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Bag Fees Sprout this Spring in Asia, Europe, and America

India approves bag and other a la carte fees, Europe's major airlines add bag fees to the continent, and large carry-on fees expand in America

July 8, 2013, Shorewood, Wisconsin – The latest report from IdeaWorksCompany describes how the pace is quickening in 2013 for a la carte fees and optional extras to become an everyday component of airline pricing. The Government of India has approved a la carte pricing; Air France, British Airways, and KLM introduced bag charges for intra-Europe flights; and a third US airline has added the controversial fee for carry-on bags.

It's not a surprising outcome as these fees have generated billions in much needed revenue for cash-starved airlines. The 10 largest US airlines recently disclosed bag fee revenue of nearly \$3.3 billion for 2012. That's more than a 650 percent increase in a mere 5 years. Airlines all over the world have been watching this very visible demonstration of ancillary revenue power.

IdeaWorksCompany's newest report includes the following observations on the crop of new bag fee initiatives all over the world:

- The Government of India issued new regulations on 02 May 2013 that opens the door for a la carte fees – such as charges for checked bags – to become a part of India's travel marketplace.
- Baggage fee initiatives introduced by Air France and KLM on their continental Europe networks are estimated to generate \$104 million annually.
- Carry-on only fares by British Airways at its Gatwick Airport hub will likely allow the carrier to realize revenue in excess of \$18 million from passengers opting to check bags.

Rather than losing strength, the ancillary revenue revolution appears to be gaining global traction. It's good news for consumers who will be increasingly offered the choice between the maximum savings of a basic product or the added comfort and convenience of optional extras. It's also good news for airlines; ancillary revenue, in all its forms - - commissions earned on hotel rooms and car rentals, the sale of miles to frequent flier program partners, and checked bag fees - - is boosting the financial health of airlines.

Bag Fees Sprout this Spring was released today as a free 18-page report and is available at the IdeaWorksCompany website: www.IdeaWorksCompany.com. The 2013 Ancillary Revenue Report series is sponsored by CarTrawler, one of the most widely distributed car rental booking engines in the world.

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

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