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Ryanair reaps more than £500m from extra charges

Budget airline is fourth most profitable on earnings from checking in, additional baggage charges and insurance costs

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IdeaWorks contributed information to this article - - see italics.

Budget airline Ryanair made almost £550m last year in extra charges such as baggage fees, in-flight food and insurance costs, according to researchers in America.

It is the fourth most profitable airline in the world when it comes to the money it makes from "ancillary revenue" and the most profitable in Europe, a report by the research group IdeaWorks said.

The table was topped by three US airlines: American Airlines, United Airlines and Delta. Ryanair makes almost 20% of its total revenue through these ancillary charges, the research group said, a 73% rise from 2006.

The airline is renowned among consumers for its extra charges, which can more than treble the original quoted price of a ticket in some cases.

These include a £10 fee for the first checked in bag and £20 for each subsequent bag, a £5 payment handling fee for a one-way flight, a £20 charge for children under two to fly, and a £5 online check-in fee for a one way flight.

Last week, Ryanair announced it would increase its luggage charges by 50% to £30 for the first bag from 1 October.

A spokesman for the airline responded to the research by describing Ryanair as "not simply an airline" but the "Tesco of the skies".

"We deliver Europe's lowest fares as a result of these [ancillary revenue] services," he said. Industry increases

Ryanair is not the only airline set to increase its charges for extras: long-haul airlines are now following suit. Virgin Atlantic announced yesterday it will restrict the number of bags to one that economy customers can check in for all flights booked from 25 November.

The first additional bag will cost £32 if booked online, or £40 if added at the airport. Any further additional bags will cost £90 if checked in at the airport (£32 online). Any bag weighing more than 23 kilos will incur an additional £30 charge.

Premium economy passengers will be allowed to check in two bags and first-class passengers three. The exception is for economy passengers travelling between Kenya and Nigeria, who will continue to be allowed to check in two bags.

British Airways, meanwhile, has also made a series of changes to its baggage policy that will be introduced from early October.

The excess baggage charges, which will apply to all economy passengers from 7 October, are up to £40 for the first extra bag checked in and £90 for subsequent ones. The airline has also decided that sporting equipment, such as skis, will form part of the baggage allowance.

A number of American airlines, including Delta and American Airlines, have also announced they will charge similar fees to BA and Virgin for additional baggage.

These increases in ancillary revenue charges are likely to increase as airlines search for new ways to claw back lost revenue. A spokesman for IdeaWorks said: "The sickly patient known as the world's airline industry suffered through 2008 and only survived due to dramatic schedule cutbacks, the slow reversal of fuel prices and an intravenous injection of ancillary revenue."