


Ancillary Revenue On-Site Consulting Package

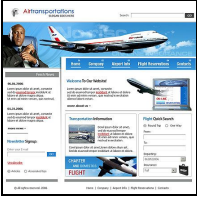
Overview

Airlines enjoy greater revenue success when they become effective retailers, rather than passive shopkeepers. IdeaWorks offers a one-price solution for carriers seeking to build ancillary revenue. This package provides a week of on-site consulting services to support three primary ancillary revenue areas: 1) commission-based products at the website, 2) travel-related a la carte services, and 3) onboard a la carte features. The process is built upon an understanding of the carrier’s ancillary revenue objectives and the capabilities of its passenger service operations. In addition to a week of one-on-one consulting, a 6-page **Ancillary Revenue Overview** report will contain the observations of the consultant, identify specific areas of opportunity, and provide a financial estimate of the resulting gains. Additional consulting time would be required to create an action plan and to implement an ancillary revenue program.


Daily Description of Activities

Airline Brand and Operations Environment On-Site Day I	
	<p>The initial on-site day allows the consultant to gain an understanding of the carrier’s passenger service operations, product design, and brand positioning. Ideally, the consultant will experience the airline from the perspective of a passenger and as an employee. The objectives are to gain an overview of how the airline delivers service to the customer and to understand the expectations of key customer groups.</p>
Activities	<ul style="list-style-type: none"> • Conduct an introductory 90-minute meeting with the ancillary revenue project team. • Have an initial 60-minute meeting with the senior executive responsible for ancillary revenue to determine the results sought by the airline. • Take an airport facility tour with customer service managers and focus on the passenger check-in, boarding, and baggage processes. • Meet with flight attendant and catering services managers to be briefed on in-flight services and product delivery. • Experience the airline as a passenger on a turnaround flight or overnight return.
Outcome	<ul style="list-style-type: none"> • Consultant will gain an understanding of management’s ancillary revenue objectives and the carrier’s operational constraints for implementing a la carte features.


Commission-Based Products at the Website On-Site Day 2

	<p>This day's activities will concentrate on the commission-based products sold at the carrier's website. Current offerings will be compared to peer airlines and industry leaders.</p> <p>Key product categories will include: airport transfers, car rental, gaming, hotel booking, online retail, tours & activities, travel insurance, and travel packaging.</p> <p>Commission-based products are an attractive revenue source because of the efficiency of online implementation and the wide scope of services available through vendors.</p>
<p style="text-align: center;">Activities</p>	<ul style="list-style-type: none"> • The consultant will use 3 hours on-site to prepare for today's activities. This includes identifying the scope of commission-based products sold by the carrier's peer group of airlines. The consultant will request data related to website traffic, existing ancillary revenue, and passenger projections. • Meet with e-commerce managers to discuss current website commission-based activity and how these compare with other airlines. • Describe how results from current website activity can be improved, and which activities could be added. • The meeting represents an opportunity for the exchange of ideas, and for e-commerce managers to learn how to enhance the ancillary revenue produced by the website.
<p style="text-align: center;">Outcome</p>	<ul style="list-style-type: none"> • Consultant will summarize the day's activities as part of the Ancillary Revenue Overview that details the revenue potential of specific recommendations.

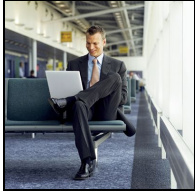
**Travel-Related a la Carte Services
On-Site Day 3**

	<p>This category includes the travel process from booking through boarding. The airport represents a key location for the capture of fees related to unbundled services, as do the choices made by a consumer while booking a flight.</p> <p>A la carte sales opportunities include the following: call center support, pre-assigned seats, premium seating, payment by credit card, airport check-in, checked baggage, fast track benefits, and early boarding.</p> <p>Travel-related a la carte services can generate significant revenue on a per passenger basis and are typically administered by the carrier's own employees.</p>
<p style="text-align: center;">Activities</p>	<ul style="list-style-type: none"> • 2 hours are allocated for the consultant to prepare for today's activities. This includes identifying the scope of a la carte services offered by the carrier's peer group of airlines. The consultant will request data related to ancillary revenue activities. • Meet with airport passenger service managers to discuss current a la carte activity and how these compare with other airlines. • Describe how results from current airport activity can be improved and which activities could be added. • As necessary, conduct the above series of meetings with the carrier's call center managers. • The meetings represent an opportunity for the exchange of ideas, and for customer service managers to learn how to enhance the ancillary revenue produced by travel-related a la carte services.
<p style="text-align: center;">Outcome</p>	<ul style="list-style-type: none"> • Consultant will summarize the day's activities as part of the Ancillary Revenue Overview that details the revenue potential of specific recommendations.

**Onboard a la Carte Features
On-Site Day 4**

	<p>The service onboard the aircraft represents the most important aspect of a carrier’s brand. Passengers interact with flight attendants more than any other employee group; consumers readily compare airlines on the basis of what happens in the cabin.</p> <p>While this includes typical items such as food and beverage sales, it also includes revenue opportunities such as seating zones that offer more room and amenities, portable video devices, and onboard merchandising. But the most crucial part is not “what” is sold, but “how” it is sold. The key to revenue success is both content and presentation.</p>
<p style="text-align: center;">Activities</p>	<ul style="list-style-type: none"> • 3 hours are allocated for the consultant to prepare for today’s activities. This includes identifying the scope of onboard a la carte features sold by the carrier’s peer group of airlines. The consultant will request data related to ancillary revenue activities. • Meet with flight attendant and catering services managers to discuss current a la carte activities and how these compare with other airlines. • Describe how results from current a la carte activities can be improved, and which activities could be added. • The above meeting may include additional areas of responsibility if the issue of a new seating zone (such as economy plus) is to be considered. • The meeting represents an opportunity for the exchange of ideas, and for the flight attendant and catering managers to learn how to enhance ancillary revenue produced by onboard a la carte features.
<p style="text-align: center;">Outcome</p>	<ul style="list-style-type: none"> • Consultant will summarize the day’s activities as part of the Ancillary Revenue Overview that details the revenue potential of specific recommendations.

**Ancillary Revenue Overview
On-Site Day 5**



The final day of the consulting project provides an opportunity to explore additional marketing issues. Time will be spent briefing the ancillary revenue project team and the senior executive responsible for ancillary revenue. These discussions will be guided by the **Ancillary Revenue Overview** report that reflects the overall observations of the consultant, recommends ancillary revenue activities, and provides revenue estimates related to the recommendations.

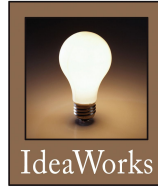
Activities

- 3 hours are allocated for the consultant to finalize the Ancillary Revenue Overview document.
- Conduct a final 90-minute meeting with ancillary revenue project team.
- Have a 60-minute wrap-up meeting with the senior executive responsible for ancillary revenue.
- Provide information on other topics (as time allows) such as the revenue potential of frequent flier programs.

Outcome

- Create a 6-page **Ancillary Revenue Overview** document that will include:
 - 1) Overview of management objectives
 - 2) Observations of airline brand and operating environment
 - 3) Survey airlines in peer group
 - 4) Commission-based products at the website
 - a) Ancillary revenue recommendations
 - b) Revenue projections
 - 5) Travel-related a la carte services
 - a) Ancillary revenue recommendations
 - b) Revenue projections
 - 6) Onboard a la carte features
 - a) Ancillary revenue recommendations
 - b) Revenue projections
 - 7) Other ancillary revenue items
 - 8) Summary of consulting project

This consulting package also includes off-site preparation activities prior to the start of the project.



Additional Project Details

Project Consultant

Jay Sorensen's research and reports have made him the world's leading authority on the ancillary revenue movement. In November 2007 he was chairman of the first conference dedicated to the topic of ancillary revenue. This event was a resounding success with more than 240 airline executives and ancillary revenue vendors from all over the world attending the Frankfurt conference. Mr. Sorensen is a veteran management professional with 25 years experience in product, partnership and marketing development. As president of the IdeaWorks consulting firm, he has enhanced the generation of airline revenue, started guest loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies.

His career includes 13 years at Midwest Airlines (formerly Midwest Express) where he was responsible for marketing, sales, customer service, product development, operations, planning, financial analysis and budgeting. Mr. Sorensen is author of the IdeaWorks Guide to Ancillary Revenue; airline professionals from all over the world have purchased the publication.

Expenses

Travel expenses, and other direct expenses such as express delivery and long distance telephone, are reimbursable. Airline travel over 7 hours in duration shall be in business class. Travel expenses are to be reimbursed within 14 days of invoice.

General

All terms, conditions and fees are subject to the provisions of a consulting agreement between the client and IdeaWorks.

Consulting Package Price

Package pricing is available upon request.

Contact: Jay Sorensen, Telephone 01-414-961-1939, Jay@IdeaWorksCompany.com