

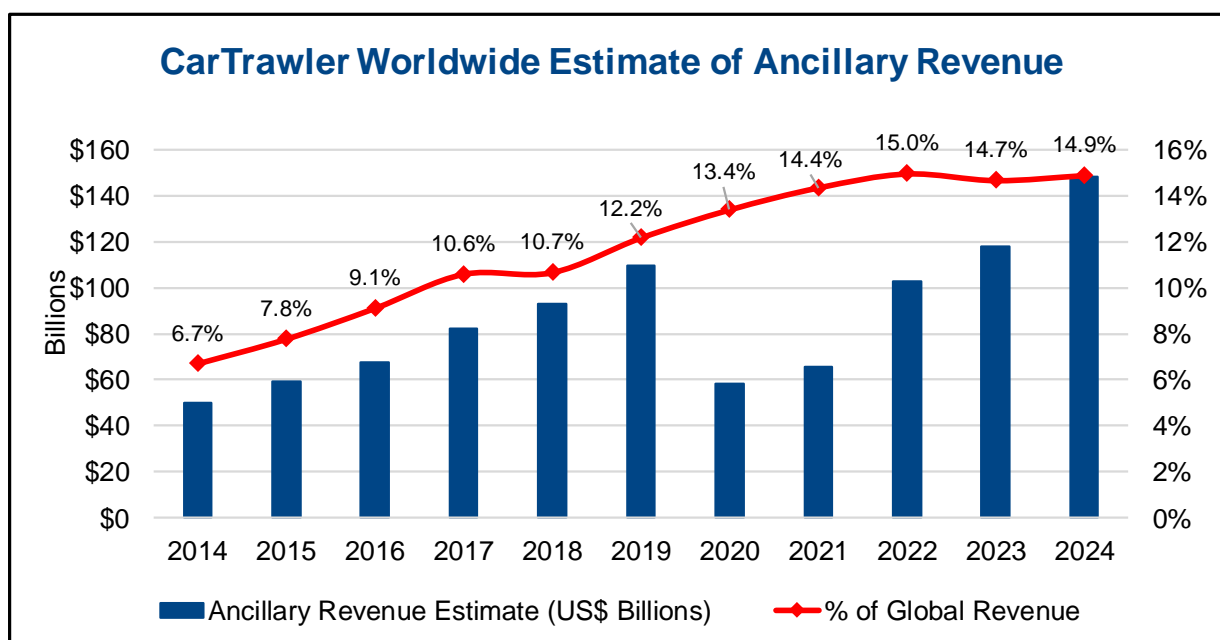


## Airline Ancillary Revenue Skyrockets to \$148.4 Billion Worldwide for 2024

*The CarTrawler worldwide estimate leaps nearly 26% above 2023 and nearly \$39 billion above the pre-pandemic year of 2019.*

**Dublin, Ireland & Shorewood, Wisconsin, 29 October 2024:** CarTrawler, the leading B2B provider of car rental and mobility solutions to the global travel industry, and IdeaWorksCompany, the foremost consultant on ancillary revenue, project airline ancillary revenue will increase to \$148.4 billion worldwide for 2024, compared to \$117.9 billion for 2023 and well above the previous \$109.5 billion record in 2019. This **CarTrawler Worldwide Estimate of Ancillary Revenue** represents an increase largely built on 2023 passenger growth and increasing market share gains by low cost carriers.

Ancillary revenue contributes a crucial 14.9% to airline revenue across the globe. For individual airlines, this contribution can range from a low of 2% to a high of 56.4%.<sup>1</sup> As displayed in the graph below, the upward march of ancillary revenue has recovered from a severe pandemic-era drop. The record result for 2024 reveals the resiliency of revenues generated by a la carte items (such as baggage and assigned seats) along with commissions generated by car and hotel travel sales, and co-branded credit card programs associated with frequent flyer programs.



## 2024 Reveals Predictable Gains and Lurking Challenges

IATA predicts the global airline industry will generate revenues of \$996 billion for 2024, which is 9.7% above the 2023 amount.<sup>2</sup> This contributed mightily to the \$30.5 billion year-over-year ancillary revenue increase. Looking more closely at the results by airline category, this revenue success is less evenly distributed among airlines:

- **Low cost carriers (LCCs) around the world are making big gains.** This reflects growing consumer support. The LCC share of passenger traffic has been increasing globally and will likely exceed 30% for 2024. Consumers are spending more for a la carte services as evidenced by the metric which measures ancillary revenue as a percentage of airline revenue. It should be noted LCCs in the US are experiencing significant competitive pressures.
- **US major airlines are also boosting ancillary revenue.** This was accomplished through the seemingly perpetual cash generator of co-branded credit cards. Frequent flyer program revenue in this category exceeds \$30 billion. Their basic economy fare strategies have chipped away at the LCCs' more profitable travelers. On average, these carriers generate \$35 per passenger from their loyalty program activities.
- **Traditional airlines saw a decrease in ancillary spending.** Traffic growth lifted total ancillary revenue, but when measured as a percentage of total airline revenue this statistic is lower for 2023. This is the largest category among airlines for total traffic and revenue. The decrease may indicate traditional airlines are reaching the limits of consumer spending for optional extras such as assigned seats and baggage.

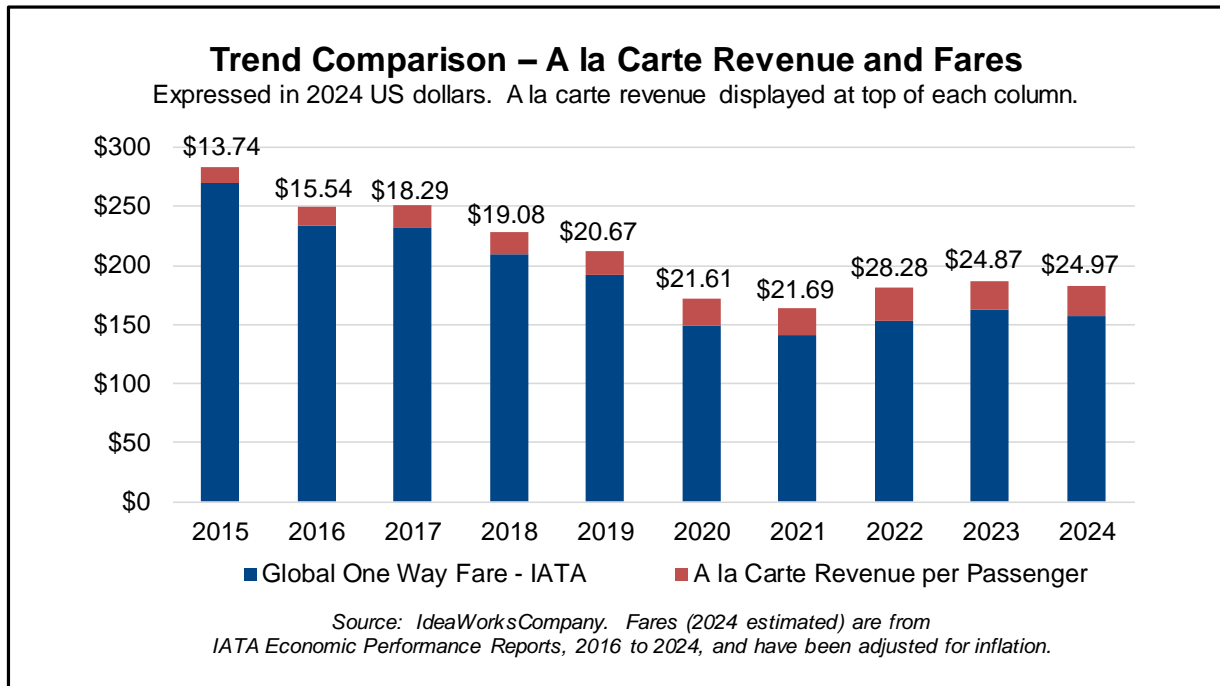
Earlier this year, CarTrawler and IdeaWorksCompany reported the ancillary revenue disclosed by 68 airlines for 2023. These findings were applied to a larger list of 136 airlines to provide a global projection of ancillary revenue for the world's airlines for 2024. Ancillary revenue is generated by activities and services that yield cashflow beyond the transportation of customers from A to B. This wide range of activities includes commissions gained from hotel bookings, the sale of frequent flyer miles to partners, and a la carte services. It's the a la carte portion, which includes baggage and seat assignment fees, that represents the share directly paid by consumers.

"It's impressive to see airline ancillary revenue projected to reach \$148.4 billion this year – over 25% higher than 2023 levels. This continued year-on-year growth underscores the industry's ability to adapt and thrive in an ever-evolving landscape," says Aileen McCormack, Chief Commercial Officer at CarTrawler.

"The momentum we're seeing demonstrates how ancillary revenue has become an essential part of airlines' business models globally. As the industry continues to grow and change, airlines need to innovate to remain competitive. At CarTrawler, we are proud to support our partners with solutions that maximize revenue streams and enhance the travel experience through seamless car rental services and loyalty solutions, benefitting both airlines and their customers."

## Consumers Benefit from Lower Fare Savings

Ancillary revenue has proven to be an amazing equalizer for consumers and airlines. Since 2015, the average one-way passenger fare has dropped from \$270 in 2015 to \$158 in 2024 (in 2024 dollars, adjusted for inflation). That's \$112 back in the pockets of consumers for each trip, as shown in the chart below. Concurrently, a la carte revenue grew by just over \$11 (that's the smaller red portion of the bar graphs). The a la carte portion of ancillary revenue represents the fees paid by passengers for optional extras such as baggage, assigned seats, and buy-on-board food.



Low fares can't exist without the support of a la carte revenue. Consumers are attracted to airlines by low fares. About 45% of consumers just buy a fare and skip the optional extras offered by airlines. However, more than 50% pay for baggage, assigned seats, buy-on-board and a wide range of other a la carte services offered by airlines. In effect, consumers spending more for extra comfort and convenience subsidize the low fares purchased by the minority of travelers. The total umbrella of ancillary revenue also includes income generated by frequent flyer programs and the sale of accommodations, car rentals, and travel insurance. But for most of the world's airlines, it's the a la carte portion that represents the largest slice of the ancillary revenue pie.

That's the amazing alchemy of ancillary revenue. As it has grown . . . passenger fares have dropped by a larger amount.

*The graphs appearing on pages 1 and 3 of this press release are available as JPG image files at the press release section of the [IdeaWorksCompany.com](http://IdeaWorksCompany.com) website. Specific data for the graphs is available as an Excel file upon request to Jay Sorensen.*

**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, the Connect 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 20 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, American Airlines, easyJet, Uber, Hotels.com and Emirates.

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

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<sup>1</sup> 2023 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany.

<sup>2</sup> IATA Industry Statistics, Fact Sheet, June 2024.