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Today's Cash-Strapped Consumers Demand More - Low Cost Long Haul Flights and Cheap Hotels in Major Cities

IdeaWorks describes why AirAsia X and easyHotel have the right product at the right time, and how airlines and hotels can thrive by deploying an a la carte pricing strategy.

March 24, 2009, Shorewood, Wisconsin. Herb Kelleher, the father of the low cost airline industry, said it best at the Low Cost Airlines Congress in London, "People are shopping for bargains. If they have decreasing income, it's right for low cost carriers." Wal-Mart Stores, as one of the few bright spots in a deep recession, obviously shares Herb's passion for low prices. AirAsia X and easyHotel have adopted the same low price style, but with an a la carte twist.

It all begins with a brand that delivers the lowest price. AirAsia X announced its Kuala Lumpur - London service with a £99 fare. easyHotel offers a peak season £24.50 room rate for a centrally located hotel in London. These are amazingly low prices, but the amazing alchemy of a la carte pricing helps these companies scoop up more revenue from today's consumers.

Of course most consumers will check luggage on a flight to London, want a seat assignment, pre-order a meal, maybe buy insurance, and possibly book a hotel. For example, approximately 80% of AirAsia X passengers pre-order a meal on daytime flights. It all adds up to an attractive ancillary revenue boost for AirAsia X. And with easyHotel the booking process begins with the choice of paying £14.50 extra for a room with a window, or opting for the maximum savings of no window.

It is a manifesto that is aligned with the "lowest cost wins" mantra proclaimed by Michael O'Leary, the CEO of Ryanair. Consumers understand the link between low fares and a la carte pricing. This new report from IdeaWorks describes how AirAsia X and easyHotel allow consumers to enjoy this combination in new areas - - ultra long distance flights and big city lodging.

Today's Cash-Strapped Consumers Demand More - Low Cost Long Haul Flights and Cheap Hotels in Major Cities was released today as an 9-page Industry Analysis. The full report is available at the IdeaWorks web site: www.IdeaWorkscompany.com.

About IdeaWorks: IdeaWorks was founded in 1996 as a consulting organization building revenue through innovation in product, partnership and marketing. Its international client list includes the airline, hotel, marine, railroad, and consumer product industries. The firm is a leading expert on creating ancillary revenue opportunities for airlines. IdeaWorks has worked with airlines on ancillary revenue projects in Europe, the United States, and South America. The consulting firm has helped create frequent flier programs and developed co-branded credit cards in the USA, Europe, and South America.