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Airlines All Over the Globe Post Big Ancillary Revenue Gains -- 2008 Activity Jumps 345% to €7.68 billion (\$10.25 billion)

The 145-page Ancillary Revenue Guide by IdeaWorks is available September 8, 2009 and highlights a la carte airline leaders such as Allegiant, Ryanair and United.

September 8, 2009, Shorewood, Wisconsin--Ancillary revenue and a la carte pricing became commonplace in travel during 2008 when major airlines throughout the world started charging fees for checked baggage, premium seating, soft drinks and more. The sickly patient known as the world's airline industry suffered through 2008 and only survived due to dramatic schedule cutbacks, the slow reversal of fuel prices . . . and an "intravenous injection" of ancillary revenue.

Ancillary revenue and the magic elixir of baggage fees did not singlehandedly save the US airline industry. But it's easy to imagine the number of airline executives who silently murmured words of thanks for the millions of dollars it delivered to bottom lines during 2008. At the same time, low cost carriers around the world have been making continuous enhancements and are generating higher levels of ancillary revenue.

The combined result of this activity is reflected in the revenue reported in **The Guide to Ancillary Revenue and a la Carte Pricing by IdeaWorks**. The second edition of the Guide reveals ancillary revenue for calendar year 2008 rose nearly €6 billion – an amazing 346 percent increase – above the worldwide results listed in the previous edition of the Guide.

Worldwide Review of Ancillary Revenue	
€7.68 billion (\$10.25 billion) Total Annual Result – Calendar Year 2008	€1.72 billion (\$2.29 billion)* Total Annual Result – Calendar Year 2006
<i>* 2006 results were calculated in euros, the dollar value was re-stated based upon a \$1 = € 0.75 exchange rate. Some carrier results were based upon the most recent fiscal year.</i>	

IdeaWorks has followed the success of the first-ever Guide on the topic of ancillary revenue with a second edition for 2009. The 145-page Guide to Ancillary Revenue and a la Carte Pricing by IdeaWorks, solely sponsored by ezRez Software, will be available for online purchase September 8, 2009.

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The Guide is the result of research, interviews and analysis conducted during 2009 on a la carte pricing, commission-based services and frequent flier activities. The Worldwide Review of Ancillary Revenue Statistics has become a highly anticipated feature of the Guide. IdeaWorks analyzed financial statements from 92 airlines to develop a picture of ancillary revenue activity by carriers worldwide. Of the 92 airlines, 35 reported revenue breakdowns identifying ancillary activities.

The current top 5 list demonstrates how much has changed since the last Guide. Legacy airlines now fill the top three positions, which once included low cost carriers Ryanair and easyJet. And the ancillary revenue produced by individual carriers, such as United and Ryanair, has increased dramatically. The top 5 club now requires far more revenue to join -- in excess of €450 million. That's more than any single carrier produced to join the prior top 5 list.

Top 5 Airlines – Total Ancillary Revenue			
Annual Results – Calendar Year 2008		Annual Results – Calendar Year 2006	
€1,650,000,000	American	€416,116,752	United
€1,200,000,000	United	€362,104,000	Ryanair
€1,125,000,000	Delta	€189,476,508	easyJet
€625,350,240	Ryanair	€134,662,086	Alaska
€458,622,000	Qantas	€63,407,000	Aer Lingus

Source: Worldwide Review of Ancillary Revenue Statistics from the 2008 and 2009 Ancillary Revenue Guide. Some carrier results were based upon the most recent fiscal year.

The Worldwide Review of Ancillary Revenue Statistics from this year's Guide demonstrates the success of a la carte pricing and other activities such as frequent flier programs. While ancillary revenue as a percent of total revenue remains the best measure of overall revenue prowess, the 2009 edition reveals many surprises. For example, US-based Allegiant Air appears on the top 5 list for the first time and unseats Ryanair from the #1 position.

Top 5 Airlines – Ancillary Revenue as a % of Total Revenue			
Annual Results – 2008 Guide		Annual Results – 2006 Guide	
22.7%	Allegiant	16.2%	Ryanair
19.3%	Ryanair	14.20%	Vueling
15.5%	easyJet	12.8%	Allegiant
14.8%	Jet2.com	9.0%	Air Deccan
14.1%	Vueling	8.8%	easyJet

Source: Worldwide Review of Ancillary Revenue Statistics from the 2008 and 2009 Ancillary Revenue Guide.

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“At the beginning of this decade, ‘ancillary revenue’ was not a buzz word or strategy that businesses were building departments around with multi-million-dollar revenue targets, but that has changed,” said Tina Fitch, co-founder, president and CEO of ezRez Software, sponsor of The Guide to Ancillary Revenue and a la Carte Pricing by IdeaWorks. “In today's tightened market, we're seeing airlines and other travel companies broadening the relevance of their brands to a larger set of consumers by adding more travel offerings as means to diversify revenue and increase customer loyalty. The Guide is a must-read for any travel executive who wants to innovate, compete more effectively and boost a company's long-term viability.”

The following is a sampling of the information and best practices described in the guide:

- United Airlines generates an average of €4.36 (\$5.81) from checked baggage charges per US domestic passenger.
- Southwest Airlines sells about four Business Select tickets per flight on average and the program contributed approximately \$75 million (€56.3 million) in revenue in 2008.
- The Qantas Frequent Flyer program contributes whopping revenue of €11.87 (\$15.82) per passenger - - a record among the world's airlines.
- AirAsia X, the Malaysia-based low cost airline, realizes €2.06 million (\$2.75 million) from the sale of pre-order meals to passengers on its long haul flights such as London–Kuala Lumpur.

The Guide includes the following “what-works-best” and “how-to-do-it” sections that describe how airlines can maximize ancillary revenue based upon leading carriers in Europe, North America, and Africa:

- The a la Carte Handbook
- Successful Airlines Will Focus on These Five Strategies
- Building a Better Revenue Aware Airline
- How to be Better than Ryanair
- United and SAS Use a la Carte Pricing – You Can Too
- Lessons Learned from Lodging
- Tales from the Ancillary Revenue Front – Executive Interviews

The Guide to Ancillary Revenue and a la Carte Pricing by IdeaWorks will be available online for purchase, and will also be distributed by ezRez free of charge at the Airline Information “FFP – ARAC Mega Event 2009” in Los Angeles. Simply stop at the ezRez booth at the conference to pick up your free copy of the Guide. Learn more about this October 22/23, 2009 event by visiting the Conferences page under the News and Events tab at the **ezRez.com** website. Jay Sorensen, president of IdeaWorks, will make keynote presentations on a la carte pricing and frequent flier topics at the Mega Event.

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Not attending the conference? Or do you require immediate ancillary revenue satisfaction? Order a copy of the Guide online starting September 8, 2009 for US\$449 per copy (a \$50 savings off last year's price of \$499). The Guide will be available for purchase and immediate download as a PDF at: **AirlineInformation.org/guide**.

About ezRez: ezRez Software, Inc. enables its partners to sell any combination of travel products, including flight, car rental, trip activities, travel insurance and packaging, to anyone, anywhere in the world. Its 'plug and play' platform allows clients to easily launch full online travel agency functionality – including access to more than 200,000 travel suppliers – in a matter of months, while retaining the look and feel of a customized implementation at a fraction of the cost. ezRez clients include some of the world's largest airlines, hotels, travel agencies and banking loyalty programs, such as American Airlines, American Express, JetBlue, InterContinental Hotels, LAN Airlines, and Starwood Hotels & Resorts. Based in San Francisco, ezRez has secured \$17.5 million in venture funding led by Canaan Partners with participation from Azure Capital Partners.

About IdeaWorks: IdeaWorks 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 the hotel, airline, marine, railroad, consumer products and health care sectors. IdeaWorks specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, creating partner-marketing strategies, cost reduction programs and business restructuring. Learn more at **IdeaWorksCompany.com**.