

Special Report 11
Theo Brandt-Sarif
Travelexpert.com
Phone 310-841-5085

Little Known Airline Loyalty Programs
Specifically For Small Business.

While attending a meeting in San Jose, Costa Rica, I found my colleagues regarding me with more than a twinge of jealousy, coveting my first class seat on Continental Airlines—a 5-hour roundtrip from New York—for an unbelievable fare of \$458.

“You must have cashed in a lot of those precious frequent flyer miles to get a sweet deal like that,” suggested one friend.

“Nope, guess again,” I replied.

It’s true. I had been awarded an upgrade certificate by redeeming the points I had earned through enrollment in Continental Airline’s small business program, Reward One. It took just a few minutes to enroll, and thereafter points based on the cost of each ticket accrued automatically through linkage to my frequent flyer number. The program simply provides *extra* rewards—available at no extra cost and in addition to accrual of frequent flyer miles! The upgrade certificate I redeemed was usable with any upgradeable published fare, including discounted advance purchase fares; and valid for travel to Mexico, the Caribbean, Central America, and South America. Even better, the certificate enabled me to confirm my first class seat when making the reservation several weeks ahead of my

departure—instead of traveling on a standby basis and hoping a first class seat would open up just prior to departure.

Very few small business travelers have even heard of these small business programs, which offer extra benefits at no cost. But unlike frequent flyer programs, each small business rewards program is unique in terms of ease of earning rewards, how rewards are tracked, expiration of accrued points, etc. Just researching this article took an outrageous amount of time, since airline web sites either have no information or the programs are poorly promoted. Airline staff is frequently ignorant of these programs, so it seemed as though I was getting the runaround just trying to find the appropriate person to talk to. Even when I thought I had finally succeeded in locating the right department and phone number, I often received conflicting information during various conversations with people supposedly working in the same department.

A summary of what I found to be the key elements for each airline's program is included in tabular format at the end of the special report. Please understand that these programs are dynamic, and this information has been updated in 2004.

Do these programs have any real value for you? Let's take a look at some of the pros and cons and explore what is available for you to take advantage of now!

The What and Why of Airline Small Business Programs

Following British Airway's lead with its Venture Club, all the major US airlines had introduced programs targeted at small businesses by early 2002. The airlines' intention has been to capture as much of the small business travel dollar as possible, in much the same way as frequent flyer programs are intended to assure loyalty of

individual travelers. At the same time, the airlines could bypass travel agents, whom they view as a costly middleman and have been trying to ease out of the booking process for several years.

Small business programs target travel managers or coordinators of small businesses who, once they have enrolled their company, receive regular mail, e-mail and fax communications from that airline about special promotions, all designed to sign up employees into the airline's program and steer towards becoming loyal customers.

Sounds good, doesn't it? And it is a good deal for the larger small businesses, as oxymoronic as that sounds. However, with the exception of Continental Reward One, these programs generally exclude participation by the *individual* small business traveler because they target only companies spending at least \$5,000 per quarter on airline travel. Minimum expenditure requirements, along with a system that awards points exclusively proportional to spending, are designed to subtly entice more frequent and higher expenditures on air tickets.

Just How Lucrative Are the Rewards?

The rewards associated with small business programs range from certificates for free headphones or drinks (hardly earth-shattering) or membership in elite programs (not worth much to frequent flyers, who will earn this perk automatically by flying frequently), to upgrades, free tickets and lounge memberships that carry significant value. The problem is that travelers need to spend a significant amount of dollars to earn the most desirable rewards.

Let's examine small business programs from the standpoint of the road warrior.
When contrasting the benefits of earning a free ticket by...

- a. spending at least \$10,000 as a participant in a small business reward program,
- or
- b. accruing 25,000 frequent flyer miles, which could be earned from five cross-country trips at \$400 each, for a total expense of \$2,000

...the dramatically lower "currency" of points earned in small business programs becomes evident! But if you can earn *both* points and miles, why not accept the free offering?

Finally, if you live in a hub city and want to use the primary carrier serving your airport, accrual of points in the small business program may be considerably less. For example, points earned are half as lucrative if you live in American Airlines' or Continental's hub cities and want to participate in either of those airlines' small business programs. With Northwest, earning from its hub cities is just one third what all other customers earn.

The Small Business Difference

Small business programs differ from large company programs in several respects:

1. Volume discounts associated with participation that accrue to large organizations is the exception, reinforcing the small business dilemma of not receiving price breaks, even though small business arguably needs lower fares more than big business.

2. There is no contractual obligation for the small business to achieve a predetermined volume during a certain quarter or year. The more dollars spent by the enrolled company's travelers, the greater the rewards. Conversely, the less travel done by a company's travelers, the longer it takes to earn rewards.

3. Large companies do not formally earn rewards, such as free tickets or upgrades (though these may occasionally be granted as unpublished perks to senior corporate managers). But the savings large companies obtain from volume discounts significantly outweigh the lack of rewards (although volume discounts from major US airlines may no longer apply to advance purchase nonrefundable fares).

Is There a Minimum Earning Requirement in One Quarter? Do Earned Points Expire?

Each program has different rules—be sure to clarify. In general, there is no earning threshold in any one quarter, and earned miles do not expire.

One Additional Word of Caution

While Continental's Reward One program automatically posts points when the passenger's frequent flyer number is included in the reservation, the same is not true for American Airlines. With American, the assigned Business ExtrAA program number must be inserted into the reservation *at the time the booking is made*; it is virtually impossible to obtain credit any time after the ticket is paid for and issued. Contrast this to obtaining credit for frequent flyer miles, which most airlines will apply up to 6 months after the

flight. Be certain to understand the rules for those small business programs in which you or your company participate.

In Summary

- Obtaining information regarding each airline's small business program can be extremely difficult, as few airline staff have even heard of these programs.

- Airlines are the big winners, as they obtain extensive information on a small company's travelers and their flying patterns, as well as permission to target marketing activities at the travel coordinator(s).

- The rewards to the individual traveler are much less lucrative compared to frequent flyer miles, and earning awards is more complex than the well-established frequent flyer programs. Still, why not accept anything that has potential utility for free if it's available?

- It's very difficult for the individual small business traveler who uses discount fares to earn significant rewards, but small businesses with several frequent travelers can gain a substantial payoff.

- Understand the subtleties of the program you choose. For example, Continental's Reward One may be the best small business program for the company with less than five frequent travelers because (a) there is no minimum threshold spending requirement during any three month period, (b) earned points do not expire, and (c) points will be earned as long as the traveler's frequent flyer number is inserted into the reservation. Conversely, the cramped seating, lack of recognition and respect for frequent flyers, and difficulty in using One Pass frequent flyer miles are significant reasons for not making

Continental the road warrior's carrier of choice. Furthermore, if you live in or frequently travel to a city that functions as a Continental hub airport, Reward One points earned are decreased by half.

- Ensuring that your earned points are actually posted can be complicated. For example, American Airlines will only provide credit if the distinct Business ExtrAA number is inserted into the reservation at the time of booking. Conversely, you may like American for its focus on “more room throughout coach,” more opportunities for earning non-flight miles than any other airline, ease of using frequent flyer miles and its extensive number of alliance partners that can get you anywhere in the world.

Dr. Theo Brandt-Sarif is a self-admitted “travel-aholic.” While traveling on research assignments in the quest for innovative new drugs, he developed his second infatuation – how you travel in luxury for much, much less! He has become the world's preeminent expert on strategies to travel in style, while keeping costs miniscule.

Request Theo's monthly newsletter *Luxury Escapes* to become privy to the insider secrets that airlines, hotels, and even your travel agent don't want you to know! Every issue of *Luxury Escapes* will provide money-saving tips, strategies to get preferred and upgraded service, bargains on travel accessories and services, smart ways to play the points and miles game, and take you on an adventure of exotic destinations. Subscribe at Travelexpert.com.

Theo is the co-author with Jay Conrad Levinson of *Guerrilla Travel Tactics: Survival Strategies for World Travelers & Road Warriors*. For more book details, check out Travelexpert.com. Purchase your copy from Amazon.com or your local bookstore.

If you have enjoyed this **Special Report** and are interested in reviewing additional offerings to help you travel in luxury for (much, much) less, check out Travelexpert.com for a complete listing of available resources.

Theo is a very entertaining platform presenter, and the undisputed expert in how your members can slash their travel costs. To make your meeting a huge hit, **book Theo as a speaker** for a fast-paced dynamic general session for business travelers or an engaging spouse program that covers all the angles associated with booking a luxury vacation for less. Call 877-TRAVLUX or check out Travelexpert.com for details on how to book Theo.

