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## US airlines lead in driving ancillary revenue

By: Phil Davies

*This article is based upon a report issued by IdeaWorksCompany.*

A total of \$40.5 billion was made in ancillary revenue, comprising 8.7% of total sales, by 67 airlines covered in a new survey.

Revenue from ancillaries delivered \$6.2 billion for United Airlines, represented 36.4% of sales for Wizz Air, and \$51.80 per passenger carried by Spirit Airlines in the US.

The study covers airlines that disclosed revenue in 2015 financial filings from activities such as frequent flier miles sold to partners, fees for checked bags, and commissions from car rentals.

The largest numbers were registered by major US carriers such as United, Delta and American. The leader in ancillary revenue share was Spirit, at 43.4%, according to the 105-page report carried out by consultancy firm IdeaWorksCompany.

It also includes a list of the 'a la carte' items sold through Amadeus, Sabre, and Travelport for each of the 67 airlines.

For example, optional extras for baggage, seat assignments, meals and sports equipment can be booked through Travelport-connected agencies on AirAsia, and baggage, meals and unaccompanied minors can be booked for Pegasus through the Amadeus system.

Michael Cunningham, chief commercial officer of report sponsor CarTrawler, said: "As one of the first products purchased for any journey, airlines have privileged access to customer travel itineraries before anyone else does.

"In order to capitalise on this competitive advantage, airlines need ensure they maintain ownership of their customer relationship and utilise the valuable data they already have access to, enabling them to act like a responsive travel assistant.

"By offering their customers timely ancillary add-ons, they have the ability to become a one-stop shop for travel - driving brand loyalty, revenue and profit."

IdeaWorksCompany researched financial filings made by 135 airlines worldwide, discovering 67 which disclosed qualifying revenue activity – four more airlines than last year.

Individual airline highlights include:

- Air Canada's share of payouts made by the Aeroplan loyalty programme for the purchase of reward travel was \$548 million.
- Allegiant Air sold 452,272 hotel room nights and 1,204,982 car rental days to passengers which contributed to ancillary revenue from third parties of \$40.2 million for the year.
- Delta enjoyed a revenue boost of \$125 million from its Comfort+ seating offering during the fourth quarter of 2015.
- Jet2.com is an ancillary revenue leader with package holiday customers representing 41.5% of all passengers flown.
- Qatar Airways posted revenue of \$528 million from the sale of duty free goods and beverages associated with its Qatar Duty Free operation.
- Southwest's revenue from EarlyBird Check-In is estimated to be \$260 million for 2015.
- United disclosed mileage sales of \$2.999 billion for 2015 with the majority of miles sold to Chase Bank for the MileagePlus co-branded credit card.