

# **Competitor analysis: Airlines' leisure travel products from the frequent flyer's perspective**

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<p>This thesis was a competitor analysis which evaluated the competitiveness of airline companies' leisure travel products. The commissioner of this thesis was Finnair Plus, the frequent flyer program of airline Finnair and the objective of the study was to find out the most valuable features of each leisure travel product for the benefit of a frequent flyer.</p> <p>The objective of this thesis was to understand the strengths and weaknesses of each airlines' leisure travel product examined in this study and to receive innovative improvement ideas.</p> <p>This thesis is established for the department of customer loyalty of Finnair and therefore the competitor analysis focused on the features which are associated with customer loyalty and a frequent flyer's benefit.</p> <p>The thesis begins with an overview of the studied topic, explanation of the purpose of the thesis, introduction of the companies examined in this thesis and descriptions of the chapters.</p> <p>The research method used in this thesis was a qualitative content analysis. The research was implemented by collecting data from both literature and Internet sources. Most of the references are from each airlines' official loyalty program and holiday websites.</p> <p>The method to use to compare the companies with each other was a competitor analysis.</p> <p>In the actual competitor analysis chapter the holiday products of each airline were described and examined. Several important features of leisure travel products and frequent flyer programs were compared such as flight point earning and using, the special benefits for top tier members and the value of a flight point. The study showed that all the holiday products have their strengths and weaknesses but some of them stood out for their innovativeness.</p>	
<b>Keywords</b> Aviation, frequent flyer, leisure travel, competitor analysis	

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# 1 Introduction

The global airline traffic has been doubling every fifteen years since the early 1970s. (Halpern & Graham 2018, 14.) As the passenger volumes and competition increase, airlines have to make sure to provide quality service. Airlines have learned that quality service leads to satisfied customers which leads to loyal and returning customers. Airlines started to call their frequent flyer programs as loyalty programs simply because they are designed to create and ensure loyalty. A frequent flyer is someone who is a member of a frequent flyer program of specific airline, often travels by an airplane and due to this loyalty towards the airline is entitled to special advantages depending on the member tier, which defines how much revenue the member brings to the airline. (Halpern & Graham 2018, 368.)

This thesis is a competitor analysis of airlines' leisure travel products from the frequent flyer's perspective. In this context, leisure travel product means a holiday package under airline's brand which provides an accommodation and other third-party ancillaries in addition to flights. Continued economic growth leads to strong growth in leisure travel. Airlines are able to sell more third-party ancillaries to leisure travel such as dining and entertainment ancillaries. Carriers are predicted to move more toward personalized offers of both flight-related and third-party ancillaries that are attractive to targeted customers. (Canaday 2018, 26-27.)

The objective of this thesis is to contribute to knowledge and understanding of the frequent flyer's benefits what Finnish legacy carrier Finnair's competitor airlines has to offer to their frequent fliers purchasing their leisure products. The objective is also to support the development of Finnair Holidays - a holiday concept under Finnair brand founded in 2017 - by presenting competitor analysis of the selected airlines' loyalty program benefits regarding to leisure products. The purpose is to receive innovative ideas from competing carriers in order to develop Finnair Holidays to create the best possible value to Finnair's customers engaged to loyalty program Finnair Plus.

In this thesis the main focus is targeted at airlines which are selected due to following reasons. These selected airlines are either important, direct competitors on the domestic market and have the same customer base, have innovative concepts within their marketing strategy or use the same business model. They are also competitors in the air traffic between Europe and Asia which is the cornerstone of the Finnair's strategy due to its geographically competitive advantage and the fastest connections in the growing market.

(Finnair Group, 2016.) These airlines are network carriers providing flying routes world-wide, have a loyalty program and a holiday product.

The airlines and their leisure travel products explored in this thesis are Finnair and Finnair Holidays, British Airways and British Airways Holidays, Virgin Atlantic and Virgin Holidays, Qantas Airways and Qantas Holidays, American Airlines and American Airlines Vacations, Cathay Pacific and Cathay Pacific Holidays and Qatar Airways and Qatar Airways Holidays.

The features compared in this study are mainly related to a holiday products' booking flow, a frequent flyer's benefits and the holiday product features.

The second chapter introduces the theory of airline's leisure travel products, explains the definitions of tourism and leisure travelling and describes the leisure travel product. The third chapter focuses on the theory of loyalty programs in the airline industry. A concept and ideology of a loyalty program is determined and a strategy of personalized marketing is analysed.

The fourth chapter provides theory of a competitor analysis and the fifth chapter presents the research methodology used in the study and describes the interpretation and analysis of the material.

After the research methodology and the nature of study is explained, the following chapter covers the actual research. The competitor analysis is made by examining the holiday products' features, strengths and weaknesses one at the time. Each analysis is made according to the table presented in the beginning of the sixth chapter. Additionally, the value of each loyalty program's frequent flyer point is evaluated.

Finally the seventh chapter discusses the research results and in the last chapter conclusions and development ideas are presented.

## **2 Airlines' leisure travel products**

This chapter provides an overview of a concept of the airlines' leisure travel product and discusses about the leisure travel business. The actual leisure travel products analysed in this competitor analysis are presented and evaluated in the sixth chapter of thesis.

### **2.1 The definition of leisure tourism**

Tourism is traditionally defined as "*the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.*" (Page 2009, 15) The use of this concept makes it possible to identify tourism between countries and within a one country. Tourism refers to all activities of both overnight visitors and same-day visitors. (Page 2009, 15)

Leisure travel refers to the purpose and motive of the travel. A leisure travel is made outside of the traveller's usual environment and the main purpose of travel is entertainment, holiday and recreation. The costs of the leisure travel are usually paid by the person making the trip. (Statistics Finland 2018.)

The leisure society is a term invented in the 1970's by sociologist due to post-war change from manufacturing and producing economy to service and consumer industries. While this change took place, the amount of leisure time and paid holidays was noticeably increasing for the workers who now had the opportunity to experience new forms of consumption such as tourism. In the 1980's this was also described as "a leisure shock" since many workers were not able to process the increasing leisure time and did not know how to use it. (Page 2009, 17)

### **2.2 The leisure travel product**

The purpose of airline's leisure travel product is to increase the amount of passengers and therefore generate additional revenue. Airlines' holiday packages bring competition for traditional holiday operators and due to this growing competition in the industry, more and more airlines are coming up with their own leisure travel product. (FWW 2017.) Airlines such as Qantas Airways and Virgin Atlantic have been offering holiday packages for decades but recently new holiday products have been launched and also low-cost carriers such as Ryanair, Norwegian Air Shuttle and most recently in March, 2018 Flydubai have

joined this movement. (Independent 2016.) Also Finnair Holidays was launched recently in summer 2017. (Cision 2018.)

A package holiday comprises a variety of services and together create a combined trip. In general these services include transport and accommodation. Often the package might also include rental cars, meals and insurances. Many operators offer a wide range of different excursions such as culture and sports experiences and tickets to events or attractions. Often the operators provide a variety of package types which makes it easy for customer to choose a package which suits the purpose of the travel. The customer may also tailor the package to create more personal and unique one. (ACS Distance Education 2018.) Due to increasing interest in personalization, this is an arising trend in the travel industry. The personalized marketing and its impact on customer loyalty will be examined in the third chapter.

In today's market there are several types of packages available which ensures that all customers' needs are met. Package types vary from solo traveller city breaks and family beach holidays to adventurous ski vacations and relaxing all-inclusive spa holidays. (MDG Advertising 2017.)

Matching the product to the benefits that a consumer is seeking is an issue what tourism operators have to consider carefully. (Page 2009, 356.) This competitor analysis aims to find the benefits received from purchasing the leisure travel product and therefore to understand if the product matches to the customer's expectations.

It is argued that a product consists of three levels which are core product, tangible product and augmented product. The core product comprises the main benefits which are identified as a motivation for the customer to view a product. The tangible level is the product a customer is able to purchase. The third level is the augmented product which contains the additional services and finishes up the product. (Page 2009, 356.)

As the other products in different markets, also the demand for leisure travel products follows 'the law of demand'. As an example, during the last few decades the prices of package holidays have decreased substantially across the Mediterranean region which together with other factors have led to steadily increasing amount of international tourists in this region. (Forsyth, Graham & Papatheodorou 2008, 11)

Besides the goods and services, customers demand experiences. To be affected by the experience and the qualities which come along drives the phenomena called Experience Economy. Experiences have always been at the heart of entertainment but has also become a competitive advantage of traditional service industries such as restaurants and stores by adding themes, activities and events on their regular business. Entertainment

however is not the only aspect of an experience but the experience is staged whenever a company engage the customers by connecting them on a personal level. (Gilmore & Pine 1999, 163)

A former British Airways chairman Sir Colin Marshall has stated that instead of thinking that a business is merely performing a function - when it comes to the aviation industry, it would be transporting people from place to another on time and at the lowest possible price - it should "go beyond the function and compete on the basis of providing an experience". Here the goal is to use the base service, travel, as a stage to offer en route experience. (Gilmore & Pine 1999, 3)

Sir Colin Marshall has also emphasized the importance of refreshing the brand and stated that the company could function maximum of five years without refreshing a brand. According to Gilmore and Pine (1999, 95), the experiences must be refreshed constantly by changing or adding elements that keep the service interesting and exciting. An important element is to offer new experiences instead of overpracticing the repeat business. (Gilmore & Pine 1999, 95)

### 3 Loyalty programs in the airline industry

This chapter describes the concept of an airline loyalty program and provides theory of personalized marketing and its impact on customer loyalty.

#### 3.1 The definition and concept of a frequent flyer program

The frequent flyer program is a loyalty program established by an airline. The beginning of the airline loyalty programs goes to 1981 when American Airlines introduced a program of their own, AAdvantage. The purpose was simply to reward passengers for using their airline and to promote and accomplish future customer loyalty. The program's first feature was a reward system of "mile for mile" which meant that a customer earned one frequent flyer point - which American Airline calls "a mile" - for every actual mile travelled. American also included services of rental car company Hertz and hotel company Hyatt in the program. A loyalty program was a success story and the major airlines have adopted the concept ever since. (HowStuffWorks 2018.)

The frequent flyer program members are rewarded by an airline for their continued loyalty towards the carrier. The traveller earns airline-specific points for flying and using other services the airline provides. When a frequent flyer has collected enough points, it is possible to use them for reward flights, airline offered products such as meals and lounge accesses, or third-party products of companies that the airline has an agreement with. (HowStuffWorks 2018.)

Most frequent flyer programs have two kind of points. *The award point* is for the use of previously mentioned services and products. *The tier point* is for moving from member tier to another and to improve the frequent flyer's benefits. Tier points can usually be earned only when flying or buying, unlike the award points which can be earned with multiple ways such as using a partner credit card or purchasing products from an online store. (Finnair 2018.)

The names of these two points varies between airlines. In this thesis they are generally called "award points" and "tier points" according to Finnair's frequent flyer program Finnair Plus. (2018) When conducting the study, those points will be called according to each airline.

The purpose of the airlines' loyalty programs is to attract customers to fly with a particular airline in the future and to always come back to use their services. An ideal situation for the airline is that a passenger becomes a lifetime customer. To attract new customers is more expensive for the airline than to retain the loyal customers they already have. The

ideal relationship between the passenger and airline company is mutually beneficial. The more passenger uses the services of the airline, the more he or she receives benefits and privileges. (HowStuffWorks 2018.)

Frequent flyer programs divide customers to different member tiers based on their status. The airlines profit the most from the customers who fly with them most, so the most valuable passengers have a higher status. Below the most valuable member tier there is usually three to four other member tiers. All the tiers receive the benefits based on their profitability for the airline. Often the lowest tier only has a possibility to collect points and proceed to a second level, while the actual top tier members enjoy privileges such as priority check-in and boarding, a piece of baggage free of charge and a lounge access. (American Airlines 2018.)

### **3.2 Personalized marketing and loyalty**

Due to the Internet and digital sales tools have taken the travel industry over, there has been a steadily decreasing amount of business-to-business activity within air travel market. As a consequence there is also a steady decline in the share of air travel made for business purposes. Especially for network carriers this is a challenge because business passengers tend to bring the airline more money by for example consuming the high-yield fares. Luckily the change has been gradual which has allowed time to create adjustments such as capacity control and ancillaries selling. Airlines are also changing to more personalized selling, customized offers and prices that go together with each customer's demand. The same digital revolution that is declining the share of business travel is enabling airlines to sell products tailored to either leisure or business travellers by adding additional parts such as third-party ancillaries. (Canaday 2018.)

In today's digital marketing environment, companies must know their customers and provide tailored, relevant information and services in every step of the travel experience from searching the destination to in-cabin and in-room facilities. (Skift 2014.) According to MDG Advertising (2017), 83 percent of millennial travellers would prefer travel brands to track their digital patterns if it meant they would receive a more personalized travel experience.

Airlines are moving towards more personal selling by creating personalized offers of both flight-related and third-party ancillaries which attract a specific group of customers. (Canaday 2018.) By personalized marketing and large amount of customer data, airlines aim to receive more revenue and greater customer loyalty. Travellers in today's market and es-

pecially the next generation travellers expect to be seen as individuals and to receive offers and information based on their preferences. There is a wide range of possibilities to create personalization such as gathering as much customer data as possible and impacting every stage of the digital customer journey. (Skift 2014.)

Continued economic growth means strong growth in leisure travel and allows airlines to sell more third-party ancillaries to these leisure travellers who use a significant part of their travel budget on destination shopping, dining and experiences. (Canaday 2018.) According to Harteveltdt (2018), "airlines can make better use of customer data to sell more, especially as NDC program (New Distribution Capability) becomes available. They need to become more like travel agencies." The NDC program is a travel industry-supported program launched by IATA. The NDC program improves the capability of communications between airlines and travel agents. (IATA, 2018.)

Average 73 percent of leisure passengers of the airlines appreciate the customized offers on the web-sites or mobile applications. To create an attractive platform to sell the leisure travel products, a company needs to provide a dynamic pricing, a real-time offer creation and a catalogue of third-party ancillaries. (Canaday 2018.)

A strategy which airlines are using to attract customers to make personalized, tailored purchases is so called "inspirational shopping". An idea is that a customer enters to an airline's web page without knowing a specific destination, seeking for inspiration. Visually rich and attractive content, personalized offers and user-friendly functions are important elements when guiding the customers. (Canaday 2018.)

In this study one of the goals is to find the most convenient elements of the booking flows of the selected airlines' holiday products. The "inspirational shopping" and personalization within the booking flow play key roles in customer engagement.

## **4 Competitor analysis**

This chapter gives an overview of a competitor analysis, a method used to compare competing businesses with each other. This thesis concentrates on comparing the leisure travel products of certain carriers with each other and that way answering the research question.

### **4.1 The SWOT analysis**

A competitor analysis or a competitive analysis in marketing and strategic management is an evaluation of strengths and weaknesses of company's existing and potential competitors. This method is used widely in marketing departments of different businesses. A competitor analysis, also referred as benchmarking aims to find the most useful and valuable features of competitors' marketing strategy, products or services. In order to create an inclusive competitor analysis, for each competitor the following features need to be listed and defined: product or service, cost structure, strengths and weaknesses

By establishing a competitor analysis, a researcher needs to answer questions such as:

- Who are the competitors of the company?
- What products or services they provide?
- What are their marketing strategies?
- What are the strengths and weaknesses of each competitor?
- What are the possible threats the competitors pose?
- What possible opportunities do they make available?

In order to establish a successful competitor analysis, a research need to have purpose for the analysis and have a clear vision of what needs to be investigated and what is it that should be improved. (Smart Insights 2018.)

There are several methods, metrics and tools available on the markets for establishing a competitor analysis. In this study the primary tool used is a SWOT analysis. This analysis is a framework used to determine a company's competitive position by identifying company's strengths, weaknesses, opportunities and threats.

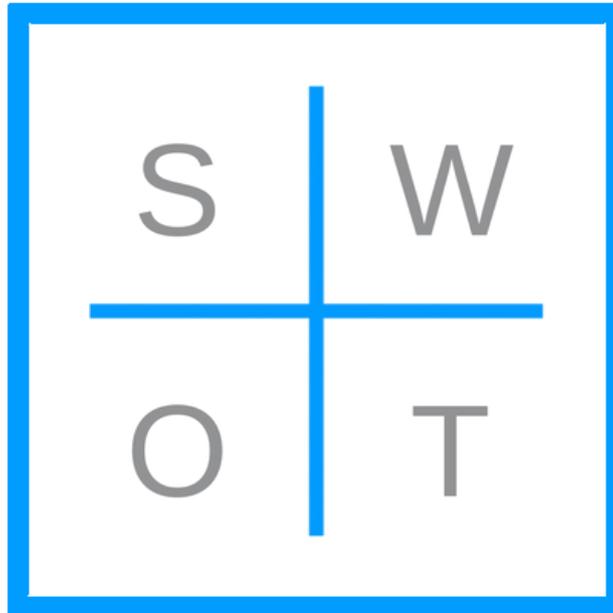


Figure 1. Swot template. (Inwedo 2017.)

The temple above (Figure 1) contributes to understanding of the construction and features of a SWOT analysis.

Next, all the four parts of a SWOT analysis will be explained.

Strengths must be considered from an internal perspective and from the point of view of customers and people in the market.

This part of the analysis examines the advantages of the company. The following questions need to be answered. What do this company have what others do not, what does this company do better than others? What are the unique features of the product or service? What do other people see as the strengths of this company?

Also weaknesses should be studied from both internal and external perspective. This part of the analysis should answer the following questions. What could this company improve? What are the factors which make the company weaker in the eyes of the customers? Are the competitors doing the same thing better?

By taking a look at the potential opportunities, it is possible to plan the future of the business. It is important to pay attention, seek for valuable opportunities and be aware of current and upcoming trends.

The last part is threats, which every company needs to be aware of. The potential weaknesses must be seriously addressed in order to avoid and erase the threats. The threat can be for example changing technology and the innovativeness of the competitors.

## 4.2 Porter's competitor analysis

Competitor analysis has two primary activities. Those activities is to obtain information about important competitors and to use that information to predict competitor behaviour. The purpose is to understand which competitors a company should compete with, what are the strategies and plans of competitors and how they might react to company's actions. All of this aims to improve the company's own advantage. (NetMBA 2010.)

Michael Porter has presented a competitor analysis framework which is based on the following key aspects:

- Competitor's objectives
- Competitor's assumptions
- Competitor's strategy
- Competitor's capabilities

According to Porter's framework, the objectives and assumptions are aspects which drive the competitor, when strategy and capabilities are the actions the competitor is performing or would be capable to perform. In addition to the most important competitors, a competitor analysis should include the potential customers such as the companies that might enter the industry in the future or the companies who are not direct competitors but have innovative features in their strategy. (NetMBA 2010.)

Porter developed *Five Forces* competitor analysis model in 1979 as a simple framework for evaluating the competitive strength and position of a business organization and for exploring the environment in which a product or company operates. The theory is based on a concept that these five forces determine the competitiveness and attractiveness of a market. The purpose of this competitor analysis model is to understand the strength of the company's current and future competitive position. Porter's five forces is often used by strategic analysts to understand whether new product or service is profitable. (CGMA 2018.)

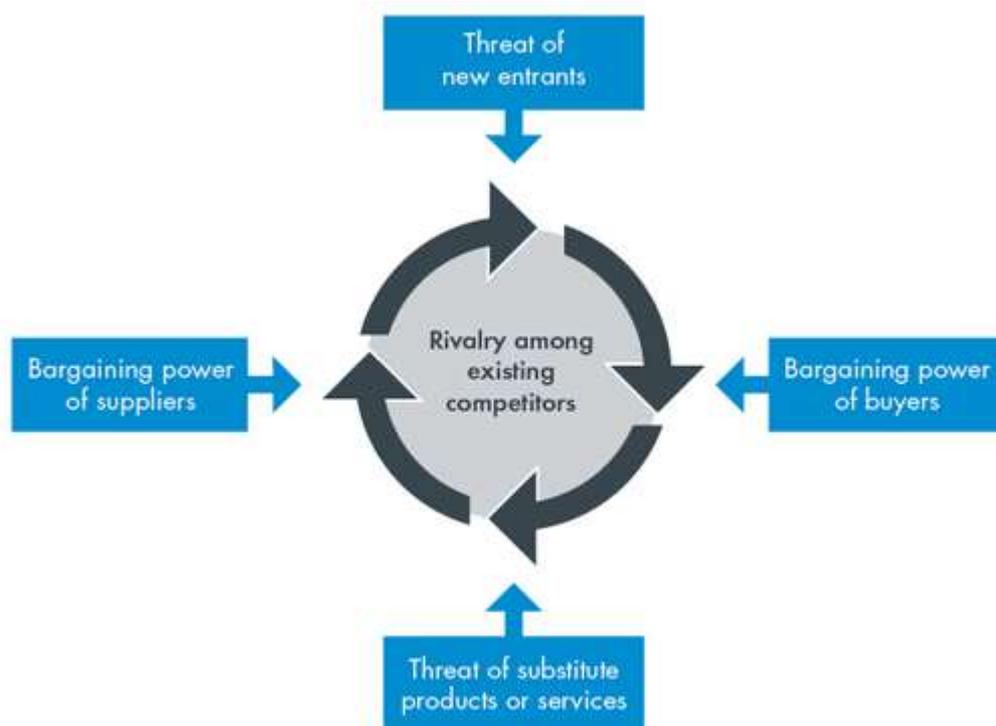


Figure 2: Porter's five forces of competitive position analysis. (CGMA 2018.)

The figure above presents the five forces which are supplier power, buyer power, competitive rivalry, threat of substitution and threat of new entry.

Supplier power is an evaluation of how easy or difficult it is for suppliers to drive up the prices. The aspects that effect on supplier power are a number of suppliers in essential inputs, uniqueness of a product or service, size and strength of the supplier and a cost when switching from one supplier to another.

The second force is buyer power which evaluates how easy or difficult it is for buyers to drive prices down. This force is driven by the number of buyers in the market, importance of each buyer to the company, and cost of switching from one supplier to another. Usually if a company only has few powerful buyers, they might be able to dictate terms.

Third force is competitive rivalry and its main driver is the number and capability and competitors in the market. The market attractiveness is reduces if there is several competitors who offer undifferentiated products.

Fourth force is threat of substitution. If close substitute products exist in a market, the customers are more likely to switch to alternative products in case the prices increase. This impacts negatively on the power of suppliers and the attractiveness of the market.

The final force is new entry. Profitable markets attracts new entrants easily which reduces the profitability. The profitability will decline to a competitive rate unless there are strong barriers disallowing the entry such as patents or government policies. (CGMA 2018.)

## **5 Research methodology**

This chapter discusses a research methodology used in this study in order to answer the research question. The chapter will have an overview of a theory of the methodology and a procedure used, and finally the interpretation and analysis of the material.

### **5.1 Qualitative research**

The research method used in this competitor analysis thesis is a qualitative research which is defined as “social research that is aimed at investigating the way in which people make sense of their ideas and experiences”, according to Savin-Baden and Howell Major (2013, 11.)

A qualitative research approaches share several similar characteristics which will be described in the following sentences.

One of the characteristics is that a qualitative research has a subjective orientation. Qualitative researchers have acknowledged this type of research to be inherently subjective which refers to researchers determining the form of the study and deciding which aspects are included and excluded in their study. It is important to understand how these decisions of the selections contribute to the uniqueness of the research. (Savin-Baden & Howell Major 2013, 12.)

When a quantitative research focuses on ‘etic’ perspective which refers to describing behaviour or belief of an observer, the qualitative research has an ‘emic’ perspective to the study. Emic perspective means that the research describes the type of behaviour and beliefs that occurs to be meaningful to the participant. The focus on qualitative research is to understand people and their circumstances. It helps researchers to have a better understanding of individuals, cultures and other phenomena. (Savin-Baden & Howell Major 2013, 12.)

There are also several characteristics which refer to individuals who participated in a survey but since this study is a content analysis in which there are no interviews involved, those characteristics are not explained in this study. However, this study’s primary theme is a customer experience so engaging customers is taken into account.

### **5.2 Content analysis**

Qualitative data analysis is a process where the meaningful and relevant parts are as-sorted from the data in order to serve the purpose of the study and answer the research

questions. In qualitative research, data analysis begins in the very beginning of the research. This is usually an inductive process meaning that processing the material is moving from small units of information to a larger picture which emerges from those units. (Savin-Baden & Howen Major 2013, 434-435.) In this study the first units explored were airlines' loyalty program benefits, points earning model and the construction of the leisure travel products, which eventually lead to examining a frequent flyer's benefit when purchasing the holiday products.

There are several different methods of data analysis. The method used in this thesis is content analysis which is presented in the following paragraphs.

Content analysis is a qualitative research technique used to create valid and replicable observations by interpreting a material. (Savin-Baden & Howen Major 2013, 438.) This method has been used regularly in the social science studies but has recently become more prevalent among organizational scholars as well. (The University of Georgia 2012.) Content analysis is the process of analysing a text at its most fundamental level – the content. Content analysis has taken two primary forms: classical content analysis and ethnographic content analysis. (Savin-Baden & Howen Major 2013, 438.)

An ethnographic content analysis refers to a qualitative research method used in the social science which examines the social interaction of users in a given environment. (Experience UX 2018.) The method used in this particular thesis is a classical content analysis because in addition to making replicable and valid inferences from data to the context, this analysis includes necessary elements such as examining the text, determining the properties of the text and determining the rules for categorizing. These rules include determining the categories and determining how much data will be analysed. Also the themes that emerge from the categories are defined. (Savin-Baden & Howen Major 2013, 438.)

The purpose of the content analysis is to organize and discover the main points from the data collected and to build realistic conclusions based on the data found. (ScienceDirect 2016.)

### **5.3 The interpretation of the material**

While analysis consists of producing concepts and themes, the interpretation requires an explanation of those concepts and themes. Analysis describes the material as it is presented whereas interpretation aims to give an explanation or translation of what was said in the material. The interpretation is seen as both process and product. The transition from analysis, which is in the beginning of the research towards the interpretation, which is

placed at the end of the research can seem unclear and messy. This is derived from analysis being ideally ordered and well-structured while interpretation manages multiple meanings, ideas and views at the same time. (Savin-Baden & Howen Major 2013, 451-452.) In this thesis the interpretation is executed together with the analysis when conducting the study.

## **6 The leisure travel products and loyalty programs of competing airlines**

The objective of this competitor analysis is to contribute to knowledge and understanding of a frequent flyer's benefits when purchasing leisure travel products of studied airlines. This chapter focuses on the research questions and the analysis and interpretation of seven airlines and their leisure travel products.

As the study consists of examining the existing content of the leisure travel products of seven different airlines and searching for the most valuable features from the customer loyalty's perspective, the research questions are the followings:

- What kind of leisure travel products do the comparative airlines have and what are the benefits for the frequent flyer? Which features are particularly valuable?
- How the benefits such as point earning and point using are different from Finnair Plus and Finnair Holidays?
- How the Finnair Plus loyalty program and Finnair Holidays leisure travel product could be developed to improve the benefit of the frequent flyer?

The reason that these particular airlines are included in this competitor analysis is either that they are direct competitors on the same market area, they share a geographical location or that they have innovative leisure travel product with valuable benefits for a frequent flyer. The requirement for the airlines compared in this study is that the business model is same than Finnair's, they have a loyalty program and that they have a leisure travel product with innovative features.

Based on these factors and advantages of selected competing carriers in the aviation industry, this competitor analysis aims to answer the research question and to find the innovative improvement ideas in order to develop the frequent flyers' customer experience when purchasing Finnair's leisure travel products.

The research begins by presenting a table about features of each leisure travel product evaluated in this competitor analysis. Table includes market area and destinations, frequent flyer program member tiers, the holiday package benefits of those tier members, the points earned from the holiday package, the policy of paying the package with points, possible joining and membership fees, how the points are share between the travellers and what are the booking channels.

The study will also go deeper to the value of each loyalty program by introducing the point earning and redeeming policy. The convenience of a holiday products' booking flow is also evaluated and also how well or poorly the frequent flyer is taken into account.

When studying the leisure travel products from the frequent flyer's point of view, it is necessary to examine the value of a frequent flyer award point. This helps to analyse how profitable it is to be a member of a specific frequent flyer and therefore how profitable is it for a frequent flyer to purchase airline's leisure travel product.

Table includes a term FFP which refers to a frequent flyer program, FF to frequent flyer and PAP which refers to a passenger. The details of the table are described in the following competitor analysis.

Holiday product	Market area & geography	FFP member tiers	Tiers holiday benefits	Points earning	Paying with points	FFP fees	Point share	Booking channels
AY	FIN, SWE, EST. Destinations in Asia, AUS, Europe, USA, CAN, Middle East	Finnair Plus: basic, Silver, Gold, Platinum, Lumo	-	Award & tier points: 3/1€ + flight points	Fully/partially	-	First pap	Online, calling customer service
BA	Worldwide but only UK & USA FFs collect Avios. Destinations worldwide	Executive Club: Blue, Bronze, Silver, Gold	-	Award: 1/1€ + flight Avios	-	-	First pap	Online
VS	UK. Destinations worldwide	Flying Club: Red, Silver, Gold	Red: % off, 1 mile/1€ Silver: 7% off, 2 miles/1€ Gold: 10%, 2 miles/1€	Award: 1-2/1€ + flight miles	- (possible to pay with 2 credit cards)	-	First pap	Online, calling customer service, retail store
QF	Worldwide	Qantas Frequent Flyer: Bronze, Silver, Gold, Platinum, Platinum One	-	Award: 1/1\$ + flight points	Voucher	Joining AUS 89,5 AUD NZ 50 NZD	Split between members	Enquiries, calling customer service
AA	USA&CAN Worldwide	AA Advantage: Gold, Platinum, Platinum Pro, Executive Platinum	-	1000 award miles/package (+ bonus miles) + flight points	Combination of miles + money. Offer also monthly payment	-	First pap	Online, email, calling customer service
CX	To and from HKG. Asia, AUS, Europe, USA, CAN	Marco Polo Club: Green, Silver, Gold, Diamond. Asia Miles	-	500 to 2000 miles/package + flight miles	-	Marco Polo: Joining 100\$, renewal for Green 100\$/20 club points	Bonus miles per pap	Online, calling customer service
QR	Qatar, Kuwait, Oman Worldwide	Privilege Club: Burdandy, Silver, Gold, Platinum	Silver, Gold, Platinum: 5% off	1 mile/5 QAR (1,24€)	-		First pap	Online, retail store

Table 1: The features of leisure travel products. (2018)

## 6.1 Finnair Holidays

Finnair launched its leisure travel product in the end of the summer 2017. The idea of Finnair Holidays was to bring the features of both independent travelling and package travelling to the leisure market. As a result Finnair created the holiday concept together with Suntuors Ltd Ab which is the responsible tour operator of Finnair Holidays.

The holiday product consists of flights, three to five star hotel and optional excursions and transfers. Finnair Holidays is available in Finland, Sweden and Estonia and customers can spend their vacation in approximately one hundred destinations around Europe, Asia, Australia, Oceania, Middle East and North America. (Cision 2017.)

According to Finnair's commercial director Juha Järvinen, "The Finnish leisure travel is increasing and this product serves customers who are currently planning their vacations through various service providers' websites". He adds that "flights, hotels and a range of experiences are easily reached in one place, so the planning of a unique holiday trip is quick and easy." (Cision, 2017.)

Booking can be made online or by calling customer service. For the members of Finnair Plus loyalty program, this holiday service provides recognition starting from the main page on the holiday provider's website. On the main menu, customer can directly navigate to the Finnair Plus program's page along with general customer care, holiday destinations and feedback pages. On the Finnair Plus page all the information about the program is available such as tier benefits and becoming the frequent flyer. (Finnair Holidays 2018.)

A significant benefit for Finnair Plus members is shown on the main page where "three reasons to choose Finnair Holidays" is promoted. According to those three reason, in addition to intriguing destinations and the ease of booking the whole package from one place, a Finnair Plus member is entitled to earn triple amount of Plus points. Still ongoing introductory offer promises customer three frequent flyer points for every euro used, both award and tier points. Additionally, customer also earns normal Plus points from the flights. The triple point campaign is effective until further notice. All of the Finnair Plus members earn the same amount of points from the holiday package, including tier members Silver, Gold and Platinum. (Finnair Holidays 2018.)

When customer has chosen the flights, hotel and excursions and is ready to purchase a Finnair Holidays package, a service provider presents the package and price breakdown,

amount of award and tier points earned from the package and the payment options. The general points earned from the flights are not presented on this page.

On the final page before filling out the personal information, the page suggests customer to log in to one's Finnair Plus account. If the customer logs in, contact information is pre-filled to booking. In this section, the page also informs about the possibility to pay with points and which passenger earns the Finnair Plus points from the holiday package. First traveller in the booking is the one earning the points.

When scrolling down the final page, payment methods are presented and one of the options is to pay the package partially or fully with points. Customer can use a slider to choose how many points will be used for the holiday and how much will be paid with money. (Finnair Holidays 2018.)

In addition to collecting points, using those points is a significant part of loyalty program operations as well. When analysing the user experience from the frequent flyer's point of view, it is crucial to acknowledge where the points can be used and what is the value of the point. This topic will be discussed in the following subchapter.

### 6.1.1 Finnair Plus

In this study the value of each airline's frequent flyer point is analysed by researching the worth of the product when redeeming services with points, in this case when using points for award flights. Award flight is a flight ticket that a frequent flyer can purchase by using the frequent flyer award points. In addition to points, a customer must pay the taxes and other applicable fees with money. (Finnair 2018.) As the study explains how many points have to be earned that a customer is able to purchase an award flight, the study also shows how many flights have to be flown in order to earn a sufficient amount of points for purchasing an award flight. The study aims to determine how profitable it is to be a member of each airline's loyalty program.

Roundtrip award flight from HEL to North Europe	Roundtrip award flight from HEL to Europe & Middle East	Roundtrip award flight from HEL to Asia & Americas
15 000 p + taxes ~35€	30 000 p + taxes ~50€	90 000 p + taxes ~300€

Table 2: Award flight chart. (Finnair 2018.)

Finnair Plus roundtrip award flight from Helsinki to North Europe is 15 000 points, to Europe and Middle East it costs 30 000 points, and to Asia and America the amount is 90 000. Wire taxes and fuel charges has to be paid on top of the points. Taxes and other fees to North Europe are approximately 35 euros, to Europe and Middle East the amount is approximately 50 euros and outside of Europe and Middle East 300 euros. (Finnair 2018.)

The amount of flights customer needs to fly depends on a cabin class, booking class, ticket type, member tier and travel destination. The cabin class determines the service on board whether it is first class, business class, economy premium class or economy class. Booking class and ticket type are a part of the fare construction which defines fare specifics such as booking conditions and a price of the ticket. (Travel Codex 2018.) In this study all the compared flight tickets, ticket fares and award flights belong to economy class, comparable to Finnair's ticket type "Value". Value ticket type is an economy class ticket which includes one checked-in baggage in addition to a carry-on baggage. The ticket rules allow the change of the dates for a change fee. In the case of cancellation, the customer is entitled to partial refund. (Finnair 2018.)

If a frequent flyer needs 30 000 Plus points to make a roundtrip in Europe or Middle East, the question is how many flights the passenger needs to make to receive the amount of points for the award travel. For example when a Finnair Plus Basic member flies a one-way flight from Helsinki to Stockholm, 1000 award points and one thousand tier points are earned. When flying to Paris or London, 2000 award points and 2000 tier points are added to a member's account. If flying outside of Europe or Middle East such as Peking or New York, the customer collects 8000 award points and 8000 tier points. (Finnair 2018.)

Member tier	Additional percent
Silver	10 %
Gold	15 %
Platinum & Lumo	25 %

Table 3: Member tier additional point earning percent. (Finnair 2018.)

Tier members collect an additional percent on top of the points mentioned above. Silver tier members earn 10 percent, Gold tier members 15 percent, Platinum and Lumo tiers 25 percent extra of the total amount of earned points. (Finnair 2018.)

According to Finnair's point earning model, to achieve a sufficient amount of points to fly from Helsinki to Europe or Middle East and back to Helsinki, a passenger needs to make

15 Value ticket type one-way flights between Finland and Europe or Middle East. (Finnair 2018.)

## **6.2 British Airways Holidays**

British Airways offers its customers a chance to book the hotel, car and experiences in addition to flights under British Airways Holidays. According to British Airways, the vacations product features 12 000 carefully selected hotels across the globe. The vacation options are divided to different holiday themes such as beach holidays, golf holidays, family holidays, cheap holidays and multi-centre holidays. The members of British Airways' loyalty program, the Executive Club, collect points called Avios for the package holidays. They can collect one bonus Avios for every one pound or dollar spent on flights and hotel packages and flights and car packages, and also on hotels, cars and sightseeing when booked separately or added to a flight booking. Executive Club members also earn Avios as they would normally earn from the flights.

British Airways Holidays are available worldwide but only customers based in United Kingdom and United States are able to collect Avios when booking package holidays. (British Airways Holidays 2018.)

The booking can be made only online on the British Airways Holidays website. When planning a British Airways Holiday, after a customer has chosen a destination the booking flow continues to a price calendar. The price calendar provides monthly flight availability, the lowest price of each ticket type per individual and points out the lowest price of a particular month. After hotel and flights are selected, the customer continues to a page of price breakdown and accommodation details. Additional Avios amount from the holiday package is mentioned under the total price of the package. After this page, customer can select additional transfers, excursions and an airport hotel, on this page Avios from the holiday package are mentioned another time.

After the whole package is created, the traveller fills out the contact information. Customer adds the personal information of a "First adult" which is followed by a question "Is this passenger a member of a frequent flyer or on business program?" Bonus Avios are awarded to this lead passenger on the booking. The page reminds that currently a customer can only earn Avios when booking a holiday package and Avios cannot be used for part nor full payment. (British Airways Holidays 2018.)

### 6.2.1 Executive Club

Roundtrip award flight from LON to ROM	Roundtrip award flight from LON to HKG
13 000/15 000 Avios + taxes ~70€	19 500/30 000 Avios + taxes ~300€

Table 4: Award flight chart. (British Airways 2018.)

British Airways roundtrip award from London to Rome costs 15 000 Avios on a peak season and 13 000 on an off-peak season. Roundtrip from London to Hong Kong costs 30 000 Avios on a peak season and 19 500 on an off-peak season. Wire taxes and fuel charges has to be paid on top of the points. From London to Europe the average amount is 70 euros and on intercontinental flights approximately from 250 to 300 euros.

Member tier	Additional percent
Bronze	25 %
Silver	50 %
Gold	100 %

Table 5: Member tier additional point earning percent. (British Airways 2018.)

Again the amount of flights customer needs to fly depends on a ticket and fare specifies such as cabin class and ticket type. Executive Club tier members collect additional percent from the flights. Bronze tier members earn 25, Silver tier members 50 percent and Gold tier members 100 percent additional Avios.

To analyse the British Airways point earning model, ticket fares and award flights are in economy class, ticket type Economy Low which is similar to Finnair's Value ticket type. If an Executive Club member needs 13 000 to 15 000 Avios to make a roundtrip from London to Rome and back, the question is how many times a customer needs to fly between London and Rome to collect a sufficient amount of Avios for the award roundtrip to Rome. When the Basic member flies one-way from London to Rome in economy class and have purchased Economy low ticket, customer collects 250 Avios and 10 tier points. This explains that a member has to make 29 to 33 one way flights between London to Rome in order to earn one award roundtrip flight. (British Airways 2018.)

In 2012 British Airways announced a new Avios scheme deciding that it would be fairer that by purchasing more expensive tickets a customer earns higher rewards. The change was that earning Avios on flights would now be more aligned to the cabin you fly in and the different types of fares within that cabin. This means that if a customer buys more expensive economy class ticket, he or she will earn more Avios than a customer who purchased the lowest priced ticket in the same cabin. Business and first-class passengers were the winners from these changes, while the value for economy passengers decreased. (The Guardian 2015.)

### **6.3 Virgin Holidays**

According to UK based Virgin Holidays, the company "have been arranging holidays since 1985 and is the largest, most successful transatlantic tour operator and market leader for travel to the USA and the Caribbean." Carrier Virgin Atlantic's leisure travel product Virgin Holidays includes all inclusive and package holidays. The market area of Virgin Holidays is the United Kingdom and a company offers holidays to United States, Caribbean, Canada, the Far East, South Africa, the Middle East and Indian Ocean. Virgin Holidays has also established a ski program and offers ski holidays across the USA and Canada. In addition to ski holidays, the company provides a variety of holiday types such as cruise Holidays, Disney Holidays, wedding and honeymoon holidays and self-catering holidays. They also offer options for solo travellers, single parents and people with special needs. Virgin Holidays is also awarded of being the Best LGBT Holiday Company in 2017. One of the holiday provider's holiday types is LGBT holidays and on the page a selection of LGBT (lesbian, gay, bisexual, and transgender) friendly destinations is provided. (Virgin Holidays 2018.)

A booking can be made online, calling customer service or visiting retail store. When entering to a Virgin Holidays main page, a visitor sees "Our latest deals", featured offers; "Destinations we love", featured destinations; "Most popular hotels", recommended accommodations and "Top holiday types", popular holidays among the Virgin Holidays travellers. On the menu a visitor can view different destinations, holiday types, special offers, a travel blog and extras such as airport lounges, flight upgrades and attraction tickets. When proceeding to make a booking after choosing a destination and hotel from a range of choices, a detailed information about the hotel and amenities are given. After that a customer selects flights and decides a cabin class. A next step is to choose a car hire and transfer options if needed. Then the customer is suggested to add some experiences to the travel such as amusement park tickets and airport lounges.

After the travel package is created, a traveller fills out the passenger details. Travellers are divided as adults and children, and the first adult of the list is a "lead guest". This traveller's frequent flyer membership number is asked due to the flying miles will only be allocated to the lead name of the booking. After the membership number is filled, a page announces if the membership has reduced the price and what is the amount of miles earned. For example *"Unfortunately we can't offer any discounts for your chosen travel dates, but the good news is you've earned 1987 miles!"*. (Virgin Holidays 2018.)

Virgin Holidays packages or Virgin Holidays Cruise packages can be paid by using vouchers. 10 000 miles are required for 50 pounds voucher and 20 000 points are required for 100 pounds voucher. It is possible to redeem the vouchers only when booking directly with Virgin Holidays or Virgin Holidays Cruises. To book a package by using the voucher, the customer is asked to contact a local Flying Club helpline, a customer service phone line for the members of Virgin Atlantic's loyalty program. Using vouchers online is not possible. (Virgin Holidays 2018.)

A member of the loyalty program Flying Club can use their award miles to pay for the flights and earn miles on every flight. A special feature Virgin Atlantic has for its loyalty program members is that they get a portion off of a price of Virgin Holiday package when using loyalty program's member number while making the reservation. The tier members also earn miles for every one pound or dollar they spend on the holiday package.

Member tier	Member benefits
Red	7% discount and 1 mile per £1 spent
Silver	7% discount and 2 miles per £1 spent
Gold	10% discount and 2 miles per £1 spent

Table 6: Virgin Holidays member benefits by member tier (Virgin Atlantic 2018.)

The basic members, Red tier members receive 7 percent off of a package's price and earn one mile for every one pound spent. Silver tier members get 7 percent off of a price and earn two miles for every one pound spent. Gold tier members get 10 percent off of a price and earn two miles for every one pound spent. To be applicable for this discount, a traveller must have been a member of Flying Club loyalty program for at least one month before making a booking with Virgin Holidays. The miles and a discount are received only when the booking is made over the Flying Club helpline or via local retail store.

The discount and mileage earning cannot be combined with other offers, promotions or discounts including Flying Club membership. (Virgin Holidays 2018.)

Any applicable fuel surcharges, taxes or personal travel insurance elements of the booking are not included to discount and mileage earning qualifying spend. The discount and earned miles apply to holiday packages where the booking includes a flight from the United Kingdom. (Virgin Atlantic 2018.)

### 6.3.1 Flying Club

On the following paragraphs it is explained how many Flying Club miles are required for certain reward flights. Virgin Atlantic offers reward flights in three different categories which define the actual cabin class. The categories are Economy Classic, Premium and Upper Class. All of the reward flights presented are roundtrip flights.

Roundtrip award flight from UK to Northeast USA, UAE, India, Caribbean	Roundtrip award flight from UK to Midwest & South USA, Mexico, Africa, China, HKG	Roundtrip award flight from UK to West USA
20 000/40 000 m + taxes ~250€	25 000/45000 m + taxes ~300€	30 000/50 000 m + taxes ~300€

Table 7: Award flight chart. (Virgin Atlantic 2018.)

Virgin Atlantic roundtrip reward flight from the United Kingdom to the Northeast of USA, India, United Arabian Emirates and Caribbean requires 40 000 miles on the high season and 20 000 miles on the standard season. A roundtrip from UK to Midwest and South of USA, Mexico, Africa, China and Hong Kong costs 45 000 miles on the high season and 25 000 on the standard season. From UK to the western part of USA the roundtrip requires 50 000 miles on the high season and 30 000 on the standard season.

Taxes, fees and carrier imposed surcharges apply to all reward flights. For example from London to New York or Hong Kong and back the amount of taxes and other charges is approximately 300 EUR. (Virgin Atlantic 2018.)

Since there is an additional benefit for Silver and Gold tier members when purchasing a holiday product, it is reasonable to find out how easy or difficult it is to reach Silver tier. To upgrade from Red to Silver, a Red member needs to earn 400 tier points in one upgrade cycle which means during the last twelve months. When travelling with Economy Classic ticket, 25 to 50 points are earned from a one-way flight meaning that 8 to 16 flights within

a year are required to reach Silver tier. Tier points earning does not depend on a route but whether flying in economy, premium or upper class. (Virgin Atlantic 2018.)

Member tier	Additional percent
Silver	30 %
Gold	60 %

Table 8: Member tie additional point earning percent. (Virgin Atlantic 2018)

When analysing how profitable it is to be a member of Flying Club program, it is again needed to calculate how many flights a member needs to fly in order to get a roundtrip reward flight. As well as the previous loyalty programs presented in this study, the Virgin Atlantic Flying Club gives an additional percent of points for specific tier members. Flying Club Silver tier members earn additional 30 percent of the regular amount of miles earned and Gold members 60 percent of the amount.

When a frequent flyer travels with Economy Classic ticket, 50 percent of the miles flown are collected. For example when a frequent flyer flies a one-way flight from London to New York, 1729 miles are earned. From London to Hong Kong the amount earned is 2982 miles. When comparing these numbers, the amount required to fly in order to get a roundtrip reward flight is either 12 or 23 flights, depending on if the reward flight is on peak or off-peak season. (Virgin Atlantic 2018.)

#### 6.4 Qantas Holidays

According to airline's homepage, Australian Qantas Airways has had the leisure travel product Qantas Holidays for decades. On the official website of the subsidiary company of Qantas it is said that Qantas Holidays have over forty years' experience at "creating holidays to suit a wide variety of taste and budgets." (Qantas Airways 2018.)

Qantas Holidays, which is a part of the Jetset Travelworld Group wholesale suite, is one of Australia's leading travel wholesalers according to Qantas Airways. It advertises to provide an extensive range of competitively priced products and services covering the Qantas network, including partner airlines and codeshare services. They also offer packages for other airlines under the Viva! Holidays brand. In addition to destination specific holiday packages, Qantas Holidays sells tickets to a number of special events in Australia, such as stage shows and sporting events.

Qantas Holidays has destinations in Australia, South Pacific, United Arab Emirates, Singapore, Thailand, China, Europe, USA, Tasmania, New Zealand and Indonesia. Their market area is worldwide but all the flights must be operated by either Qantas or Jetstar which is a subsidiary of Qantas. (Qantas Holidays 2018.)

On the first page of Qantas Holidays website, a visitor sees an advertisement of a holiday offer and right under that there is a mention of points earning: Qantas Frequent Flyer loyalty program's members earn one Qantas point per one Australian dollar spent on Qantas Holidays combined air and land packages in addition to points earned on flights. This applies to all the members which are Bronze, Silver, Gold, Platinum and Platinum One. If a visitor is not yet a frequent flyer, a page encourages to join. If there is multiple Qantas Frequent Flyer members in the same booking, points will be split evenly between those members. If there is only one member in a booking, the member will receive the points. (Qantas Holidays 2018.)

In addition to advertisements and promotions, there are menus available for each categories such as deals, destinations, experiences, events, gift vouchers and brochures. Deals category presents special offers with can be filtered by different experiences which are *Shows&Events*, *Weddings&Honeymoons* and *Ireland Holidays*. These offers include accommodation, flights and the experience which can be for example a rock musical in Melbourne, a flower show in London or the River-dance show in Dublin.

Destinations category introduces the holidays by destinations such as Fiji Holidays and Discover Texas.

Experiences category involves holidays with different themes such as *Romantic Escapes*, *Holidays under \$1000*, *Shopping Holidays* and *USA Outdoor & Adventure Holidays*.

For the event packages there is its own category as well. This category introduces packages which include tickets to events and shows such as sport events, exhibitions and musicals.

Unlike the other holiday products examined in this study, it is not possible to purchase a Qantas Holidays package directly online but they need to send an enquiry or call the customer service. From the customer's point of view this process is slower and old-fashioned but on the contrary they receive personal customer service. (Qantas Holidays 2018.)

By clicking Gift Voucher menu, a visitors can familiarize themselves with a Qantas Holidays gift voucher. The value of vouchers can be 50, 100, 250, 500 or 1000 Australian dollars. Those can be used for Qantas Holidays packages in all the destinations. To purchase or redeem a gift voucher, a customer is asked to call their customer service. These electronic vouchers are valid for three years from the date of issue. The value of the gift

voucher must be redeemed at once. It is not possible to pay a holiday package with points but the points can be converted to Qantas Holidays Gift Vouchers. For example 50 dollar voucher requires 11 070 points, 200 dollar voucher 35 440 points and 1000 dollar 220 450 points. (Qantas Holidays 2018.)

#### 6.4.1 Qantas Frequent Flyer

Roundtrip award flight from SYD to HGK & SIN	Roundtrip award flight from SYD to NYC
56 000 p + taxes ~300\$	120 000 p + taxes ~600\$

Table 9: Award flight chart. (Qantas 2018)

As the previous loyalty programs, the value of Qantas Frequent Flyer program is determined by calculating the value of a flying point. Ticket fares and award flights explored are in economy class, ticket type is Economy which is similar to Finnair's Value ticket type. Roundtrip flight from Sydney to Hong Kong or Singapore requires 56 000 points and 300 Australian dollars for taxes, fees and carrier charges. From Sydney to New York it costs a frequent flyer 120 000 points and 600 dollars.

Examining the point earning model, when a Bronze member makes a one-way travel from Sydney to Hong Kong he or she collects 3900 points and 40 status credits which determine the Qantas Frequent Flyer tier. When flying one-way from Sydney to Melbourne, a member earns 800 points and 10 status credits and to London and New York 6200 points and 70 status credits. This means that a basic tier member needs to make 14 one-way flights to achieve the amount of points for a roundtrip reward.

Member tier	Additional percent
Silver	50 %
Gold	75 %
Platinum	100 %
Platinum One	100 %

Table 10: Member tier additional point earning percent. (Qantas 2018)

Qantas tier members earn additional percent of points as well as the previously mentioned loyalty program members. Silver tier members receive additional 50% of the total amount,

Gold tier members 75%, Platinum and Platinum One tier members 100%. The additional percent is high compared to ones of previous loyalty programs explored in this study. Another feature which differs from other loyalty programs is that Qantas Frequent Flyer has a joining fee for its Australian and New Zealand members. The fee is 89,5 Australian dollars for Australian residents and 50 New Zealand dollars for New Zealand residents. For the rest of the countries the membership is free of charge. (Qantas 2018.)

Taxes, fees and carrier charges are generally speaking low domestically and high internationally. For international booking these have to be paid with cash but for certain types of Classic Flight Reward booking within Australia and New Zealand it is possible to redeem points for those expenses. The required points to cover the taxes varies from 4850 to 6000 points per flight segment. (Qantas 2018.)

## **6.5 American Airlines Vacations**

The leisure travel product of American Airlines is the only holiday product examined in this competitor analysis with a different name and is called American Airlines Vacations. According to the airline, customers would get the best rates and savings when they book flights, hotels and cars together as a vacation package from American Airlines Holidays. The similarity between Finnair Holidays and American Airlines Vacations is that both of these airlines feature the loyalty program member benefits immediately on the front page of a holiday booking site and repeat it regularly throughout the booking path. When a customer enters to American Airlines Vacations website, there is a list of reasons why one should book with American Airlines. This list includes bonus miles earning and spending. Also American Airlines Vacations occasionally features bonus miles offers on the header of the front page, for example "*Earn 20,000 bonus miles in Europe*" and "*Earn 10,000 bonus miles in Bonaire*". (American Airlines Vacations 2018.)

According to American's guarantee, the members of loyalty program AAdvantage would always earn one thousand AAdvantage award miles every time they book. As mentioned earlier, there is also a chance to earn up to 30,000 additional bonus miles when the members book with featured hotels.

American Airlines Vacations is available for those customers based in United States and Canada. They have holiday destinations in Americas, Asia, Africa, Middle East, South Pacific, Caribbean and Europe. The booking can be made online, via email or by calling the customer service.

While scrolling down the front page of AA Vacations, customer can explore multiple different offers, deals and vacation ideas. For example they feature destination specific sales where the discount can be redeemed with a promotion code, percent off from selected hotels and services, and packages from which a frequent flyer earn bonus miles. According to terms and conditions, any bonus miles accrued will be awarded to the first traveller's AAdvantage account for each booking. Also what needs to be taken in account is that the bonus miles will not be awarded on packages where miles have been used for the purchase of the package.

American Airlines Vacations has a number of different holiday packages such as luxury packages including spa treatments and personalized services, family packages including theme park visits, all inclusive packages, adventure packages, casino packages and budget packages. It is also possible to add additional excursions and transfers to all the packages. (American Airlines Vacations 2018.)

After selecting a hotel, flights, excursions and transfers, there appears a pop-up window which asks the visitor to log in as a frequent flyer in order to collect and use AAdvantage miles. The members of the loyalty program – basic members, Gold, Platinum, Platinum Pro and Executive Platinum – always earn 1000 miles per vacation package in addition to regular flight miles. Possible additional bonus miles are collected on top of the standard miles. Miles earned will be posted to the primary member's account. A frequent flyer is also able to pay with a combination of award miles and money. On the payment page a customer can use the slider scale or enter the number of miles.

If a person is holding an eligible Citi® / AAdvantage® credit card or AAdvantage® Aviator™ Master-card®, it entitles to earn additional award miles for every dollar spent on the holiday package. Depending on a credit card, a cardholder can earn one to three miles for every dollar spent. (American Airlines Vacations 2018.)

### **6.5.1 AAdvantage**

In the following paragraphs the value of AAdvantage loyalty program will be analysed. All of the reward flights and flight tickets examined are in economy class.

AAdvantage has three different flight award types which are MileSAAver Awards, AAnytime Awards and Economy Web Special Awards. The latter one is not examined in this study since those special awards are available occasionally and standard pricing does not apply.

The more affordable one of the two firstly mentioned is MileSAAver Awards. This award is targeted for customers who have flexible dates and are looking for the affordable rates.

MileSAAver award does not have blackout dates but may have limited availability. For selected regions this award type also have an off-peak option which is the most affordable one but have the strictest availability. A MileSAAver roundtrip award from USA to Europe costs 60 000 miles and during the off-peak season 45 000 miles. A roundtrip award from USA to Asia costs 70 000 miles and during the off-peak season 65 000 miles.

The AAnytime awards does not have blackout dates and is available for all the seats. AAnytime awards consist of two levels of different pricing which vary by date and region, Level 1 and Level 2. There are also few dates that require an additional number of miles on top of the standard amount.

Roundtrip award flight from USA to Europe	Roundtrip award flight from USA to Asia
Level 1: 95 000 m + taxes ~190\$	Level 1: 125 000/130 000 m + taxes
Level 2: 130 000 m + taxes ~190\$	Level 2: 160 000/17000 m + taxes

Table 11: Award flight chart. (American Airlines 2018.)

As presented on a table below (Table 10), AAdvantage roundtrip award from USA to Europe requires 95 000 miles on Level 1 awards and 130 000 miles on Level 2 awards. A roundtrip award from USA to Asia requires 125 000 or 130 000 miles on Level 1 depending on the region. Level 2 award requires 160 000 or 170 000 depending on the region. Applicable taxes and carrier-imposed fees must be paid in addition to the miles. For example on a roundtrip from Dallas, USA to London, UK the taxes and other charges are 190 dollars.

Member tier	Additional percent
Gold	40 %
Platinum	60 %
Platinum Pro	80 %
Executive Platinum	120 %

Table 12: Member tier additional earning percent. (American airlines 2018.)

The amount of flights required to gain a sufficient amount of miles depends on the ticket fare and a member tier which American Airlines calls an Elite status.

AAdvantage member collects five miles per every USD spent excluding government-imposed taxes and fees. Gold, Platinum, Platinum Pro and Executive Platinum members earn an additional percent of bonus miles according to table above. (Table 11.)

On American Airlines the price of the booking has a significant impact on the miles earned.

For example if a roundtrip flight from Dallas to London costs 665 dollars in Main cabin which is similar to Finnair Value ticket, AAdvantage basic member earns 2210 miles. By dividing this amount by two, 1105 miles are earned from a one-way flight from Dallas to London.

If a basic frequent flyer needs 45 000 to 60 000 miles for a roundtrip from USA to London, basic member has to make approximately 40 one-way flights from Dallas to London in Main Cabin to collect enough miles for a reward to London.

Comparing to the other loyalty programs, the amount of flights is high. What needs to be taken in account, the example used above is the most affordable price and the member tier is basic. Since American Airlines made the change to a revenue-based loyalty program, they are doing what British Airways did and focus on rewarding the customers who put most into the airline: customers with tier membership and customers who spend the most money on the tickets. (The Points Guy 2017.)

Another example is a roundtrip flight from Dallas to Tokyo which costs 2150 dollars in Main Cabin. AAdvantage basic member collects 10 320 miles, so 5160 miles are collected from each way. A roundtrip award from Dallas to Tokyo requires 65 000 to 70 000 miles. That means that a member has to make 14 one-way flight to collect sufficient amount of miles for an award to Tokyo. Here the required amount is significantly lower and that is due to more expensive tickets to Tokyo. (American Airlines 2018.)

*“Look, it’s not fair to the people who buy full-fare tickets all year round when some guy finds a cheap fare from some US city in first class, flies to Beijing round-trip and earns Platinum status for the year. We want to reward the people who do the most business with us”,* comments American Airlines CEO Doug Parker. (The Points Guy 2017.)

## 6.6 Cathay Pacific Holidays

A Hong Kong based airline Cathay Pacific's leisure travel product continues on the same path as most airlines' holiday products and is called Cathay Pacific Holidays. Cathay Pacific Holidays is a wholly owned subsidiary of Cathay Pacific Airways, sharing its mission to provide "Service Straight from the Heart". Cathay introduces the service to be easy way to create a flexible and personal holiday package and to offer the best available and most up-to-date prices. Hotels can be selected from boutique options to luxury resorts. It is also possible to add travel extras to the package such as transportation, event tickets and theme park tickets. Passenger can book flights to either Economy, Premium Economy or Business class. The booking time is highly flexible since it allows to book up to one hour before the flight. The booking can be made online or by calling customer service. (Cathay Pacific Holidays 2018.)

The members of travel and lifestyle rewards program Asia Miles earn bonus Asia Miles according to the travel class. Passengers travelling in Economy collect 500 additional miles per person, in Premium class 1000 additional miles per person, and Business and First class passengers collect 2000 bonus miles per person. (Asia Miles 2018.)

Cathay Pacific Holidays provides holiday packages primarily for travellers from Hong Kong to destinations in Cathay Pacific network such as Asia, Australia, Europe and North America. Packages are also available for customers based in Asia, North America, Europe, South Africa, Australia, New Zealand and Middle East. These customers may not be able to access the special holiday offers or add excursions and transfers, but receive 500 to 2000 bonus Asia Miles. This depends on the departure city and those are rather classified as "flight + hotel" – bookings than holiday packages.

Cathay Pacific Holidays promotes the latest offers on the website which at the time of this competitor analysis were categorized as wellness holidays, ski packages, ski festival packages, exclusive packages and hand-picked holidays. On the same list Cathay Pacific Holidays also features bonus miles by announcing that an Asian Miles member can "*Earn up to 2000 miles when booking any package*". Bonus miles are accrued according to the cabin class and those miles are collected on top of the eligible flight miles. However according to Asia Miles, in addition to the cabin class the mileage earning is also destination-specific. On their website it says that if a customer purchase any package originating from Canada, Hong Kong or USA, it entitles to 2000 Asia Miles. Packages from Taiwan or Thailand entitle to 1500 miles and from Japan or South Korea the amount is 1000 miles. Packages originating from Australia, China, Indonesia, Italy, Netherlands, New Zealand,

Singapore, South Africa and Switzerland and UK entitle to 500 miles. (Cathay Pacific Holidays 2018.)

Cathay Pacific Holidays also provides bonus miles campaigns on their website, for example *"Book your Maldives package before 30 September 2018 and travel between 1 August 2018 and 31 March 2019 to earn 2000 bonus miles on top of the regular miles"*. If the regular bonus miles would be 500 miles, the members would now earn 2500 bonus miles per person. Bonus miles are shown on every page of the booking flow. On the price details page the total amount of flight miles and bonus miles is shown. On the payment page a member is asked to type the membership number for mileage accrual, however it is not possible to pay with the miles. (Cathay Pacific Holidays 2018.)

Asia Miles program has been mentioned repeatedly but what needs to be made clear is that Asia Miles is not a loyalty program of Cathay Pacific. The official loyalty program is Marco Polo Club.

#### **6.6.1 Marco Polo Club/Asia Miles**

The official loyalty program is Marco Polo Club which tiers are Green, Silver, Gold and Diamond. The Marco Polo Club members accrue Club points from flying which helps them to receive tier benefits such as privileges in check-in, baggage allowance and lounge access. The Club points earned on the Marco Polo Club cannot be used for flight awards which is the difference between the Marco Polo Club and a travel and lifestyle rewards program Asia Miles. In the other words Asia Miles are award points and Marco Polo Club points are tier points. Marco Polo Club members automatically become Asia Miles members so that a member can collect both Asia Miles and Club points. (Cathay Pacific 2018.)

Asia Miles program is free of charge, when Marco Polo Club enrolment fee is 100 dollars. Green members have to earn 100 Club points in a year or pay an annual renewal fee of 100 dollars. (Cathay Pacific Holidays 2018.)

Since this study examines the value of holiday products for frequent flyers and the miles earned from the Cathay Pacific Holidays packages are Asia Miles, the following analysis is made by calculating the worth of an Asia Mile.

Roundtrip award flight from HKG to LON	Roundtrip award flight from HKG to PEK	Roundtrip award flight from HKG to NYC
60 000 A m + taxes ~74€	20 000 A m + taxes ~58€	84 A m + taxes ~456€

Table 13: Award flight chart. (Asia Miles 2018.)

A standard roundtrip award from Hong Kong to London requires 60 000 A miles and taxes of 74 euros. An award from Hong Kong to Beijing requires 20 000 A miles and taxes of 58 euros. Flight award from Hong Kong to New York costs 84 000 A miles and taxes of 456 euros.

When a frequent flyer is travelling in Economy classes M, L or V which is correlated with Finnair's Value ticket, the calculation above shows how many miles would be earned. Miles are calculated based on a combination of cabin class, fare class and distance zone. When flying one-way from Hong Kong to London, a member earns 5990 Asia miles. From Hong Kong to Beijing the amount earned is 1800 miles and from Hong Kong to New York 7830 miles. The Marco Polo tier members do not receive additional percent of Club points or Asia Miles.

By defining the amount of required flights for making an award flight, it is again possible to analyse the value of Asian Miles program.

Roundtrip award flight from Hong Kong to London is 60 000 miles so to achieve this amount, a member has to make 10 one-way flights from HKG to LHR. Roundtrip from Hong Kong to Beijing is 20 000 miles so to achieve this amount, a member has to make 11 one-way flights from HKG to PEK.

Roundtrip award flight from Hong Kong to New York is 84 000 miles so to achieve this amount, a member has to make 11 one-way flights from HKG to NYC. (Cathay Pacific 2018.)

## 6.7 Qatar Airways Holidays

The last leisure travel product examined in this competitor analysis is owned by Qatar Airways and holds a name which has become familiar in this study; Qatar Airways Holidays. Qatar Airways Holidays advertises to be the first airline tour operator in the Middle East to reward its loyalty program members with airline's flight points Qmiles for the holiday packages purchased. Bookings can be made online or by visiting a holiday shop in Doha, Dubai, Muscat, Kuwait, Bahrain and Dammam. (Qatar Airways Holidays 2018.)

Market area of Qatar Airways Holidays is Qatar, Kuwait and Oman. A customer can find holiday destinations in Africa, Asia, Pacific, Europe, The Americas and the Middle East. They provide holiday packages within several categories such as luxury, city breaks, tour holidays, safari holidays and weekend getaways. Destinations are categorized as top destinations and new destinations. A visitor can also view all the destinations at once. By clicking the "Offers" bar, the visitor can explore featured campaigns which at the time of this study were *Colors of Autumn* and *2022 Fifa World Cup Qatar*.

In addition to flights and hotel, a passenger can select travel extras such as flight upgrades and insurances. Car rental and airport transfers are possible to book but they do not appear in the booking flow of the holiday package. The booking of these must be made separately though the "Extras" bar on the front page. (Qatar Airways Holidays 2018.)

On the passenger details page the loyalty program membership number is asked but there is no mention about earning miles during the whole booking flow. Only mention about the mileage earning is on Qatar's loyalty program Privilege Club's website where the earning model is presented.

When doing the research on the Privilege Club's website, the holiday benefits are found. When purchasing a holiday package, a member of the loyalty program earns one Qmile for every five QAR which is currently 1,24 euros. Privilege member tiers are Burgundy, Silver, Gold and Platinum. Platinum, Gold and Silver members get 5 percent off the holiday package. It is not possible to redeem a holiday package by using the Qmiles. Miles are awarded to the lead passenger on the booking.

Since the top tier members receive a discount when purchasing a holiday package, it is reasonable to explain how to move from Burgundy to Silver tier. To upgrade to Silver, a frequent flyer needs to collect 150 tier points of Qatar, Qpoints within any 12 month period. By calculating the amount of flights, eight Economy Value one-way flights from Doha to Helsinki are required. (Qatar Airways 2018.)

### 6.7.1 Privilege Club

Roundtrip award flight from DOH to KWI	Roundtrip award flight from DOH to HEL	Roundtrip award flight from DOH to PVG
14 000 Qm + taxes	58 000 Qm + taxes	87 000 Qm + taxes

Table 14: Award flight chart. (Qatar Airways 2018.)

Roundtrip award flight from Doha to Kuwait requires 14 000 Qmiles, to Helsinki 58 000 and to Shanghai 87 000. Taxes and carrier-imposed surcharges starting from 30 dollars applies but the actual amount is only visible if there is a sufficient amount of Qmiles to proceed with the booking.

The amount may vary based on dates of travel and fluctuations in exchange rates. In the beginning of 2018 Qatar Airways started to charge additional booking fees for both Qatar and partner airline awards. The minimum charge is 25 dollars for economy flight sector. For business flight sector the fee is 50 dollars and for first class 75 dollars

Member tier	Additional percent
Silver	25 %
Gold	75 %
Platinum	100 %

Table 14: Member tier additional earning percent. (Qatar Airways 2018.)

The amount frequent flyer earns from a one-way flight is calculated using Economy Value ticket as an example which is equivalent to Finnair's Value ticket.

When a Burgundy member is flying from Doha to Helsinki, a member collects 2049 Qmiles. From Doha to Kuwait the amount is 264 miles and from Doha to Shanghai 3159 miles. Tier members additional percent is 25 for Silver members, 75 for Gold members and 100 for Platinum members. (Qatar Airways 2018.)

After calculating the numbers above, the study shows that a Burgundy member needs to make 28 Value type one-way flights to Helsinki or Shanghai to collect a sufficient amount of Qmiles required for a roundtrip award flight from Doha to Helsinki or Shanghai.

The amount of flights required is higher than on most of the airlines explored but Qatar Airways do have a programme called Easy Deals which makes possible to redeem award tickets for a discount, having to use up to 50 percent less Qmiles. According to Qatar Airways, Easy Deals presents a selection of Qatar Airways flights every month to save miles. At the time of this study, there were no Easy Deals available. (Qatar Airways 2018.)

## 7 Results

The objective of this thesis was to contribute to understanding of Finnair's competitors, the carriers who market a leisure travel product which is comparable to Finnair Holidays. The objective was to find out which one of the holiday products explored in this study gives the most value for the frequent flyer of each airline's loyalty program. The competitor analysis was made by comparing certain features of each product and analysing their strengths and weaknesses.

As the study evolved, a few features of those products were noticed to be repeatedly similar. In addition to the similar name of all the products except for one, the construction of the holiday products followed the similar path for most parts. The front page of each holiday product was colourful and more or less attractive to the consumer. The website gave a visitor an opportunity to explore different destinations, holiday types and offers, and by using the filter a traveller could make a holiday more personal and tailored to suit one's own taste. While proceeding with the booking flow, the hotel details and possible excursions and experiences were introduced. When it comes to simplicity and clarity of the booking flow, some of the competitors did better than others. Especially important feature was a visibility of frequent flyer's benefits. Finnair Holidays, Qantas Holidays, Cathay Pacific Holidays and American Airlines Vacations introduced the point earning policy from the very beginning, while Virgin Holidays, Qatar Airways Holidays and British Airways Holidays forced customers to find the information themselves. The information of holiday benefit was found on the website of the loyalty program which required additional searching.

The first one of the comparable features on the table presented in the beginning of this chapter was market area and destination. As the market area of Finnair Holiday is still narrow, most of the holiday products shares the similar case. American Airlines Vacation markets to North America, Qatar Airways Holidays sells the product to Qatar Kuwait and Oman, and Virgin Atlantic Holidays provides the holiday packages domestically in the United Kingdom. British Airways Holidays sells the product worldwide but only the frequent flyers based in UK and USA can collect Avios flight points. Cathay Pacific Holidays was also available worldwide and the international customers could collect the flight points but some of the features were only available for the packages to and from Hong Kong. The only holiday product which is fully available worldwide was Qantas Holidays. All the holiday providers had destinations in different parts of the world.

Another important feature was the visibility of total points earned from the package which usually was presented on the price details page. Most of the holiday products had this announced clearly, for example Virgin Holidays informed "*Unfortunately we can't offer any discounts for your chosen travel dates, but the good news is you've earned 1987 miles!*" and Cathay Pacific Holidays showed "*Asia Miles earned per member (including 2500 bonus Asia Miles: 6200 Asia Miles*". As mentioned above, the holiday provider who did not mention anything about the flight points on the holiday page was Qatar Airways Holidays. The information was hardly available, only in the loyalty program's page there was a short mention about the mileage earning. This is considered as weakness for Qatar because the important feature of the holiday product can remain unseen for many frequent fliers. Qantas Holidays promoted the point earning clearly on the front page but since the product is not bookable directly online, it was not possible to see the total amount of points earned.

In addition to point earning, in this competitor analysis it was also studied whether it is possible to pay the holiday package with flight points. Most holiday providers did not allow that at all: Finnair Holidays was the only one who made it possible to pay the package fully or partially with points. Qantas Holidays and Virgin Holidays sell special Holidays vouchers which can be used for holiday packages. On American Airlines Holidays it is possible to pay with combination of flight points and money, however they do not award the bonus miles on packages where miles have been used for paying the package. This was a significant weakness from the frequent flyer's perspective

The actual point earning was quite similar throughout the competitor analysis. The only holiday product which really stood out when comparing this feature was Finnair Holidays. The on-going campaign of three award and tier points has been there from the beginning and it still is a great advantage. The frequent fliers of other carriers earn 1 flight point for 1 euro excluding the top tier members of Virgin who get 2 flight points. Two carriers had a different method: Cathay Pacific gave 500 to 2000 bonus flight points to each passenger of a holiday package depending on the cabin class and a destination. American Airlines gave the standard 1000 flight points to the primary passenger of a holiday package. American Airlines Vacations also had several offers around the year so that the customer could earn even 30 000 bonus flight points. This feature was a great advantage from the frequent flyer's perspective

When it comes to the sharing points, only Qantas and Cathay Pacific gave every passenger the holiday flight points. All the holiday products allowed frequent fliers to earn the regular flight points.

Since this competitor analysis studies the product from the frequent flyer's perspective, the top tier members' additional reward for booking a holiday package gives the product a special value. These airlines were Virgin Atlantic and Qatar Airways. It is considered as a great advantage and strength because this feature makes the holiday product more attractive to the frequent flyer and gives more value to the loyalty program. If comparing these two, the benefit of Virgin Atlantic was the most valuable for the members with the 7 to 10 percent off the price and one bonus frequent flyer point per used pound for Silver and Gold members. The greatest thing of this feature is that a frequent flyer does not have to be a top tier member, but being at least one month old basic Red member is enough to get 7 percent off. This is a powerful way to attract more customers to join their frequent flyer program.

Joining and membership fees were one important feature which can easily leave many potential loyalty members out of the program. However the fees bring more value to the loyalty program and give more opportunities to create good service for the members. A loyalty programs who charges their members were Qantas Frequent Flyer and Marco Polo Club. Qantas has a joining fee for its members based in Australia and New Zealand, for the rest of the world it is free of charge. Marco Polo Club has a joining free for everyone and annual fee for its basic members. However Marco Polo Club in this thesis is quite irrelevant since the frequent flyer point associated with the holiday package of Cathay Pacific is Asia Mile.

If the holiday product had some additional, valuable features included they were mentioned in the study. On the most parts the construction of the holiday products was the same: flight, hotels, experiences, transfers and frequent flyer points. Qantas Holidays and Virgin Holidays offered the holiday vouchers which could be converted from flight points,. American Airlines Vacations promoted multiple bonus point offers and a possibility to earn even more when using partner credit card. Virgin Holidays also provided cruise packages in addition to traditional flight and hotel packages. Cathay Holidays provides flexibility, it was possible to book the package only one hour before taking off.

Also the convenience of the booking process is an advantage and the smooth processes online play big part of it. Most of the holiday products could be booked directly online and the booking flow was mostly pleasant. The product of British Airway was the weakest when it comes to this feature since their digital visuals were old-fashioned and not clear enough. Finnair Holidays, Virgin Holidays and American Airlines Vacations were the strongest to create a visual and pleasant booking experience.

The final factor examined by each carrier at the time was the value of flying point. This research was conducted by dividing the amount of point required for a flight award by the amount of points a passenger earns from a one-way flight. The result of this calculation was that it is possible to know how much the flying point of an airline is worth and compare it with the competitors. Finnair, Virgin Atlantic, Qantas and Cathay Pacific had quite similar value according to this research, while the frequent fliers of British Airways, Virgin Atlantic and Qatar Airways had to fly way more often in order to be rewarded.

### **7.1 Validity and reliability of the study**

The reliability of the research refers to a way of evaluating the quality of the research procedure used to collect data in a study. The priority is that the research procedure must be reliable in order to achieve valid results. In order for the results to be valid, a relevant way or ways of measuring a studied subject must be decided. This measurement procedure might include several tools such as questionnaire items and interview question. The procedure with all the measurement tools should provide an accurate and valid representation of the studied subject. Taking this thesis as an example where the studied subject was a benefit of a loyalty program customer when consuming airlines' leisure travel products. If the subject to be studied was a benefit of a customer, the research procedure must accurately measure the benefit of a customer. The more ways there are to measure the subject, the more difficult it is to choose a research procedure that has strong validity. (Lund Research 2012.)

This study was generated by using several references from literature sources and Internet. The research was mainly created by exploring the official websites of each airline and their leisure travel products so the information received was reliable, accurate and up-to-date. The literature studied for this research is relatively recent, most of the literature sources are published during 2013 and 2018. The study also included references from important organizations' official websites such as IATA (The International Air Transport Association), airline alliance Oneworld and tourism organization Visit Finland. The rest of web sources were mainly from educational, research, statistic and marketing websites. Even though most of the references were from the Internet, unprofessional pages were avoided.

## 8 Conclusions and development suggestions

As the features of each competitor was analysed, it was noticeable that all these leisure travel products have their strengths and weaknesses. While one product gave extraordinary value to top tier members, one had outstanding offers and discounts. The same goes to negative features: one had poor eye for aesthetics and advertising, when one had unattractive and unclear booking flow. Finnair Holidays have a great point offer for frequent flyers but it could make the product even more attractive and special for the top tier members and improve the system so that all the passengers in the booking could receive the holiday points. Many of the airlines compared in this thesis has something in their leisure travel product or frequent flyer program which could be used for the development of Finnair Holidays and Finnair Plus.

Because the tier members bring the greatest value, it would be at least reasonable to reward them with an additional amount of points when buying a holiday package. The amount could be a percentage such as *10% additional points* or a quantitative such as *three points per euro used for tier members* or *1000 additional points for tier members*. Perhaps in the future when the triple point campaign comes to an end, the tier members could still have this advantage. Also a very attractive offer for frequent flyers would be a discount for the package. The discount could be for example a small percent for the basic members to attract new frequent flyers and a higher percent for a tier members to show gratitude for their loyalty.

The holiday points would have a better value for the members if they would be shared between the members in the booking or if the passengers could choose who is the one receiving the points. When a family with children books a holiday package, it probably does not matter as much but if there is a group of friends and many of them are frequent flyers, it can be a highly influential factor when deciding where to book.

The vouchers would also be an interesting idea for additional revenue and new potential customers. If the vouchers could be converted from points, it would do a great use for Finnair Plus members who have a large amount of points in their accounts.

A personalized and tailored products are important in today's travel business and by collecting as much data of frequent flyers as possible, the booking flow is more pleasant and unique for the customer. A holiday package's cabin class was not studied in this competitor analysis but to add the variety of choices, Finnair Holidays could add a business class option to the holiday packages.

Overall even though Finnair Holidays is a fairly new product in the airlines' package holiday market, it already has many attractive and innovative features. When it comes to the rewarding the frequent flyer, many other leisure travel products have not succeed in the same way. People in the business must remember that the loyal customers are key to a successful business and must be rewarded the most also when it comes to leisure travel.

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