



Allegiant, Spirit, Viva Aerobus, and Wizz Air Pass 50% Threshold for Ancillary Revenue in 2020

Fifty airlines post higher year-over-year results for “ancillary revenue as a percent of total revenue” in the 2021 edition of the CarTrawler Yearbook of Ancillary Revenue

September 14, 2021, Shorewood, Wisconsin and Dublin, Ireland – The 2021 edition of the **CarTrawler Yearbook of Ancillary Revenue** by IdeaWorksCompany, released today, describes the 2020 ancillary revenue activities and results for 75 airlines. The pandemic sliced passenger traffic and revenue by more than 50% last year. Yet, most of the world’s airlines survived 2020, which is an amazing accomplishment. In a year of gloom, the positive performance of ancillary revenue provided desperately needed support. An assessment of these results indicates ancillary revenue was the only financial success for airlines in 2020.

It’s true, total ancillary revenue did drop for the airlines included in the yearbook. However, one key statistic shows significant year-over-year improvement. The most revealing measurement calculates ancillary revenue as a percent of total revenue. The table below displays results for the best performing airlines, which includes the four carriers that surpassed the 50% threshold in 2020.

Top 10 Airlines – Ancillary Revenue as a % of Total Revenue				
Rank	Airlines	2020 Result	2019 Result	Change from 2019
1	Wizz Air	55.9%	45.4%	↑10.6 points
2	Spirit	55.8%	47.0%	↑ 8.7 points
3	Viva Aerobus	52.6%	45.0%	↑ 7.7 points
4	Allegiant	51.8%	46.5%	↑ 5.4 points
5	Frontier	49.2%	43.6%	↑ 5.6 points
6	Volaris	42.9%	38.5%	↑ 4.4 points
7	Ryanair Group	36.7%	34.5%	↑ 2.2 points
8	Pegasus	33.8%	26.4%	↑ 7.4 points
9	Vietjet Air	33.4%	25.2%	↑ 8.2 points
10	Southwest	27.9%	20.1%	↑7.8 points

2020 and 2019 carrier results were based upon 12-month financial period disclosures for each year.

This is the first year with Wizz Air in the #1 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 the 2018 period. The improved results for 2020 occurred because fares were discounted during the pandemic (representing a smaller piece of the revenue pie) and take rates for key a la carte services, such as checked baggage and assigned seating, were higher.

“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,” said Aileen McCormack, Chief Commercial Officer at CarTrawler. “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.”

This year’s 75 airlines represent a very robust 68.9% of IATA’s worldwide airline industry passenger traffic for 2020. The list is a collection of the world’s best performing ancillary revenue airlines. Over all, ancillary revenue as a percentage of total revenue among the 75 airlines was 14.6% for 2020, which is a noteworthy increase above the 12.1% for 2019.

Frequent flyer programs were crucial revenue sources during 2020 because they are not directly linked to aircraft operations and passenger traffic. The co-branded credit cards associated with large programs – especially those in the US – generate revenue based upon everyday consumer spending. The pandemic did crimp charge activity, but certainly far less than the drop in travel spending.

Frequent Flyer Revenue Analysis – 2020			
Sampling of airlines, appearing in order of total loyalty program revenue disclosed.			
Airlines – Program Name	Frequent Flyer Revenue	Per Passenger	Per Program Member
American - AAdvantage	\$2,890,000,000	\$30.32	\$25.13
Delta - SkyMiles	\$2,800,000,000	\$39.92	\$21.37
United - MileagePlus	\$2,539,000,000	\$43.96	\$25.39
Qantas – Frequent Flyer	\$546,456,696	\$59.36	\$40.48
Air Canada - Aeroplan	\$505,873,521	\$36.76	<i>not known</i>
Air China – Phoenix Miles	\$217,372,058	\$3.16	\$3.19
SAS - Eurobonus	\$204,498,649	\$16.22	\$30.52
China Southern – Sky Pearl	\$168,570,590	\$1.74	\$3.44
Azul - TudoAzul	\$164,235,885	\$11.10	\$13.03
Aeroflot - Bonus	\$128,086,558	\$6.07	\$13.07
GOL - SMILES	\$107,042,934	\$6.38	\$5.88
<i>All airlines are calendar year 2020 (Qantas, which has fiscal years ending June 30, was recalculated).</i>			

Attractive per passenger revenue is realized in markets which support consumer charge activity with card portfolio economics that command good prices for the miles or points sold to local card-issuing banks. The five largest US airlines (Alaska, 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 card programs. The total dropped by 43% to \$11.1 billion for 2020. However, when measured on a per passenger basis, the result was \$37.64, which is a stunning 46.4% increase. It's true, cardholders were a little less enchanted by the lure of reward travel during 2020, but these programs continued to deliver bountiful revenue for their airline owners.

The number of airlines that disclosed ancillary revenue dropped to 75 for 2020, which is fewer than the 81 in the prior yearbook. Companies are prone to announce bigger and better results with great fanfare, and to whisper their troubles and failings. The yearbook relies upon voluntary disclosure because ancillary revenue does not fall under mandatory reporting categories. 2020 is hopefully a "low water mark" for the ancillary revenue revolution in terms of total dollars.

Revenue generated by seat assignments and extra leg room seating is believed to have increased as a percentage of airline revenue and on a per passenger basis for 2020. Conversations with airline executives during 2020 indicate increased passenger appetite for front-of-cabin seating to permit quick exit upon arrival (and less opportunity for viral transmission). Seats providing extra personal space have also been more highly valued during the pandemic.

More robust results are expected for the 2021 financial period. Ancillary revenue continues to provide amazing cashflow, even in the depths of a pandemic. Consumers benefit from a la carte products and the choice of minimum price or maximum convenience. The billions in revenue realized by the 75 airlines included in this yearbook very likely represent the difference between a difficult survival or outright disappearance from the route map of the global airline industry.

The **2021 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany** was released today as a free-of-charge 136-page report sponsored by CarTrawler. The full report is available at <https://ideaworkscompany.com/reports/>.

IdeaWorksCompany offers a graphic of the top 20 airlines ranked by ancillary revenue as a % of total revenue at the press release section of the IdeaWorksCompany.com website. Please refer to the yearbook for all 75 airlines.

About CarTrawler: CarTrawler is the leading B2B provider of car rental and mobility solutions to the global travel industry. We bring opportunities to life through an online marketplace connecting our partners, customers and mobility suppliers. CarTrawler's end-to-end technology platform expands our airline and travel partners' offering to their customers, creating substantial ancillary revenue opportunities. We provide unrivalled breadth and depth of content worldwide, including car rental, private airport transfer and ride-hailing services. CarTrawler creates innovative, data-led solutions for some of the largest travel brands in the world, including American Express, Alaska Airlines, easyJet, eDreams ODIGEO, Hotels.com, KLM, TravelStart and Emirates. As a B2B company we focus solely on helping our airline and travel partners build their brands, not our own. CarTrawler was established in 2004. Our headquarters are in Dublin, Ireland, with an office in New York. For more information visit www.cartrawler.com.

About IdeaWorksCompany: IdeaWorksCompany boosts airline profits through innovations in ancillary revenue, a la carte pricing, and loyalty marketing. The firm was founded in 1996 and has an international client list of airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorksCompany enjoys a reputation as a global resource for ancillary revenue strategy, on-site executive workshops, and research reports. Learn more at IdeaWorksCompany.com.

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