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Profit From Innovation: Ancillary Revenue Examples From Around the World

IdeaWorksCompany and CarTrawler offer a global a la carte buffet from 20 companies including Aer Lingus, Amazon, American Airlines, Lufthansa, and Tune Hotels.

December 1, 2014, Shorewood, Wisconsin – “All EU network carriers, including Lufthansa carriers, are losing money on EU routes.” That’s the quote by Lufthansa Chairman and CEO Christoph Franz as he spoke at the European Aviation Club in March 2012. The challenges faced by Lufthansa Group provide an example of why airlines of all types are eagerly seeking the profit relief provided by ancillary revenue. In this environment, retail-oriented airlines are trying new concepts, testing results in the marketplace, and quickly tossing those don’t produce results.

The latest IdeaWorksCompany report reviews innovations that rely upon consumer desire for more comfort, convenience, and certainty. A la carte places consumers in control of the travel process. The companies featured in this report know that when a service provides good retail value consumers will click to buy it. The following is a sampling of the revenue boosting retail methods from the low cost carriers, traditional airlines, and other companies featured in the report:

- **Lufthansa** passengers transiting Frankfurt may pre-order goods from the Lufthansa Worldshop and arrange for delivery at the gate before boarding their flight for €19.95 or 5,300 frequent flier miles.
- **Jeju Air**, an LCC based in Korea, provides free in-city lounges (complete with free refreshments and Wifi) specializing in the booking of commission-based services for travelers. These “ancillary revenue incubators” book airport transfers, car rentals, accommodations, and sightseeing.
- **Norwegian Cruise Line** taps the natural desire for parents to create special experiences for their kids with a \$39.95 Nickelodeon Bedtime Kit featuring official SpongeBob sheets and pillows.
- **Amazon Prime** is probably the most successful ancillary revenue initiative ever. The \$99 annual fee likely delivers annual revenue of \$5 billion tied to ancillary businesses in online entertainment.

“**Profit From Innovation: Ancillary Revenue Examples From Around the World**” was released today as a free 19-page report available at the IdeaWorksCompany website: www.IdeaWorksCompany.com. The 2014 Ancillary Revenue Report series is sponsored by CarTrawler. CarTrawler powers car rental partnerships worldwide, working with some of the biggest names in travel including more than 50 airline partners around the world; plus industry-leading OTAs and top global hotel groups. The CarTrawler booking engine connects customers with more than 1,200 car rental agents at 30,000 locations in 174 different countries in the language and currency of their choice.

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.

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