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Ancillaries €18 billion and counting

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This article is based upon a report issued by IdeaWorksCompany.

AIRLINES earned €18.23 billion (\$22.6 billion) in ancillary revenues in 2011, a 66% increase on 2009. Analysis by IdeaWorks, a consulting organisation, and Amadeus, a company that provides technology to the travel industry, of the 50 airlines that disclose ancillary earnings (three more than last year) highlights the profound importance of ancillaries to an industry that often struggles to make profits. Several carriers earned over 20% of total revenues from these add-on charges in 2011, and several earned over €30 per passenger.

United Continental is by some distance the biggest ancillary earner, raking in more than €4 billion in 2011, ahead of Delta, which took just over €2 billion. Low-cost carriers may be more traditionally associated with ancillary-revenue streams than legacy airlines, but they don't appear till fifth place in the overall list, with Southwest taking \$950m, ahead of easyJet on \$890m and Ryanair on \$886m. Southwest, remember, does not charge for baggage.

Budget airlines dominate the table that ranks airlines by the proportion of their total income derived from ancillary sources. The top ten airlines according to this metric are all low-cost. Spirit Airlines is most reliant on ancillaries, earning over 33% of its income that way in 2011, followed by Jet2 and Allegiant on 27%. The third table issued by IdeaWorks looks at ancillary revenues per passenger. Qantas top this list, snaffling over €40 a head on average thanks mainly to a frequent-flyer programme that generated €896m last year.