

Business Traveller

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European airlines top ancillary revenue ranking for 2019

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This article is based upon a report issued by IdeaWorksCompany.

European airlines made more in ancillary revenue than their counterparts around the world last year, a new report states.

Ancillary fees include extra charges for checked baggage, assigned seats, buy-on-board meals, early boarding and onboard entertainment.

According to consultancy Idea Works and ground transport company Cartrawler, airlines took \$75.6 billion in 'a la carte revenue' globally in 2019.

This was led by European airlines, which made \$31.5 billion, followed by Asia Pacific airlines at \$21.1 billion, Canadian and US airlines at \$14.8 billion, African and Middle Eastern airlines at \$5 billion, and Latin American and Caribbean airlines at \$3.2 billion.

However, Asia Pacific airlines reported the highest growth at 158 per cent year-on-year, above Europe at 122 per cent.

African and Middle Eastern airlines also saw considerable growth at 147 per cent, while Latin American and Caribbean airlines brought in an extra 112 per cent in ancillaries.

The report states that the clear lines which once separated traditional airlines and low-cost carriers (LCCs) have become blurred. Airlines which once provided an all-inclusive service as part of an economy fare increasingly offer 'basic economy'.

The authors cite the example of Etihad, frequently ranked among the world's top airlines for service, which now generates ancillary revenue from seat assignment, lounge access, wifi and premium snacks in economy.

At the same, LCCs are targeting business travellers. Easyjet, for example, has a programme for frequent travellers which offers early boarding, fast track security, extra leg room and express bag drop, while extras such as lounge access and sparkling wine can be purchased through the airline.

“This is the magic of the a la carte method. It frees airlines from rigidly providing the same perks for all economy passengers. Instead, passengers can click and choose the comfort and convenience that best meets their needs and budget,” the report states.

In a challenging quarter last year, Ryanair nonetheless reported a 27 per cent rise in ancillary revenue to £800 million.