

Jeremy's World: Status quo or status match?



There's a whole new dynamic about to hit airlines and their suppliers. One which passengers may have seen coming, but the airlines are just about to wake up to.

Just when airlines thought they could start relying again on the algorithms and forecasts for traffic by route, by class, by profile to plan their catering or service accordingly – a new factor is coming. One which is entirely self-induced.

Back in 2020 as airlines were frantically treading water to survive, a number of initiatives were introduced. Two of the most welcome, from the passengers perspective, was the waiver and ease of managing flight changes and the accompanying fees, and the extension of frequent flier status. Now that the demand is higher, often outstripping capacity, and fares are priced ludicrously for all classes of travel, the cost of changing your mind has been reinstated with a vengeance.

Many frequent flier statuses were extended in many cases up to three years. Almost every major airline, hotel chain, cruise line and car hire company extended their premium cardholders stay. With a couple of exceptions, such as JetBlue and Frontier which did not extend beyond the end of 2021, almost all status were extended by three years which takes us neatly to March 2023.

My colleague, Co-Founder and CEO of [StatusMatch.com](https://www.statusmatch.com) Mark Ross-Smith, who has vast insider knowledge of the situation within loyalty programs, estimates that the number of elite status holders will drop by approximately 50 percent between January and June 2023, with March being the "crunch month." He says, "We're potentially talking about the biggest 'share shift' in spend in the history of air

travel."

This means that about 20 to 25 million people will lose their elite status status and fall into the abyss of misery that is non-elite membership of the programs. This could mean no premium check-in, no priority upgrades, no lounges, no increased baggage allowance.

What does this mean?

Maybe airport food outlets will do well, as the likely grim-faced ex-elite card holders reluctantly make purchases. But, for the onboard services it's going to be confusing. With fares going through the roof, the incentive to fly Business Class will likely drop and there will be fewer who are eligible to upgrade. Worse, as passengers no longer see the incentives to stay loyal, they will migrate – but to where?

If high fares force them across to the LCC's, it is going to be hard for legacy carriers, or those who count on loyalty, to win them back. Ross-Smith says that currently, and up to 2019, elite members accounted for about 30 percent of airlines' revenue. If half of them are going to disappear, or at the very least change their habits, this could have significant impact on service and provisioning.

Airlines waking up to the realization that perhaps they have not fully thought this through, cannot very well extend for free indefinitely, but they also cannot do nothing and watch the tsunami of downgrades wash over them. So now many are scrabbling around for solutions.

Some are launching multi-angle policies and running hastily prepared promotions in an effort to retain their doomed gold carders while others are taking a more aggressive approach and looking to see who they can poach from competitors by offering a 'status match.'

And that is where the hapless passenger has a possible reprieve. By using a service such as StatusMatch.com, it is possible that the stay of execution can be extended by finding an airline willing to match your status with their program. Passengers can't carry across their banked mileage, but a Gold Card is a Gold Card and they have a whole year in which to try and keep it – with their savior airline.

For suppliers it may mean some flexibility requests by carriers but expect a bumpy time as this whole situation sorts itself out.