



European Airlines Lead 2017 a la Carte Revenue Estimate at \$19.4 Billion with Asian Carriers 2nd at \$15.8 Billion

CarTrawler Global Estimate of a la Carte Revenue yields regional details from the worldwide total of \$57 billion.

Dublin, Ireland & Shorewood, Wisconsin, 20 February 2018: IdeaWorksCompany, the foremost consultancy on airline ancillary revenues, and CarTrawler, the leading technology platform providing full end to end transport solutions for online businesses, recently estimated airline a la carte revenue at \$57 billion worldwide for 2017. The **CarTrawler Global Statistics of a la Carte Revenue** adds regional details, comparisons to 2010 numbers, and a first-ever baggage revenue estimate, to the ancillary revenue figures in the earlier November 2017 press release.

Each year IdeaWorksCompany, through the sponsorship of CarTrawler, analyzes the ancillary revenue disclosures for airlines all over the world. These results are applied to a larger list of carriers (which numbered 184 for 2017) to estimate ancillary revenue activity for the world's airlines. A la carte activity is a significant component of ancillary revenue and consists of the amenities consumers can add to their air travel experience. These include fees paid for checked baggage, assigned seats, buy-on-board meals, early boarding, and onboard entertainment. Of these, the revenue from checked baggage looms large with \$23.6 billion in estimated sales for 2017.

CarTrawler Global Statistics of a la Carte Revenue			
Airlines Based in:	2017	2010	2017 Compared to 2010
Europe/Russia	\$19.4 billion	\$4.7 billion	313%
Asia/Pacific	\$15.8 billion	\$3.0 billion	430%
North America	\$14.8 billion	\$5.4 billion	176%
Africa/Middle East	\$4.7 billion	\$0.6 billion	725%
Latin America/Caribbean	\$2.3 billion	\$0.3 billion	567%
Global Totals	\$57.0 billion	\$14.0 billion	308%
Source: A la carte revenue statistics derived by IdeaWorksCompany from 2016 and 2009 airline revenue results.			

Aileen McCormack, CarTrawler's chief commercial officer, said: "The huge increase of 308% for a la carte revenue since 2010 offers testimony to the growing popularity of the low cost airline model and the a la carte approach to pricing. Be it global network airlines like Emirates in the Middle East, ancillary revenue champions such as AirAsia and Ryanair, and even traditional airlines like TAP Portugal, all are becoming better retailers to encourage consumer spending and to boost returns for investors. Along with this growing retail expertise, car hire and hotel booking capabilities also allow airlines to better serve the entire spectrum of consumer travel needs."

The 2017 Global Regions Snapshot table further demonstrates how a la carte activity varies by region. The prevalence of low cost carriers in a region actually drives the level of ancillary revenue; a higher concentration of low cost carriers (LCCs) boosts ancillary revenue and a la carte results.

- **Europe** leads the world for a la carte activity and LCCs generate an impressive 27% of operating revenue for airlines based in Europe and Russia. It's no surprise the region is also tops for a la carte revenue as a percent of overall airline revenue. Ancillary revenue champs easyJet, Norwegian, and Ryanair have broad networks that have influenced the business models of every airline in the region. This has lifted the a la carte result to nearly 10% of the operating revenue for airlines based in Europe and Russia.
- **North America** has lower LCC penetration, especially with Southwest operating more like a traditional airline in terms of a la carte services. But here, it's major airlines such as Air Canada, Delta, and United that have embraced a la carte methods. Look for increases here (and in Europe) as transatlantic airlines begin to add fees during 2018 for the first bag checked.

2017 Global Regions Snapshot			
Airlines Based in:	Low Cost Carriers Operating Revenue Share	A la Carte as % of Operating Revenue	Top 3 for A la Carte Revenue (Alphabetical Order)
Europe/Russia	27.0%	9.6%	Air France/KLM, easyJet, Ryanair
North America	10.9%*	7.0%	American, Delta, United
Latin America/ Caribbean	19.0%	6.7%	GOL, LATAM, Volaris
Asia/Pacific	14.5%	6.5%	AirAsia, ANA All Nippon, Jetstar
Africa/Middle East	4.0%	5.6%	Emirates, Etihad, Qatar

*Estimates based upon ancillary revenue statistics derived by IdeaWorksCompany from 2016 airline revenue results. * Southwest not tabulated as a low cost carrier for this snapshot calculation; the result would be 22.4% if counted as an LCC. Source: Research and calculations by IdeaWorksCompany*

- Within **Latin America**, the market is rapidly changing with airlines such as GOL, JetSmart, and Volaris challenging the status quo of all-inclusive airline pricing. Regulations are also changing; during 2017 Brazil allowed airlines to charge fees for checked bags on domestic flights.
- The **Asia/Pacific** region has a long LCC tradition with the vast network reach of AirAsia Group leading the way. However, the region's global network and traditional airlines have been far slower to adopt the a la carte methods now embraced by US- and Europe-based network airlines. Only within the last couple of years have regulators in China started to voice support for LCC development. Once the low fare model becomes prevalent in China, it's easy to imagine how quickly this will be embraced by its consumers.
- **Africa and the Middle East** lag in low cost carrier and ancillary revenue development. The top a la carte revenue producing airlines are rated as such because of their large size, and not for aggressive retail activities. The region's significant low cost carriers are limited to Air Arabia and flydubai which each posted ancillary revenue in excess of \$300 million for 2016. The growth of LCCs and ancillary revenue is stifled by entrenched government control and ownership of airlines.

“Big things have small beginnings” is a quote from the classic movie *Lawrence of Arabia*. These words of wisdom clearly apply to the growth of a la carte revenue. What once was largely absent from Africa, Latin America, and the Middle East, has grown more than threefold to be a global revenue phenomenon that touches every region of the world. It most certainly is led by low cost carriers, but now is relied upon by traditional airlines in search of more revenue. Within every region, the transformation has been strikingly similar. Traditional airlines are compelled to match the pricing strategies of their LCC competitors. This begins within the region on shorter routes, and in the most developed regions, also becomes a factor for long-haul flights.

IdeaWorksCompany predicts the world will eventually match the results produced by Europe. Global low cost carriers will achieve an operating revenue share in excess of 25% and a la carte activity will represent 10% of overall revenue. This is indeed a “big thing” which delivers an array of choices for consumers. Many more travelers in Asia, Africa, and South America will enjoy a newfound ability to choose the maximum savings of a basic fare product or more comfort and convenience from an a la carte menu. Business models are changing and only the most skilled of airline retailers will flourish in this rapidly evolving environment.

Members of the public should be directed to the following link if they wish to view this release:

<http://info.cartrawler.com/global-est-2>

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About CarTrawler: CarTrawler is the world’s leading B2B travel technology platform providing multimodal transport solutions to almost one billion passengers annually. Utilising our network, which spans over 50,000 international locations, we connect travellers in real-time, on any device, to every significant transportation supplier. CarTrawler’s unique technology is an easy to implement platform, personalised based on your customers’ trip details. Our technology provides our customers with higher conversion rates and increased revenue. For more information visit www.CarTrawler.com.

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 flyer programs, and on-site executive workshops. Learn more at IdeaWorksCompany.com.

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