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## **Airlines bag €7.7bn as 'extras' drive revenues during slump**

By John Mulligan

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

*The world's airlines generated nearly €7.7bn in ancillary revenue last year, by charging passengers for everything from coffee to baggage.*

Ancillary charges have long been a big earner for low-cost carrier Ryanair, which has honed the skill of making passengers fork out even just to check in.

*Its previously reported €598m in ancillary revenue during the 12 months to the end of last March included shares of sales from car hire and hotel rooms through its website.*

*That figure was 23pc higher than the previous financial year. Ryanair's car rental deal with Hertz is particularly lucrative for both parties.*

*The airline generated 20pc of its €2.94bn revenue last year from ancillaries. The remainder came from scheduled services -- selling actual tickets. In the first quarter of its current financial year, Ryanair generated ancillary revenue of €165.3m, a 13pc increase on the same quarter last year.*

*A report this week by US-based research group IdeaWorks said the amount generated by global airlines from ancillary revenue last year was 345pc higher than the €1.72bn they generated from the segment in 2007.*

*American Airlines, United Airlines, Delta, Ryanair and Qantas are among the world's leading carriers in terms of their ability to generate ancillary revenue.*

### **Fares**

Ryanair's average ancillary revenue per booked passenger has risen 37pc from €7.45 in 2006 to €10.21 in 2009, while its average booked passenger fare has fallen just 3pc in the same period from €41.25 to €40.02, according to its latest annual report.

Meanwhile, the Association of European Airlines has released its July traffic statistics. Despite lagging the market and the airlines' own traffic announcements by several weeks, the report confirms recent trends in the industry in Europe of moderating capacity cuts alongside improving load factors as passenger declines ease.

Load factors on average improved in July by 0.7 percentage points to 81.8pc. The AEA tracks data for 30 European airlines, although its data does not include many of the low cost carriers such as Ryanair, easyJet, Vueling and Air Berlin, a number of which have to continued to increase capacity and passenger numbers despite the economic downturn.

Alongside the July statistics, the AEA provided a projection for its August numbers, which indicated similar results for August, with a 2pc fall in traffic and a 3.2pc fall in capacity which resulted in a "slight load factor improvement".

Spanish flag carrier Iberia has posted total load factor of 82.4pc for August, 1.8 points below August 2008, with capacity down 4.4pc.