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Airlines Want to Become the Amazon.com of Travel

The basic fare with a la carte extras has given way to bundling, branded fares, and the promise of personalized pricing.

October 27, 2015, Shorewood, Wisconsin – The forever quotable Michael O’Leary, CEO of Ryanair, motivated his competitors when he recently said, “We want to become the Amazon.com of travel in Europe, with a whole load of additional services: price comparison, cut-rate hotels, discounted football tickets, concert tickets.” It’s a sentence that instantly conveys why airline executives are eager to learn more about the next level of airline merchandising.

Visit the websites of leading airline retailers today and you will see a robust display of various pricing methods. Consumers encounter branded fares, service bundles, subscription plans with prices that are fixed, flexible, or dynamic. Someday they will also encounter pricing which is aimed at them as individual consumers. The latest report issued by IdeaWorksCompany is designed to prepare industry professionals for the decision-making required to take merchandising to the next level with examples from the world of airline retail:

- **JetBlue** in the US implemented a branded fare strategy in 2015 and expects it to produce annual revenue gains of \$200 million.
- **Jetstar** of Australia doesn’t have branded fares, but uses a similar approach that’s simply called service bundling.
- **Volaris** of Mexico operates a fare discount subscription program that generated annual membership fees of \$3.5 million for the airline in 2014 in addition to the sale of tickets.
- **United’s** use of dynamic pricing for Economy Plus extra leg room seating boosted year over year revenue by 16% per seat.
- **Ryanair** has hired 200 IT staff to remake its website to better compete with the likes of Skyscanner.com and Google Flights.

“**The Airline Manual for Merchandising**” was released today as a free 13-page report available at the IdeaWorksCompany website: www.IdeaWorksCompany.com. The 2015 Ancillary Revenue Report series is sponsored by CarTrawler. CarTrawler provides aviation, travel, hospitality, leisure and consumer brands with a direct connection to over 1,300 leading and independent car rental agents, shuttle bus companies, limousine and chauffeur driven services in over 30,000 airport and city locations across different 174 countries in the language and currency of their choice. For more information, visit www.cartrawler.com.

About IdeaWorksCompany: IdeaWorksCompany 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. IdeaWorksCompany specializes in ancillary revenue improvement, brand development, customer research, competitive analysis, frequent flier programs, and on-site executive workshops. Learn more at IdeaWorksCompany.com.

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