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Soaring costs a sore point

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IdeaWorks contributed information to this article - - see italics.

Airlines are always looking for ways to charge more for their services, writes Jane E. Fraser.

Don't put your wallet away after you've booked that airline ticket – you've only just begun. ***New research shows airlines are having a field day with "ancillary revenue", or income derived from extra charges such as meals, baggage fees, inflight entertainment and seat reservations. Ancillary revenue has increased by more than 300 per cent in the past two years, according to research undertaken by a US consultancy group, IdeaWorks.***

Globally, revenue from extra charges jumped from \$US2.29 billion (\$2.47 billion) for the 2006 calendar year to \$US10.25 billion last year, putting it as high as 20 per cent of revenue for some carriers.

While it would be easy to assume this revenue increase is due to the rapid growth of no-frills airlines, the figures show airlines of all types are getting in on the act.

The top-five collectors of ancillary revenue last year were American Airlines, United Airlines, Delta Air Lines, Ryanair and Qantas.

The inclusion of Qantas comes as no surprise to one Sydney traveller, who, at two metres tall, now finds himself having to pay a hefty fee to secure an exit-row seat, which was free in the past.

“For the past 20 years of international flying, my strategy has been to turn up really early (for check-in) ... that never failed,” Michael says (he didn't want to give his surname).

“I'm flying to Washington DC next month and Qantas wants to charge me \$160, in each direction to LA, for the exit row. The airlines are trying to find any way they can to squeeze you.”

To book an exit-row seat (which has extra legroom), Qantas now charges \$80, or 10,000 frequent-flyer points, for short-haul flights such as those from Australia to Asia and \$160, or 20,000 frequent-flyer points, for long-haul destinations such as Europe and the Americas. If no one pays to reserve the seats, they remain empty – cabin crew are instructed not to allow anyone to move into them during the flight.

"It just astonishes me," says Michael, who believes the policy is an act of discrimination.

British Airways is also joining in by adopting seat-reservation fees – charging passengers who choose their seat at time of booking.

Passengers can still reserve a seat free in the 24 hours before their flight but those who want to lock in a place earlier have to pay between £10 and £60 (\$17.50 and \$105).

The charge is ironic, given it follows BA's launch of an online "value calculator" designed to highlight the extra charges passengers pay when flying with its low-cost competitors, such as easyJet and Ryanair.

Singapore Airlines is another carrier charging for exit-row seats, with "preferred seats" available for an extra \$US50 a sector. A passenger flying from Australia to Europe return pays \$US200 extra to have an exit-row seat.

While new charges seem to be emerging all the time, baggage fees remain one of the biggest contributors to airlines' ancillary income. United Airlines, for example, collects an average \$US5.81 a passenger flying within the US. Multiply that by millions of passengers a year and it's big, big business.

The key to limiting baggage charges is not only to pack light but to check the weight of each piece of luggage, as many airlines really go to town with charges for exceeding the maximum amount allowed.

In most cases it is cheaper to take two bags rather than one overweight one.

Given the extraordinary fillip ancillary revenue has provided to airlines over the past two years, travellers should expect more charges to emerge.

Ryanair may have (temporarily) backed away from a plan to charge people to use the toilet during a flight but airline executives are no doubt pondering what else they can get away with.

Book, pay and bring your own

You don't have to pack sandwiches and travel with just one change of underwear to keep your flight costs down. Packing light and eating before you get on the plane certainly helps but you can also save by planning ahead.

As well as extra charges, many airlines offer a discount for paying at the time of booking, rather than at the airport or on the flight. AirAsiaX, for example, offers up to 50 per cent off baggage charges and 20 per cent off meals when pre-paid.

Many airlines now charge for comfort packs and amenities packs, so you might want to consider purchasing your own inflatable pillow, lightweight blanket and bathroom kit for your flight bag, or saving any items you buy along the way for future flights.

You can also save on fees by booking online rather than by phone, going online 24 hours before your flight to choose your seat for free, bringing your own headset where possible and taking a good old-fashioned book rather than paying for in-flight entertainment.