

ascend

Taking your airline to new heights



THE TRANSFORMER

A conversation with ...

W. Douglas Parker, Chairman, President and CEO, US Airways

page 44

INSIDE

33

Gulf Air's in-flight service wins top awards

36

SAS restructures to better compete

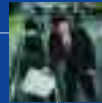
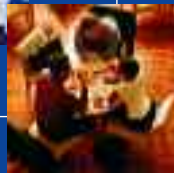
42

Jet Airways becomes an international carrier

SMALL COMPANIES

BIG

BUS S



By developing a relationship with small and medium businesses, Delta Air Lines has tapped into a valuable growth market, providing an additional revenue stream.

■ By Rick Dietert | *Ascend* Contributor

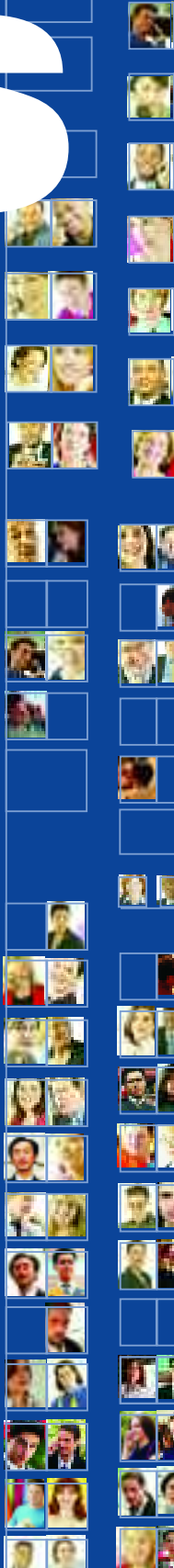
For years, Delta Air Lines used its thriving SkyMiles individual loyalty program to maintain repeat business, particularly from high-yield business travelers. And it had also successfully built contracts with numerous large corporations. But Delta realized it had a gap — the thousands of small and medium companies that, combined, spend significant amounts of money on travel each year. So, Delta decided to target this niche by creating a hybrid of its loyalty and corporate programs tailored specifically for these smaller businesses.

Although many large companies had installed online corporate booking tools that enabled their employees to search for the lowest available fare or special negotiated fares with specific airlines, Delta realized a large portion of smaller companies lacked such technology despite, in many cases, having substantial travel budgets. These small to mid-sized companies didn't have the volume of business travel to negotiate the special discounts available to large corporations, and they also could not justify the expense of specialized corporate booking solutions.

Realizing it could capitalize on this niche market, Delta decided to launch a free corporate loyalty program, called SkyBonus®, that would build brand loyalty among companies that spend less than US\$500,000 a year in travel with Delta. The carrier first launched the program in 1999 in Europe because corporate booking tools had not yet become popular there and the carrier also wanted to increase its market share in the region's business segment.

The program, subsequently expanded to the United States, has proven successful, airline officials said. Today, more than 25,000 companies in 13 countries partner with the airline in the SkyBonus® program.

The SkyBonus program is designed to reward a company that encourages its employees to travel on Delta flights. As the company's employees travel on the airline, the company accrues points based on the value of the flown revenue that can be redeemed for future travel or benefits by the company's employees or clients. Meanwhile, the individual traveler continues to earn individual frequent flyer miles for each trip.



INNESS

Although, in effect, Delta pays double points for such trips, the airline benefits by increasing higher-margin business travel.

Because business travelers typically spend more than leisure travelers, if Delta can attract and retain customers from these smaller companies, it more than offsets the cost of providing redeemable points to both the company and the individual.

SkyBonus points can be redeemed for 19 different types of awards including free tickets, flight upgrades, Crown Room Club® memberships, Silver Medallion® program status and in-flight courtesy coupons. Delta also allows SkyBonus members to purchase their tickets through their preferred channel—traditional or online travel agents or on the airline's Web site, delta.com—using the company's unique SkyBonus number. And, by aligning with these growing companies, Delta can form a relationship that has the potential to expand as these companies increase their travel expenditures. As such companies add employees, more traffic is steered toward Delta. And if some of the companies increase their travel budgets significantly, they could qualify for corporate accounts.

To ensure that it could be run efficiently and cost effectively, Delta sought leading technology to manage the SkyBonus program. Delta selected the Sabre® Corporate Loyalty System, a robust Web-based application that manages the entire corporate loyalty program. Some of the basic features of the application include:

- Managing company profiles, including enrollment and traveler profiles,
- Providing customers access to their accounts so they can view their current balance,
- Calculating points based on actual net flown revenue from processed tickets,
- Tracking of points/credits received and redeemed by each corporation,

- Reporting capabilities to show user activity by company or country/market,
- Communicating special promotions by e-mail message or short message service,
- Marketing messages by country/market via application text or iFrames with external content.

The *Corporate Loyalty* system, which is integrated with Delta's corporate Web site, keeps track of all points/credits allocated to the companies participating in the SkyBonus program. The participating companies generally specify a program administrator who is responsible for checking their account status and determining how the points/credits are redeemed, which is also handled through the system. The system, which supports multiple languages including English, French, German, Italian, Spanish, Portuguese, Hungarian and double byte languages such as Chinese and Japanese, also provides tools for Delta personnel to administer the business rules and Web content.

According to Delta officials, using the *Corporate Loyalty* system has kept the cost of running the SkyBonus program to a minimum, enabling the airline to recoup its investment in the system quickly. By enabling Delta to align with growing companies, the system provides the foundation for a program that offers a valuable revenue stream. ■

Rick Dietert is an account director for Sabre Airline Solutions. He can be contacted at rick.dietert@sabre.com.



Delta Air Line's SkyBonus corporate loyalty program, powered by the Corporate Loyalty system, provides smaller companies with an easy-to-use, Web-based graphical user interface for redeeming 19 different types of frequent flyer awards.