



ANCILLARY REVENUE REPORT SERIES FOR 2015

Brussels Airlines, JetBlue, KLM, and United Rev Up Their Ancillary Revenue Engines

The best airline merchandisers know a la carte revenue is boosted by a magical combination of human support and distribution technology

Researched and written by Jay Sorensen

Edited by Eric Lucas



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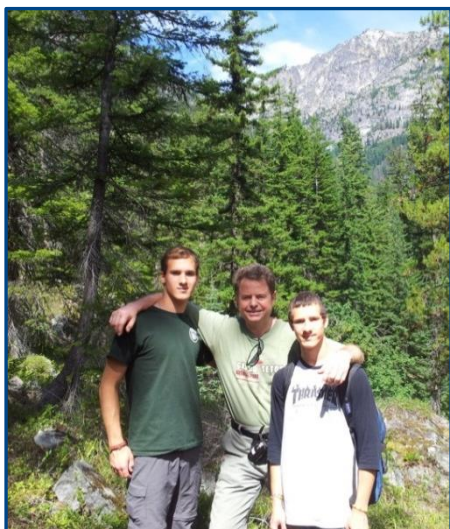
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About Jay Sorensen, Writer of the Report

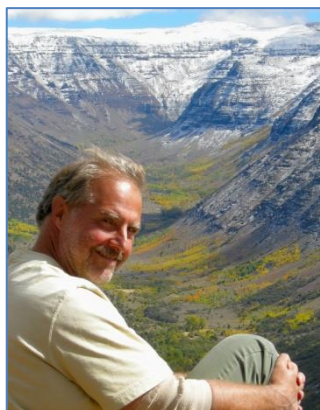


Jay, with sons Anton and Aleksei, on the North Fork Trail in North Cascades National Park in Washington.

Jay Sorensen's research and reports have made him a leading authority on frequent flier programs and the ancillary revenue movement. He is a regular keynote speaker at the annual MEGA Event, spoke at IATA Passenger Services Symposiums in Abu Dhabi and Singapore, and has testified to the US Congress on ancillary revenue issues. His published works are relied upon by airline executives throughout the world and include first-ever guides on the topics of ancillary revenue and loyalty marketing. He was acknowledged by his peers when he received the Airline Industry Achievement Award at the MEGA Event in 2011.

Mr. Sorensen is a veteran management professional with 30 years experience in product, partnership, and marketing development. As president of the IdeaWorksCompany consulting firm, he has enhanced the generation of airline revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations, planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

About Eric Lucas, Editor of the Report



Eric Lucas is an international travel, natural history and business writer and editor whose work appears in Michelin travel guides, *Alaska Airlines Magazine*, *Westways Magazine* and numerous other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of eight books, including the 2013 *Michelin Alaska* guide. Eric has followed and written about the travel industry for more than 20 years. He lives in Seattle, Washington, where he grows and sells organic garlic; visit him online at www.TrailNot4Sissies.com.

Eric, at his favorite summer retreat, Steens Mountain, Oregon.

Disclosure to Readers of this Report

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Brussels Airlines, JetBlue, KLM, and United Rev Up Their Ancillary Revenue Engines

Successful retail is busy, vibrant, and aggressive

This report celebrates retail and merchandising innovations that support ancillary revenue. It offers a collection of examples that rely upon technology and training to create a type of mercantile seduction that encourages consumers to open their wallets and spend. Vendors were invited to share details of client success stories, along with other examples, such as JetBlue and TUifly.com, to create a report filled with services and products that strive to stimulate the imagination and a carrier's income.

We all recognize the telltale signs of retail failure. It includes empty parking lots, the absence of customers, poor selection of products, and employees who behave like they would rather be someplace else. We've been in stores where items on the shelf are covered in a layer of dust. We've dined in restaurants where we are the only patrons during the dinner hour. We've been on flights where the only noticeable employee presence is the cabin crew's loud conversation about poor management. It's a miserable experience that ends with a silent self-imposed promise of "I will never do this again."

Successful retail environments provide the opposite experience. These places have manageable queues of customers – which are annoying – but also indicate robust customer support. In these businesses, the display of products or delivery of services is engaging and adds to the promise of satisfaction. Employees are happy to be there and it's obvious the business has an efficient hum when running at full capacity.

The Lakefront Brewery in Milwaukee is a wonderful example of being busy and vibrant. Visiting this craft brewery on a Friday night finds a big room filled with patrons enjoying a traditional fish fry, dancing to a German polka band, and quaffing the product brewed on the premises. If you return the next day, you will see a queue of eager customers buying tickets for brewery tours, snacking on cheese and pretzels, and snapping up souvenir items in the gift shop. It's simply fun to be a customer here, and the feeling of happiness is undoubtedly shared by its employees and management. This is the feeling, sound, and taste of retail perfection.



Seeing other customers enjoy themselves creates the perfect setting in which revenues flow at the Lakefront Brewery. Image: VisitMilwaukee.com

We buy more when we see others buying

The examples in this report demonstrate the revenue power harnessed when companies engage their customers with attractive storefronts, be they in the city center, online, or up in the air. Busy-looking stores generate their own excitement. It's easy to see this on the ground, but the indicators are less obvious online. Excitement at a booking website might be created by pop-up text, such as "5 persons are currently viewing this offer." Or more simply by ensuring the shelves are "free of dust," by having every link work, offering up-to-date product descriptions, and quickly responding to Facebook posts. It seems merely being in a place where buying activity is observed creates an appetite to join the shopping fun.

Perhaps it's not so surprising the same occurs within the cozy confines of a commercial flight. Professor Pedro Gardete, of the Stanford Graduate School of Business, analyzed the inflight purchase behavior of passengers traveling a particular US-based airline.¹ Simply being on a full flight, and watching others buy snacks, causes passengers to spend more. Gardete's laboratory was the seatback ordering system of an airline that sells food, alcoholic drinks, and movies to passengers on an a la carte basis.² The system provides a time stamp, seat number, and sales slip for every purchase made on an individual flight.

Analyzing this data revealed significant behaviors and a spike of follow-on purchase activity by those in nearby seats. The graphic below shows the type of behavior observed for 2,000 flights during January and February 2012. The image shows passengers seated in rows of three seats. The 2nd image has one of the passengers making a purchase from the seatback system. The final image shows a passenger, seated in the same row, also making a purchase.

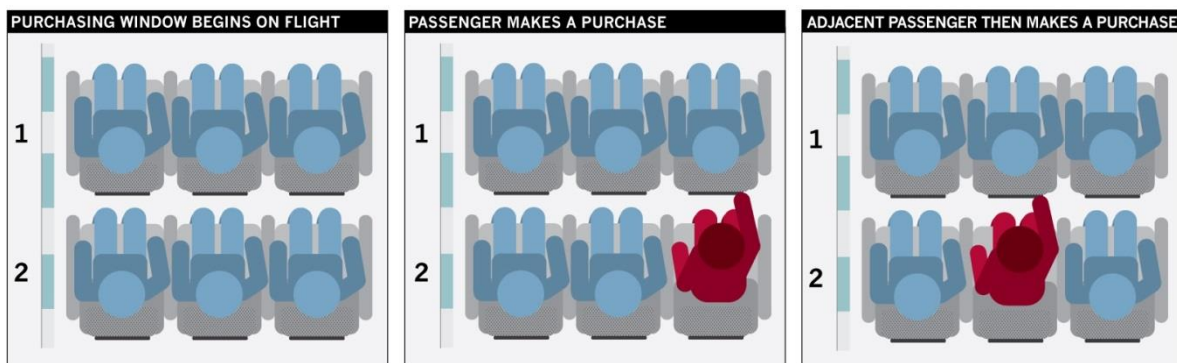


Illustration by Justin Willow, Stanford Graduate School of Business Digital Learning Solutions.

Professor Gardete found that a passenger (image #3 right) observing another passenger (image #2) making a purchase, is 30 percent more likely to make a purchase themselves. The results screen out factors such as passengers traveling together (their purchase behavior is twice as likely to correspond). He found passengers seated in a row behind (or in front) did not react to the initial purchase; presumably this was because they were unable to view the other passenger. If big sales gains are produced by passive activity, airlines should certainly be intrigued by the potential offered by proactive training of cabin crew.

¹ "Pedro M. Gardete: Fellow Airline Passengers Influence What You Buy" article dated 06 February 2015 at gsb.stanford.edu/insights.

² Conversation with Pedro Gardete on 04 March 2015.

KLM cabin crew party to promote onboard sales

Spring may bring tulips to Holland, but for KLM flight attendants, May heralds the arrival of the annual Boutique Magnifique. This amazing interactive retail event provides testimony to the advice, “If you treat staff like professionals, they will act professionally.” It’s true – attractive catalogs, seatback ordering systems, and handheld point-of-sale devices are helpful. But retail activity is always best boosted by the timeless act of a warm-blooded human asking another human to buy something.

Boutique Magnifique fills up almost instantly with an eager attendance of 1,000 flight attendants plus a waiting list of those hoping someone will cancel. This day-long combination of seminar, conference, and party is sponsored by KLM’s inflight sales department.



Just like a corporate conference for any team of sales people, Boutique Magnifique showers everyone with attention and actively creates a retail oriented culture.

Image: KLM

Participation is voluntary and unpaid for cabin crew. The day begins at 9 a.m. and continues through 6 p.m. and is focused on making flight attendants personally familiar with KLM’s array of inflight shopping selections. The methods include product samples, goodie bags, and an endless buffet of beverages, food and fun.



No boring lectures here. The Boutique Magnifique agenda combines entertainment and education with colorful and engaging presentations.

Image: KLM

There is a structure to the fun to ensure the sales message is not lost. Attendees are divided into groups of 35 to 40 for “speed dates” with suppliers during the day. Each speed date has a 15-minute duration to allow suppliers to pitch their products, do some sampling, and take questions. The event attracts 35 suppliers who pay to attend and this allows Boutique Magnifique to cover the cost of putting on the show.

Like any good initiative, it requires meaningful staff attention. The team from KLM which organizes the event consists of three people and they work about two months full time on it. The day's agenda also features two large seminars for 500 persons.

The major objective of the day is to promote the merchandise available in KLM's Sky High Collection. But time is also spent educating flight attendants on the carrier's a la carte offers and the pre-order Shop@KLM onboard delivery service. KLM's top management embraces the event and the CEO of KLM attended this year. Attendance is always best assured by having great content and the smiles of those pictured indicate a good time is had by all. But a little advertising helps too; the event is preceded by a cabin crew campaign with professionally made videos on YouTube and employee blog posts to build excitement.

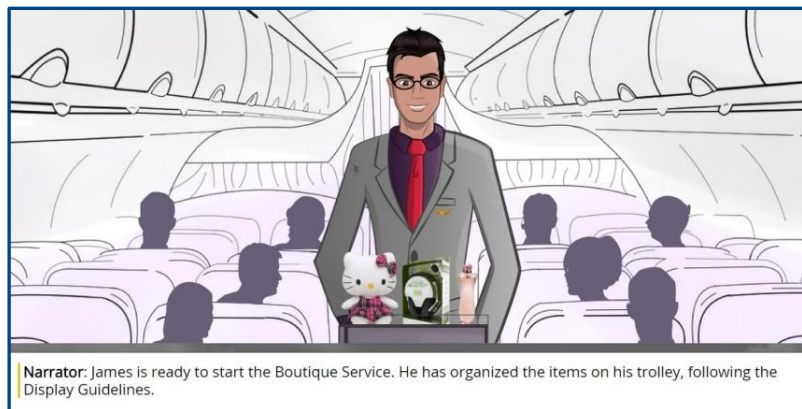
Beyond big attendance numbers, the value of any promotion must be defined by its results. Janna Oosthoek, Communication Manager for KLM Inflight Retail & Media, said this of the event, *"Cabin crew gain more knowledge about the products we offer on board, which enables them to advise our passengers better and increase sales. But the effect of the event is more extensive than just the commercial impact. The event is also meant as a 'thank you' from KLM and suppliers to our cabin crew for their efforts on board and this is highly appreciated. Crew members feel more involved with the company and are more motivated to go the extra mile on their next flights."*

Investing in people always pays off, and for KLM, this event not only generates nice bottom line benefits, it creates a sense of camaraderie among cabin crew that is priceless.

Gate Retail Onboard powers the art of inflight sales

Gate Retail Onboard has developed a mobile application designed for cabin crew. The app places multiple resources into the palm of a flight attendant's hand to retrieve onboard or on the ground. The "Sky High Crew Training App" delivers up-to-date information to cabin crews and keeps them motivated to sell more through the following modules:

- Self-guided interactive courseware to guide cabin crew from basic sales through advanced sales procedures.
- Diagrams show the proper packing of the trolley and set up for the bar.
- Catalog of onboard items for sale: drinks, snacks, and merchandise.
- Key performance indicators for the crew members to convey their sales results to date.



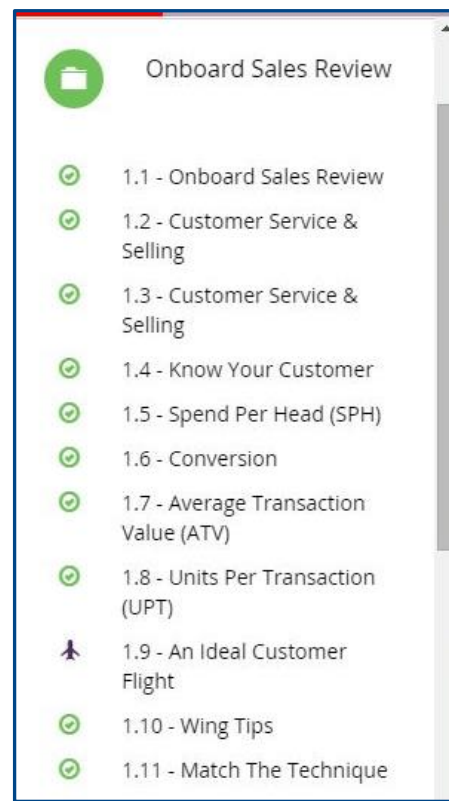
Screen shot showing the always-with-you training. Image: Gate Retail Onboard.

The app was introduced in December 2014 to a client airline based in Europe. The airline does not provide tablets or devices to cabin crew, but encourages them to download the app to personal mobile phones. For security, the app does not include purchase transaction functionality or display sensitive company information.

The app may be used offline (without a mobile network connection) during the flight to retrieve all information with the exception of the self-guided courseware. Because that function is interactive, courseware may only be accessed through a mobile connection.

Early results from the installed airline are very encouraging in terms of employee engagement and sales results. The app was tested on a group that historically underperformed their peers and a group that consistently achieved high cabin sales. Gate Retail Onboard noted 55 percent of the high performing group used the app. But more importantly, 90 percent of the underperforming group was active. Initial reports from the underperforming group revealed sales rose more than 13 percent above peers who did not use the app.

Cabin crew may also use the app to provide feedback to airline management and Gate Retail Onboard for problems encountered with catering operations and consumer reaction to the merchandise offered for sale.



*The app displays a flight attendant's progress through the training module.
Image: Gate Online Retail*

The flight attendant profession is among the most mobile in the world because their workplace is an aircraft. The Sky High Crew Training App acknowledges this nomadic lifestyle by making retail resources accessible on the employee's personal mobile phone. This creates a connectedness that supports professionalism, encourages dialogue, and promotes a sales-oriented culture . . . all of which have led to higher onboard sales.

JetBlue adds Apple Pay to its a la carte approach

JetBlue is one of the world's most thoughtful airlines in designing and delivering a travel experience for its passengers. The airline has always sought to be a trendsetter and adding Apple as a payment choice perfectly aligns with its brand.³ JetBlue launched flights in 1999 with an inclusive approach; but bit by bit the airline has carefully stepped toward more reliance upon ancillary revenue. Like many other airlines, JetBlue is planning to switch to a bundled fare approach. Sometime during 2015 it will introduce a fare option which does not include a checked bag (that's a first for the airline) and offer two more fares that bundle various amenities to include two checked bags.

³ Disclosures made by JetBlue corporate communications to IdeaWorksCompany during March 2015.
Airlines Rev Ancillary Revenue IdeaWorksCompany.com LLC © 2015 Page 8

Soft drinks and packaged snacks remain a part of its no-charge onboard service. For those wanting more, an a la carte menu features alcoholic drinks, five styles of boxed snacks, and fresh food on select long haul flights. Revenue in the millions is generated every year from the carrier's brand of "Even More" services which provide early boarding and extra leg room seating. During February 2015 JetBlue introduced Apple Pay as a payment option for items purchased during the flight, and this even includes inflight upgrades to extra leg room seating. The airline expects to have Apple Pay available systemwide by June 2015.

Passengers with an iPhone 6, iPhone 6 Plus, or an Apple Watch can use Apple Pay instead of swiping a credit card. JetBlue's initiative also provides an Apple experience for cabin crew. Every flight attendant (more than 3,500 in total) is supplied with an iPad mini equipped with point-of-sale software by eGate Solutions and near field communication (NFC) enabled cases from Infinite Peripherals. The combination provides speedy and contactless payment.

The device provides additional benefits by operating as a customer service platform for every flight attendant. The embedded Inflight Service Assistant app offers cabin crew the ability to easily identify TrueBlue frequent flier program members and those with elite status by name and to perhaps wish them a happy birthday.



*At your service with contactless payment, flight information, customer recognition, and even language translation.
Image: JetBlue.com*

Flight attendants can also access flight information, aircraft configuration, and safety information. JetBlue's primary hub is New York JFK and the inclusion of translation software is designed to enable communication with passengers speaking languages beyond those spoken by the crew.

Early feedback from customers has been very positive and flight attendants are delighted by the conversion from a prior device to their new iPad minis. This addition for JetBlue goes beyond transaction processing and helps create an overall product statement for the airline. As a representative of the airline disclosed to IdeaWorksCompany, "The way Apple thinks about its products is very much in line with our philosophy of making our customer's experience personal, helpful and simple."

The relationship also provides JetBlue with a logical and functional connection to one of the most highly regarded brands on the planet. Apple is an obvious leader in technology and its presence in the cabin environment demonstrates how technology has become ever present in the passenger journey. The narrative of this report so far has addressed how technology and training helps airline employees become better retailers. The remaining pages of this report will focus on technology as the primary platform for travel merchandising.

Branded fares boost web revenue by 35 percent for Brussels Airlines

Brussels Airlines began offering branded fares to customers on 01 September 2014.⁴ This ancillary revenue based pricing method continues to be a very bright spot for the ancillary revenue revolution. This method enjoys success because it delivers a significant revenue increase and is readily understood (and accepted) by consumers. You might criticize the global footprint of McDonalds but the everywhere presence of “value meals” has effectively introduced consumers to the value of bundling. Datalex provides the branded fares merchandise solution for Brussels Airlines, and its product exposure will expand significantly when SWISS adds branded fares in summer 2015.⁵

Compare the fares				Check&Go	Light&Relax	Flex&Fast
Flight	Departure	Arrival	Duration	<ul style="list-style-type: none"> Hand baggage only 	<ul style="list-style-type: none"> Change or refund against a fee 1 x 23kg checked baggage Choose your seat 	<ul style="list-style-type: none"> Fast Lane & priority boarding Change and refund for free 1 x 23kg checked baggage Preferential seating
SN2257	09:35 Brussels Airport (BRU)	11:05 Copenhagen, Kastrup Airport (CPH)	1h 30m	<p>€ 147.83</p> <p>We have 3 seat(s) left at this price</p>	<p>€ 167.83</p> <p>We have 3 seat(s) left at this price</p>	<p>€ 260.83</p>
SN2259	16:10 Brussels Airport (BRU)	17:45 Copenhagen, Kastrup Airport (CPH)	1h 35m	<p>€ 122.83</p>	<p>€ 142.83</p>	<p>€ 260.83</p>

The fare changes implemented by Brussels Airlines may foretell the changes coming for other Lufthansa Group carriers.

The branded fares offered by Brussels focus on two types: Check&Go and Light&Relax. Consistent with the wave of “hand baggage only” fares sweeping Europe, the airline leads with the basic Check&Go product. Light&Relax charges a modest bump in price (such as €20 for the market displayed above) for a checked bag, pre-assigned seat, and itinerary flexibility. The Flex&Fast fare is priced above all other fares at a dynamically determined premium. Brussels recognizes consumers habitually consider a middle choice when faced with three. Of course, most will opt for the lowest price, but experience demonstrates a surprising number will trade up for more comfort and convenience. This is especially true when the upgrade amount is modest and predictable; that’s the merchandising magic delivered by the branded fares method.

The results documented by Datalex customers have been readily disclosed in promotional materials.⁶ For example, WestJet indicates its branded fares provided incremental revenue of CA\$80 million for 2013. Results for Brussels Airlines indicate a 35 percent increase in website revenues within a month of branded fare introduction. That suggests a big jump in consumers choosing to upgrade, and an overall higher rate of conversions from shoppers to purchasers.

⁴ “Brussels Airlines responds to consumer demand for more choice” press release dated 15 July 2015 at BrusselsAirlines.com.

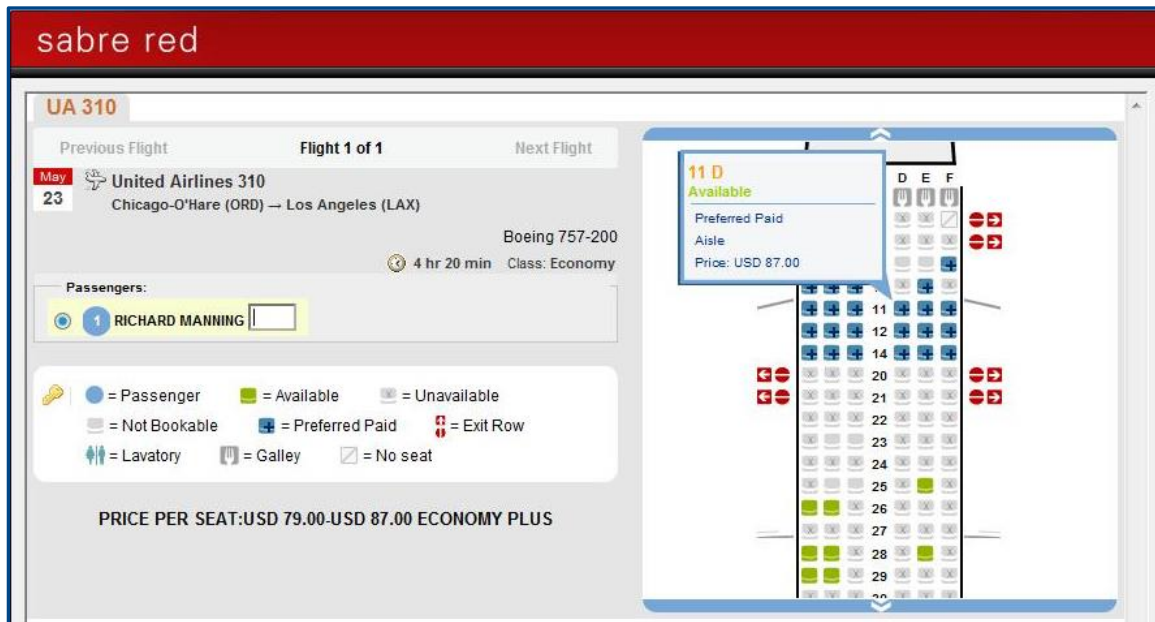
⁵ SWISS financial release dated 12 March 2015 at Swiss.com.

⁶ TDP Commerce Platform brochure from Datalex reviewed May 2015.

United and Sabre enable Economy Plus bookings through travel agents

United's Economy Plus product, which provides extra leg room seating, has been described by the carrier as very popular with consumers and a major revenue generator. Some aircraft, such as United's Boeing 777-200, have up to 110 Economy Plus seats and represent an amazing 40+ percent of the jet's passenger capacity.⁷ During 2014 United re-launched the product through global distribution systems; this was after a period when sales were suspended while United and Continental computer systems were merged. Economy Plus subsequently became available for sale through Sabre on 17 June 2014.⁸

For years Economy Plus was readily available for sale through the direct channel of the carrier's website. In this environment, United relies on a compelling display and booking path prompts to promote Economy Plus. Now that same level of merchandising quality is beginning to display itself within the GDS marketplace. As of April 2015, Sabre disclosed it is facilitating a la carte merchandising offers for 50+ airlines. For example, for Qantas this includes branded fares, seats, and checked baggage are sold; and for AeroMexico the offer includes branded fares, seats, checked baggage, and inflight entertainment.⁹



The quality of display for travel agents is aligning with that provided at airline websites; here is Sabre's graphical view of United's Economy Plus product.

Image: Sabre

The sophistication desired by airlines through the New Distribution Capability (NDC) initiative is beginning to appear in global distribution systems. Sabre now provides United, through an XML messaging protocol, the ability to customize pricing based upon criteria such as loyalty membership, elite status, origin / destination, and flight number. For example, Economy Plus pricing can be tailored (or dynamically delivered) by United on the basis of a customer's frequent flier elite status. This includes the ability to provide Economy Plus free-of-charge to top tier elite members at time of booking.

⁷ Seat map for Boeing 777-200 (version 1) aircraft reviewed May 2015 at United.com.

⁸ "Sabre Launches the Capability to Sell United Economy Plus Seating" press release dated 17 June 2014 at Sabre.com.

⁹ Disclosures made by Sabre corporate communications to IdeaWorksCompany during April 2015.

Let's take a look at the revenue potential of agency distribution on a worldwide scale. The International Air Transport Association (IATA) reports global scheduled airline revenues were \$571 billion for 2013.¹⁰ The organization also reports it processed travel agency sales of \$259 billion for the same period,¹¹ which represents more than 45 percent of global airline revenue. Prior to the advent of a la carte sales through global distribution systems, this big share of the ancillary revenue market was largely unreachable by the airline industry.

IdeaWorksCompany estimated worldwide revenue produced by a la carte activity alone was \$28.5 billion for 2014.¹² In future years, that statistic could easily double as agency distribution becomes a larger part of the ancillary revenue story. For example, Sabre discloses it generated ancillary revenue of more than \$1.7 billion for airlines in 2014.¹³ The increased activity by airlines and global distribution systems provides proof that travel agency distribution is now a crucial component of the ancillary revenue revolution.

TUIfly.com adds the content of its competitors

TUIfly is the colorful result of the merger between Hapag-Lloyd Express (HLX) and Hapagfly in 2007. The phrase "colorful" is used because its website and aircraft are bathed in bold yellow color. The airline is a wholly-owned enterprise of TUI Group, which is a major tourism company based in Germany.¹⁴ The airline has its roots in the packaged holiday business, and this category continues to represent a large portion of its business. The airline also offers seat-only bookings at its TUIfly.com website.



The TUIfly guy in yellow, along with its website and aircraft, are not easily ignored.

TUIfly was concerned its seat-only business was not large enough to attract sufficient consumer traffic to its website. Most airlines might spend millions to break through marketplace clutter or expand courageously to become bigger and more important to consumers. TUIfly chose a fascinating alternate path . . . it would attract more consumers to its website by becoming a virtual online travel agent. TUIfly.com would become a marketplace for charter, low cost, and scheduled flights.

Interline can be defined as the involvement of two or more airlines in a single passenger itinerary from point A to B and back. TUIfly.com has adapted this definition to include any combination of airlines sold to a consumer at its website. Of course, this methodology requires the selling airline (TUIfly) to have an interline agreement with other airlines. Effective 01 May 2010 TUIfly.com introduced the concept to travelers with booking capabilities provided on the following scheduled and charter airlines: Air Berlin, Germanwings, Condor, Lufthansa, Germania, Air VIA Airways, InterSky, Pegasus, Sun Express, Transavia, Corendon Airlines, Belair Airlines, Hamburg Airways and NIKI.¹⁵

¹⁰ IATA Fact Sheets dated December 2014 at IATA.org.

¹¹ "Fact Sheet - IATA Billing and Settlement Plan" viewed May 2015 at IATA.org.

¹² "CarTrawler Worldwide Estimate of Ancillary Revenue" dated 03 November 2014.

¹³ Disclosure made by Sabre corporate communications to IdeaWorksCompany during April 2015.

¹⁴ "TUIfly.com Showcase: A case study for Interline Sales and Settlement" presentation by Jorg Ahrens dated 03 April 2015 at Prezi.com.

¹⁵ About TUIfly.com page reviewed May 2015 at TUIfly.com.

It's not an easy accomplishment and requires coordination between a variety of systems, such as the carrier's passenger service system (provided by Navitaire) and Travelport e-ticketing technology. Messages between various systems must transmit schedule and fare information, availability, and booking confirmations. Plus, other airlines must be convinced participation provides benefits, or they can easily cancel the interline agreement.

The screenshot shows a flight search interface with the following components:

- Search Filters:**
 - Outbound flight on: Wed, 06.05.15
 - Return flight on: Thu, 14.05.15
 - Adults: 1
 - 2-11 years: 0
 - 0-1 year: 0
 - Price range: 42.99 € to 328.16 €
 - Airlines: Air Berlin (AB), TUIfly (X3), Condor (DE), Lufthansa (LH), Germania (ST)
 - Stops: 0 Stop (checked), 1 Stop
- Flight Results Table:**

Date	Time	Airline	Fare	Notes
Tue 05/05/15	04:45-06:55	AB 7772	112.16 €	
	05:00-07:15	X3 2128	109.00 € (Pure), 129.00 € (Perfect)	New fares
	05:00-07:10	DE 2502	112.99 €	
	11:50-14:00	AB 3660	328.16 €	
	16:05-18:10	LH 1154	153.66 €	
	17:25-19:35	AB 7750	142.16 €	
Wed 06/05/15	04:45-06:55	AB 7772	90.66 €	
	10:05-12:10	LH 1152	218.66 €	
	11:50-14:00	AB 3660	212.16 €	
	16:05-18:10	LH 1154	214.66 €	
	17:00-19:10	AB 7750	90.66 €	
Thu 07/05/15	04:45-07:00	X3 2128	114.00 € (Pure), 134.00 € (Perfect)	New fares
	04:45-06:55	AB 7772	212.16 €	
	05:05-07:20	ST 8144	129.00 €	
	06:10-08:20	DE 4502	132.99 €	
	11:50-14:00	AB 3660	212.16 €	
Wed 13/05/15	08:45-11:00	AB 3661	111.53 €	
	10:10-12:25	DE 3503	42.99 €	
	13:15-15:30	LH 1153	123.40 €	
	13:40-16:00	AB 7773	91.53 €	
	15:25-17:45	AB 3921	60.03 €	
	18:50-21:05	LH 1155	98.40 €	
	19:25-21:55	X3 2129	99.00 € (Pure), 119.00 € (Perfect)	New fares
	20:25-22:45	AB 7751	161.53 €	
Thu 14/05/15	07:55-10:25	X3 2129	79.00 € (Pure), 99.00 € (Perfect)	New fares
	08:15-10:45	ST 8145	129.00 €	
	08:45-11:00	AB 3661	101.53 €	
	11:30-13:45	DE 4503	62.34 €	
	13:40-16:00	AB 7773	141.53 €	
	18:50-21:05	LH 1155	123.40 €	
	20:25-22:45	AB 7751	91.53 €	
	20:35-22:50	DE 4505	62.34 €	
Fri 15/05/15				

"Ebony and ivory live together in perfect harmony" is a lyric from a Paul McCartney song that refers to the coexistence of opposites. It could easily apply to the appearance of Lufthansa, airberlin, Condor, and Germania on the website of TUIfly.

Amazingly, TUIfly has created a website that allows consumers to book an outbound flight on airberlin, an inbound flight on Lufthansa, book a car rental, and add insurance without including a segment on the host airline. Take a look at the screen shot from the TUIfly website and you will see fares posted that are lower than those offered by TUIfly. Of course, the airline (code X3 for TUIfly) highlights flights in a blue box but beyond that, all airlines display equally for the benefit of the consumer.

TUIfly truly believes the slogan "the consumer is always right" even . . . when they might book a competitor instead. It's a consumer-centric focus that very likely provides this airline with a marketplace presence that goes beyond its 40-aircraft fleet.

Find your magical combination of humanity and technology

All the technology in the world won't deliver great ancillary revenue without the support of front line staff. Airlines that place people first will enjoy revenue success in almost every regard. The definition of "people" is intentionally broad because it should consist of customers, employees, and management.

Tips for Boosting Ancillary Revenue

- Work to make retail activities visible in the cabin through sales oriented flight attendants, obvious display of products on the trolley, and a strategy to provide multiple purchase opportunities.
- Take care of your cabin crew and support them in their natural quest to learn more about the products they sell and the methods that lead to the best sales results.
- Invest in the sales process by making smart technology available in the cabin.
- Consider a balance of branded fares to create easy choices for consumers followed by selective a la carte offers to provide added comforts and convenience.
- Reach out to the entire a la carte marketplace with distribution designed to serve corporate travelers . . . they are, after all, a high yield opportunity.
- Stretch beyond your comfort zone with initiatives that make your website a preferred destination for business or leisure travelers; consider offering the products of your competitors.

Technology should help – not frustrate – your passengers and employees. That's the attraction of the services developed by Gate Retail Onboard for its airline clients and JetBlue for its cabin crew. It's a new world in which mobile devices can translate the language of international passengers and transactions are smoothed through contactless payment. And once introduced, technology has a habit of expanding its reach beyond anything that can be imagined today.

Returning to themes described at the beginning of this report, successful retail should feel busy, vibrant, and aggressive. It should be fun to be a customer at your place of business, and this feeling of happiness should be shared by employees and management. That's the feeling, sound, and taste of retail perfection.



Exceeding Expectations

“IdeaWorksCompany exceeded our training expectations.”

Managers and board members attended Jay Sorensen’s workshops to learn from his expertise. His insight brought new dimension to our knowledge of industry trends and client-oriented service innovation. The key takeaways of the workshop provided our team of vice presidents with a clearer roadmap on how to develop our new AAA – Avianca Ancillary A la Carte – program.”

Estuardo Ortiz
Chief Revenue Officer



Airlines all over the world choose IdeaWorksCompany for a revenue boost.

IdeaWorksCompany is a leading consulting resource for ancillary revenue and loyalty marketing. Our client list spans the globe – Europe, Middle East, Americas, South Pacific, and Asia – and every type of carrier. Avianca benefited from our expertise in the areas of frequent flier programs, ancillary revenue, and a la carte services.

Reach Jay Sorensen direct at Jay@IdeaWorksCompany.com



Avianca is the commercial brand that represents the Latin American airlines integrated into Avianca Holdings S.A. The airline, which is a Star Alliance member, serves 98 destinations in 26 countries throughout the American and European continents with its modern fleet of 173 aircraft, including the Boeing 787 Dreamliner.