



Global Baggage Fee Revenue Jumps to \$20.9 Billion

CarTrawler Global Estimate of Baggage Fee Revenue reveals 23.3% increase from 2020 estimate of \$16.9 billion.

Dublin, Ireland & Shorewood, Wisconsin, 26 April 2022: IdeaWorksCompany, the foremost consultancy on airline ancillary revenues, and CarTrawler, leading global B2B provider of car rental and mobility solutions to the travel industry, recently estimated ancillary revenue at \$65.8 billion worldwide for 2021. This **CarTrawler Global Estimate of Baggage Fee Revenue** identifies baggage as a \$20.9 billion component and provides a summary of baggage fee policies for 20 top airlines.

Each year IdeaWorksCompany, through the sponsorship of CarTrawler, analyzes the ancillary revenue disclosures for airlines all over the world. These results are applied to a larger list of carriers (which numbered 109 for 2021) to estimate ancillary revenue activity for the world’s airlines. Baggage activity for each category of airline is added to this analysis to calculate a global estimate. It’s a significant component of ancillary revenue and consists of three primary sources: checked baggage in the aircraft hold, added fees for heavy and extra-large bags, and for some airlines, the price charged for larger carry-on bags.

CarTrawler Global Estimate of Baggage Fee Revenue			
	2021	2020	2019
Baggage Fee Revenue	\$20.9 billion	\$16.9 billion	\$32.9 billion
As a % of Global Airline Revenue	4.6%	3.9%	3.7%

Source: A la carte revenue statistics derived by IdeaWorksCompany from 2018, 2019, and 2020 airline results, combined with IATA annual airline revenue projections for 2019, 2020, and 2021.

Stringent baggage fee policies are hallmarks of top revenue-performing low cost carriers. The surprising development within the last five years is the implementation of bag fees by some of the world’s leading global network airlines.

Gemma Harrison, Director of Marketing & Commercial Strategy at CarTrawler, said, “Ancillary revenue is very important to our airline partners, with baggage fee revenue a growing portion, worth \$20.9 billion in 2021 alone. As ancillary revenue overall was worth \$65.8 billion worldwide in 2021, this is clearly a significant figure and one that airlines will wish to continue to capture. Airlines that respond to changing consumer needs and provide appropriate options to their customers will find this revenue stream will continue to be a key growth driver for the industry.”

The table on the next page lists the baggage fee policies for 20 top non-low cost carriers, which just a few years ago would’ve displayed far less baggage fee activity. Today, fewer than half the airlines listed rely upon the traditional method of including checked baggage as a feature for all fares.

The majority have implemented bag fees on a portion or the entirety of their route network. When these airlines are organized by global region, it's easier to see the policy groupings that currently exist. The abundant reliance upon bag fees in Europe and the Americas occurs largely due to the presence of a very significant low-cost carrier industry. Elsewhere in the world, traditional airlines include baggage benefits for all fares and have not yet adopted basic economy fares, which do not include checked bags.

Summary of Economy Class Baggage Fee Policies Top 20 Non-Low Cost Carriers					
Airlines Based in:	Top 20 Carriers	General Policy		Where Fees Apply	
		All Fares Include Baggage	Fee or Free Determined by Fare *	Domestic & Short/Medium Haul **	North Transatlantic
Asia / Pacific	Air China				
	Cathay Pacific				
	Korean Air				
	Qantas				
	Singapore				
Europe	Air France/KLM			<i>Fees apply network-wide</i>	
	British Airways			<i>Fees apply network-wide</i>	
	Lufthansa				
	Scandinavian			<i>Fees apply network-wide</i>	
	Turkish				
Middle East	Emirates				
	Qatar Airways				
Latin America	Avianca			<i>Fees apply network-wide</i>	
	LATAM Airlines			<i>Fees apply network-wide</i>	
North America	Air Canada				
	Alaska Group			<i>Fees apply network-wide</i>	
	American				
	Delta				
	Southwest				
	United				

Data source: Airline websites reviewed by IdeaWorksCompany April 2022

* Lower fares, such as basic economy, don't include baggage (not all markets have these fares).

** Typically includes flights within the US, Canada, Mexico, and Caribbean region, and flights within Europe and the Mediterranean region. Minor fee waiver exceptions may exist for each carrier, such as LATAM for Easter Island, and South America - Australia, and Air France for France – Kenya.

When this global estimate was last published in 2019, British Airways was unique among the 20 carriers for its decision to offer basic economy fares throughout most of its global route network. Since then, these carriers have expanded application of bag fees to their entire networks: Air France/KLM, Avianca, LATAM Airlines, and Scandinavian. The offer of basic economy fares has grown during the pandemic. There are minor exceptions for some routes, where baggage fees are not charged on the lowest fares. These are often due to local government regulations which require the inclusion of a checked bag in all fares.

Southwest Airlines does stand alone in the US market with its advertising mantra of “bags fly free” which promises the benefit of two checked bags for every traveler. The carrier’s management claims this distinction contributes to Southwest’s admirable financial success. However, the rest of the airline industry is unlikely to follow this example of product bundling. Bit by bit, traditional airlines in Africa, Asia, and Latin America are expected to test the basic economy method as they work to overcome the challenges of competition for leisure travelers and the ever-present threat posed by their low cost airline brethren.

Baggage fees have become more important to airlines during the course of the pandemic. This is evidenced by bag fees’ share of global airline revenue growing from 3.7% in 2019 to 4.6% for 2021. This trend applies for the wide range of optional extras that define ancillary revenue. Look for airlines to increase revenue from these activities by expanding flexible pricing and bundled fares and better retailing through online travel agents and mobile devices. Ancillary revenue, and baggage fee strategies, represent “must have” tools for today’s airline management.

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About CarTrawler: CarTrawler is the leading global B2B provider of car rental and mobility solutions to the travel industry. Our purpose is to drive successful partnerships.

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 United Airlines, American Express, easyJet, Alaska Airlines, SWISS, Hotels.com and Emirates. As a B2B company we focus solely on helping our airline and travel partners build their brands, not our own.

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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