



Contact: Jay Sorensen  
For inquiries: 414-961-1939  
www.IdeaWorksCompany.com

## **Airlines All Over the Globe Seek Ancillary Revenue Nirvana - - A Guide to this \$2.45 Billion Business**

*132-page manual is filled with lessons from a la carte pricing leaders  
Ryanair, Air Canada, SkyEurope, Delta, Jetstar, and Spirit Airlines.*

*December 18, 2007, Shorewood, Wisconsin.* Michael O’Leary, Chief Executive of Ryanair, Europe’s largest LCC, described the inauguration of the ancillary revenue movement during a 2001 interview in the UK Sunday Times. **“The other airlines are asking how they can put up fares. We are asking how we could get rid of them.”**

The unorthodox business model envisioned by Mr. O’Leary uses receipts from pay-per-view entertainment, onboard shopping, internet gaming, car hire and hotel bookings to eventually replace the revenue from selling airline seats. Consumers may someday “fly for free,” but airline executives already benefit from the bottom line boost provided by ancillary revenue. Mr. O’Leary’s radical idea catalyzed an industry-wide trend to coax more revenue from the profit-challenged airline business.

IdeaWorks has created a first-ever 147-page guide on the topic of ancillary revenue. The effort is the result of research, interviews and analysis conducted during 2007 on a la carte pricing, commission-based services and frequent flier activities. The following is a sampling of the information and best practices described in the guide:

- 75 airlines worldwide reported ancillary revenue activity for 2006 in excess of €1.7 billion (US\$2.45 billion).
- The top 3 ancillary revenue airlines, based upon Euros per passenger, are Ryanair (1<sup>st</sup>), Vueling Airlines (2<sup>nd</sup>), and Allegiant Air (3<sup>rd</sup>).
- 77% of airline executives surveyed indicate their carriers earn revenue from hotel and car rental commissions.
- Ryanair generated more than €37 million (US\$53 million) from commission-based activities at Ryanair.com.
- Delta Air Lines jumped on the ancillary revenue movement as the first major airline to integrate hotel accommodations, car rental, and various travel extras such as Crown Room Club access, and airport transfers into its ticket selling portal.
- Air Canada’s a la carte pricing scheme allows online customers to save \$3 if they don’t check baggage and save \$5 if they promise in advance to not make an itinerary change.

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The guide includes articles that describe how airlines have become ancillary revenue leaders in Europe, North America, Africa and Asia:

- **Ryanair** - The Godfather of Ancillary Revenue
- **Allegiant Air** - Viva Las Vegas and the King of Ancillary Revenue
- **Jetstar** Clicks its Way to Ancillary Revenue
- **Air Canada** Changes the Fare Game with a la Carte Pricing
- **SkyEurope** Realizes a 172% Revenue Increase from its Enhanced Ancillary Revenue Portfolio
- **Kulula** Strikes a Unique Balance as a Low Cost Airline and South Africa's Largest Online Retailer
- **Delta Air Lines** Takes a Major Approach to Online Sales

The guide offers the following additional features:

- Handbook of the Ancillary Revenue Movement
- Worldwide Financial Statistics from Leading Airlines
- Profiles of Executives at Leading Ancillary Revenue Airlines
- 20-Page Vendor Marketplace Directory

**The Ancillary Revenue Guide by IdeaWorks** may be ordered online through February 12, 2008 at an advance price of US\$375 per copy. The Guide will be available for online delivery February 12, 2008. Guides purchased after the release date will be priced at US\$499 per copy. The document, and the 2008 Ancillary Revenue Airline Conference (ARAC 2008), are components of a collaborative relationship between IdeaWorks and Airline Information. IdeaWorks created the content for the guide and is responsible for the agenda of ARAC 2008. Airline Information is responsible for distributing the guide and is organizing the ARAC 2008 conference.

The guide may be ordered and purchased at the Airline Information web site. Please visit **[AirlineInformation.org/guide](http://AirlineInformation.org/guide)** for more information.

**About IdeaWorks:** IdeaWorks was founded in 1996 as a consulting organization building brands through innovation in product, partnership and marketing and, building profits through financial improvement and restructuring. Its international client list includes the hotel, airline, marine, railroad, consumer products and health care sectors. IdeaWorks specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, creating partner-marketing strategies, cost reduction programs and business restructuring. Learn more at [IdeaWorksCompany.com](http://IdeaWorksCompany.com).