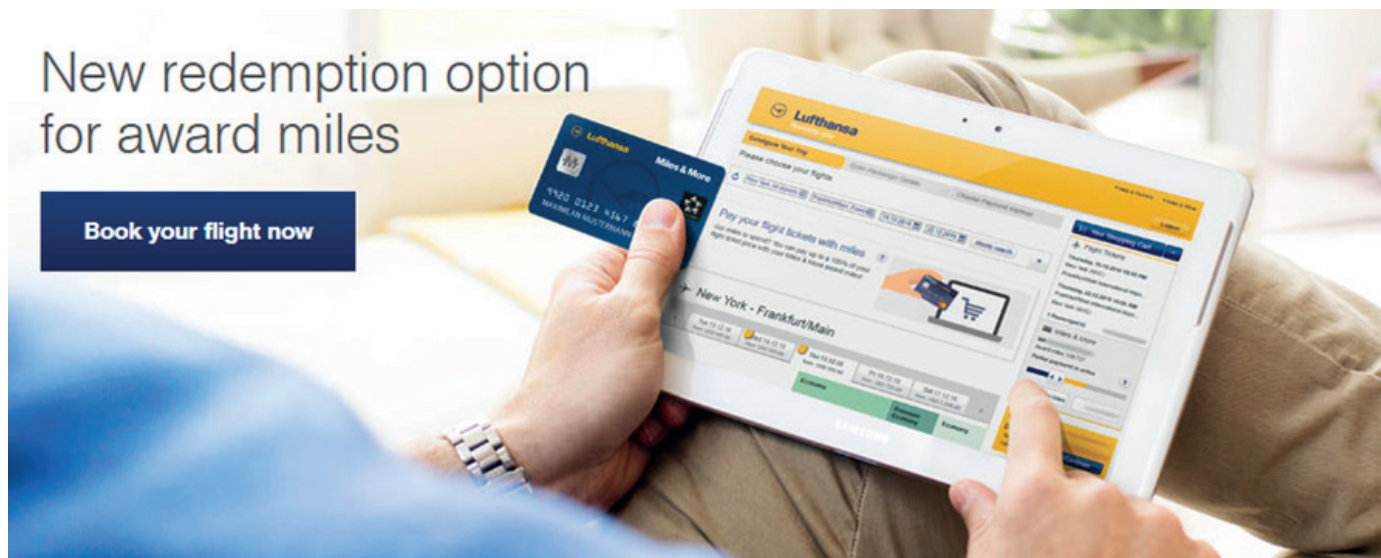


Enabling Lufthansa customers to pay in miles, cash, or a combination of both



Lufthansa is Germany's n°1 airline and ranks second in Europe in terms of passengers carried in 2016. With the LH Group subsidiaries, it represents one of the largest passenger airline fleets in the world. Highly rated in terms of passenger service, Lufthansa is the only European airline certified with the highest 5-star Airline rating by SKYTRAX, in 2017.

Amadeus has recently provided Lufthansa with an innovative solution to help travelers to make the most of their miles. The solution was first launched in November 2016 on selected markets throughout the world, with Germany their 'home' market added in February 2017.

Context and challenges faced by the airline

The more miles consumed the better!

Mile awards are a key component of an airline's loyalty program, creating personal ties and interactions with a brand.

Unredeemed miles represent a wasted potential as customers aren't getting the most of the loyalty scheme. One might think that it's positive for airlines when miles expire - but actually, it is quite the opposite. Whenever miles expire, customers lose their trust in getting proper value from the airline's mileage program and may question if it is worth being a member. What's more, these unused miles show up as a liability, a debt, in the airline's Frequent Flyers Program balance sheet. However, enabling airlines' customers to burn full miles is strategically difficult, especially on high traffic routes or flight times.

The only way to improve the miles burning rate is to encourage loyalty program members to spend their award miles by bringing better flexibility in redemption.

Lufthansa was seeking a way to reduce unredeemed miles and at the same time, revalue their frequent flyer Miles & More accounts. The idea was to encourage miles spending and let their customers spend even a small amount of miles, from as little as 7,000 award miles. The goal was also to generate new revenue streams by motivating them to burn partial miles on regular revenue flights, instead of limiting customers to the sole availability of the traditional redemption class. They hoped as well, to drive customers to choose higher booking classes for flights on a high traffic route or at peak seasonal demand.



Why Amadeus Miles & Cash Slider

Simple & easy

With Amadeus Miles & Cash Slider, Miles & More loyalty members can now choose how they wish to pay for their purchase: in miles, cash, or a combination of both. After logging onto LH.com with their Miles & More credentials, they simply select the flight and adjust the number of miles they'd like to spend. They can do this with the sliding scale or simply by typing in the number of miles.

Totally flexible

The flight fare is split from standard currency into part miles/part cash, with different ranks. Loyalty members can spend all the award miles collected in a totally flexible way.

Airline customers can use it, for instance, if they don't have the amount of miles needed for a full ticket redemption, or simply if they are seeking to burn miles which are about to expire (they must have at least 7,000 award miles available in their personal mileage account). Of course, every ticket bought with a Miles & Cash payment earns them new mileage.

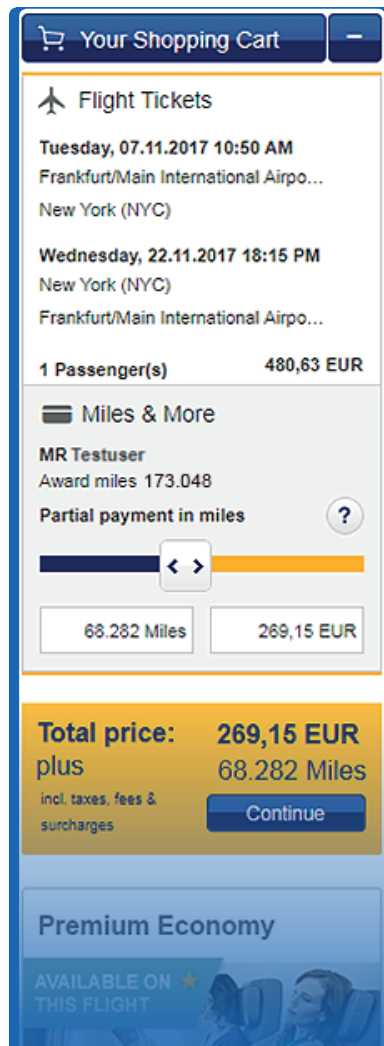
The solution is available for all revenue tickets and commercial classes, with the airfare calculation based on the total ticket price, including taxes and fees.

Implementing the solution in Lufthansa

Main project challenges

One of the biggest challenges in using mileage as part of the payment was to make sure it was included within all applicable processes and that the miles being used were taken into account in both internal and external reporting. The miles used also had to appear on printed passenger documents. This was in fact the reason why Germany, and especially the flight tickets for intra-German flights, were only rolled out in February 2017 after all documents had been adjusted with the relevant German VAT taxation information.

Another major challenge was to ensure any issues with tickets paid for with Miles & Cash would be correctly handled at all customer touchpoints; Lufthansa's agents had to be properly instructed on how to handle a rebooking or a refund scenario involving a combination of both cash and miles. Amadeus' conversion technology assures the cross-channel consistency and facilitates ticket servicing.



A key differentiator for Lufthansa

Turning miles into a partial payment method is a key differentiator for the airline, enhancing the value of their Miles & More frequent flyer program and helping to boost conversion.

"With Miles & Cash Slider, we are allowing our customers to spend their miles on whatever flight and whatever date they wish - thus solving one of the key pain-points with our loyalty program. So, in addition to delivering great commercial results it also delivers true customer benefit."

Sebastian Riedle
Senior Director Online Sales for Lufthansa, Swiss and Austrian Airlines

What's more, it is available only on Lufthansa's websites as a unique service. It applies to all flights booked through LH.com with Lufthansa, Austrian Airlines, SWISS, Brussels Airlines and Eurowings.

This creates an incentive for customers to book directly through the LH website, thus bringing more bookings to the airline's direct channel and helping Lufthansa to know their customers better.



Key Results

Since its worldwide roll out within the LH.com, Miles & Cash has proved its efficiency, boosted revenue on each ticket, and empowered customers to burn miles.

Grow revenue:



- Average ticket revenue of Miles & Cash bookings is around **20€ higher** than revenue of usual bookings
- The uplift has been statistically **tested** and shown to be **significant**
- Constantly growing** volumes of Miles & Cash bookings and miles used

Facilitate miles burning:



- 70%** of Miles & Cash bookings are paid with **more than 80%** of customers' total mileage
- +60%** of all Miles & Cash bookings have been purchased with a miles share **below 30 percent**
- ~10%** of all Miles & Cash tickets have been paid with **miles only**

Increase value of the airline's loyalty program:

+5M active Miles & More customers have enough miles to book a Miles & Cash ticket

30% of customers

say they would not have bought the ticket without Miles & Cash



Other interesting observations:



- Cash & Miles tickets are mostly purchased on **Sundays**, usually considered quiet days for air ticket sales
- 15%** of the Miles & Cash bookings have been purchased via mobile channel
- Compared to usual tickets, Miles & Cash tickets are purchased **14 days prior** to the departure date

About Lufthansa

Headquartered in Cologne, Lufthansa's main operations base is at the airline's primary hub at Frankfurt Airport, with a secondary hub at Munich Airport. It operates services to 18 domestic destinations and 197 international destinations in 78 countries across Africa, the Americas, Asia, and Europe, using a fleet of more than 270 aircrafts. Lufthansa is one of the five founding members of Star Alliance.

About Amadeus Miles & Cash Slider

Amadeus Miles & Cash Slider is part of Amadeus Digital Awards solutions - together with Amadeus Award Converter. Both Digital Awards solutions are based on advanced conversion technology (Amadeus Converter Engine), allowing to convert fares filed in cash into miles. This provides airlines with a platform to build unique redemption booking experiences for awards customers, which are fully integrated with pricing and availability.

Find out more

For further information, visit amadeus.com/search-and-shopping or speak to your Amadeus Account Manager today.

[Amadeus Shopping Solutions](#)