is the **KLM and Air France** loyalty programme, and you can also earn miles with 38 other airlines, including Delta.

Miles are valid for life, as long as you take an eligible flight at least once every two years. The number of Miles you earn depends on how many euros you spend.

Explorers earn 4 Miles, Silver members earn 6 Miles, Gold members earn 7 Miles and Platinum members earn 8 Miles for each euro spent.



If you are a member of the **Hilton Honors** programme, you can convert your points to Flying Blue Miles. Once you have 20,000 Hilton Honors Points, you can exchange 10,000 Points into 1,000 Flying Blue Miles.

Hilton actually allows you to convert their points to miles with 43 airlines and rail operators, but covering that subject is reserved for another day!

**Accor** allows members of their Le Club loyalty programme to convert 4,000 points to 2,000 miles with Lufthansa Miles and More.

## **Non-Alliance members**

One of the world's largest airlines not part of an alliance, is **Emirates**. Their Skywards frequent flyer programme has four rewarding membership tiers; Blue, Silver, Gold and Platinum.



Miles can be collected by flying on Emirates or Flydubai, as well as from 13 partner airlines, 7 car rental companies and 47 hotel brands and hotel providers.

Although Emirates don't offer Avios, there is a sneaky way you can earn Avios while flying with them. Emirates have a close corporate agreement with

Qantas. You **MUST** book through the Qantas (QF) website, and **MUST** choose 4-digit flight numbers (for example: QF8002 LHR-DXB is operated by Emirates, and so is QF8354 DXB-SIN), you can earn Avios!



Rival airline ***Etihad*** runs the Etihad Guest programme with four membership tiers; Etihad Guest, Silver, Gold and Platinum.

Miles can be earned from over 20 airline partners, which include One World, Skyteam and Star Alliance members.

You can also earn miles from over 150 restaurants, hotels, car rental companies and retailers.

#### **To buy, or not to buy? That is the Question.**

Overall, it doesn't make sense to buy air miles, as they cost is more than what the air miles are worth. However, there are a few exceptions:

- 1) If you are just short on miles when buying a ticket purchase, buying miles is worth considering. Just limit yourself to a few thousand if you are just short of the mark. Anything more than that and you may find you end up paying more than the fare difference.
- 2) If you are booking an expensive business class or first class flight, consider buying top-up miles because the outlay will only be a fraction of the total cost of such a high airfare.
- 3) Air miles often expire. Some airlines will allow the purchase of air miles to keep your miles active. Check the fine print of your membership, because you may find by purchasing miles, or using a preferred dining, shopping, hotel or car rental supplier, that purchase might be enough to prevent your unused miles from expiring.

Well, that will do for an *introduction* to the magical world of air miles. My advice is, if you travel a couple of times per year, apply for a loyalty card from all three major alliances. It won't cost you anything, but at the very least it will guarantee you won't be bumped off a flight in the event of a flight being overbooked! Consider swapping your current credit cards to ones which earn you miles. Check who offers airlines for purchases at your favourite shops and restaurants. If you stay at a particular brand of hotel, sign up to their loyalty scheme, so you can transfer your points to air miles.

**PLEASE NOTE:** Because membership conditions change and are reviewed on a regular basis, please check directly with the alliance or carrier in case the above information has changed since being published.

Bon voyage!

Scott