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Planes, Cars, and Ancillary Revenues

Car rental powers ahead as a lucrative source of extra revenue for airlines and the travel industry.

January 31, 2011, Shorewood, Wisconsin – Woe betide airline executives who believe that car rental is merely a follow-up activity to the purchase of an airline seat. This lack of awareness simply leaves ancillary revenue on the table in an era where every dollar, euro, and peso is precious. It's the presence of significant ancillary revenue that has finally awakened airlines to the opportunities afforded by car-hire activities.

Airlines now have many choices of how to offer car rental services to customers. Multi-supplier and broker methods provide more choices for consumers, while exclusive relationships limit brand choice to a single supplier. Hertz is one of the leaders in the category of exclusive deals. For example, it's the sole booking partner for Aer Lingus, Air France, and Ryanair. The company paid €29.9 million to Ryanair for the carrier's fiscal year ended 31 March 2010. That's an attractive boost for any carrier's bottom line.

Virgin Blue chose the multi-supplier method and offers Europcar, Hertz, and Thrifty as preferred partners along with more than 550 leading and independent car rental suppliers. When given the choice, consumers respond positively to a larger array of brands, vehicles, and prices. Virgin Blue exemplifies best practices by making car rental a part of the online booking process and by rewarding customers with bonus frequent flier points. In turn it was rewarded with better results; Virgin Blue experienced a 38 percent increase to its rental bookings when it moved from a single supplier relationship.

Car rentals are part of the troika of top commission-generating services sold at airline websites. Revenue-savvy carriers worldwide are already selling hotel, car rental, and travel insurance at their websites. These commission-based services have become as important as the internal a la carte services sold by airlines such as checked baggage, priority boarding, seat assignments, and pre-order meals.

Learn how the \$35 billion (€26.45 billion) global car rental industry is driving full size ancillary revenue for the airline industry. **Planes, Cars, and Ancillary Revenues** was released today as a 13-page industry analysis. The report is available at the IdeaWorks web site: www.IdeaworksCompany.com/news.

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 airlines and other travel industry firms in Asia, Europe, the Middle East, and the Americas. IdeaWorks specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, frequent flier programs and on-site executive workshops. Learn more at IdeaWorksCompany.com.