

September 27, 2023

## **Snacks and seat charges fatten up Ryanair revenues as it ranks in top five airlines worldwide for ‘ancillary’ sales**

By John Mulligan

***This article is based upon a report issued by IdeaWorksCompany.***

Ryanair ranks among the top five airlines in the world in terms of the revenue it generates from ancillary revenues that include everything extra that passengers pay for, from a cup of coffee on board to seat selection, according to a new report from Dublin-based CarTrawler.

CarTrawler offers technology solutions to global travel firms for services such as car hire. Its deputy chairman is Willie Walsh, the former CEO of Aer Lingus owner IAG.

Mr Walsh is currently the director general of the International Air Transport Association.

CarTrawler’s report in conjunction with IdeaWorksCompany shows that total ancillary revenue generated by the 65 airlines rose by more than 50pc in 2022 versus 2021, from \$45.4bn to \$68.7bn (€65.3bn).

Ancillary revenue among 65 airlines around the world was \$10bn, or 16pc higher last year than in 2019, before the pandemic struck.

The increase compared with 2019 suggests that airlines are focusing more on diversifying revenue streams as ticket revenue continues to be subject to uncertain market conditions and macroeconomic factors.

US airlines Delta, United, American and Southwest generated the most ancillary revenue globally in 2022, followed by Ryanair in fifth place. The only other European airline in the top 10 by ancillary revenue generation was Easyjet, ranking seventh.

Ryanair generated €3.8bn in ancillary revenue in the 12 months to the end of March this year, up from €2.1bn in the previous financial year. Its scheduled revenue was €6.9bn in the last financial year.

The ancillary revenue generated by the airline in the most recent financial year equated to an average of €22.80 per passenger. That compares to €17.14 in the 2019 financial year. Ryanair distributes travel insurance, fast track services, parking and airport transfers, and accommodation services through its website and mobile app.

Delta generated just under \$8bn in ancillary revenue last year, while United posted almost \$7.9bn.

“It’s clear that airlines are looking beyond ticket sales to ensure their business models are supported by diversified and resilient revenue streams in a post-Covid travel era,” said CarTrawler chief executive Peter O’Donovan.

“As passenger demand increases, so too do opportunities for additional revenue generation, and we expect to see ancillary revenue as a percentage of overall revenue continuing to increase over the next few years,” he added.

Global air traffic is estimated to have reached three billion passengers last year, which generated \$693bn in revenue for airlines.

“While the recovery in travel was very evident in 2022 data, passenger numbers are yet to return to pre-pandemic levels, where an estimated 4.6 billion passengers travelled globally, generating \$840bn in revenue for airlines,” noted the report.

Full-service airlines made gains in ancillary revenue last year with a particular emphasis on loyalty programmes, such as frequent flyer incentive and co-branded credit card programmes, added the report.

It said that in 2022, the five largest US airlines – Alaska, American, Delta, Southwest, and United – generated \$22.6bn in revenue from their frequent flyer programmes, yielding an average of \$33.08 per passenger. In 2019, this yield for the same five airlines was just \$25.71.