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Consumer Loyalty in the Airline Industry

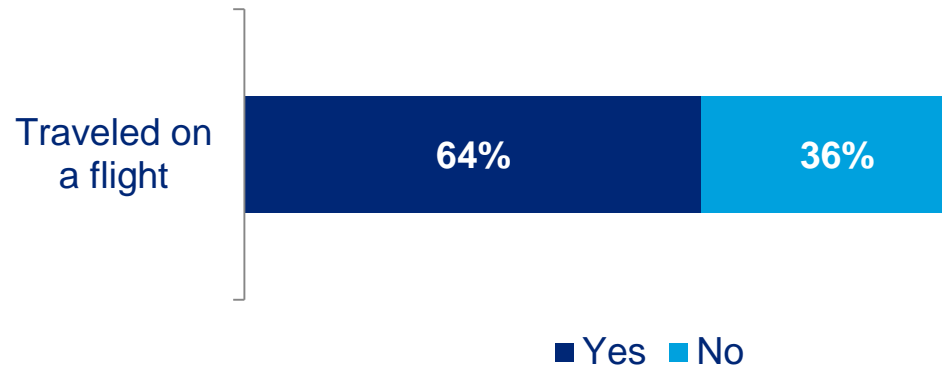## Consumer survey select findings

August 2013

Methodology

Web-based survey

- **Web-based survey of 4,000 hotel and airline customers**

- **Customer web-based survey conducted from October 18–23, 2012**

- **Our analysis focuses on the 2,572 of the 4,000 respondents who have traveled on a flight in the past 12 months**

- **The purpose of this deck is to depict in graphical form select <u>top-level</u> results from our survey that are relevant to our analysis of loyalty in the airline sector. For a more elaborate and nuanced discussion of the state of loyalty in the airline sector, please see the accompanying POV—*Rising above the Clouds: Charting a course for renewed airline consumer loyalty***
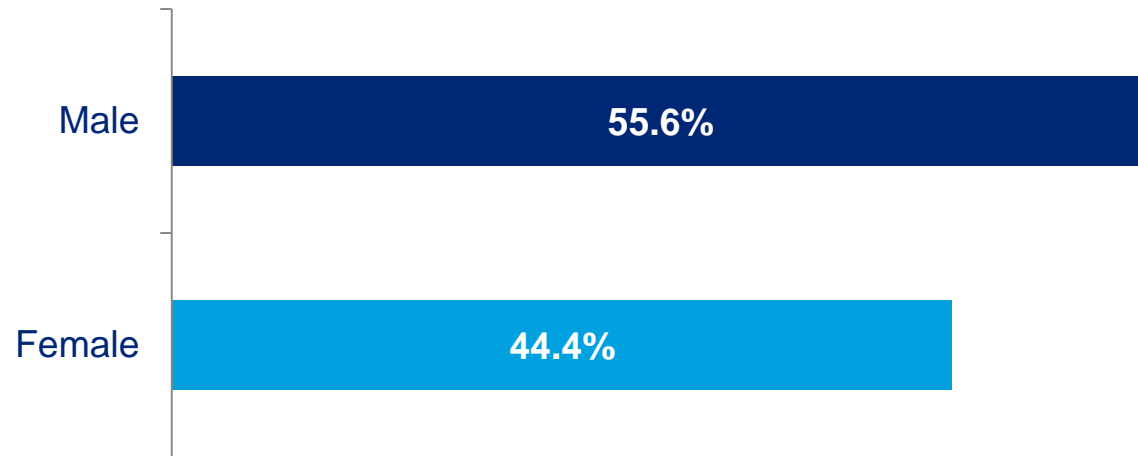
During the past 12 months, have you…

Airline travel

Traveled on a flight

64%	**36%**

■ Yes ■ No

N = 2,572

Gender…

Gender

Male: 55.6%

Female: 44.4%

N = 2,572

Year of birth…

Year of birth

Category	Value
Seniors	10.8%
Baby Boomers	42.5%
Gen X	33.0%
Millennials	13.7%

N = 2,572
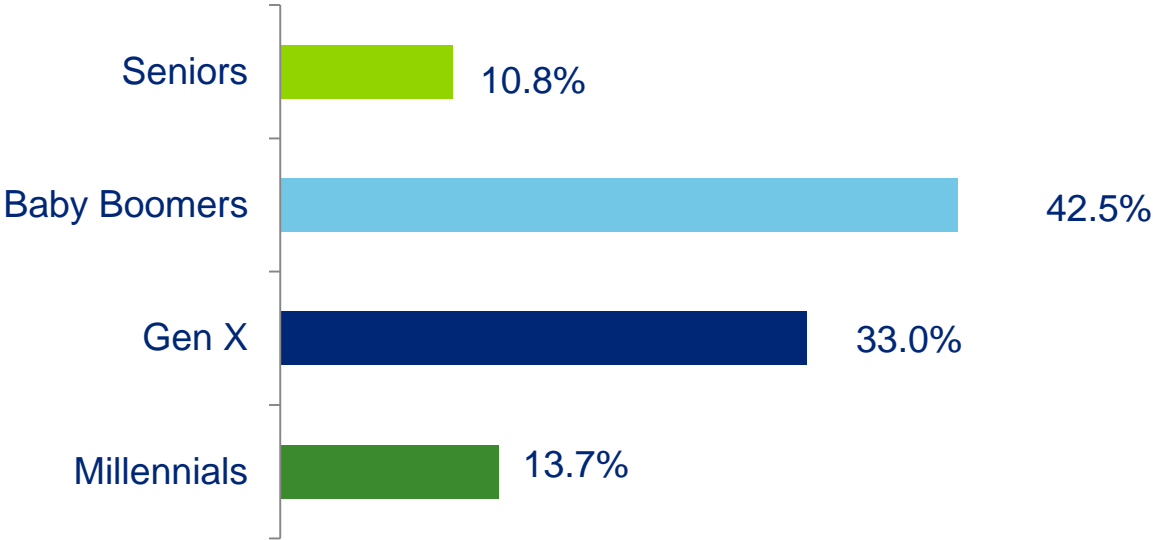
Household annual income…

Household income levels

Income level	Percentage
$200,000+	8.2%
$150,000 - $199,999	8.8%
$100,000 - $149,999	23.8%
$75,000 - $99,999	19.8%
$50,000 - $74,999	19.6%
$25,000 - $49,999	14.4%
Under $25,000	5.4%

N = 2,572
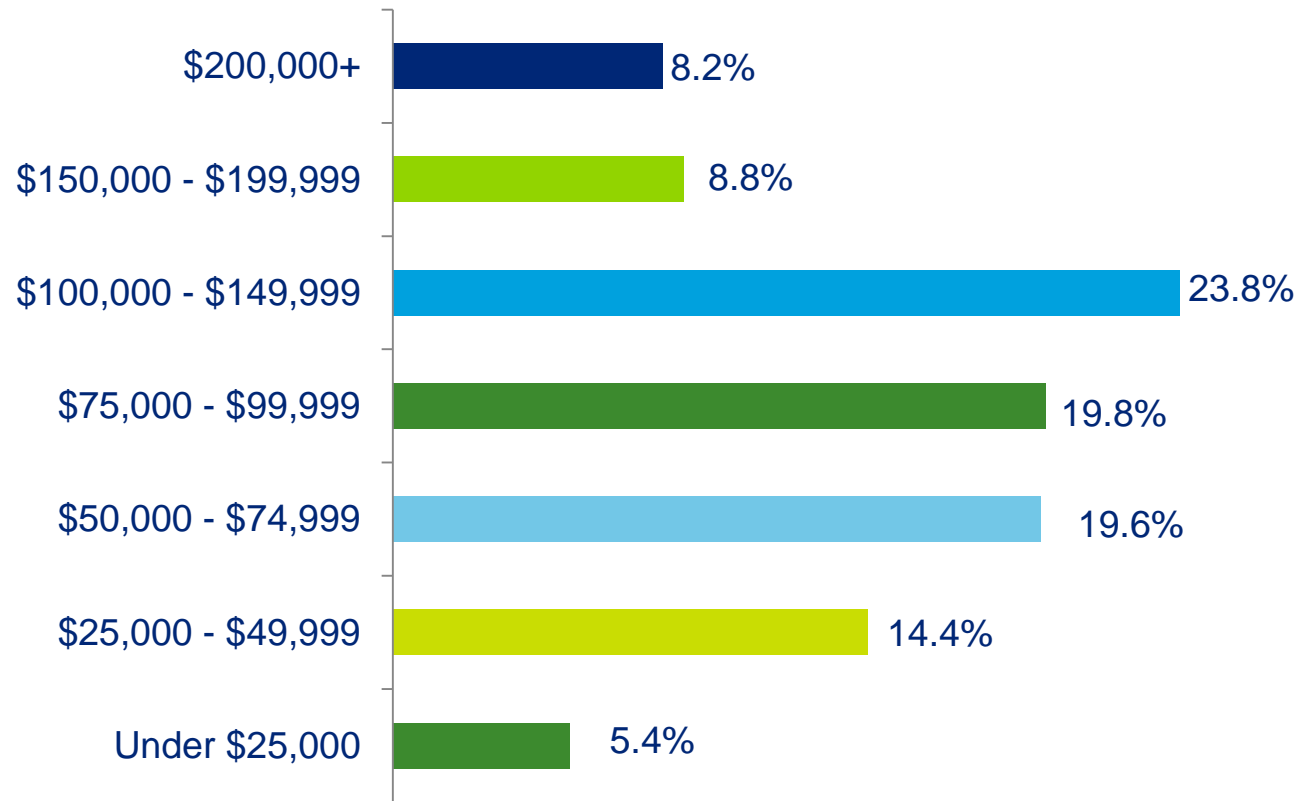
My employer is a…

Employer type

Employer type	Percentage
Large corporation/business (1,000+ employees)	29.4%
Small company (less than 1,000 employees)	28.0%
Self-employed	14.8%
Government/Education	9.1%
Not employed	15.0%
Others	3.7%

N = 2,572

I live in…

Region

West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY): 23.9%

South (AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV): 29.3%

Northeast (CT, MA, ME, NH, NJ, NY, PA, RI, VT): 22.2%

Midwest (IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI): 24.6%

N = 2,572

Marital status…

Marital status

Marital Status	Percentage
Married	66.1%
Single	19.4%
Divorced	6.8%
Living together as a couple	5.6%
Other	2.1%

N = 2,572

Compared to previous year, your…

Expected travel frequency in the next year

Business trips this year will be
- More: 16.6%
- The Same: 63.0%
- Less: 20.3%

Leisure trips this year will be
- More: 22.0%
- The Same: 64.0%
- Less: 14.0%

Legend: ■ More ■ The Same ■ Less

N = 2,572
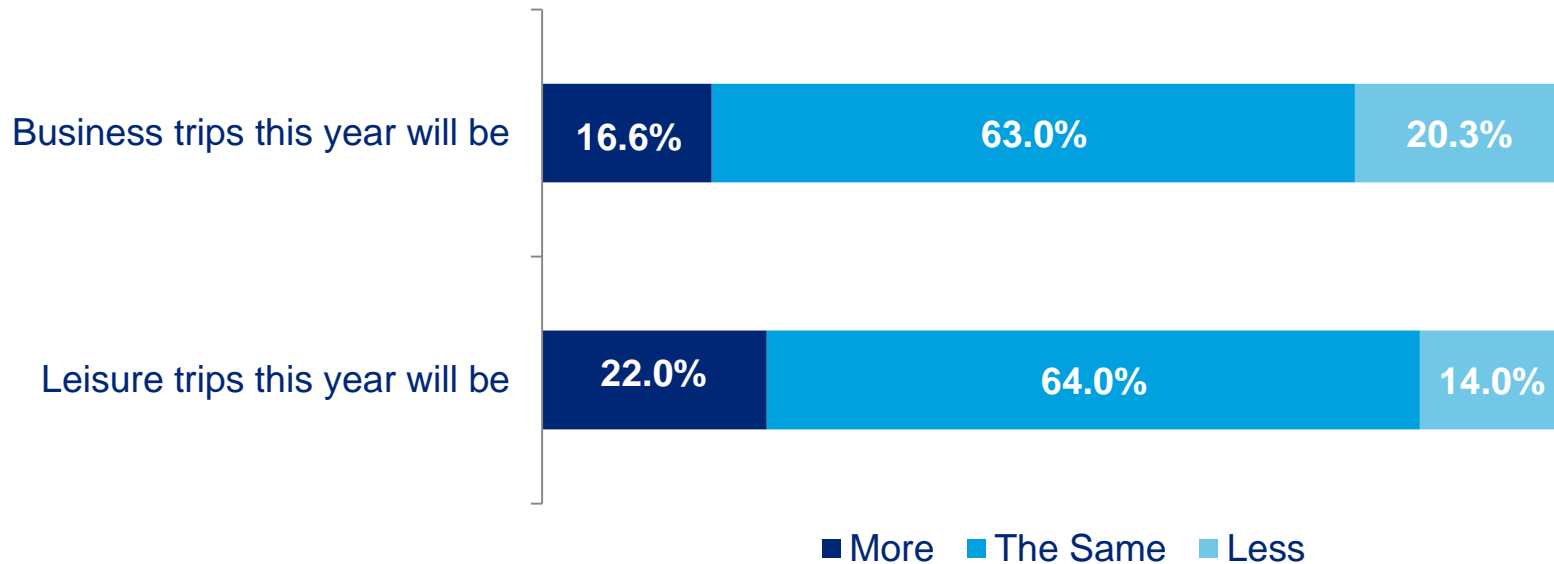
Which of the following describes your purpose of air travel during the past 12 months?

Purpose of air travel

Category	Value
100% Business	10.7%
25% Leisure & 75% Business	12.9%
50% Leisure & 50% Business	17.7%
75% Leisure & 25% Business	11.6%
100% Leisure	47.1%

N = 2,572
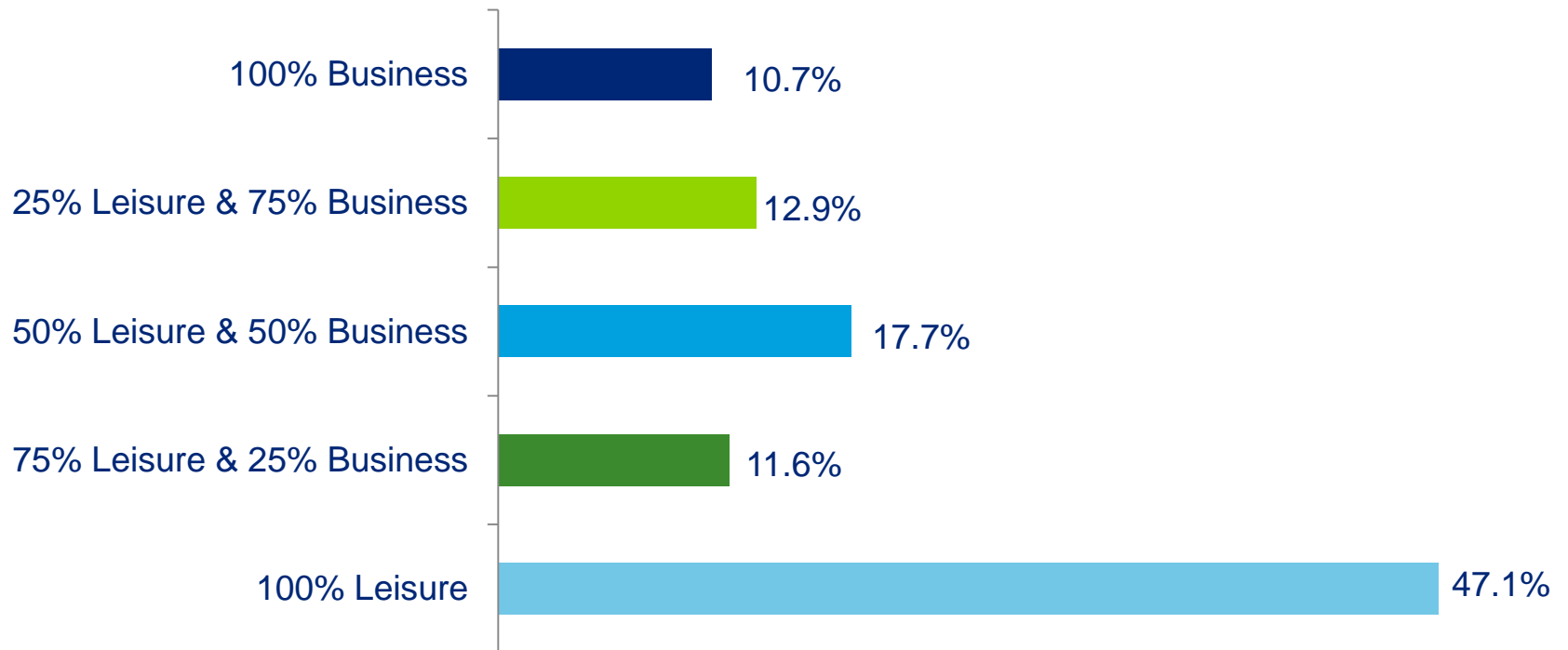
What class of travel do you most frequently use when you fly?

Class booked by purpose of air travel

Domestic Travel

Business: 11.0% | 24.8% | 64.3%

Leisure: 9.3% | 11.7% | 79.0%

International Travel

Business: 14.8% | 39.6% | 45.6%

Leisure: 12.7% | 21.4% | 66.0%
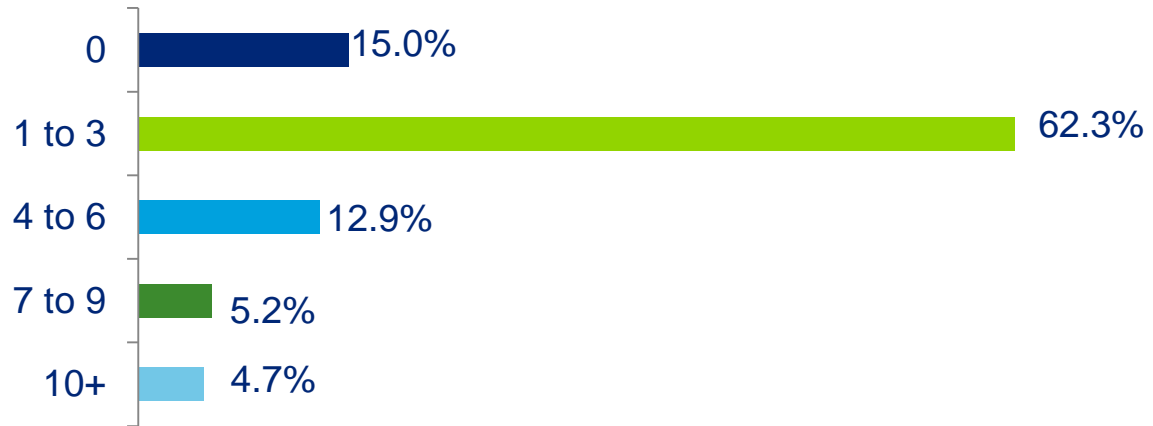
■ First Classs ■ Business Class ■ Economy
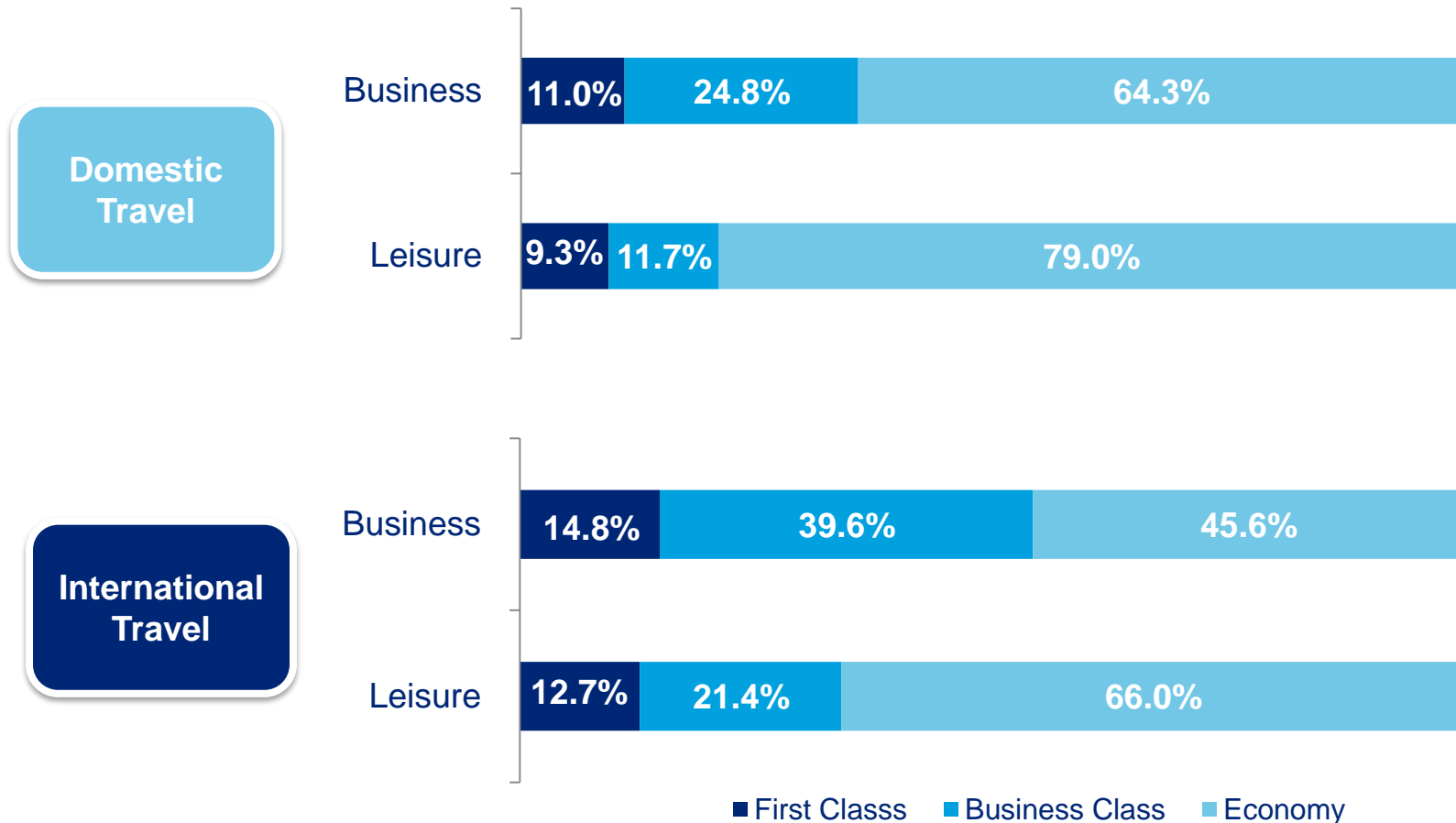
Domestic Business Travel N = 1,631
Domestic Leisure Travel   N = 2,430

International Business Travel N = 950
International Leisure Travel   N = 1,437

12

On an average, how many flights did you take each month during the past 12 months?

Frequency of air travel in a month

Domestic Flights

Flights	Percentage
0	15.0%
1 to 3	62.3%
4 to 6	12.9%
7 to 9	5.2%
10+	4.7%

International Flights

Flights	Percentage
0	61.8%
1 to 3	28.1%
4 to 6	5.0%
7 to 9	3.0%
10+	2.1%

N = 2,572
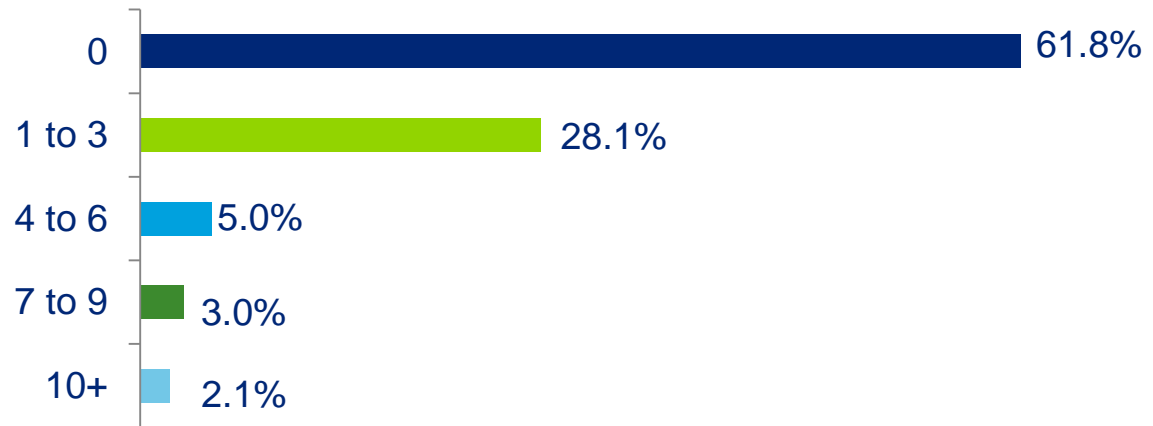
During the past 12 months, how many miles did you fly?

Miles traveled

Category	Percentage
Less than 1000 miles	7.3%
1,000-10,000 miles	46.3%
10,001-25,000 miles	23.6%
25,001-50,000 miles	12.1%
50,001-75,000 miles	5.2%
More than 75,000 miles	5.4%

14   N = 2,572
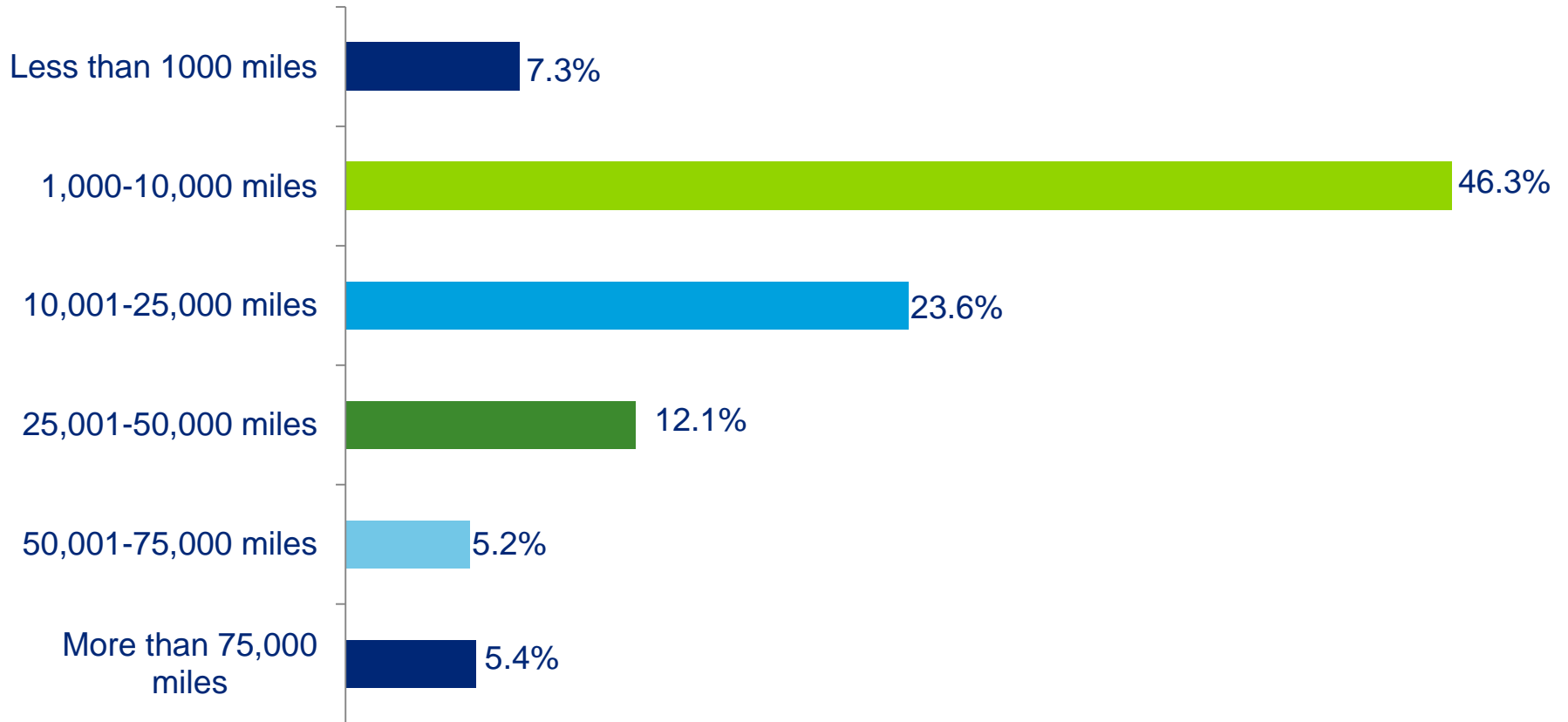
Which of the following channels do you use frequently for booking airline tickets? (select all that apply)

Frequented booking channels

Airline Ticket Booking

Channel	Percentage
Airline's website	68%
Travel website	44%
Travel agent	17%
Airline's reservation 800 number	7%
Other	3%

N = 2,572
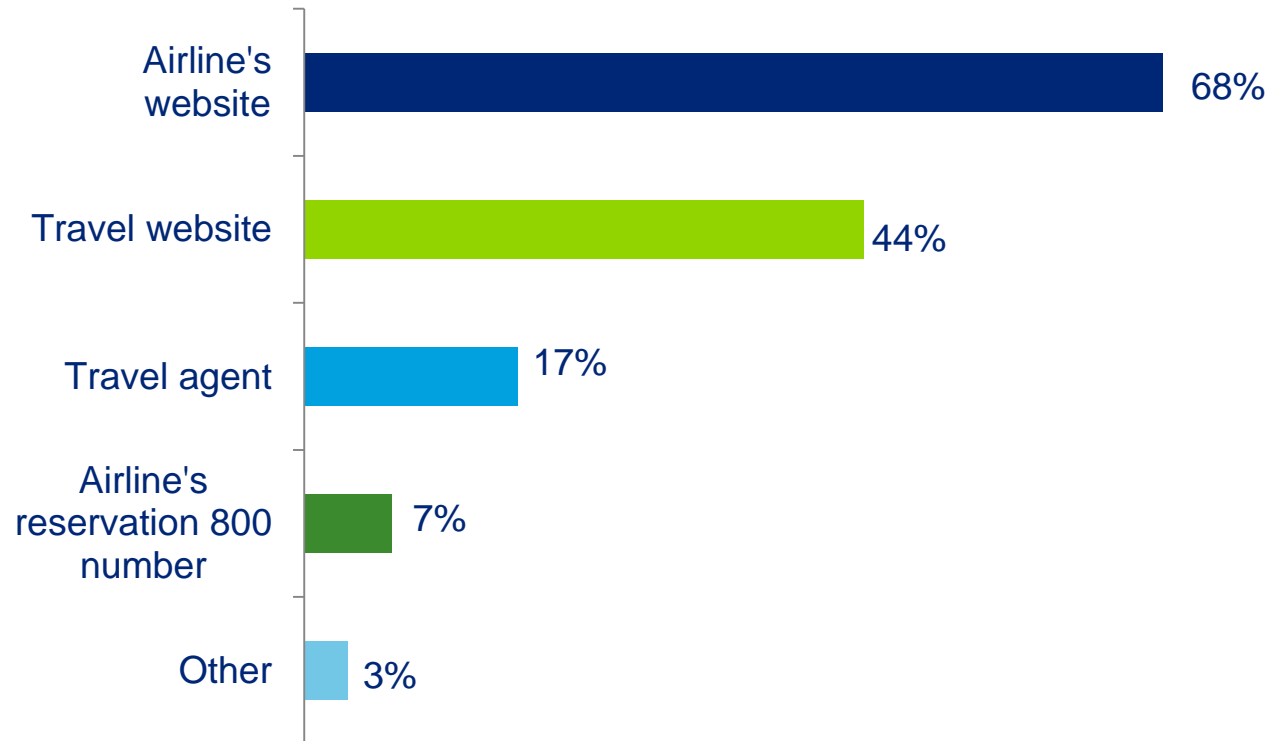This is a multiple select question, percentages will not add to 100.

Please indicate how frequently you act in the following ways before/while/after reserving airline tickets/hotel rooms?

Travel booking behavior

Behavior	Always	Often	Sometimes	Rarely	Never
I use social networking sites to share my opinion of hotels and airlines.	6.3%	10.7%	16.3%	12.9%	53.7%
I use flash sale sites (e.g., Groupon, LivingSocial, Jetsetter, Travelzoo) to follow/get discounts or deals…	6.8%	10.6%	20.2%	15.5%	46.9%
I use social networking sites to follow/get discounts or coupons for my favorite airline or hotel.	6.1%	8.8%	14.7%	14.5%	55.9%
I typically book using my handheld device (e.g. mobile smartphone, tablet).	5.1%	9.1%	14.7%	13.8%	57.3%
I check for special promotions on my loyalty program.	26.2%	27.6%	23.3%	9.0%	13.9%
I visit price comparison sites before booking.	30.8%	29.0%	23.2%	7.8%	9.3%
I visit social media and review sites before booking.	7.9%	13.2%	18.4%	17.5%	43.1%
I book only after consulting my family members.	23.2%	22.7%	26.2%	14.5%	13.4%

■ **Always** ■ **Often** ■ **Sometimes** ■ **Rarely** ■ **Never**

N = 2,572

Please indicate how frequently you would like airlines to engage you or interact with you in the following ways:

Preferred mode and frequency of interaction

|	Always	Often	Sometimes	Rarely	Never
Engage via social networks (e.g. facebook, LinkedIn)	6%	9%	17%	15%	53%
Engage via social media (e.g. twitter)	5%	9%	12%	14%	60%
Engage via other location-based social media channel (e.g., FourSquare)	4%	8%	13%	13%	62%
Engage via telephone	6%	12%	21%	18%	43%
Reward with points/miles.	41%	24%	20%	5%	10%
Reward with freebies like free upgrades and free nights	39%	25%	20%	7%	9%
Send discounts and news via postal mail	17%	19%	30%	13%	22%
Send discounts and news via email	26%	27%	28%	7%	13%
Send destination suggestions	8%	14%	30%	20%	28%
Provide opportunity to earn rewards via partners	20%	25%	27%	11%	17%
Provide opportunity to earn rewards via non-partners	19%	23%	27%	11%	20%
Provide opportunity to redeem rewards from a partner or credit card company	22%	25%	27%	10%	16%
Make the purchase process secure and easy	52%	19%	15%	5%	9%
Contact me after purchase	17%	18%	29%	18%	18%
Send personalized messages that meet my travel needs	12%	19%	33%	15%	21%

N = 2,572

How often do you redeem promotional offers that you get from airlines?

Frequency of redeeming promotional offers

Airlines	9%	19%	37%	21%	14%

■ Always ■ Often ■ Sometimes ■ Rarely ■ Never

N = 2,572
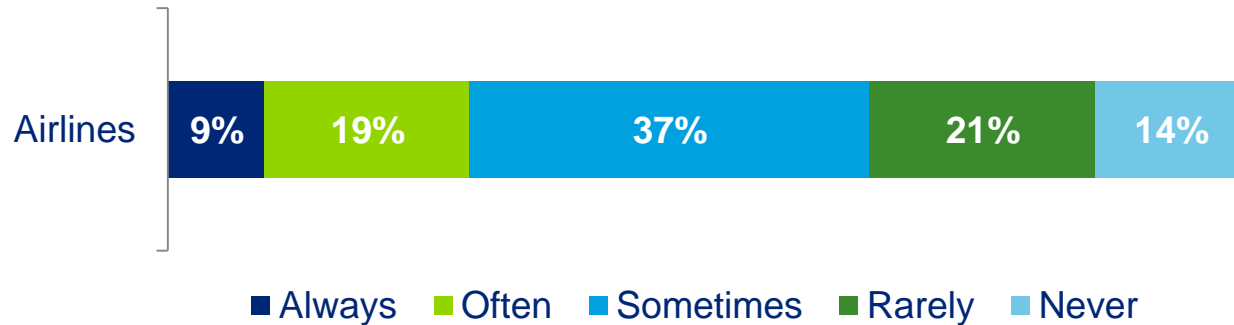
During the past 12 months, how many times have you added some personal, leisure vacation time to a business trip?

Frequency of combining leisure with business trip

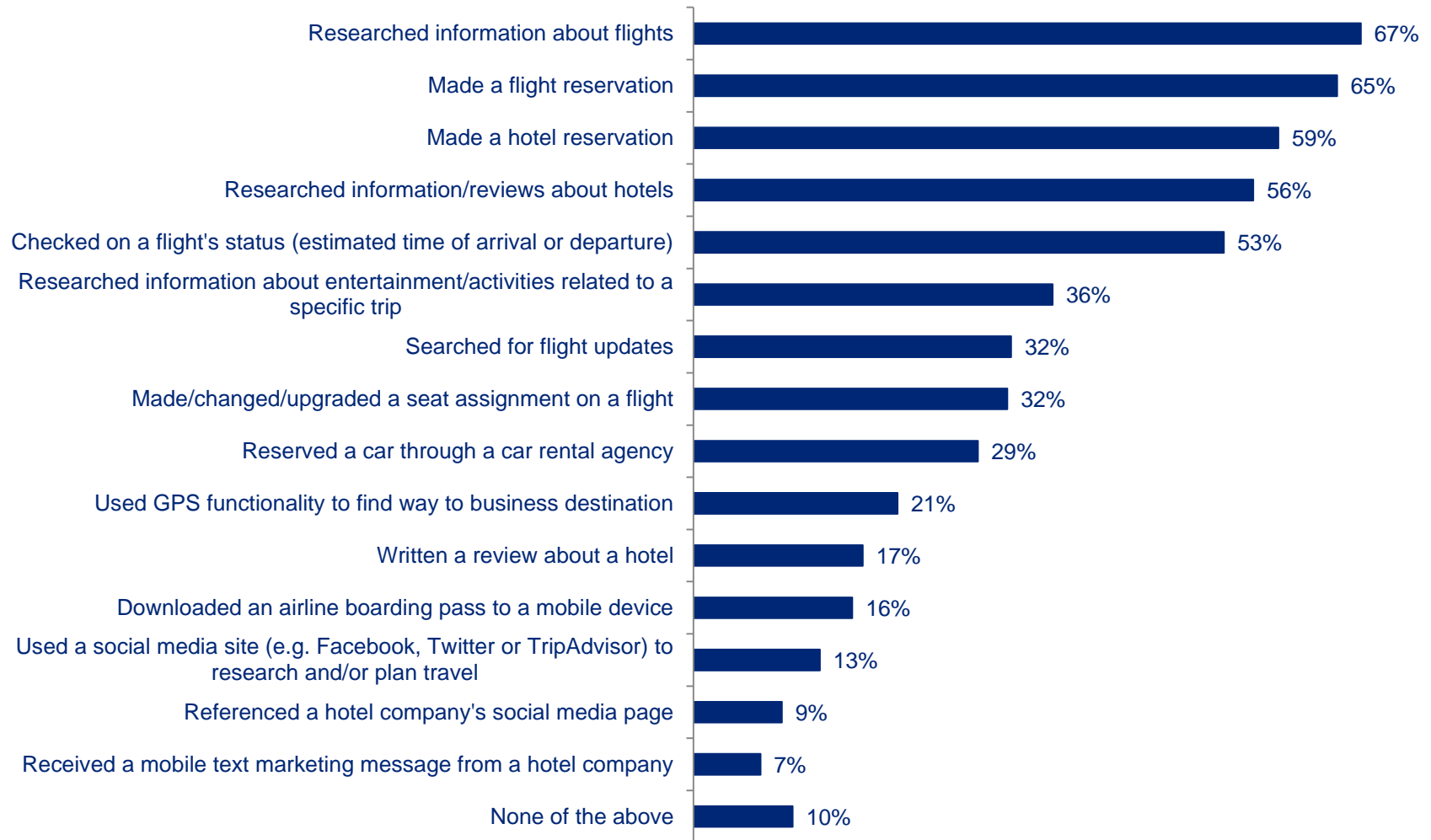| Category	Percentage
Never	53.5%
4+ times	7.0%
2-3 times	21.2%
Once	18.3%

N = 2,572
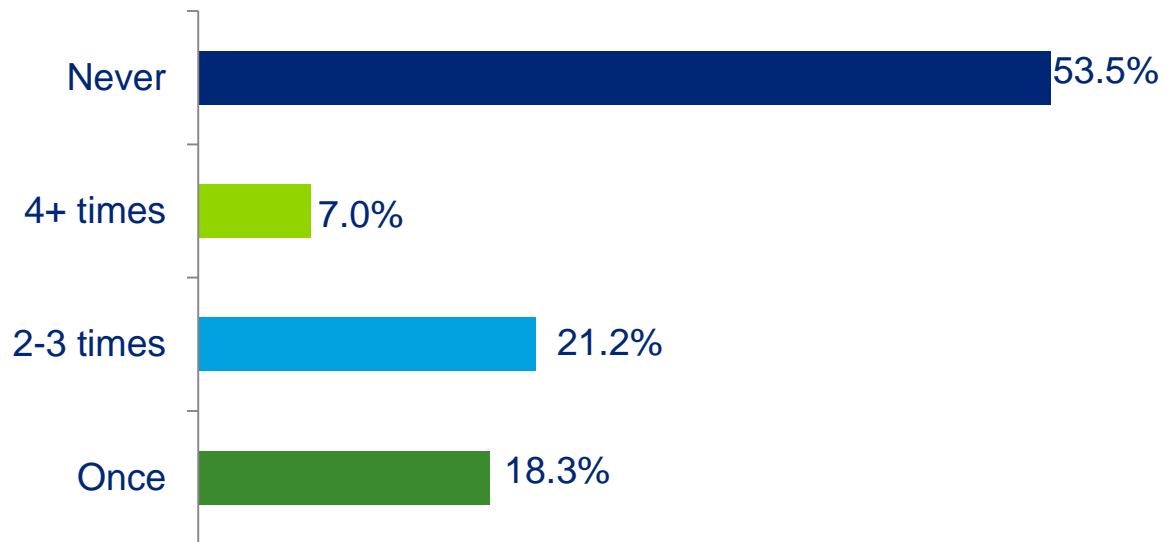
Have you downloaded at least one airline software application to your web-enabled smartphone?

Download of smartphone software application

Airlines | **27%** | **73%**

■ Yes   ■ No

N = 2,572
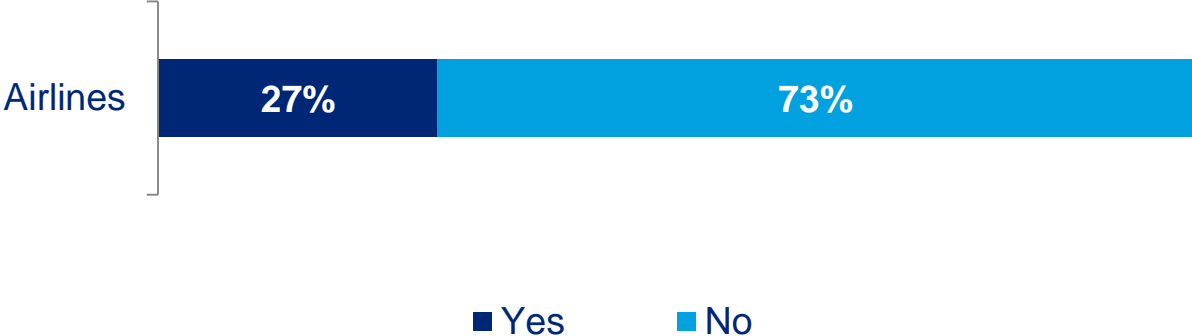
During the past 12 months, which of the following online activities have you done either on a computer or a web-enabled smartphone, for either business or leisure travel?

Online activities performed by airline travelers

Activity	Percentage
Researched information about flights	67%
Made a flight reservation	65%
Made a hotel reservation	59%
Researched information/reviews about hotels	56%
Checked on a flight's status (estimated time of arrival or departure)	53%
Researched information about entertainment/activities related to a specific trip	36%
Searched for flight updates	32%
Made/changed/upgraded a seat assignment on a flight	32%
Reserved a car through a car rental agency	29%
Used GPS functionality to find way to business destination	21%
Written a review about a hotel	17%
Downloaded an airline boarding pass to a mobile device	16%
Used a social media site (e.g. Facebook, Twitter or TripAdvisor) to research and/or plan travel	13%
Referenced a hotel company's social media page	9%
Received a mobile text marketing message from a hotel company	7%
None of the above	10%

N=2,572

This is a multiple select question, percentages will not add to 100

Considering various industries (e.g., retail, airlines, hotels, casinos, car rentals), please select the number of loyalty programs of which you are a member.

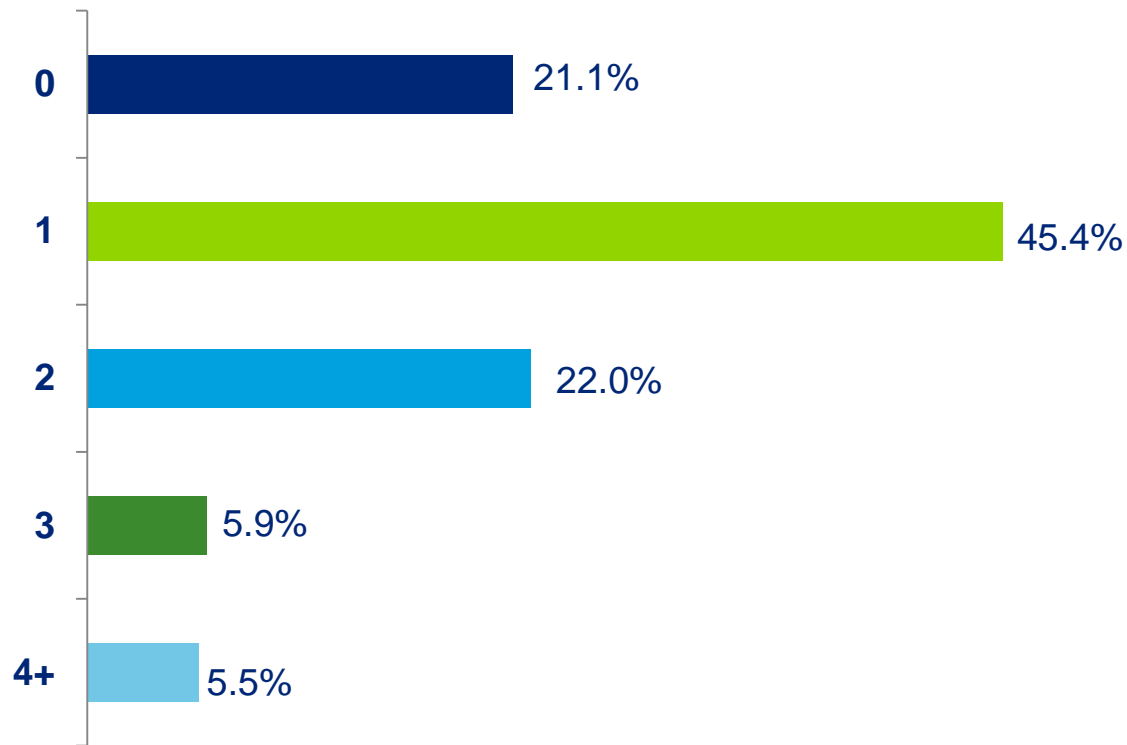*Respondent's number of loyalty program memberships*

Number	Percentage
1	23.3%
2	14.1%
3	12.6%
4	10.3%
5	8.5%
6	6.6%
7	3.4%
8	3.5%
9	1.2%
10	7.0%
10+	9.5%

N=2,572
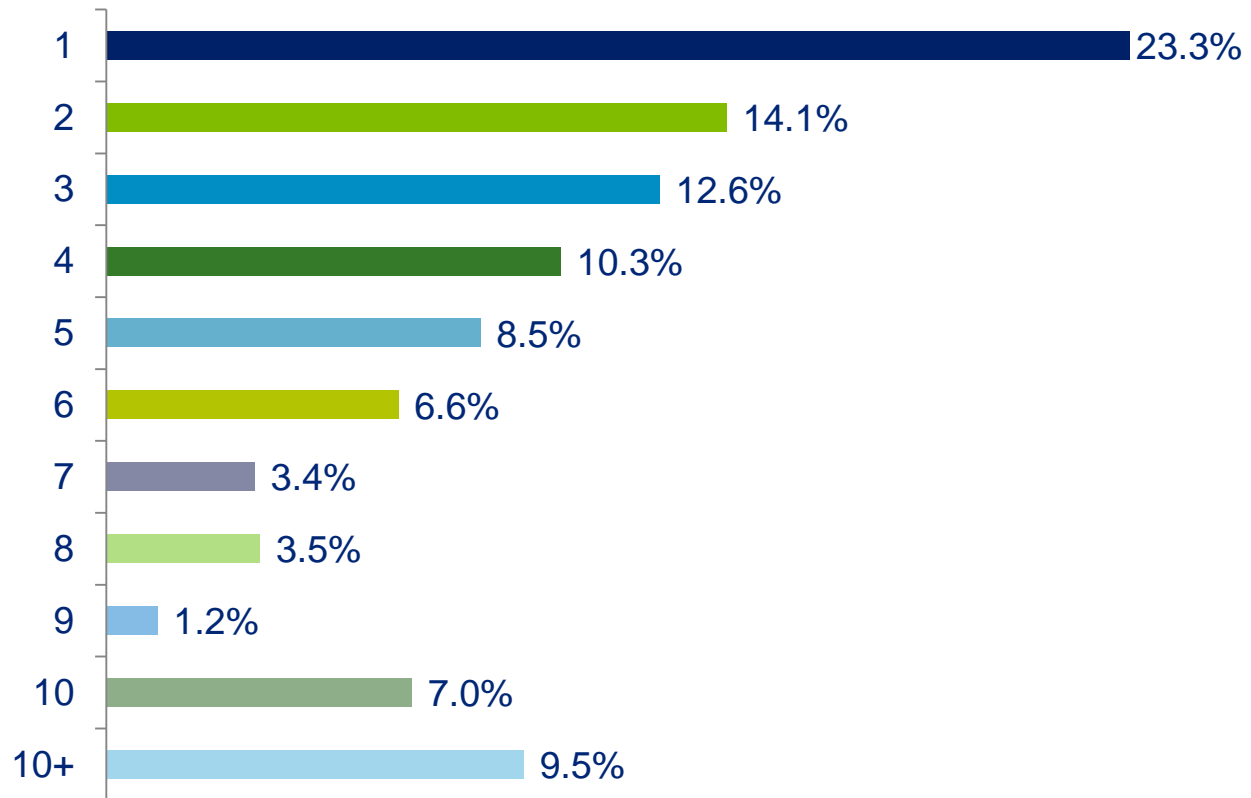
Please select the number of airline loyalty programs that you are a member of:

Number of memberships held by respondent in various airline loyalty programs

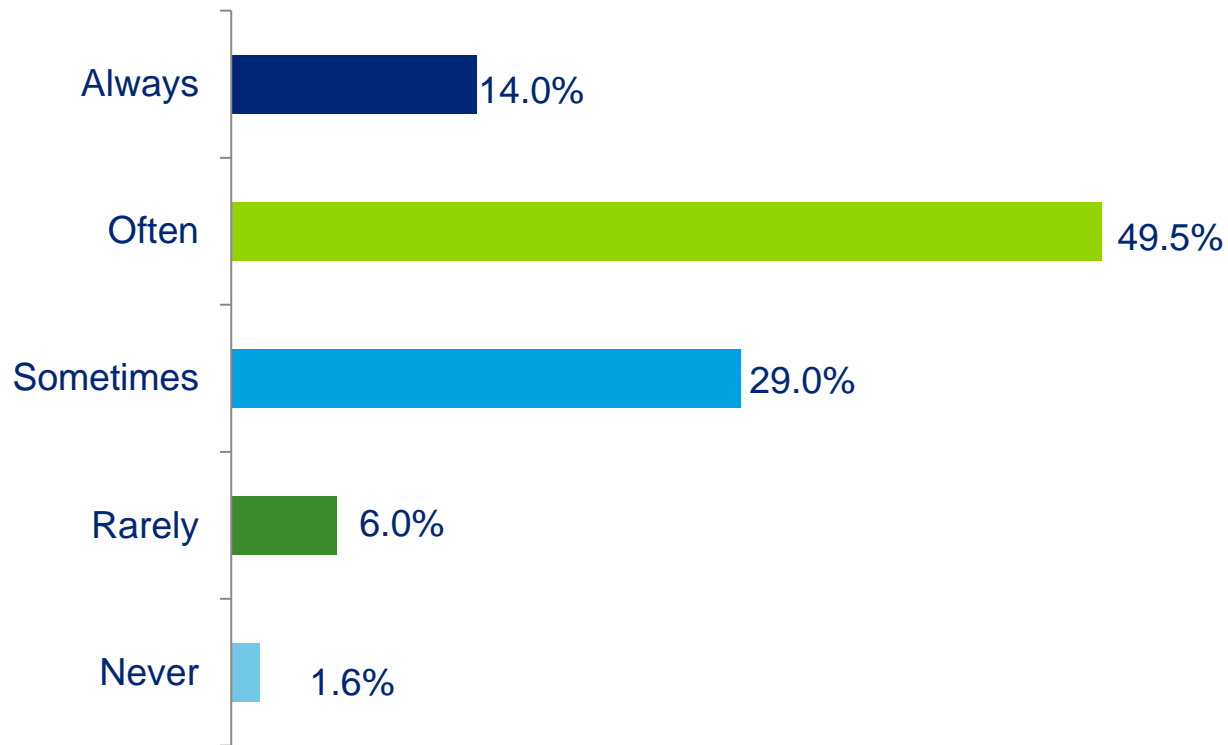| Number	Percentage
0	22.0%
1	28.3%
2	21.7%
3	12.8%
4+	15.2%

N = 2,572
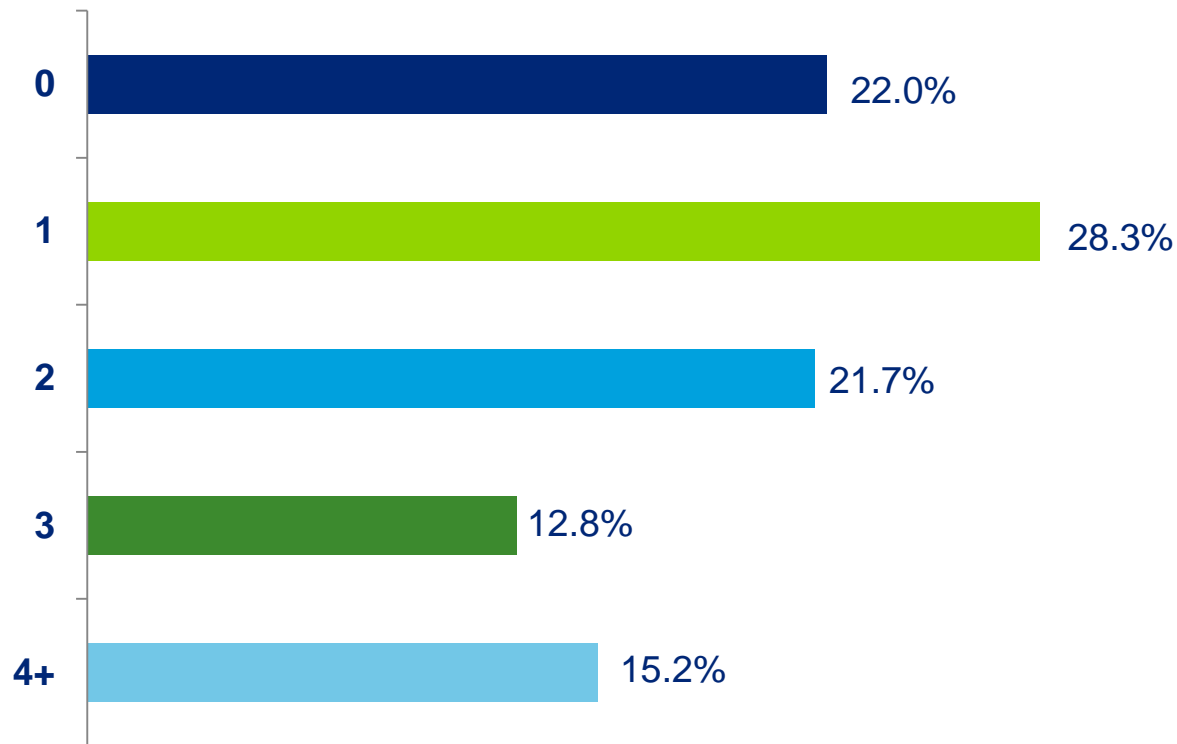
Please select the number of airline loyalty programs that you have participated in the past 6 months:

Number of airline loyalty programs participated

Number	Percentage
0	21.1%
1	45.4%
2	22.0%
3	5.9%
4+	5.5%

N = 2,006

Note: Based on the responses of customers who are members of at least one airline loyalty program

How often do you fly on the same airline?

Propensity to try different airlines

Always	14.0%
Often	49.5%
Sometimes	29.0%
Rarely	6.0%
Never	1.6%

N = 2,572

Please rate the following attributes based on their importance to you while choosing an airline for business and/or leisure

Attribute	1-Not Important	2	3	4	5-Very Important
Distinct from other airlines	13%	10%	43%	23%	11%
Value for money	1%	2%	19%	29%	49%
Ability to address problems in a fair manner	2%	3%	32%	35%	27%
Ability to understand my needs	2%	4%	36%	33%	25%
Ability to value me	2%	5%	35%	33%	26%
Access to executive lounge and VIP privileges	23%	14%	31%	18%	14%
Availability of business or first class	23%	14%	30%	19%	14%
Baggage handling (ease and cost)	2%	2%	24%	30%	42%
Check-in convenience	1%	2%	24%	34%	40%
Comfort	1%	2%	28%	36%	33%
Consistency of service	1%	2%	25%	37%	34%
Deliver on promise	1%	3%	27%	35%	34%
Fleet quality	2%	3%	29%	34%	32%
Free meals	12%	13%	37%	22%	17%
Free parking	15%	11%	36%	20%	18%
In-flight technology	7%	10%	39%	26%	18%
Loyalty program	7%	6%	33%	29%	26%
Network of routes serviced	2%	3%	26%	33%	36%
On-time arrivals/departures	1%	2%	22%	33%	42%
Recent flying experience	1%	2%	26%	35%	36%
Reputation of the airline	2%	3%	29%	35%	32%
Safety	1%	2%	20%	24%	53%
Service	1%	2%	24%	35%	38%
Staff attitude	1%	2%	24%	34%	39%
Strive to enhance my experience	2%	4%	35%	31%	27%
Promotions with other travel companies (International airline partners/hotels/car rentals)	7%	8%	41%	27%	18%

N=2,572

How satisfied are you with these attributes with regards to your preferred airline?

Attribute	1-Very Dissatisfied	2	3	4	5-Very Satisfied
Distinct from other airlines	3%	7%	44%	28%	18%
Value for money	2%	5%	31%	37%	25%
Ability to address problems in a fair manner	2%	5%	39%	33%	21%
Ability to understand my needs	2%	5%	40%	32%	20%
Ability to value me	2%	6%	40%	31%	21%
Access to executive lounge and VIP privileges	10%	14%	44%	18%	13%
Availability of business or first class	8%	11%	46%	21%	14%
Baggage handling (ease and cost)	5%	8%	32%	27%	28%
Check-in convenience	2%	3%	29%	35%	31%
Comfort	2%	6%	37%	32%	22%
Consistency of service	2%	4%	33%	35%	25%
Deliver on promise	2%	5%	36%	33%	24%
Fleet quality	2%	4%	36%	35%	23%
Free meals	15%	15%	38%	19%	13%
Free parking	18%	13%	40%	17%	12%
In-flight technology	4%	9%	45%	26%	17%
Loyalty program	3%	6%	38%	31%	22%
Network of routes serviced	2%	5%	28%	37%	29%
On-time arrivals/departures	2%	4%	30%	37%	27%
Recent flying experience	3%	4%	29%	35%	30%
Reputation of the airline	2%	4%	33%	35%	27%
Safety	1%	2%	27%	35%	35%
Service	2%	4%	31%	35%	28%
Staff attitude	2%	4%	31%	35%	28%
Strive to enhance my experience	3%	6%	40%	30%	22%
Promotions with other travel companies (International airline partners/hotels/car rentals)	4%	7%	47%	25%	17%

N=2,572

Please indicate how much you agree or disagree with the following statements about your preferred airline

Attribute	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
It is distinct from other airlines.	13%	29%	44%	10%	4%
It has the best loyalty program in the airline industry.	10%	23%	53%	10%	4%
The brand's image resonates with my personality.	13%	28%	47%	8%	4%
I have built a personal relationship with the brand and its people.	10%	24%	48%	13%	5%
I provide constructive criticism and feedback to help the airline improve its services.	11%	26%	45%	12%	5%
I will recommend this airline to my friends and relatives.	18%	36%	36%	7%	4%
I will not shift to a competing airline brand to benefit from a limited period discount.	11%	21%	38%	21%	10%
I will be a brand ambassador for this airline, if asked.	14%	24%	43%	13%	7%
I will always fly this airline in the future, if the route is available.	17%	29%	38%	11%	5%
I will give first priority to this airline brand, even when I visit a foreign country.	17%	27%	39%	12%	6%
I travel by the same airline for both business and leisure, if the route is available.	18%	30%	39%	8%	5%
I will not switch to a competing loyalty program even after achieving highest status level	14%	20%	45%	15%	7%

N=2,572

Please rate the following attributes based on their importance to you while choosing an airline loyalty program
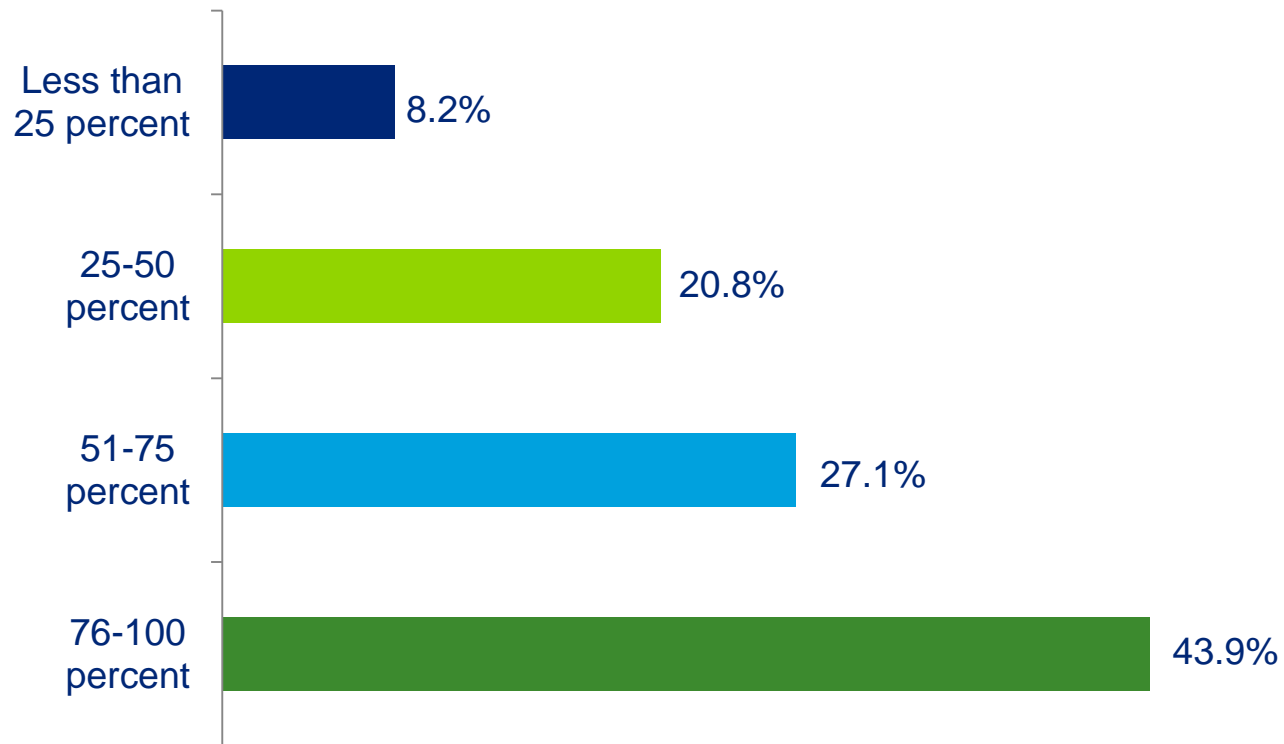
Attribute	1-Not Important	2	3	4	5-Very Important
Distinct from other loyalty programs	8%	8%	44%	27%	13%
More opportunities to redeem points	2%	3%	30%	36%	29%
Access to airport lounges	13%	12%	35%	24%	16%
Ease of earning points	2%	2%	23%	36%	37%
Ease of redeeming points	2%	2%	23%	35%	38%
Redemption value per point	2%	2%	25%	34%	36%
Option to exchange points for taxi miles, free nights at hotels, etc.	8%	9%	39%	28%	17%
Options to redeem points for merchandise	12%	12%	37%	25%	14%
Rewards focus on providing experiences	7%	9%	44%	24%	15%
More opportunities to earn points	3%	3%	30%	34%	30%

N=2,006

Note: Based on the responses of customers who are members of at least one airline loyalty program

How satisfied are you with these attributes with regards to your preferred airline loyalty program?

Attribute	1-Very Dissatisfied	2	3	4	5-Very Satisfied
Distinct from other loyalty programs	3%	8%	50%	25%	15%
More opportunities to redeem points	3%	8%	44%	28%	17%
Access to airport lounges	9%	14%	45%	19%	14%
Ease of earning points	2%	5%	40%	32%	21%
Ease of redeeming points	4%	9%	37%	30%	21%
Redemption value per point	3%	8%	43%	28%	17%
Option to exchange points for taxi miles, free nights at hotels, etc.	5%	10%	51%	21%	13%
Options to redeem points for merchandise	6%	10%	51%	20%	13%
Rewards focus on providing experiences	4%	9%	53%	20%	14%
More opportunities to earn points	3%	8%	47%	25%	17%

N=2,006

Note: Based on the responses of customers who are members of at least one airline loyalty program

During the past 12 Months, what proportion of your flight miles was on your preferred airline?

Proportion of miles traveled in preferred airline

Category	Percentage
Less than 25 percent	8.2%
25-50 percent	20.8%
51-75 percent	27.1%
76-100 percent	43.9%

N=2,572

Please indicate how frequently your preferred airline engages you or interacts with you in the following ways

Attribute	Always	Often	Sometimes	Rarely	Never
Engage via Facebook	4%	7%	14%	10%	65%
Engage via Twitter	3%	7%	10%	8%	72%
Engage via other location-based social media channel (e.g., FourSquare)	3%	7%	11%	8%	71%
Engage via telephone	5%	10%	20%	18%	47%
Reward with points/miles	18%	22%	29%	11%	20%
Reward with freebies like free upgrades and free nights	12%	17%	26%	16%	29%
Send discounts and news via postal mail	7%	14%	28%	17%	34%
Send discounts and news via email	15%	25%	31%	9%	20%
Send destination suggestions	8%	17%	33%	14%	28%
Provide opportunity to earn rewards via partners	12%	20%	32%	12%	24%
Provide opportunity to earn rewards via non-partners	10%	16%	30%	15%	28%
Provide opportunity to redeem rewards from a partner or credit card company	12%	19%	31%	14%	25%
Make me feel valued as a customer	16%	23%	34%	11%	17%
Make the purchase process to be secure and easy	26%	26%	26%	7%	15%
Contact me after purchase	13%	15%	29%	17%	26%
Send personalized messages that meet my travel needs	10%	16%	32%	16%	26%

N=2,572

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