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Taking your airline to new heights

ON THE ROUTE TO RECOVERY

A conversation with ...

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Recent Breakthroughs
in Revenue Management

Scoring Points with Passengers

Through its recently enhanced frequent flyer program, Alaska Airlines increases loyalty and satisfaction among its most valued passengers, helping the airline return to profitability.

■ By Gisselle Miranda | *Ascend* Contributor

Attracting new customers and taking care of current passengers is helping Alaska Airlines continue its recovery from the industry downturn and strengthening its position as one of the major carriers in the United States. The airline, which outlines its dedication to its passengers in a 12-point customer commitment statement, has long used technology to provide amenities that enhance the travel experience with the airline and increase the likelihood for return business.

One of Alaska Airlines' top customer service initiatives is its frequent flyer program, Mileage Plan, which rewards customers for their loyalty to the airline. The program, launched in 1983, allows passengers to redeem awards with 15 airlines, Amtrak, restaurants, car rental agencies, hotels, and other companies offering financial and telecom services.

In 2001, the airline, continuing its tradition of deploying advanced technology, enhanced the Mileage Plan program by partnering with Points International, a provider of online loyalty management solutions.

"The Instant Miles program really exploded when we moved it online because it's such a well-designed experience," said Ann Ardizzone, managing director of marketing programs for Alaska Airlines. "Ease of use is important to us, and our internal team was able to deploy the Points solutions quickly. We also knew that the product would be intuitive for our members and partners. The Points

management team clearly has a deep understanding of loyalty marketing and technology."

Alaska Airlines, which in 1995 became the first airline to sell tickets online and in 1999 became the first airline to implement online check in, began by using *The Points Exchange*, which enables Mileage Plan members to exchange points and miles among loyalty programs online.

Through *The Points Exchange*, Mileage Plan members can consolidate other loyalty points into Alaska Airlines' program and also redeem the airline's miles for rewards of other programs.

Based on the success of



The Points Exchange,

Alaska Airlines, the ninth largest carrier in the United States, decided to deploy other Points solutions that facilitated the sale of miles online via alaskaair.com.

In 2002, Alaska launched Instant Miles, which is powered by *pointspurchase*[™], an application that enables the airline's 4 million Mileage Plan members to purchase frequent flyer miles for themselves or as a gift. And last year, the airline added Partner Miles online using *pointscorporate*[™], a private label service that enables partner organizations to buy and distribute Mileage Plan miles. The airline also plans to add *pointclub*[™], which automates

the sale and renewal of airline lounge and private club memberships online.

Because Points integrates seamlessly with Alaska Airlines' loyalty system as a backend solution, the carrier boosts loyalty and maintains brand image among its Mileage Plan members and partners with little overhead expenditures.

Airline officials said the Points suite of solutions has been extremely popular with customers.

"Our customers have long enjoyed the ease and convenience of managing their frequent flyer account online," said Ardizzone. "Now, the Points suite has opened up several new options that give them the ability to purchase miles needed to redeem an award or transfer miles and points to their Mileage Plan account through the *The Points Exchange*."



By using Points products, Alaska Airlines has enabled its customers to have more flexibility with their frequent flyer accounts. By going to the airline's Web site, customers can purchase miles for themselves or as a gift for others. The Points products also enable corporate partners to buy and distribute Mileage Plan miles as an additional incentive.

Since implementing the Points application within its loyalty program, Alaska Airlines has increased incremental growth in revenue and cost savings. In 2003, the airline recorded its first annual profit since 1999, earning US\$8.8 million, a dramatic improvement



All images courtesy of Alaska Airlines

Given Alaska Airlines' long-standing focus on customer service, the Points suite represented a perfect fit.

"During the dot-com peak, we were approached by five companies who had put together wonderful business cases," said Ardizzone. "They all looked good, but what attracted us to Points was that the CEO, Rob MacLean, really understood loyalty marketing and the value of our mile currency. Some of the online services were more complicated, but the Points concept was easy to understand."

Sabre Airline Solutions has partnered with Points International to provide innovative loyalty

management solutions for frequent flyer programs. Points International offers a variety of loyalty technology solutions, which can supplement an airline's loyalty program. Points' customer services and consumer programs

offer value-added member propositions and strong financial and marketing benefits for an airline's frequent flyer program. The Points International loyalty expansion tools are available through Sabre Airline Solutions. [E](#)



Gisselle Miranda is manager of partner relationships for Points International. For more information about the Points suite, contact kathy.benson@sabre.com

+count it up

40 Cost in U.S. dollars per minute a flight is delayed according to the Air Transport Association. The cost does not include indirect delay cost such as lost revenues for transferring passengers who missed their connections.

16,000 Length in feet of the longest commercial runway in North America and longest instrument landing system, or ILS, runway in the world. Denver International Airport opened the runway last year.

165 million Cost in U.S. dollars that it took to construct the 16,000-foot-long runway at Denver International Airport.

1998 Year of the first mother/son airline pilots. Capt. Joy Klopfer and First Officer Glenn Klopfer flew their first flight together a year later on a United Airlines Boeing 767.

1993 Year British Airways' Barbara Harmer became the first female supersonic commercial pilot in the world when she flew the Concorde on March 25 of that year.

21 Age of the youngest female pilot to be hired for a major U.S.-based airline. Duana Robinson was hired by Texas International Airlines in February 1978 to fly the DC-9.

1935 Year of the first flight of the Douglas DC-3 airliner, the first aircraft to make money carrying passengers rather than mail. It seated 21 passengers.

1 million+ Number of passengers who flew across the Atlantic Ocean in 1958, the first year air passengers surpassed the number of Atlantic steamship passengers.

As part of its customer commitment, Alaska Airlines deploys technology to provide amenities for customers, such as check-in kiosks. The airline attributes its customer service for contributing to its improved financial performance.

over 2002 when it had a net loss of US\$118.6 million.

In announcing the 2003 results, Alaska Airlines' Chairman and Chief Executive Officer Bill Ayer said the performance helps "confirm the preference customers have for our service."