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## **Baggage, Branded Fares and Big Revenue: Top 10 things to know about ancillary revenue**

*After 10 years, a new business model has transformed the world's biggest industry*

April 1, 2014, Shorewood, Wisconsin – The business upheaval that began in the air travel industry a decade ago has now grown to span the globe, has brought economic vitality back to the world's airlines, enabled the worldwide boom in low-cost travel, and granted consumers the gift of choice. And the ancillary revenue revolution is spreading its ideas and impacts from air travel into companion industries such as lodging, cruising, car rental, credit cards, dining and more.

*Top 10 Things You Need to Know about Ancillary Revenue*, the newest report from CarTrawler and the IdeaWorksCompany, describes the depth and breadth of this phenomenon, which has transformed the world's largest industry. More than 1 billion people traveled internationally in 2013, according to UN statistics, and the vast majority of them have experienced the ancillary revenue revolution in one way or another. The new report identifies many key elements of this phenomenon, including:

- The king of a la carte fees remains baggage charges, which totaled \$3.5 billion in the United States in 2012. Bag fees are now spreading across the world, to Europe and beyond.
- Service-specific fees, such as bag charges, inherently yield better results for consumers by turning a once-free item into a stand-alone business. Mishandled bags, for instance, once the bane of frequent travelers, have declined more than 50 percent worldwide since 2007.
- High-value customers—the key demographic sought by service industries—are happy to utilize ancillary services such as premium travel (early boarding and extra legroom). Sometimes it is ultra-premium travel—11 airlines now offer VIP airport services that may include luxury sedan rides to the plane.
- Transparency is key to success. Not only do government regulators worldwide require disclosure and clarity with ancillary fees, the best companies realize that no amount of extra revenue can make up for the damage represented by angry consumers—a fact Ryanair is learning as it moderates its “crawl over broken glass” customer-service philosophy.
- Frequent-flier programs bring in billions in extra revenue through co-branded credit cards, and also provide a welcome marketing platform for other services, such as car rental and lodging.

**“Top 10 Things You Need to Know about Ancillary Revenue”** was released today as a free 14-page report and is available at the IdeaWorksCompany website: [www.IdeaWorksCompany.com](http://www.IdeaWorksCompany.com). The 2014 Ancillary Revenue Report series is sponsored by CarTrawler. CarTrawler powers car rental partnerships worldwide, working with some of the biggest names in travel including more than 50 airline partners around the world; plus industry-leading OTAs and top global hotel groups. The CarTrawler booking engine connects customers with more than 1,200 car rental agents at 30,000 locations in 174 different countries in the language and currency of their choice.

**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](http://IdeaWorksCompany.com).