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Vueling Airlines Is 2014 Champ for Revenue Innovation and Marketing Leadership

*The top 5 revenue innovators named by IdeaWorksCompany also include
Delta Air Lines, Wizz Air, Ryanair, and Jeju Air.*

December 26, 2014, Shorewood, Wisconsin – IdeaWorksCompany begins a new year-end tradition by identifying the airlines that have shown the greatest prowess in the areas of ancillary revenue, a la carte pricing, and loyalty marketing. Throughout 2014, we assessed the top ancillary revenue producing airlines and the most generous frequent flier programs, and issued reports that described the industry's service innovation and product development; as well as offering practical advice for airline executives.

The culmination of this work is the **Airline Ancillary Revenue and Loyalty Guide for 2014**. The Guide includes every published report and survey issued by IdeaWorksCompany during the year. In reviewing this material, IdeaWorksCompany found that a select group of airlines readily stood apart in their quest for revenue success. This list of the **Top 5 Revenue Innovation Champs for 2014** represents our desire to recognize the management teams and front line employees who delivered exceptional results during the year:

1. **Vueling Airlines.** Since this airline was born in 2004, it has experienced a merger, been acquired by a global holding company, and achieved robust growth. Year after year, the carrier has also demonstrated a knack to create, market, and deliver remarkable ancillary revenue products. Its most recent addition is the My25% program which delivers a simple 25% discount to subscribers who pay an annual fee. Earlier innovations included a price lock feature and the Vueling Pass which sells an annual package of benefits for business travelers. All these have since been adopted by other carriers around the world.
2. **Delta Air Lines.** This carrier has certainly created a strong tailwind for itself. Profits are at record levels, corporate debt is declining, lie-flat seating has been introduced globally to business class, and the cash dividend has been increased for investors. Its inclusion in this list is due to the bold move to switch the SkyMiles frequent flier program to revenue-based accrual. Starting in 2015 distance-based accrual is out and members will earn miles based upon how much they spend with the airline. This nicely aligns the financial objectives of the company with its loyalty program.
3. **Wizz Air.** The sneak peek offered by the airline in its pre-IPO financial documents demonstrates this historically secretive airline is among the most profitable in Europe, with a fiscal 2014 earnings margin of 24 percent (EBITDAR). But that was hardly a surprise to those in the ancillary revenue profession – who highly regard the carrier for a continuous roll out of a la carte services and a very transparent and effective online booking process.

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4. **Ryanair.** The airline that defined ancillary revenue is included because it demonstrated a huge change of heart during 2014. The “Always getting better plan” introduced by CEO Michael O’Leary will fix the things “our customers don’t like,” such as relaxing the carry-on policy and lowering bag fees at the airport. The plan seeks to end the conflict between front line staff and passengers. Profits increased nicely during the year, with half year results announced on 03 November 2014 revealing a stunning profit increase of 32 percent, proving that kindness can pay dividends.
5. **Jeju Air.** This Korea-based low cost carrier is profitable, growing, and hopes to become a public company in 2015. Its marketing approach is fresh and young as evidenced by sponsorship of top K-pop music groups. Jeju Air demonstrated real innovation with the opening of “Free Travel Lounges.” These in-city lounges specialize in the booking of commission-based services for travelers and operate as “ancillary revenue incubators.”

IdeaWorksCompany looks forward to another year of ancillary revenue, a la carte, and loyalty marketing activity and will announce its 2015 selections in December next year. Vueling Airlines is featured on the cover of the **Airline Ancillary Revenue and Loyalty Guide for 2014** which is set for release on 15 January 2015.

The 204-page Guide is priced at \$449 and will be available for purchase at the bookstore of the IdeaWorksCompany.com website.

Disclosure: IdeaWorksCompany did not have client relationships during 2014 with the airlines listed as the Top 5 Revenue Innovation Champs.

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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