

# Research Plan

## Problem Statement

How can we simplify the process of maximizing flight point redemption for travelers with flight reward program(s) so that they can travel more for less?

## Background

In an era marked by a surge in global connectivity and a heightened desire for exploration, travel has transcended from a luxury to a lifestyle. Fueling this wanderlust are credit card and airline reward programs, promising a gateway to affordable adventures. Yet, as more individuals embrace the skies, the intricacies of maximizing the value of accumulated points across various flight reward programs have become a significant hurdle. According to the International Air Transport Association (IATA) the global aviation industry is expected to see 4.7 billion passengers travelling by air in 2024, an increase from 4.5 billion in 2019 (Dooley, 2023), resulting in increasing demand for flights and seats. Additionally, a study conducted in the United States found that 13% of reward credit card travelers cashed in their points and miles for free flights. Leading the charge were Gen Zers (21%) and millennials (19%) who prioritized flying for free over cash back rewards (Thangavelu, 2023). However, points and miles are extremely susceptible to devaluations and without advanced notice from airlines, accumulated points may be worth less than the day before.

Point devaluations stem from diverse market conditions within loyalty programs. When an excessive issuance of points occurs, loyalty programs often resort to devaluation, recognizing these points as liabilities, particularly amid rising travel costs and travelers seeking optimal value from their rewards (Arghandewal, 2023). In 2020, liabilities spiked 11.6% from the prior year between Delta, United, American, JetBlue, and Southwest (Baratti, 2021). Airlines utilize point devaluations as a strategic cost-management measure, mitigating the volume of travel they must provide in exchange for accumulated points. This adjustment involves an increase in the points required for award bookings, diminishing the worth of existing points. What's tricky is that not a single federal agency or state has control over these reward programs (Greenberg, 2022), enabling devaluations to happen suddenly and without warning, directly impacting the value of the rewards customers earned.

The customers' ability to make the most of their accumulated points when booking flights is directly impacted by these point devaluations. As loyalty programs reduce the value of points, travelers may find that they need a higher number of points than initially expected to redeem for the same flight. This challenges the efficiency and effectiveness of point redemption, making it more difficult for individuals to optimize their rewards for travel. The devaluation essentially diminishes the purchasing power of the accrued points, creating a barrier to achieving the goal of traveling more for less.

## **Research Objective**

*(Background details on what you hope to achieve by conducting this research)*

This research is designed to understand what motivates travelers to book flights with points, their point redemption experience, priorities when booking with points, awareness to point value and devaluations, and what their current pain points are and ways that we can innovate on the process to make it easier for travelers to maximize point redemption value and travel more for less.

## **Customer Segments**

Frequent, seasonal, and beginner travelers that are part of 1 or more flight reward programs that want to utilize their earned points to purchase free flights to travel more for less.

Specifically, beginner travelers who have limited knowledge of point value redemption, to seasonal and frequent travelers who purchased flights with points before and aim to obtain the best value manually.

## **Research Questions**

*(Key questions you hope will be answered by the research)*

- What motivates travelers to book flights with points?
- What does the point redemption experience look like for travelers?
- What priorities do travelers have when booking flights with points?
- How aware are travelers to point value and devaluations?
- What tools (digital or not) do travelers use to determine their point redemption value?
- What pain points exist in their flight booking process with points?

## **Interview Script**

Hi <person>,

I am looking to learn about your experience in booking flights with points. I was wondering if I could ask you a couple questions about your motivations in point travel and your flight point redemption experience. I am hoping you'd be willing to share 20 minutes with me to help us develop tools to make your experience better. Your story will contribute to developing better tools that will help current and future travelers, travel more for less.

Thank you for your time and I appreciate any words of advice you have for me.

Cheers,

## **Specific Questions**

### **Traveler Motivations**

- What motivates you to book flights with points?

- Do you only book flights with points?
  - What might stop you from booking flights with points?
- What is the most important value that your points provide?
- What travel reward programs are you part of?
  - Why are you part of these reward programs?
  - How important are these reward programs when traveling?
- Would you still travel as frequently as you do if you did not have points from a reward program?

### **Point Redemption Experience**

- How often do you use points to travel?
- Please describe how you typically book flights with points?
  - Do you look up how much points you have before searching?
  - Do you determine how far you can fly with the points you have?
    - § How do you do that?
  - Do you pay in full with points?
    - § Why do you pay in full with points?
  - Do you pay with a combination of points + cash?
    - § Why pay with a combination of points + cash?
  - What type of flights/seats do you use your points on?
    - § Are there advantages to booking these type of flights/seats with points?
- What is your methodology when booking flights with points?
  - Is there a goal in mind when using your points to book flights?
- What is the most difficult part of the point redemption process?
- What is the easiest part of the point redemption process?

### **Traveler Priorities**

- What do you prioritize when booking flights with points?
- Is getting the best deal with the points you have a priority for you?
  - How do you do it?
  - How do you know if it is a good deal?
- Do you prioritize paying with points or cash?

### **Point Value (Cents per Point) and Devaluation**

- Are you familiar with point redemption value (Cents per Point)?
  - How do you implement this into your booking process?
  - How do you determine how valuable your points are?
    - § Do you use any tools (digital or not) to determine this?
    - § What is your experience using these tools?
    - § What do you like and dislike about it?
  - What metric do you compare your point value too?
- Do you use points only when you maximize your point redemption value?

- What do you do if your points do not match or exceed the cents per point of the reward program?
  - § Do you still book with points, or now cash, or not at all?
- Are you aware of devaluations in points by flight reward programs?
  - Do you keep up to date with the current valuation of your flight reward program points?
  - Does this impact your strategy when booking flights with points?
  - How do you combat this?

### **The Reward for Using Points**

- How important is knowing you paid for a flight with points?
- How important is knowing you maximized your point redemption value?

### **Research Method**

Qualitative survey using Specific Questions. Scale of survey: 30 to 40 people.

### **Survey**

<https://forms.gle/bnewe3biHU2YzusG7>

### **Sources**

(Arghandewal, 2023)

<https://www.forbes.com/advisor/credit-cards/travel-rewards/how-to-protect-points/>

(Baratti, 2021)

<https://www.travelpulse.com/news/airlines-airports/how-billions-of-unused-airline-miles-could-impact-air-travel-after-covid>

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<https://www.cbsnews.com/news/airline-loyalty-programs-getting-harder-to-redeem-frequent-flyer-miles/>

(Thangavelu, 2023)

<https://www.creditcards.com/statistics/unused-credit-card-rewards-poll/>