

BusinessWeek

Investor

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MAKING LIFE RICHER

Managing Your Miles

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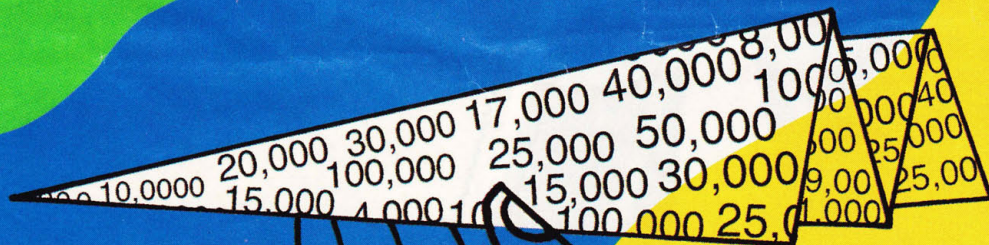
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Making The Most Of Your Flier Miles

You can rack them up in so many different ways, you may have more than you think. Here's how to avoid squandering a valuable asset. **BY TODDI GUTNER**

AFTER MARK SCHARFF and his wife had twins 16 months ago and bought a house, he decided it made more sense to use his 1 million assorted frequent-flier miles on the ground than in the air. So the Chicago sales rep for a New Jersey scale-and-balance company went to Points.com, where he exchanged miles for retail gift certificates through Holiday Inn's Priority Club plan. Then he bought new kitchen appliances and a big-screen TV at Sears Roebuck. He also has a \$300 credit at Home Depot, where he plans to buy garden gear.

Scharff once dreamed of trading in his miles for an exotic vacation. But if he had waited to find the time to take one, he might have frittered away a valuable asset. When your miles aren't managed wisely, they become like a depreciating currency, either because airlines keep raising the requirements for tickets or offering fewer free seats (table). You also run the risk of miles expiring, as they do in the United Airlines and American



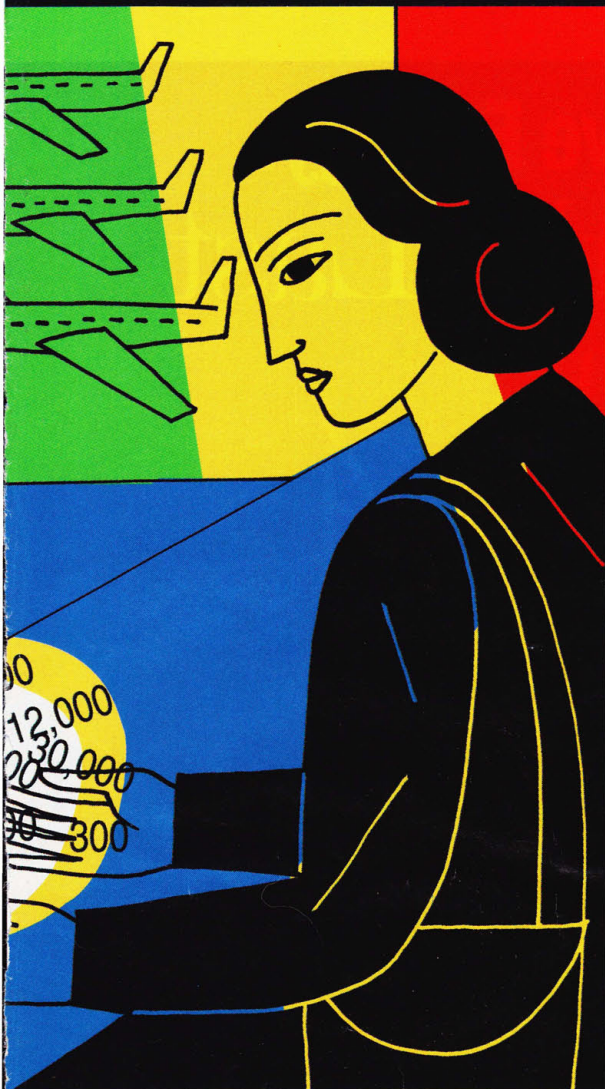
Airlines programs if your account remains inactive for three years.

Unlike Scharff, most people still use their balances for airline tickets. "The best value is to use your miles for their intended use—free travel," says Randy Petersen, publisher of *InsideFlyer* magazine. When you do that, each mile is worth 2¢ to 9¢, depending on the market value of the award. But if you can't swap your miles for travel, use them for something—merchandise, entertainment, or charity—even though that can reduce their value by 50% or more.

MANAGE YOUR ACCOUNTS

First, take stock of what you have. This is especially important now because it has become much easier to earn miles—by charging a wedding, talking on the phone, or taking out a mortgage—than to use them, at least for free flights (chart).

One way to keep track is through the online account-management services most airlines provide for their frequent-



offers a host of benefits, such as alerting you via e-mail when you have enough miles for a particular trip or informing you of bonus promotions. Go to webflyer.com and click on the dropdown menu at the top of the left column. Then scroll to the MileageManager link. Points.com also offers a consolidated view of program balances free to anyone who registers at the site.

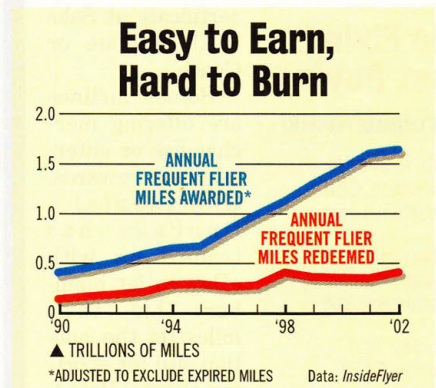
PLAN IN ADVANCE

Once you know what you have, decide how to use your miles. If you want free tickets, your best bet is to be flexible and plan well in advance, especially if you want to go to a popular place at a desirable time. Peter Altick, a sales rep for high-end medical gear in San Diego, bagged five seats to Hawaii from Los Angeles on United for Dec. 26 by calling the airlines on the first day award tickets became available—330 days before the day he wanted to leave. Because he was flexible about his departure day, Altick immediately booked three seats on one flight and then secured two more seats on another United flight the same day. “The airlines don’t like to release five free seats all at once on the same flight,” says Altick. But a couple of months later, after the airline had a bet-

flier plans. If you want one consolidated statement with all of your loyalty programs reported and continuously updated, consider MileageManager, for \$14.95 a year. First, you input all your account information, then MileageManager collects future data. The service

ter idea of seat sales, he was able to move everyone to the same flight.

Altick scored by calling months ahead, but some people get lucky by waiting until almost the last minute. That’s because a few weeks before departure, if seats are still available, air-



lines are willing to throw more into the frequent-flier bin. Last August, Susan Stautberg, president of New York-based PartnerCom, a firm that creates global advisory boards, landed a free seat to Panama on Continental Airlines just two weeks before she wanted to leave on Labor Day.

Online ticketing has made it easier to see when free seats are open. American, Delta Air Lines, and Continental let you know on their Web sites where award travel is still available. Right now, American has Miami to Barbados and New York to Paris wide open on various flights.

If you strike out with your primary carrier, check its partners. Many airlines have forged new alliances: Continental, Northwest Airlines, and Delta will let members use their miles interchangeably this summer. US Airways Group and United already permit it. Of course, see what hotel and car-rental partners your mileage program offers if you need those services.

MILES FOR POINTS

On the ground, you can convert miles into points in a loyalty program, such as Hilton HHonors or Holiday Inn Priority Club (table, page 102), that offers goods or services. Research your transfers wisely since each program offers a wide variety of purchase options and works a little differently, depending on what you want to buy, where you want to shop, and what miles are accepted. You could exchange 50,000 Continental OnePass miles into 100,000 Hilton HHonors points (membership is free), then convert those points into \$200 worth of gift certificates at Bloomingdale’s or a three-day adult ticket at Disneyland, among other things. Club Rewards by Diners Club accepts only American and United miles, but 50,000 of their miles equals 50,000 points. Club Rewards offers dozens of items, such as an eight-piece Calphalon cookware set, or a \$250 gift

Frequent-Flier Programs Get Stingier

AIRLINE PROGRAM	MEMBERS MILLIONS	MAJOR CHANGES
American AAdvantage	45	Raised mileage requirements for tickets in many categories; i.e., unrestricted economy-class ticket costs 50,000 miles, up from 40,000
Continental OnePass	19	Non-elite members with discounted tickets no longer eligible to upgrade; first/business class to Hawaii rises to 150,000 miles from 75,000
Delta SkyMiles	29	Discount economy ticket holders earn ½ a mile per mile flown instead of one mile when counting toward elite status and accompanying benefits
Northwest WorldPerks	22	Non-elite members can’t use miles to upgrade on certain domestic tickets
United Mileage Plus	40	No longer participates in Hilton Reward Exchange program; two Starwood Hotel points (up from one) now required to earn one mile

Data: InsideFlyer