

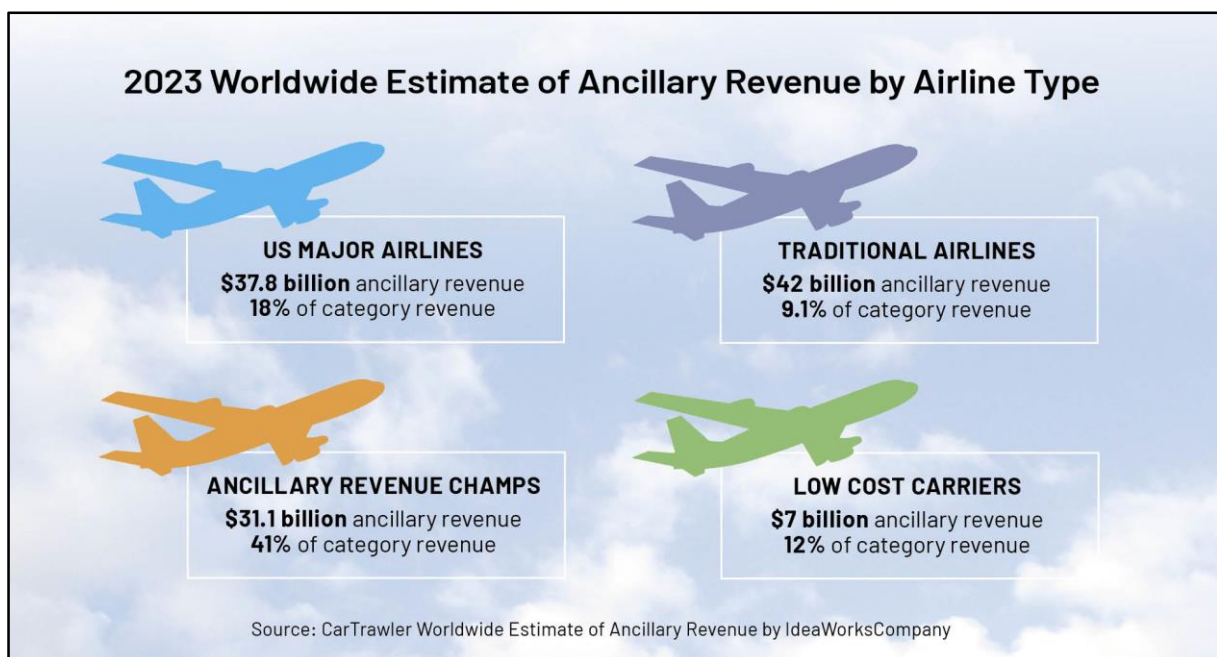


US Major Airlines Receive More Than \$25 Billion in Ancillary Revenue from Co-Branded Cards

CarTrawler sponsored research reveals US major airlines netted 32% of global ancillary revenue and nearly 68% of frequent flyer and commission-based revenue.

Dublin, Ireland & Shorewood, Wisconsin, 23 January 2024: Following further analysis on the **2023 CarTrawler Worldwide Estimate of Ancillary Revenue**, IdeaWorksCompany found that US major airlines, defined as Alaska, American, Delta, Hawaiian, Southwest, and United, achieved ancillary revenue results far above their estimated 24% global traffic share. This is largely due to the outsize share of frequent flyer cash from their co-branded credit card programs. Traditional airlines, the largest category by number, came in at \$42 billion, while low cost carriers (both categories) posted combined ancillary revenue of \$38.1 billion, which represents a 2nd place position.

Last year CarTrawler and IdeaWorksCompany reported the ancillary revenue disclosed by 65 airlines for 2022. These statistics were applied to a larger list of 125 airlines to provide a global projection for the world’s airlines in 2023. Ancillary revenue is generated by activities and services that yield cashflow beyond the transportation of customers from A to B, such as commissions from hotel bookings, sale of loyalty miles to partners, and a la carte services. The graphic below shows the distribution of ancillary revenue among four categories of airlines.



Aileen McCormack, Chief Commercial Officer of CarTrawler, commented: “North America is a key market for CarTrawler and we’ve seen first-hand the impressive strides that US airlines have made in realizing the potential of ancillary revenue opportunities. The research clearly shows that initiatives such as frequent flyer benefits, co-branded credit cards and enhanced choices in accommodation and car rental are resonating with consumers.

“Our airline partners are prioritising increasing the engagement of their loyalty programme members by providing more ways to earn and spend airline miles. Customers are looking for more choices to spend their miles to gain value. We are working with global airlines and car rental suppliers to create unique car rental offers to engage users as well as allowing customers to pay for their rental with miles and cash.”

IdeaWorksCompany estimates the a la carte portion was \$78.1 billion for 2023. “Frequent flyer and commission-based” is the other component of the \$117.9 billion ancillary revenue estimate for 2023. It includes commissions on accommodations, car rentals, travel insurance, and more. The table below lists how the \$39.8 billion is spread across the world. Not surprisingly, US Major Airlines dominate due to the large co-branded credit card portfolios. Frequent flyer programs typically account for more than 90 percent of the global frequent flyer and commission category.

2023 Estimated Ancillary Revenue Categories by Carrier Type			
Carrier Type	Total Ancillary Revenue	FFP & Commission	a la Carte Fees
Traditional Airlines	\$42.0 billion	\$10.9 billion	\$31.1 billion
US Major Airlines	\$37.8 billion	\$27.0 billion	\$10.8 billion
Ancillary Revenue Champs	\$31.1 billion	\$1.6 billion	\$29.5 billion
Low Cost Carriers	\$7.0 billion	\$0.3 billion	\$6.7 billion
Totals	\$117.9 billion	\$39.8 billion	\$78.1 billion

Source: Research and calculations by IdeaWorksCompany related to the CarTrawler Worldwide Estimate of Ancillary Revenue

The distribution of ancillary revenue across different types of airlines is influenced by factors such as brand positioning, product design, retail methods, and aggressiveness of a la carte offers. The following summarizes results for the four types of airlines:

- **Traditional Airlines** includes global network carriers such as Air Canada, Air France, Emirates, Japan Airlines, and LATAM. The category also includes smaller carriers such as Aegean, Bangkok Airways, Copa, and Luxair. These carriers tend to include snacks/meals, baggage, and seat assignments in their main cabin product, especially on long-haul routes. Increasing competition from low cost carriers has prompted tweaks to the traditional business model and the distinction from LCCs has become blurred with the passage of time.

- **US Major Airlines** receive a big ancillary revenue boost from their co-branded credit card portfolios, with world-leading revenue results. The group also ambitiously seeks a la carte revenue through baggage and assigned seating fees. Airport lounges have become a very popular amenity for domestic travel through the sale of annual and day passes, and as a perk for some co-branded credit cards. For example, Delta Air Lines disclosed miscellaneous revenue of \$894 million for 2022 as “primarily consisting of lounge access” for Delta customers and Amex cardholders. US Majors frequent flyer programs represent more than 12% of total revenue in this category.
- **Ancillary Revenue Champs** derive 16% or more of revenue from a la carte, loyalty, and commission-based activities. The highest achieving among these are Allegiant, Frontier, Spirit, and Wizz Air, each deriving more than 45% of their revenue from ancillary revenue activities. Rather than adding new products, airlines in this category grow ancillary revenue through pricing sophistication and assertive retail methods in the booking path. Many try to become better retailers of all things travel by embracing hotel and car hire bookings, holiday packages, and trip insurance.
- **Low Cost Carriers** rely on an a la carte approach to their travel retail methods. These carriers have a less aggressive approach because of branding objectives and even government restrictions. Examples include airBaltic, flydubai, and IndiGo. Carriers can move to the Champs category if they seek to emphasize ancillary revenue. Over time, this category will grow as more and more traditional airlines adopt LCC methods.

Regardless of the type of carrier, ancillary revenue has proven to be a good deal for airlines and their customers. Airfares, on an inflation-adjusted basis, have been declining for more than a decade. That's because the global airline industry is gravitating to the low-cost carrier model, which offers consumers a basic product for less money. Consumers can click and add convenience and comfort on an a la carte basis, which is the ancillary revenue part. Low fares and ancillary revenue are joined at the hip; you can't have one without the other.

IdeaWorksCompany offers the graphic displayed on page 1 of this release as a JPG file at the press release section of the [IdeaWorksCompany.com](https://www.ideaWORKSCompany.com) website.

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 industry.

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.

About IdeaWorksCompany: IdeaWorksCompany boosts airline profits through innovations in ancillary revenue, a la carte pricing, loyalty marketing, and airline retail. 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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