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Equipping Travel Agents to Book a la Carte Features Could Boost Global Ancillary Revenue to \$100 Billion

IdeaWorks explores how airlines manage a la carte transactions with travel agents.

November 17, 2011, Shorewood, Wisconsin – Similar to paying the check in a roadside diner, a la carte pricing began in the airline industry as a cash-only business. The need to track a la carte transactions through Global Distribution Systems (GDS) and airline Computer Reservation Systems (CRS) arose after traditional airlines embraced the ancillary revenue revolution. EMDs (Electronic Miscellaneous Documents) function like ancillary revenue e-tickets and provide proof-of-purchase for a la carte services bought through travel agencies and corporate travel departments, and for direct sales by airlines through websites and ticketing locations.

The world's airlines are projected to generate \$32.5 billion worldwide from ancillary revenue activity during 2011. It's a big number which will only grow much larger as the global network of travel agencies becomes a network of ancillary revenue retailers. The largest share of air travel is still booked by travel agents using a GDS - - more than 60 percent of airline tickets sold worldwide. It's certainly possible today's \$32.5 billion projection could jump to \$100 billion in the future as travel agencies and online travel agents become integral components of ancillary revenue distribution. IdeaWorks offers **The ABCs of EMDs** report to describe how airlines and automation vendors will manage a la carte transactions with travel agencies.

The introduction of EMD into the travel marketplace is only now in its earliest stages. The adoption of an industry-wide standard calls for 230 airlines to be capable of using EMDs before the end of 2012, and that EMDs should be the only method to settle payments between airlines and travel agencies by the end of 2013. Three airlines (Finnair, Iberia, and Japan Airlines) have already used EMDs for travel agency transactions and 25 airlines have developed the capability to use their first EMD. Creating consistency for the distribution of a la carte services through every possible channel is a daunting task for airlines and vendors throughout the world.

Equipping travel agents with more information and providing retail capabilities will reduce the element of surprise and help create happier customers. Ultimately, the outcome for a perennially profit-poor airline industry will be better ancillary revenue results courtesy of wider acceptance and wider distribution of a la carte initiatives. **The ABCs of EMDs** was released today as a free 13-page report sponsored by Amadeus. The full report is available at the IdeaWorks website: www.IdeaworksCompany.com/news.

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 airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorks 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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