

Types of Loyalty Programs for Airlines

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Abstract: Airline loyalty programs are one of the key marketing tools aimed at increasing customer loyalty and the company's competitiveness. The article examines the main types of loyalty programs used by air carriers, including miles accumulation programs, bonus systems, co-branding programs with banks, as well as exclusive offers for corporate clients.

Keywords: loyalty programs, airlines, bonus miles, co-branding programs, customer loyalty, marketing, personalization, digitization

An important task for any business is to form and strengthen the loyalty of regular customers. In the world of the aviation industry, the first motivational systems aimed at stimulating regular customers appeared in 1972 when the American airline United Airlines launched the first system that provides souvenir products to regular customers. Seven years later, Texas International Airlines developed a mile counting system.

Any loyalty program is a system of incentives for consumers to perform targeted actions. In the aviation industry, such actions are flights, and miles are used as a reward. To become a member, airline passengers must register on the carrier's website or mobile application. Depending on the conditions, miles can be charged immediately after registration and only after the purchase of tickets. Passengers accumulate miles and use them to purchase tickets, upgrade service levels, and exchange for various goods or services.

The benefits of loyalty programs for passengers are obvious, but they also bring significant benefits to airlines. A well-executed system helps to form and strengthen the relationship between consumers and the brand, especially among regular customers, who bring the company the largest amount of revenue and profit. Therefore, the loyalty system for airlines stimulates passenger loyalty, which is a key factor in increasing success and competitiveness in the air transportation market.

Loyalty programs, as an effective tool for forming a positive attitude towards the brand, are widely used in various industries, including trade, banking, services, and many others. The aviation industry is no exception, and there are combinations of bonus and coalition programs.

In the aviation industry, discounts and bonuses are the most common ways to reward customers. However, bonuses, according to some parameters, are a more attractive option:

- Reducing organizers' expenses. Discount cards of airlines allow passengers to directly use discounts when purchasing tickets. In contrast, the accrual of bonuses takes place after making a purchase and presupposes their use in the future, which reduces the direct costs of the airline.
- High engagement. The accumulation of bonuses resembles game mechanics, which makes it attractive to users. The introduction of various levels or statuses further stimulates customer activity.

- Customer retention. Bonuses are usually spent on tickets, airline services, or partner goods. A positive experience in using a bonus account often becomes a key factor in returning customers.

The popularity of loyalty bonus programs for airlines is explained by their advantages, so many Russian air carriers have chosen this system of customer incentives.

Existing loyalty programs in the aviation industry are divided into 3 types: own (autonomous), co-branding and coalition. In the field of passenger air transportation, coalition air transportation is the most common. They are based on the integration of various partner companies into a single system where customers can accumulate and use bonuses.

Coalition programs provide participants with the opportunity not only to fly on the planes of various airlines for free, but also to pay with bonuses for other services, such as luggage, hotel accommodation, car rental and much more. Customers have the opportunity to "earning" miles not only when buying air tickets, but also when using the goods and services of the program's partners. This allows users to choose from several autonomous systems without having to carry many cards with them.

Airlines also receive a number of benefits from using coalition loyalty programs. This includes the allocation of costs during the launch and throughout its existence, the expansion of communication channels, the increase in the base of potential customers and the possibility of offering more attractive conditions. Coalition systems are a profitable and effective tool for attracting and retaining airline customers.

Next, we will consider the loyalty program of "Uzbekistan airways."

The "UzAirPlus" program is an airline program designed for frequently flying passengers and encourages such passengers with the services of this airline or its partners by providing various rewards and bonuses - additional norms of free luggage transportation, service in rooms with increased comfort, obtaining air tickets for premium flights, providing various priorities in airport service or other rewards.

Individual participant - Any natural person who has reached the age of 16 years, who has a personal identification document (passport, ID card) can become a participant in the personal program "UzAirPlus."

The participant's card is a personal card of the "UzAirPlus" program participant, containing the participant's name, surname, personal account number, and member status level. The virtual card number and the personal plastic card number of the Member are identical.

The corporate participant is a legal entity registered in the "UzAirPlus" program in the person of the appointed manager and employees registered in the Program, who participate in the Business Program in accordance with the conditions and rules established for corporate participation.

Prize points are points awarded to participants of the "UzAirPlus" program for each flight performed in accordance with the rules of this program, which, upon reaching the required amount, can be used to receive the rewards provided for in the rules of the program.

"UzAirPlus" program prizes are additional services provided to the program participant when he accumulates a certain number of premium points necessary for receiving the prize.¹

The principle of operation of loyalty programs of airlines is general - registration, accumulation and use of bonuses, however, the conditions for calculating miles and the possibilities of their use differ. Here are some of the main differences:

¹ <https://www.uzairways.com>

1. Partners: their number differs, which affects the convenience and mileage rate.
2. Features of calculation: airlines calculate different number of miles per flight on one route, as well as the ticket tariff affects the bonus amount.
3. Accumulation methods: some systems only charge bonuses for purchasing tickets, while others provide the opportunity to earn miles through bank cards, purchases, and other services.
4. Mile safety: some bonus miles may "burn" after a certain time, which may be a disadvantage for rarely flying passengers.
5. Ways to write off: mileage options also vary, from paying for tickets to booking hotels or renting cars.
6. Bonus cost of tickets: airlines set rates for premium tickets, which affects the availability of passengers.

As a result, there is no ideal loyalty program that satisfies all passengers. The choice depends on the specific needs and preferences of each person.

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