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AIRLINE REVENUE & TRANSPORTATION SERIES



# CarTrawler Yearbook of Ancillary Revenue

By IdeaWorksCompany

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# The 2023 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany

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## About Jay Sorensen, Writer of the Report

Jay Sorensen's research and reports have made him a leading authority on frequent flyer programs and the ancillary revenue movement. He is a regular keynote speaker at ancillary revenue and airline retail conferences and has testified to the US Congress on ancillary revenue issues. His published works are relied upon by airline



Jay with sons Anton and Aleksei at Artist Point in Yellowstone National Park.

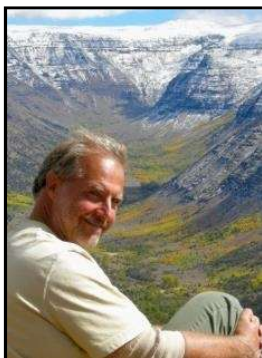
executives throughout the world and include first-ever guides on the topics of ancillary revenue and loyalty marketing.

Mr. Sorensen has 38 years experience in product, partnership, and marketing development.

As president of the IdeaWorksCompany consulting firm, he has helped boost airline

revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start an airline and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations, planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

## About Eric Lucas, Editor of the Report



Eric Lucas is an international journalist whose work has appeared in Michelin travel guides, Alaska Airlines *Beyond Magazine*, *Epoch Times*, *Westways* and many other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of eight books. Eric has followed and written about the travel industry for more than 30 years. He lives on San Juan Island, Washington, where he grows organic garlic, apples, beans, corn and hay; visit him online at [TrailNot4Sissies.com](http://TrailNot4Sissies.com).

Eric, at his favorite summer retreat, Steens Mountain, Oregon.

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## **ABOUT CARTRAWLER**

CarTrawler is the leading global B2B provider of car rental and mobility solutions to the travel industry. Recognised for its innovative technology solutions, CarTrawler is the partner of choice for the world's leading travel brands, enabling them to offer car rental, airport transfer and ride-hailing services to their customers.

CarTrawler's purpose is to drive successful partnerships, by creating substantial ancillary revenue opportunities for the travel and airline industries.

Founded in 2004 in Dublin, Ireland, CarTrawler's proprietary technology platform connects customers to more car rental options than anyone else in the world. Their team of in-house experts designs, builds and powers tailored software solutions which are easily integrated into partners' websites and intuitive to use. Developed over 18 years, CarTrawler's innovative, bespoke and data-led solutions have proven conversion rates and measurable returns.

CarTrawler's global network connects more than 50,000 car rental locations worldwide, working with the biggest industry players including United Airlines, American Express Travel, easyJet, Uber, Hotels.com and Emirates.

Find out more at [cartrawler.com](https://cartrawler.com).

## **UPDATES TO THE 2023 YEARBOOK**

This is Version 1.2 of the 2023 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany. This version reflects these changes:

- Correct spelling of Jozsef Varadi, CEO of Wizz Air on page

Readers are encouraged to visit the IdeaWorksCompany website to check for updates to this yearbook: <https://ideaworkscompany.com/reports/>

Updates will include corrections made to the data presented. These will be summarized in the listing for the 2023 yearbook on the Reports page of the website.

Every effort is made to provide accurate data. Users are kindly requested to advise IdeaWorksCompany using the contact form provided at the website:

<https://ideaworkscompany.com/contact/>



## SUMMARY OF THE RESULTS

### The airline recovery was in full bloom in 2022

Ancillary revenue is one facet of the airline industry as a whole, in terms of traffic and revenue. It's important to begin this annual review with an assessment of the state of the industry for 2022. The craziness and damage wrought on the world's airline industry by the pandemic quickened its reversal during 2022. Per the estimates offered in the *2023 Big Book of Travel Data by IdeaWorksCompany*, passenger traffic jumped more than 30 percent and revenue leapt 50 percent.

Table 1: Global Estimate of Airline Traffic and Revenue				
Reporting Year	Traffic	Change	Revenue	Change
2019	4.6 billion		\$840 billion	
2020	1.8 billion	-60.9%	\$350 billion	-58.3%
2021	2.3 billion	+27.8%	\$462 billion	+32.0%
2022	3.0 billion	+30.4%	\$693 billion	+50.0%

*Source: 2023 Big Book of Travel Data by IdeaWorksCompany*

The world's regions all experienced gains with some unevenness. Geographically, Europe continued a second year of big gains. Intra-region tourism in Europe sprang back during 2022. Asia & South Pacific displayed new life compared to the weak increase achieved for 2021. However, within this region, China continued to display significant weakness. Traffic for the four largest carriers in China actually posted year-over-year decreases ranging from approximately 6 to 14 percent. The US & Canada should've made better gains in 2022, but stumbled largely due to a difficult operating environment caused by weather issues and an over-eagerness to expand flights beyond operational capabilities. US airline executives admitted it was a self-inflicted wound. Middle East & Africa and Latin America continued a second year of good growth in 2022.

<b>Table 2: Passenger Traffic by World Region – 2022 Compared to 2021 Individual Carriers, Weighted Averages</b>	
Europe	154.4%
US & Canada	73.6%
Middle East & Africa	73.5%
Latin America	70.7%
Asia & South Pacific	69.9%
<i>Source: 2023 Big Book of Travel Data by IdeaWorksCompany</i>	

Airlines made billions more from ancillary revenue in 2022

A rising tide lifts all boats, and this adage applies to the link between airline traffic and ancillary revenue. More traffic naturally generates more ancillary-related sales in raw numbers. This is evidenced by the robust results in Table 3 below. But another factor occurs too – as airports and aircraft become more crowded, consumers are more inclined to spend money on comfort and conveniences such as extra leg room, assigned seats, early boarding, checked bags, and priority screening. This reactive spending to crowding was heightened by the pandemic; it wasn't a significant factor before.

<b>Table 3: Top 10 Airlines – Total Ancillary Revenue</b>				
<b>Rank</b>	<b>Airlines</b>	<b>2022 Result</b>	<b>2021 Result</b>	<b>Change from 2021</b>
1	Delta	\$7,987,111,000	\$5,831,000,000	+37.0%
2	United	\$7,881,371,000	\$5,468,683,000	+44.1%
3	American	\$7,711,216,000	\$5,896,000,000	+30.8%
4	Southwest (FF)	\$5,941,000,000	\$4,134,000,000	+43.7%
5	Ryanair Group	\$4,002,983,357	\$2,547,307,585	+57.1%
6	Spirit	\$2,612,630,000	\$1,752,875,000	+49.0%
7	easyJet	\$2,353,524,353	\$631,042,418	+273.0%
8	JetBlue	\$2,106,097,000	\$1,243,000,000	+69.4%
9	Alaska Air Group	\$2,083,000,000	\$1,519,000,000	+37.1%
10	Air Canada	\$1,975,197,146	\$931,039,517	+112.1%
<i>2022 and 2021 carrier results were based upon 12-month financial period disclosures for each year.            (FF) 80% or more of carrier's ancillary revenue is produced by its frequent flyer program.            2023 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany</i>				

## ANCILLARY REVENUE DEFINED

The definition of ancillary revenue offered by IdeaWorksCompany in 2008 has been adopted all over the world and is accepted as the industry standard.

### Ancillary Revenue Defined

Revenue beyond the sale of tickets that is generated by direct sales to passengers, or indirectly as a part of the travel experience.

IdeaWorksCompany further defines ancillary revenue using these categories:  
1) frequent flyer activities, 2) a la carte features, 3) commission-based products, 4) advertising sold by the airline, and 5) the a la carte components associated with a fare or product bundle.

To add more clarity to this declaration, IdeaWorksCompany offers these explanations:

- **Frequent Flyer Programs:** The frequent flyer category largely consists of the sale of miles or points to program partners such as hotel chains and car rental companies, co-branded credit cards, online malls, retailers, and communication services. Miles or points sold directly to program members also qualify.
- **A la Carte Features:** These represent the items on the ancillary revenue menu and consist of the amenities consumers can add to their air travel experience. The list continues to grow and the following are typical activities: 1) onboard sales of food and beverages, 2) checking of baggage and excess baggage, 3) assigned seats or better seats such as exit rows, 4) call center support for reservations, 5) fees charged for purchases made with credit or debit cards, 6) priority check-in and screening, 7) early boarding benefits, 8) onboard entertainment systems, and 9) wireless internet access.
- **Commission-Based Products:** Ancillary revenue activities also include the commissions earned by airlines on the sale of hotel accommodations, car rentals and travel insurance. The commission-based category primarily involves the carrier's website, but it can include the sale of duty-free and consumer products onboard aircraft.



## Air France & KLM

<b>Source and Type</b>	Multiple ancillary revenue activities
<b>Ancillary Revenue</b>	\$1,760,525,594
<b>As a % of Revenue</b>	7.5%
<b>US\$ per Passenger</b>	\$37.77
<b>Total Revenue</b>	\$23,506,296,191
<b>Financial Period</b>	Calendar year 2022
<b>Passengers</b>	46,613,000 (Air France: 28,575,000 + KLM: 18,038,000)
<b>Information Source</b>	Consolidated Financial Statements 2022, Results 2022 and 24 May 2022 Presentations, and KLM Annual Report 2022

### Ancillary revenue definitions and other notes:

- All figures are in euros.
- The company says that 50% of its business class passengers are now leisure travelers, courtesy of a push by the commercial department. Also, the carriers have quick-change flexibility to decrease the size business cabins by up to 19%, when more economy-oriented seating is desired.
- The group aims for a €400 million revenue boost by 2024 from new revenue streams produced by its Flying Blue loyalty program and other ancillary revenue activities. Flying Blue has 16+ million members (May 2022). Multiplying assumed revenue of €10 per member (similar to that generated by SAS EuroBonus) by 16 million members generates estimated revenue of €160 million for Flying Blue.
- The airline disclosed “ancillary revenue” of €800 million for 2022, which likely is from options such as a la carte meals, paid lounge access, and the time-to-think option.
- Air France has advised in the past the category of “other sales” also includes activities which qualify as ancillary revenue; other sales were €914 million for 2022. 80% of this amount (€731 million) is believed to represent the ancillary revenue component.
- 2022 ancillary revenue calculated for Air France & KLM is €1,691,000,000:
  - Loyalty revenue (estimated): €160 million.
  - Ancillary revenue disclosed: €800 million.
  - Additional estimated ancillary revenue activity: €731 million.
- This data was provided to Air France & KLM management, which did not confirm its accuracy.
- Air France & KLM revenue for 2022: €22,578,000,000 (includes cargo operations). Air France revenue was €11.315 billion and KLM revenue was €9.686 billion.

Year	Historical Ancillary Revenue
2019	\$1,712,952,448
2020	\$1,262,249,758
2021	\$1,368,270,785