



December 7, 2018

Ancillary revenues expected to hit \$92.9bn

Research analysis from CarTrawler and IdeaWorksCompany highlights the role of airlines as retailers.

This article is based upon a report issued by IdeaWorksCompany.

Airline ancillary revenue has been projected to reach \$92.9 billion worldwide for 2018.

The CarTrawler Worldwide Estimate of Ancillary Revenue represents a 312% increase from the 2010 figure of \$22.6 billion, which was the first annual ancillary revenue estimate.

Online car rental distribution systems provider CarTrawler, teams up with airline ancillary revenue consultancy IdeaWorksCompany, to project the industry estimate annually.

The CarTrawler Worldwide Estimate of Ancillary Revenue marks the ninth year IdeaWorksCompany has prepared a projection of ancillary revenue activity.

Ancillary revenue is generated by activities and services that yield cashflow for airlines beyond the simple transportation of customers from A to B, such as commissions gained from hotel bookings, the sale of frequent flyer miles to partners, and the provision of a la carte services – providing more options for consumers and more profit for airlines.

“Nearly \$93 billion in revenue indicates that good merchandisers are selling products desired by a vast number of customers,” said Aileen McCormack, Chief Commercial Officer at CarTrawler.

“IATA estimates more than 4.3 billion travellers will depart on flights in 2018. Most of them now have the choice of paying a little extra for more comfort and convenience – thus providing airlines with a golden opportunity to build and strengthen their customer experience in the long-term.”

IATA predicts passengers will spend \$871 billion worldwide on air transport for 2018. Applying the global ancillary revenue estimate to IATA’s statistic yields a result of \$21.32 per passenger. IATA also estimates the airline industry will spend \$188 billion on fuel during 2018, which is up substantially from the 2017 level of \$149 billion.

Ancillary revenue now equals almost half of the industry’s annual fuel bill. All those individual sales of seat assignments, checked bags, and frequent flyer points provide a solid hedge against fuel prices.