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## **Airline Ancillary Revenue Reaches \$27.1 Billion -- More Than Doubling the 2009 Number**

*September 9, 2013, Shorewood, Wisconsin* – Ancillary revenue totaling more than \$27.1 billion is now produced by every type of airline and in every region of the world. The first IdeaWorks ancillary revenue report in 2008 identified \$2.45 billion, from just 23 airlines, in this then-new area of sales. The consistent growth of extra revenue from three key sources demonstrates how this activity has become a crucial component of airline income. Carriers worldwide rely upon the revenue from frequent flier activities, a la carte features, and commission-based products, to create profits in an era of high fuel costs - - while keeping fares modest in a recession-weary world.

The most recent ancillary revenue analysis by IdeaWorksCompany, which was sponsored by CarTrawler, provides the most detailed global assessment of a bottom-line-booster that can represent more than 38 percent of a carrier's revenue. The research examines 53 airlines that disclosed revenue during 2012 from activities such as frequent flier miles sold to partners, fees for checked bags, and commissions from car rentals. The complete alphabetical list of carriers is provided on the next page in a carrier-by-carrier table, followed by a graph of ancillary revenue expressed as a percent of total revenue on page 3.

Individual airline disclosures clarify the type of ancillary revenue activity for each carrier. Some airlines are vague in their descriptions and merely provide an "ancillary revenue" line on the income statement without further details. Some of the carriers don't specifically list ancillary revenue, but describe qualifying activities such as "revenue from the sale of frequent flier miles to partners" or "revenue from onboard cafe sales." Other airlines provide robust details and seem very proud of their ancillary revenue accomplishments.

The following is a sampling of the ancillary revenue details found during the research:

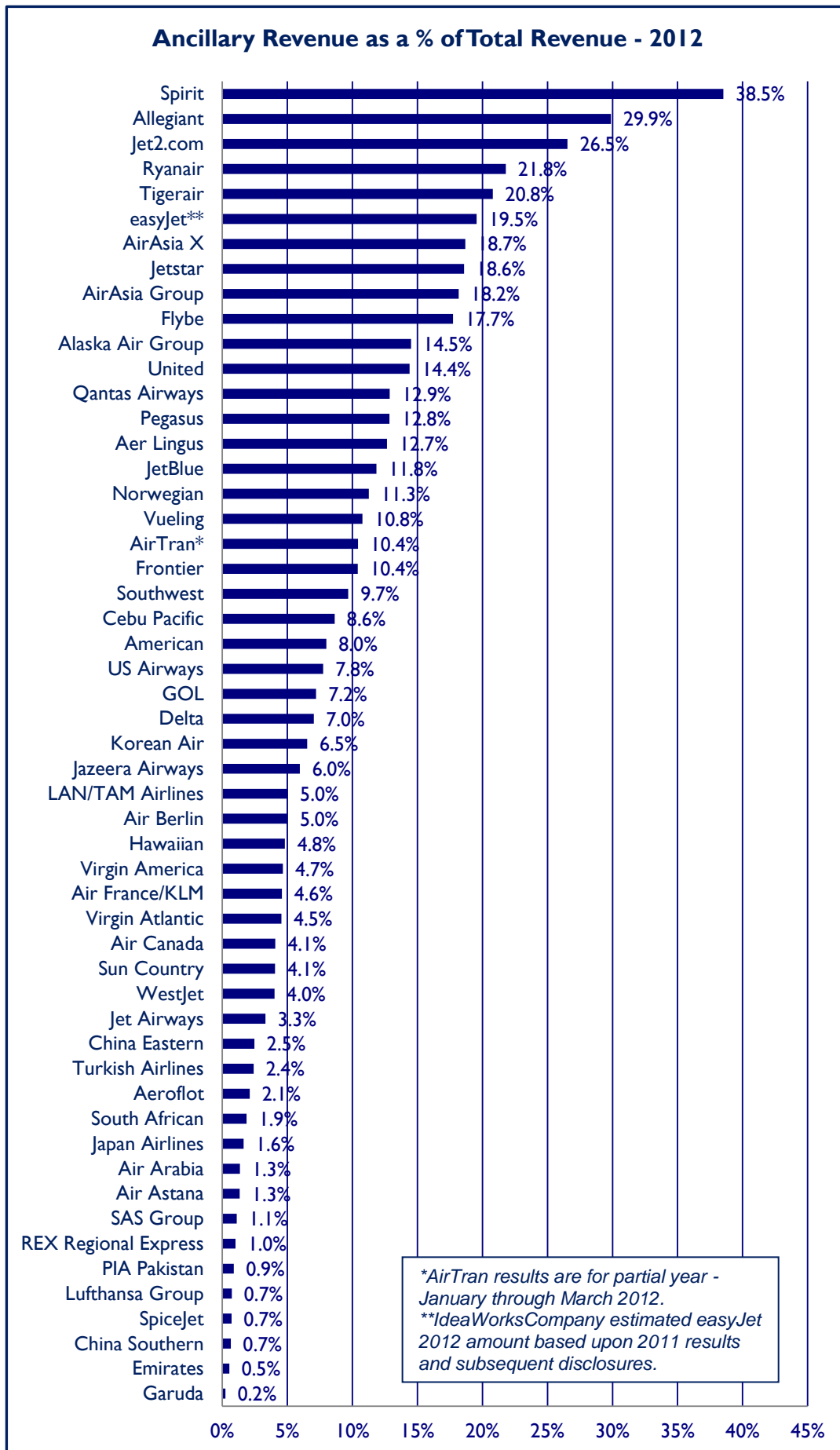
- **Air Berlin.** The carrier realized income of €184.4 million (not revenue) from its topbonus frequent flier program during 2012.
- **KLM.** Economy comfort seating contributes €65 million annually on transcontinental routes.
- **Ryanair.** IdeaWorksCompany estimates 18 passengers pay for assigned seating on a typical flight.
- **Vueling.** The carrier generates ancillary revenue through the licensing of its brand to a hotel in Barcelona. Hotel Vueling BCN by HC (Hoteles Catalonia) opened March 2013.
- **Norwegian.** The airline owns a portion of Norwegian Finans Holding ASA which operates as Bank Norwegian. During 2012 the bank paid commissions of NOK 40,049,000 (\$6.9 million) for activity related to the Bank Norwegian Visa card.
- **Southwest.** EarlyBird boarding provided \$161 million for 2012.
- **SpiceJet.** Buy-on-board contributed INR 278.81 million (\$4.9 million) to 2012 revenues.
- **United.** Total cash proceeds from frequent flier miles sold for 2012 was \$2.852 billion.

## Airlines Posting Ancillary Revenue Results

For most recent full-year period, listed in alphabetical order.

Carriers	Ancillary Revenue in US\$	% of Total Revenue	US\$ per Passenger	Euros per Passenger	Region
Aer Lingus	\$230,270,483	12.7%	\$23.85	€18.28	Europe and Russia
Aeroflot	\$171,300,000	2.1%	\$9.70	€7.50	Europe and Russia
Air Arabia	\$10,798,873	1.3%	\$2.04	€1.57	Middle East and Africa
Air Astana	\$11,627,000	1.3%	\$3.52	€2.72	Asia / South Pacific
Air Berlin	\$282,402,543	5.0%	\$8.47	€6.49	Europe and Russia
Air Canada	\$480,064,742	4.1%	\$13.76	€10.57	The Americas
<b>Air France/KLM</b>	\$1,205,727,600	4.6%	\$15.57	€11.93	Europe and Russia
AirAsia Group	\$435,554,822	18.2%	\$12.88	€9.94	Asia / South Pacific
AirAsia X	\$119,515,220	18.7%	\$46.31	€35.74	Asia / South Pacific
AirTran*	\$70,695,000	10.4%	\$13.62	€10.54	The Americas
Alaska Air Group	\$675,800,000	14.5%	\$26.10	€20.18	The Americas
Allegiant	\$271,560,000	29.9%	\$38.86	€30.06	The Americas
American	\$1,987,000,000	8.0%	\$18.43	€14.25	The Americas
Cebu Pacific	\$77,215,540	8.6%	\$5.83	€4.49	Asia / South Pacific
China Eastern	\$344,312,418	2.5%	\$4.71	€3.65	Asia / South Pacific
China Southern	\$105,525,700	0.7%	\$1.22	€0.94	Asia / South Pacific
Delta	\$2,576,660,000	7.0%	\$15.66	€12.11	The Americas
easyJet**	\$1,147,743,960	19.5%	\$19.65	€15.08	Europe and Russia
Emirates	\$105,652,400	0.5%	\$3.16	€2.45	Middle East and Africa
Flybe	\$158,901,050	17.7%	\$21.77	€16.71	Europe and Russia
Frontier	\$149,378,000	10.4%	\$13.96	€10.80	The Americas
<b>Garuda</b>	\$7,029,768	0.2%	\$0.34	€0.27	Asia / South Pacific
GOL	\$276,852,380	7.2%	\$7.07	€5.47	The Americas
Hawaiian	\$94,525,000	4.8%	\$9.98	€7.71	The Americas
<b>Japan Airlines</b>	\$178,932,600	1.6%	\$4.77	€3.66	Asia / South Pacific
Jazeera Airways	\$13,057,928	6.0%	\$10.88	€8.39	Middle East and Africa
Jet Airways	\$104,095,000	3.3%	\$6.18	€4.78	Asia / South Pacific
Jet2.com	\$215,401,571	26.5%	\$45.83	€35.18	Europe and Russia
JetBlue	\$590,000,000	11.8%	\$20.38	€15.76	The Americas
Jetstar	\$553,184,817	18.6%	\$29.60	€22.80	Asia / South Pacific
<b>Korean Air</b>	\$720,900,000	6.5%	\$30.94	€24.06	Asia / South Pacific
LAN/TAM Airlines	\$500,750,000	5.0%	\$7.72	€5.97	The Americas
Lufthansa Group	\$285,773,100	0.7%	\$2.77	€2.12	Europe and Russia
Norwegian	\$248,055,350	11.3%	\$14.01	€10.71	Europe and Russia
Pegasus	\$122,742,167	12.8%	\$9.03	€7.02	Europe and Russia
PIA Pakistan	\$10,027,243	0.9%	\$1.92	€1.48	Asia / South Pacific
Qantas Airways	\$1,574,698,320	12.9%	\$56.21	€43.30	Asia / South Pacific
REX Regional Express	\$2,697,521	1.0%	\$2.31	€1.78	Asia / South Pacific
Ryanair	\$1,388,674,580	21.8%	\$17.51	€13.42	Europe and Russia
SAS Group	\$60,655,200	1.1%	\$2.34	€1.78	Europe and Russia
South African	\$41,732,400	1.9%	\$5.16	€4.07	Middle East and Africa
Southwest	\$1,655,000,000	9.7%	\$12.35	€9.55	The Americas
SpiceJet	\$4,934,937	0.7%	\$0.45	€0.35	Asia / South Pacific
Spirit	\$507,834,000	38.5%	\$48.72	€37.68	The Americas
Sun Country	\$14,633,000	4.1%	\$9.03	€6.99	The Americas
Tigerair	\$143,265,889	20.8%	\$20.92	€16.07	Asia / South Pacific
<b>Turkish Airlines</b>	\$200,000,000	2.4%	\$5.13	€3.97	Europe and Russia
United	\$5,352,000,000	14.4%	\$38.11	€29.47	The Americas
US Airways	\$1,073,300,000	7.8%	\$13.00	€10.06	The Americas
Virgin America	\$62,150,000	4.7%	\$9.99	€7.73	The Americas
<b>Virgin Atlantic</b>	\$165,894,616	4.5%	\$30.47	€23.39	Europe and Russia
Vueling	\$154,895,545	10.8%	\$10.47	€8.03	Europe and Russia
WestJet	\$133,332,030	4.0%	\$7.65	€5.88	The Americas

2012 carrier results were based upon recent 12-month financial period disclosures. \*AirTran results are for partial year - January through March 2012. \*\* IdeaWorksCompany estimated the easyJet 2012 amount based upon 2011 results and subsequent disclosures. Please refer to individual carrier listings for details. **New carrier listing for 2013.**



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**About IdeaWorksCompany:** IdeaWorksCompany was founded in 1996 as a consulting organization building brands through innovation in product, partnership and marketing, and building profits through financial improvement and restructuring. Its international client list includes airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorksCompany specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, frequent flier programs, and on-site executive workshops. Learn more at [IdeaWorksCompany.com](http://IdeaWorksCompany.com).

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