

ANA's Financial Services – Enhancing Loyalty Through Innovation



Source: Unsplash (2018)

Background

In today's competitive airline industry, it has become increasingly common for airlines to offer financial services tied to their loyalty programs, such as co-branded credit cards. These services provide customers with alternative ways to earn rewards and benefits while strengthening brand engagement. From the customer's perspective, using airline-affiliated financial products enables them to accumulate loyalty points and achieve higher status tiers more efficiently (Mitchell, 2024). Hence, financial services have become an important tool for airlines drive loyalty and repeat business.

As the largest Japanese carrier, All Nippon Airways operates from over 50 airports within Japan and connects to 42 airports worldwide (ANA, n.d.). Like many other airlines, ANA has collaborated with various banks and card issuers offer a broad range of co-branded credit cards designed to meet the needs of different customer segments. For example, in the Hong Kong market, ANA partners with Dah Sing Bank to offer the Dah Sing ANA World Mastercard. Cardholders earn 1 mile per HK\$4 spent, enjoy priority check-in at the business class counter, and receive free breakfast and a 5% room discount at IHG Hotels in Japan (ANA, n.d.).

In Japan, ANA also offers its own credit cards, most of which are directly integrated with the airline's loyalty program, the ANA Mileage Club. One such card, the Standard ANA Visa Card, provides 1 mile and 1 Mileage Club Premium point per JPY¥200 spent, along with international travel insurance coverage of up to JPY¥10 million (ANA, n.d.). Accumulating 30,000 Premium Points earns members Bronze Mileage Club status, unlocking benefits such as lounge access, priority seat selection, bonus miles, seat upgrade points, and many other travel-related privileges and everyday life services (ANA, n.d.).

In efforts to digitalize its business, the airline recently launched ANA Pay, a mobile payment app aimed at increasing convenience and engagement among Mileage Club members (ANA, 2020). The app allows users to register for a digital membership card and make payments

using a virtual debit card, similar to services like Tap & Go (Pipi, 2024). ANA cardholders and Mileage Club members can link their cards to ANA Pay to earn additional miles with every purchase (ANA, 2020).

Challenges

Although ANA has a wide range of well-established financial services to complement its loyalty program, the popularity of the airline's financial services seems to be not quite popular even among the Japanese. Despite offering comparable or even superior to other card issuers, ANA cards and ANA Pay have received limited attention because of inadequate advertising, resulting in low levels of competence compared to card companies with long-standing reputation like American Express or Rakuten.

Another reason of the low recognition could be contributed to the requirements of Japanese residential address and mobile number. These limitations significantly reduce accessibility for international customers. Compounding this challenge, many of the loyalty benefits tied to ANA's financial services are only redeemable in Japan, further diminishing their appeal to foreign travelers and overseas Mileage Club members.

Discussion Questions

1. What strategies could ANA implement to improve the advertising and visibility of their financial services both domestically and internationally?
2. In what ways could ANA enhance the appeal of their financial services to non-Japanese customers, given the current limitations?
3. What role does digitalization, such as the introduction of ANA Pay, play in enhancing customer engagement and loyalty for ANA?
4. How can ANA evolve its financial services to better meet the changing needs and preferences of younger, tech-savvy travelers?

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- Airline
- Loyalty program
- Digital payment
- Customer engagement
- International expansion
- Marketing

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