



Contact: Jay Sorensen  
For inquiries: 414-961-1939  
[www.IdeaWorksCompany.com](http://www.IdeaWorksCompany.com)

## **American Airlines Borrows Ryanair Fee Tactics - - Consumers Should Expect More To Come**

*American's recent implementation of checked baggage fees, which appear to have been accepted by passengers, will likely generate annual revenue in excess of \$458 million.*

American Airlines broke with its brethren among legacy airlines when it announced on May 21, 2008 it would charge \$15 for the first piece of baggage checked by passengers on US domestic flights. This second part of its "revenue growth effort" followed an earlier move when it announced on April 28 it would match other airlines by charging \$25 for the second piece. The concept of "free" was relegated to the baggage heap of history; Domestic checked baggage on American would now be assessed a fee of \$15 for the first piece, \$25 for the second, and \$100 for the third bag.

In its latest report, IdeaWorks answers the question, "*How close is American Airlines to becoming a fee-based airline in the style of Ryanair?*" Prior to these announcements, fees for checked baggage were only associated with low cost carriers such as Spirit Airlines and Allegiant Airlines in the United States, and Ryanair and easyJet in Europe. These new fees merely support a continuing trend in which major US airlines are readily adopting an "a la carte approach" that assesses fees for services provided by an airline beyond the bare bones of a seat on a plane. The following is a sampling of the information described in the report:

- American's checked baggage fees will likely generate more than \$458 million annually based upon an estimate by United Airlines that its similar initiative will bring in \$275 million.
- Conversations with American's check-in counter employees, gate agents, and flight attendants revealed consumers have largely accepted the new fees - - with no big jump in carry-on baggage.
- Consumers should expect more fees with likely candidates being onboard beverages, advance seat assignments, and premium seats such as exit rows.

**American Airlines Borrows Ryanair Fee Tactics - An Ancillary Revenue Report from IdeaWorks** was released today as an 8-page Industry Analysis. More information about this free report is available at the website: [IdeaWorksCompany.com](http://IdeaWorksCompany.com).

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