

Wizz Air tops ancillary revenues chart as pandemic slashes fares

By Phil Davies

This article is based upon a report issued by IdeaWorksCompany.

Rates for add-on services such as checked baggage and assigned seating were higher for airlines as the pandemic forced fares to be slashed last year, new data reveals.

Wizz Air emerged as the top carrier out of 27 airlines in terms of ancillary revenue as a percentage of total revenue in 2020.

The result came at a time when passenger traffic and sales fell by more than half.

Four airlines managed to surpass the 50% threshold for ancillary revenue, led by Wizz Air, up by more than ten percentage points over 2019 to 55.9%.

Ryanair was in seventh position at a level of 36.7%, a year-on-year rise of 2.2 points.

The results are published today (Tuesday) in the CarTrawler Yearbook of Ancillary Revenue by data firm IdeaWorksCompany.

This is the first year with Wizz Air in the number one slot, which has traditionally been held by North American carriers such as Spirit, Viva Aerobus and Allegiant.

The 55.9% result for Wizz Air also represents a yearbook record. The prior record of 47.6% was established by Viva Aerobus for 2018.

The improved results for 2020 occurred because fares were discounted during the pandemic – representing a smaller piece of the revenue pie – and rates for key “a la carte services”, such as checked baggage and assigned seating, were higher.

Frequent flyer programmes were also found to be crucial revenue sources during 2020 because they are not directly linked to aircraft operations and passenger traffic.

US carriers American, Delta, Southwest, and United generated revenue of \$19.5 billion from their frequent flyer programs in 2019, or \$25.71 per passenger. More than 90% of this windfall of cash is courtesy of co-branded credit cards.

The total dropped by 43% to \$11.1 billion for 2020. However, when measured on a per passenger basis, the result was \$37.64 – a 46.4% increase, the report shows.

CarTrawler chief commercial officer Aileen McCormack said: “Ancillary revenue was a crucial source of support for airlines in 2020.

“The durability of ancillary revenue was revealed by the stability of a la carte fees. While fares were certainly reduced, airlines did not turn to discounting a la carte fees during the pandemic.

“Four airlines also broke through the 50% threshold, which placed ancillary revenue as the predominant revenue source. This has been an elusive objective for top performing low cost carriers since the ancillary revenue revolution began.”