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## Ancillary Revenue Airline Conference 2007 Preview

*IdeaWorks contributed information to this article - - see italics.*

For the first time, a conference devoted entirely to ancillary or non-ticket revenue (NTR) and its tremendous growth and potential will be held Nov. 14 and 15 in Frankfurt, Germany.

*Jay Sorensen, President of IdeaWorks, a leading consultancy on ancillary revenues, will serve as the Chairman for the Ancillary Revenue Airline Conference 2007 (ARAC). Speakers and panelists were chosen whose companies excel in different components of non-ticket revenue, he said, and who will share their strategies and goals for the future.*

*“The list is diverse with major carriers, such as Air Canada and US Airways, and a host of new entrants, such as Spirit Airlines, SkyEurope, Vueling and Flybe,” Sorensen said. “The vendor category is robust, and they will be asked to share real world examples so attendees can have a very good idea about revenue potential.”*

*Revenues from non-ticket sources are still being defined by the industry, but IdeaWorks analysts propose a broad definition to include revenues generated by frequent flyer activities, as well as commissions earned by airlines on the sale of hotel accommodations, car rentals and travel insurance. The suggested definition from the analysis: “Revenues beyond the sale of tickets that are generated by direct sales to passengers, or indirectly as a part of the travel experience,” further defined by three categories: a la carte features, commission-based services and frequent flyer activities.*

*Examples of Non-Ticket Revenue Sources for Airlines:*

### ***Flight-related and Other Ancillary Revenues:***

- ***Onboard sales of food and beverage***
- ***Checking of baggage or excess baggage***
- ***Assigned seats or better seats, such as aisle rows***
- ***Fees charged for purchases made with credit cards***
- ***Commissions from the sale of hotel accommodations, car rentals and shuttle bus transfers reserved at the airline Web site***
- ***Commissions from the sale of travel insurance and airport lounge access***
- ***Advertising tied to passenger travel such as onboard magazines and in-cabin media***

### ***Frequent Flyer Ancillary Revenues:***

- ***Miles or points sold to banks issuing co-branded credit cards***
- ***Travel partners, such as hotel chains and car rental companies***
- ***Other partners, such as online malls, retailers and communication services***

Visa is the signature event sponsor for the conference, and Kirk Stuart, Vice President of Co-Branding for Visa USA, will deliver a keynote speech titled, "Co-Branded Credit Cards: the Largest Source of Ancillary Revenues." ***According to an analysis by IdeaWorks, airlines typically sell the majority of bonus miles to their credit card partners at an average of a U.S. penny per mile. "IdeaWorks believes more than 70 percent of the miles earned by Mileage Plan members are now generated by charge activity tied to Alaska's Mileage Plan credit card," for an example. In effect, the credit card banks are paying US\$250 for each 25,000 mile reward ticket earned through charge card activity.***

Ancillary revenue touches many different areas, and the 34 speakers and panelists represent a wide spectrum of revenue possibilities. The complete range of ancillary revenues will be examined and discussed, including advertising, co-branding, cross-marketing, dynamic packaging, entertainment, food, Frequent Flyer programs, gambling, travel insurance, and onboard and Web ancillary revenue generation tools. ***Sorensen believes online opportunities have grown at a tremendous rate.***

***"The Internet has opened all kinds of doors, engaging the consumer in an online buying process with all kinds of opportunities to sell them more," he said.***

The conference, held in the major European transportation hub and Germany's financial capital – Frankfurt – has generated great interest globally.

***“Christopher Staab and Roger Williams, who are the [Airline Information] conference organizers, have said the initial pace is unlike anything they have seen before,” Sorensen said. “There is a tremendous thirst for information on the topic of ancillary revenue. A full house is expected, and the biggest challenge has been trying to get more event space from the hotel.”***

The event is sponsored by Guestlogix, Lufthansa Systems and Sabre. For more information about the conference and to register, visit [www.airlineinformation.org](http://www.airlineinformation.org)