

Use wisdom to get the best Frequent Flyer deals

Transferring frequent flyer points can get you to the pointy end, fast.

Futureshock

Your airline is doing you a favour when they tip a few thousand frequent flyer points into your account, right? Sure you're a beneficiary, but it just might be a gift that benefits the giver at least as much as the receiver.

When they first got off the ground back in the 1980s, frequent flyer schemes were designed to ensure customer loyalty. You flew, you collected points on the basis of miles flown and it made sense to keep flying with that same airline.

It didn't take long for airlines to work out that those loyalty points had become a highly prized commodity for consumers. Who doesn't love the idea of flying for free, or an upgrade? And the airline could monetise their frequent flyer program by selling points to third parties who would use those points to attract business. Qantas has been doing exactly that for the past decade, and the airline now has more than 200 partners – insurers, supermarkets, hotels, car-hire operations, banks and other financial institutions – who buy its points and use them as bait. It's highly lucrative for the airline, said to add more than \$400 million per annum to Qantas' profit margin. Some airlines would not be operating were it not for the income derived from their frequent flyer programs. They bring in more revenue than bottoms on seats.

Frequent Flyer specialist from South Australia, Max Najar of Axis Travel Centre commented “ Airlines should make a profit to stay alive and we should not deny them that, but there are so many permutations, routes, options, and bonus schemes that our expertise as a Travel Agency is imperative in advising and booking. The Airline websites and Phone helpdesk are absolutely not the way to go if you are serious about getting the best final tickets using the expansive toolkit that a professional hands-on travel Agent can offer. Personally, I love the challenges that Frequent Flyer presents us with, using my 40 years plus experience and advice in the mix ”

A Win-Win for Airlines

The beauty about frequent flyer points is the return the airline gets when it sells its points is greater than the cost to the airline when those points are redeemed. It's the airline that controls the value of its points and the purposes for which they can be used, which in this case is the supply of seats that can be purchased for points at any one time.

No airline is going to risk replacing a full-fare paying passenger with one looking to pay with frequent flyer points. However if it's likely to be an empty seat, that's a different story. Thus the chance of scoring two return business-class seats to Europe in July is close to zero. In November, maybe, but not in high season.

Even if they get a free flight, the customer still gets slugged with a cash payment for taxes, airport charges and possibly fuel surcharges.

Manager of Axis Travel centre in South Australia, Max Najar, who is a specialist in Frequent flyer redemptions through his Axis Travel “Redeem2Go” facility said “The Airlines tend to change 20-45% more when we issue the fuel levies, taxes, ticket fees and Airport charges onto a Frequent Flyer ticket when compared to retail ticket we sell. Same route, class, flight numbers, aircraft, staff loadings etc but they overcharge in this area. Not a pleasant way to conduct business methinks.....”

Earning points from flights has become even tougher now that airlines are awarding points on the basis of how much you paid to fly, not on the miles flown.

As flyers have acquired more and more points over time – Qantas members earned more than 120 billion points last year alone – the value of those points is being devalued. Across the board the number of points airlines require for a free flight or upgrade has been steadily increasing. While the points accounts among frequent flyers continues to bloom, the supply of seats lags behind.

Another win for the airline, when the partner who buys points from them puts down the cash payment upfront, they probably won't be redeemed for some time. They might even expire, and that's a solid gold outcome for the airline.

Qantas, and the Case of the Missing Points

The Qantas reward program now has about 12 million members, the most popular by far in the country, but not all are happy. Apart from a small handful of manic point hackers whose every purchase is a calculated spend aimed at squeezing maximum points out of every transaction, managing your frequent flyer account is not something we all do well. Which is one of the reasons many flyers get caught out by expiring points, a complaint frequently levelled at Qantas.

If there's no activity on your account for 18 months, your Qantas points die. This should not come as a surprise, it's posted among the rules on Qantas' frequent flyer website, but who reads every agreement, who ticks the "Agree" statement when they log onto a new secure site with their browser without reading the contents above? Just about everyone.

Many Qantas frequent flyers with point balances well into six digits report being stung, and complainants suggest there's no notification from Qantas that the points are about to expire. As opposed to the statements Singapore Airlines sends out for example, which tell you exactly how many points are expiring and the use-by date. However Qantas denies this suggestion, saying expiring points are identified in the balance notifications it send to members.

All is not lost. A call to Qantas with the right tone can sometimes result in a Points Challenge – an invitation to spend in order to acquire a certain number of points within a specified period, often six months, putting you back in the good books. Something as simple as ordering half a dozen bottles of wine on the Qantas Epicure website – total cost under \$200 – can earn you more than 20,000 points, which should be enough to restore anything you've lost.

If you want to make sure you get seats on routes, then Max Najjar from Axis Travel said “.....get us to log in and diarize 11 months in advance, secure the best seats we can on dates you want and if you want to change details later, which can be very hard and sometimes impossible, then attempt that with only minor losses of points and small monetary costs. It is sometimes best to do this and save thousands on a retail ticket and risk that you may change later, but at least you can plan on what is secured and issued....”

Virgin Velocity points have a slightly longer sunset – two years – but that's no reason for complacency. Even the simplest everyday financial transaction – a supermarket purchase or tank of petrol with a linked card, a meal a partner restaurant – is enough to keep your points safe in for the next 18-24 months.