

Leading Ancillary Revenue Airlines and the Women Who Boost Their Profits

CarTrawler-sponsored analysis presents the ancillary revenue philosophies of four women leaders and the compelling features of the a la carte initiatives they lead.

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Edited by Eric Lucas



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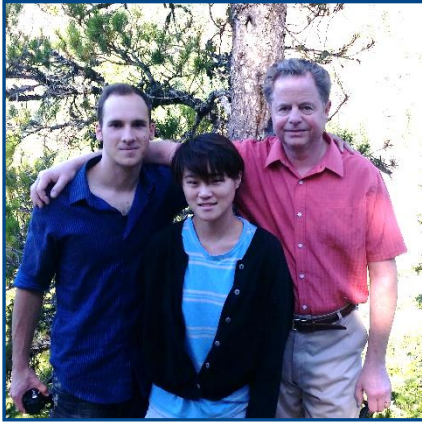
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About Jay Sorensen, Writer of the Report

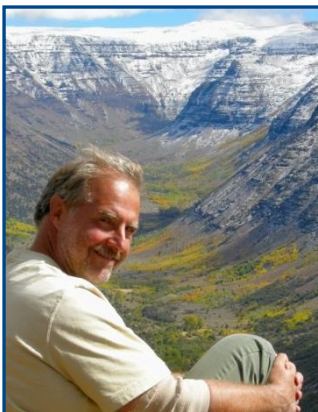
Jay Sorensen's research and reports have made him a leading authority on frequent flyer programs and the ancillary revenue movement. He is a regular keynote speaker at the annual MEGA Event, spoke at IATA Passenger Services Symposiums in Abu Dhabi and Singapore, and has testified to the US Congress on ancillary revenue issues. His published works are relied upon by airline executives throughout the world and include first-ever guides on the topics of ancillary revenue and loyalty marketing. He was acknowledged by his peers when he received the Airline Industry Achievement Award at the MEGA Event in 2011.



Jay, with son Aleksei and daughter Annika, in North Cascades National Park in Washington.

Mr. Sorensen is a veteran management professional with 34 years experience in product, partnership, and marketing development. As president of the IdeaWorksCompany consulting firm, he has enhanced the generation of airline revenue, started loyalty programs and co-branded credit cards, developed products in the service sector, and helped start airlines and other travel companies. His career includes 13 years at Midwest Airlines where he was responsible for marketing, sales, customer service, product development, operations, planning, financial analysis and budgeting. His favorite activities are hiking, exploring and camping in US national parks with his family.

About Eric Lucas, Editor of the Report



Eric Lucas is an international travel, culture and natural history writer and editor whose work appears in Michelin travel guides, Alaska Airlines *Beyond Magazine*, *Westways* and numerous other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of eight books, including the 2017 *Michelin Alaska* guide. Eric has followed and written about the travel industry for more than 25 years. He lives on San Juan Island, Washington, where he grows organic garlic, apples, corn and beans; visit him online at TrailNot4Sissies.com.

Eric, at his favorite summer retreat, Steens Mountain, Oregon.



Leading Ancillary Revenue Airlines and the Women Who Boost Their Profits

Recognize the wisdom of women and celebrate their leadership

Women have been crucial contributors to human progress for millions of years. But society has usually kept this light hidden under a basket, and this is especially true of the airline industry. Only now is the industry beginning to see light escape through the wicker weavings of this concealment. This report reviews the ancillary revenue products offered by airlines that have earned a reputation for leading the way. This leadership relies on the inclusion of women in executive positions responsible for ancillary revenue and a la carte strategies. They are key members of ancillary revenue teams composed of bright, innovative, and hard-working men and women. This is what happens when you strip away the debris of the decades — companies flourish when people are selected and promoted on the basis of their ability, passion, and results.

This report focuses on women of today, but it's helpful to recognize that breaking into traditionally male work spheres has never been easy. Consider the story of Georgia Stebbins, who was one of America's first female lighthouse keepers.¹ In a literal sense she shone her light for all to see, as the Fresnel lens at the North Point Lighthouse in Milwaukee, Wisconsin could be seen for a distance of 15 miles.

In 1873, 27-year-old Georgia was living with her husband in New York City when she was diagnosed with tuberculosis and given little time to live. She traveled to the fresh air of the Great Lakes and stayed with her elderly father who was North Point's keeper. Amazingly, she recovered and was soon joined by her husband. Within months, Georgia was taking care of virtually all the keeper duties. These tasks included maintaining the lighthouse and its grounds and climbing the tower every two hours during the night to refill the lamp with oil and trim the wick. The US Lighthouse Service named her the official keeper in 1881. She continued her duties for the next 26 years, never once staying a night away from the lighthouse grounds. Georgia died at the age of 74 in 1920 . . . just one month before women received the right to vote.



Georgia Stebbins

¹ NorthPointLighthouse.org website reviewed August 2018.

When Georgia was asked about her duties, she commented on how ordinary and unremarkable they were. But she had successfully broken into a profession traditionally held by men. Working unhindered she met the responsibilities of a very demanding position, though her gender was likely unknown to the sailors kept safe by the beacon of the North Point Lighthouse. The lesson provided by her life is very simple – women are workplace equals. Ruth Bader Ginsburg, a justice on the US Supreme Court, offers a blunt assessment, “I ask no favor for my sex. All I ask of our brethren is that they take their feet off our necks.”

These four airlines are ancillary revenue leaders in different ways

This report reviews the methods and the women behind the ancillary revenue success at these four airlines: Alaska Airlines, Finnair, Jetstar, and WOW air. This is an intriguing group of airlines and female executives. The best results occur when an airline masters the task of aligning the troika of human resources, products, and customers. This requires specific ancillary revenue methods that match the capabilities of the airline with the expectations of its customers. The latter are formed by the brand positioning of the airline. Thus, the best ancillary revenue results flow from a thoughtfully conceived brand and a positive reputation.

The table below displays key performance indicators for the four airlines, along with a broad classification of carrier type. It would be unfair to directly compare the results. For example, WOW air is not five times more effective than Finnair in its quest for ancillary revenue. These two airlines are radically different in their customer approach. Finnair seeks to maximize ancillary revenue while operating as a 2-class carrier with a history of oh-so-attentive service. It’s a very difficult balance to achieve because the a la carte approach can be seen as the polar opposite of the pampering that occurs in long-haul business class.

Ancillary Revenue Review of the 4 Airlines				
Airline	Ancillary Revenue as % of Total Revenue	Ancillary Revenue per Passenger	Primary Ancillary Revenue Source	Type of Carrier
Alaska Airlines	16.9%	\$30.42	Frequent Flyer	Network
Finnair	5.6%	\$13.88	Various	Global Network
Jetstar *	23.2%	\$26.92	Various	Low Cost
WOW air	28.5%	\$48.87	Various	Low Cost

*Source: 2017 Carrier Results, CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany
Local currencies converted to US dollars at July 2017 rates of exchange.
* IdeaWorksCompany estimate based upon past disclosure.*

Alaska shares some of the traits of Finnair, but operates within the distinctly different North America market. The airline benefits from the gold rush style profits that co-branded credit card portfolios generate in the US. This is largely thanks to credit-hungry consumers and very generous merchant fees that fuel the bank revenue for card portfolios.

The most closely aligned airlines among the four are the two LCCs: Jetstar, and WOW air. But even here, this duo reveals distinctions, with WOW air having a long haul route from San Francisco to New Delhi. Jetstar reaches almost as far with Tokyo and Hawaii but also has a major domestic network in Australia. The airline is owned by Qantas and participates in its frequent flyer program. This report presents the four carriers in alphabetical order, beginning with Alaska Airlines.


Alaska Airlines captures cash from its co-branded credit card

Cash flow from the Alaska Airlines Mileage Plan credit card was around \$1 billion for 2017.² Revenue produced by frequent flyer programs is a meaningful ancillary revenue component for airlines in the US. Alaska doesn't stop there, as the carrier also generates ancillary revenue from a range of optional extras typical for a traditional airline. These include checked baggage, extra leg room seating, onboard café and pre-order, inflight entertainment and Wifi, and Premium Class seating. But clearly, the revenue associated with the Mileage Plan frequent flyer program overwhelms the other categories.


🔒 Credit card information

Billing information

Card type*


 VISA
 MasterCard
 American Express
 DISCOVER
 Diners Club International
 UATP

Alaska Airlines commercial account

Visa Checkout® 


Card number*

Expiration*

Month Year

Name on card*

Alaska Airlines Visa Signature® card



30,000 bonus miles after qualifying purchases

Annual companion fare offer

Free checked bag

Apply now; if approved for the Visa Signature® card, you can use it **instantly** to book your flight and earn **3x miles** on today's purchase.

Online only offer:

\$100 future statement credit

After \$1,000 in purchases within first 90 days

07/24/2018

Flight purchase	\$161
Future statement credit	-\$100
Future balance:	\$61

APPLY NOW [Ⓢ]

Terms and conditions apply

Instant credit gratification is assured by placing a credit card application in the booking path which delivers \$100 savings, 30,000 bonus miles, and the ability to charge the ticket to the new card.

Alaska disclosed that revenue from its Mileage Plan program represented 11 percent of total revenue for 2017, and that's up significantly from 9 percent back in 2013. Credit cardholders represent 30 percent of all Mileage Plan members, which is among the highest penetration levels in the world. The airline recently described its Mileage Plan as crucial to the carrier's growth. Not surprisingly, the growth model is based upon flying "where customers want to go with affordable fares." But the model also invokes the frequent flyer program as one of the core attractions that delivers repeat customers. Loyal members are seen as a requirement to allow the airline to expand its network in terms of routes and flight frequency. Alaska reinforces this model by making its co-branded credit card an ever-present feature at all customer touch points to include an instant application offer on the payment page in the booking path.

² 2018 Investor Presentation, dated 9 March 2018, Alaska Air Group

The growth model also references the delivery of superior value and excellent service as the other core components of its growth model. Alaska enjoys a reputation among its customers, and in its hub communities, for doing the “right thing,” being kind hearted, and providing a remarkable product.

This branding philosophy has naturally extended to its a la carte services. Alaska’s “Signature Fruit and Cheese Platter” sells for \$8.50 and gets favorable marks from passengers posting comments on social media sites. Buy-on-board selections are designed to feature food and beverages locally sourced from the West Coast of the US.

The airline reliably places its unique personality on the a la carte products it sells. Back in 2009, Alaska was the first airline to add a service delivery guarantee for checked baggage.³ Rather than merely add a new fee, Alaska opted to design a new service. The Baggage Service Guarantee (BSG) promises delivery of checked bags within 20 minutes of arrival at the gate. When the standard is not met, passengers may request vouchers for 2,500 Mileage Plan miles or \$25 off a future flight. The BSG has influenced the efficiency of station operations because managers are eager to avoid the wrath of the home office when too many resupplies of BSG vouchers are requested.



Imagine an airline advertising the speedy efficiency of its baggage service.

The airline uses a traditional dual lowest fare/refundable fare approach in its booking path with a very limited selection of optional extras. Passengers may book a Premium Class extra leg room seat and buy trip insurance in the booking path. Premium provides 4 inches added leg room, early boarding, and includes cocktails, wine, beer, soft drinks, and coffee. The airline appears to only apply a la carte fees when it can deliver enhanced service, as it does with food, baggage, and Premium Class seating. For example, standard seats are assigned without charge, and soda and coffee are served free from the trolley. This mix of traditional value, with fees applied for enhanced service, has positioned Alaska as a top-ranked airline in terms of profits and customer satisfaction.



Toni Freeberg – Leader Profile	
Position	Director, Distribution and Ancillary Strategy for Alaska Airlines.
Alaska Experience	31 years at the airline with prior responsibilities include loyalty, international and domestic sales, e-commerce, leisure marketing, and revenue management.
Prior Companies	Freeberg’s first official job was at Alaska, where she was the manager of the Mileage Plan program.

³ “Alaska Air Group Reports First Quarter Results” press release dated 23 April 2009.

Toni Freeberg – The 3 Question Ancillary Revenue Interview

1. How do you best introduce new customers to the a la carte approach?

“As a traditional full service airline, introducing a la carte products is almost more important for our existing customers who are not used to seeing us unbundle our products. We use a multi-channel approach which includes the online booking path, content pages on the website, as well as post-booking emails. Assigned seating is the primary a la carte product we promote prior to departure. Most other optional extras are offered during the check-in window. While customers are shopping for a flight, they get introduced to our Premium Class product on the seat map page. It’s there that we describe the product benefits. This is supplemented by additional information about seat options in other areas of the website.”

2. How do you ensure customer contact staff become better sales people?

“We have invested in more creative and interactive training which includes videos featuring our employees, and contests to engage our customer contact staff. We used this combination when Premium Class was introduced, and it was very successful. Our employees are bombarded with continuous change in all areas of the company, so we had to develop ways to ensure they took the training. It is important that our employees understand the features and benefits of each product so they can explain them to our customers.”

3. What have you learned about selling via newer channels such as GDS and mobile?

“Selling through these channels is different and challenging. We are in the early stages of developing our mobile experience and have been successful with our assigned seating and baggage offers. As for the GDS, it’s not a channel in which we currently distribute ancillary products.”

Finnair uses GDS to build a global network of ancillary revenue

Finns seem to naturally take life’s challenges in stride. Perhaps it’s because a good portion of the country lies above the Arctic Circle. Or maybe it’s the challenge once faced by sharing its entire eastern border with the former Soviet Union. This country . . . and its national airline . . . have learned to squeeze success from being resilient.

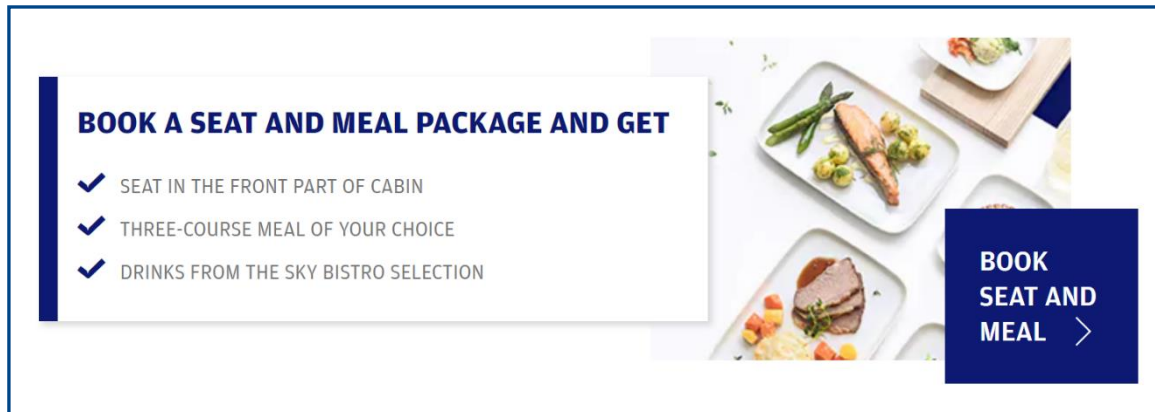
Finnair faces plenty of challenges, with markets now influenced by low cost Norwegian Airlines and a hub location at the corner of — not in the center of — Europe. With the high cost structure of a tenured workforce, the airline knew it could not adopt the LCC model. Instead, it has always aimed higher with a premium product offering special appeal to business travelers. Lately, the strategy has been reinforced with an array of a la carte extras that meet the agency distribution desires of corporate clients. Finnair is a global leader for its efforts to generate ancillary revenue through global distribution systems.

Finnair — A la Carte Services Sold Through GDS

Amadeus	Animal transport, baggage, bundled fares, meals, medical assistance, paid seats, sports equipment
Sabre	Baggage, branded fares, paid seats
Travelport	Baggage, bundled fares, lounge access, meals, paid seats, unaccompanied minor, Wifi access

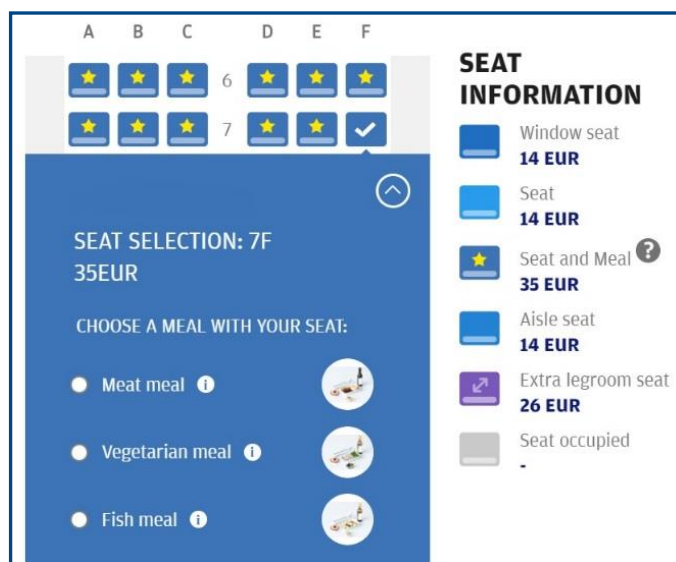
Source: GDS websites reviewed August 2018

The airline has become a master of a la carte sales in the online booking path. Under the branding of “Travel Extras” consumers are invited to select a seat, add baggage, pre-book meals and treats and lounge access; and purchase Wifi, cancellation protection, and trip insurance. The carrier uses attractive graphics and promotional language such as “book online and save at least 20%” for its checked bags offer.



Finnair's "seat and meal package" displays this inviting call to action in the booking path for select European itineraries.

The airline has introduced a very attractive “seat and meal package” to select markets within Europe. The offer is presented as the first Travel Extra and is fulfilled through the seat map. Seating features the front rows of the economy cabin. Once a “seat and meal” location is selected, the booking path responds with three entrée options. Clicking further for information provides a description of each meal.



Within the seat map function, this pop up box appears when a "seat and meal" location is selected.

The package includes wine, beer or soft drink on board from the Sky Bistro selection (excluding Champagne). It's an inviting one-click-selection to entice travelers to buy an upgraded experience on an intra-Europe flight. Finnair's complimentary service is limited to coffee, tea, water, and their signature drink of blueberry juice, on most European flights. The package is ideal for business travelers who won't pay a business class fare, but are willing to pay a premium for service beyond regular economy.

The airline also innovates with the Finnair Cancellation Cover which is an optional extra offered at the end of the booking process. This is not trip insurance provided through a third party, rather it's a service offered by the airline. For a modest price ranging from €6.90 per adult for domestic flights within Finland to €29.90 for intercontinental flights, the airline will refund the fare paid, in the case of medical emergencies.

The sudden sickness, accident or death of the passenger, another passenger in the same booking, or a close family member qualify as covered events. Wisely, the airline will also refund optional extras purchased by the consumer.

Finnair has a robust ancillary revenue portfolio inspired by the high quality style of the airline. The online presentation of Travel Extras is attractive and effective in a retail sense, and deserves kudos for its GDS efforts. The desire disclosed in the 2017 annual report to “almost double ancillary sales by 2020 as compared to 2016” appears to be an achievable objective.

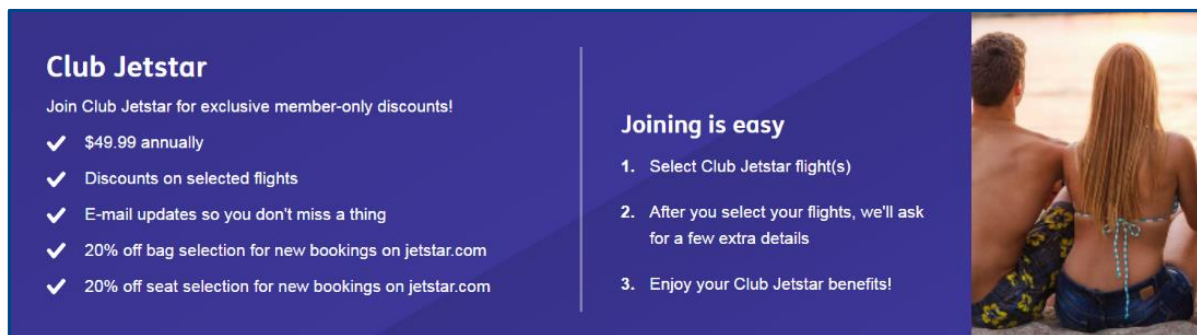


Marika Pauli – Leader Profile	
Position	Head of Ancillary Product Development, Customer Experience for Finnair.
Finnair Experience	More than 10 years at Finnair, with a strong background in revenue management & pricing before joining the ancillary revenue team.
Prior Companies	Swiss International Airlines, Carlson Wagonlit Travel, and Student & Youth – STA Travel.

Marika Pauli – The 3 Question Ancillary Revenue Interview
1. How do you best introduce new customers to the a la carte approach?
<i>“Our methods are based upon three criteria. First is visibility, so the customer knows what is available for sale. This is supported by rich content in primary distribution channels and touchpoints, which of course includes agency sales. Second is relevance and personalization, which makes offers based upon customer needs. Third is “time and place,” which replaces the usual method of bombarding customers with millions of pre-departure emails. This places the offer where it makes the most sense, such as the booking flow, during check-in, and even during the journey if the service will improve the overall travel experience.”</i>
2. How do you ensure customer contact staff become better sales people?
<i>“First and foremost, we make certain to select the right people with the correct competencies. Then we support this with constant training and coaching with all staff going through ancillary e-learning and talent development programs. And finally, there are incentives, and these are both team- and individual-based to stimulate higher performance. These are determined by shared key performance indicators and we also recognize the best ancillary sales person each month.”</i>
3. What have you learned about selling via newer channels such as GDS and mobile?
<i>“It’s important to understand where (which market) and to whom (customer segment) we would like to sell a product. For example, in China 90% of tickets are still sold via travel agents, but the younger generation is buying everything via mobile, so there will be a clear channel shift in the future. We need to be constantly aware of what is working, where it’s working, and to quickly react. Direct channels will provide the majority of ancillary revenue growth, whereas indirect sales (GDS and NDC) will bring significant growth for basic ancillaries (seats, bags, meals and upgrades) especially from Asia.”</i>

Jetstar uses bundles and subscriptions to deliver ancillary revenue

If someone goes above and beyond, that's likely the beginning of a long term relationship. This is the method Jetstar uses to attract passengers and build ancillary revenue. The airline notably places its subscription benefit program at the beginning of the booking path. Club Jetstar has the customer invest in the relationship by charging an upfront membership fee. Next in the booking path are Jetstar's bundles which make choosing more comfort and convenience a one-click exercise. The booking path concludes by delivering a one-stop-shop for car hire, hotels, airport transfers, and airport parking tailored to the itinerary.



Club Jetstar benefits apply for the member and up to four other persons in an itinerary.

Club Jetstar represents a classic subscription program by delivering a basket of benefits for a one-year period for a fee paid in advance. The program has more than 200,000 members across the Jetstar group of airlines.⁴ That's approximately A\$10 million (\$7.4 million) annual ancillary revenue just from the membership fee. Those members also purchase lots of flights.

Jetstar disclosed that club members saved over A\$1 million in baggage and A\$500,000 on assigned seats during a 6+ month period (01 July 2017-25 February 2018). The loyalty created by Club Jetstar exceeds the power of a frequent flyer program. Members strive to reduce their per trip membership cost by . . . taking more and more trips.

Jetstar is best known for its bundling approach to fares (see the image on the next page). Every customer begins with a "Starter" fare and then is presented the choice of three bundles. The FlexiBiz bundle was added during 2017 and features a unique combination of an oversized carry-on at 10 kg (22 pounds) but no checked bag. This acknowledges business travelers who don't want to check a bag and prefer a medium-size roll-on bag.

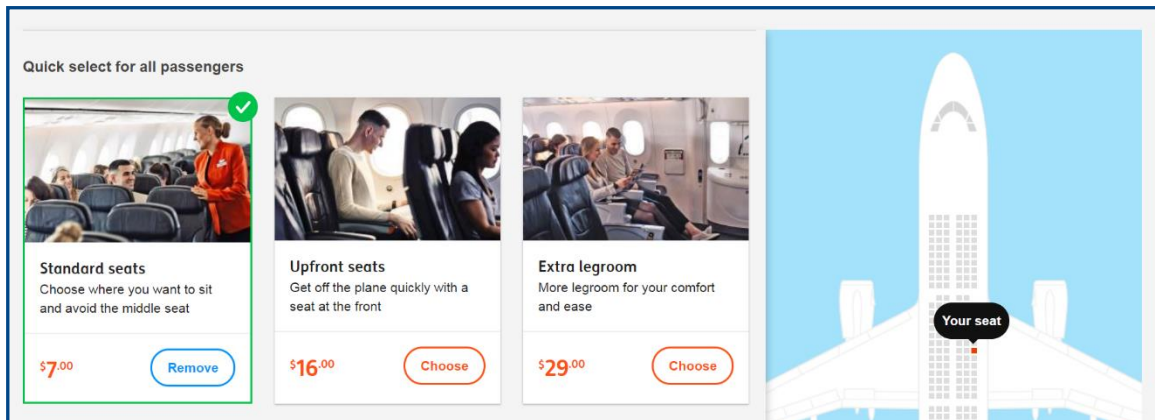
It's common practice for airlines to always include a checked bag with higher priced fares; Jetstar presents a refreshing change from that. Surprisingly, the FlexiBiz fare doesn't include frequent flyer accrual. Most surprisingly, Jetstar determined that low fare business travelers didn't aspire to participate in a frequent flyer program.

⁴ Jetstar Australia post on its Facebook page dated 28 February 2018.

	Economy Starter A basic fare	FlexiBiz Designed for business \$45.00 per passenger	Plus Enjoy the extras and save a bundle \$45.00 per passenger	Max A flexible fare with the lot \$85.00 per passenger
	Standard inclusion	Add bundle	Add bundle	Add bundle
Carry on baggage	7kg	10kg	7kg	7kg
Checked baggage	×	×	20kg	30kg
Seat Selection	×	✓ Upfront or Standard	✓ Standard	✓ Upfront and extra legroom where available
Food and drink	×	×	✓ In-Flight Meal Deal	✓ In-Flight Meal Deal

Jetstar customers can scroll through the bundle presentation to view eight rows of features; the top four are displayed here. The other four are FFP rewards, flexible fare, no change fee, and flight cancellation.

Jetstar has added intelligence to the booking path. After the consumer selects a fare bundle, the booking path moves on to bags and then to seat assignment. Jetstar is unique for its “Quick Select” option which automatically assigns a seat according to the consumer’s choice of standard or upfront. The system picks a seat (while trying to keep parties together) or the consumer can choose the seat from a map. Extra leg room seats require an extra step to ensure the passenger can comply with exit row restrictions.



In a hurry to get assigned? Jetstar customers can use Quick Select and avoid the seat map.

Navigation through the booking process is more convenient than with most airlines. The menu bar at the top allows a consumer to click to easily return to prior pages and make edits. Too many airline sites require the consumer to begin the process anew when making changes to a booking in progress. The website is mobile optimized, and yes the Quick Select feature works on a phone as well as a laptop. That’s evidence of great retail skills — ensuring consumers enjoy a pleasant and productive shopping experience no matter which direct platform they choose.



Catriona Larritt – Leader Profile	
Position	Chief Customer Officer for Jetstar Group.
Jetstar Experience	Three years at Jetstar.
Prior Companies	The Boston Consulting Group, Spotless, Australia Post.

Catriona Larritt – The 3 Question Ancillary Revenue Interview

1. How do you best introduce new customers to the a la carte approach?

“Our low-cost model is built on choice, which allows customers to travel for less. By being simple, fair and transparent about our low-cost choice model, our customers can book with confidence and realise that travel doesn’t have to be expensive. We deliver this through all our digital channels and marketing communications, using personalisation and merchandising to ensure a customised experience based on customer needs and behaviours. Our booking path provides customers with information on the choice model and highlights the price advantages of adding a product at that time (e.g. bags are more expensive at the airport). We use fully automated post-booking emails to personalise communications and suggest ancillary products based on flight logic, booking type, and prior history to promote a la carte products after the initial purchase.”

2. How do you ensure customer contact staff become better sales people?

“We actively involve frontline team members in product development through the ‘Customer Council,’ seeking feedback on product design and challenging them to come up with solutions to business challenges. Frontline staff become better at sales because they are engaged in the design process and they have products they believe in. Our customer-facing teams are also encouraged to think of our offering as an end-to-end travel experience. This is embedded in the way we recruit, develop, measure, reward, and engage airport, cabin, and contact centre staff. The team are educated on the product offering and incentivised to upsell and cross-sell ancillary products in addition to flights. We equip them with knowledge, skills and tools to promote sales, including guidance on customer-specific ‘next best offers.’ ”

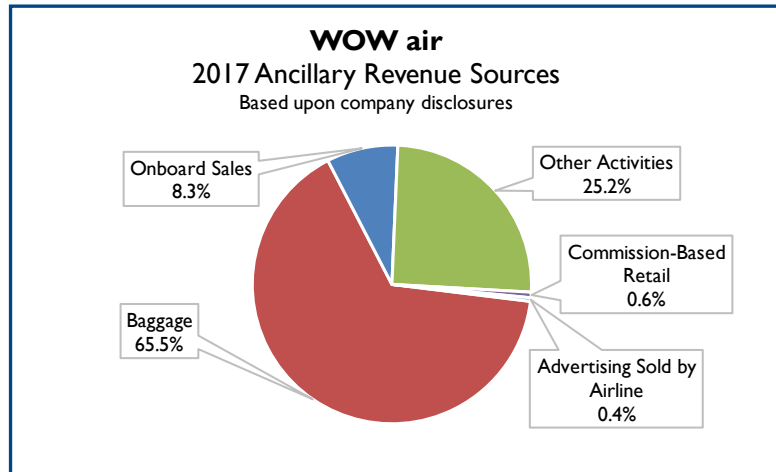
3. What have you learned about selling via newer channels such as GDS and mobile?

“Selling a la carte products on mobile is more challenging than desktop because there’s less space to communicate and customers want to move through the booking flow more quickly. However, mobile is critical for us because it’s more than 50 percent of bookings in some key Asian markets. We’ve recently adopted a ‘mobile first’ approach to digital design and optimisation (a technical and mindset shift) and are focused on the user experience (which needs to be tailored to each market) as well as site speed. We complement mobile sales with other communications (e.g. email, push notifications) to encourage post-purchase additions. Ultimately, personalisation helps mobile: providing customers with a personalised product and service offer upfront will enable a three-click checkout with full ancillary upsell.”

WOW air stretches a la carte to greater distances

WOW air is a long-haul low-cost airline based in Iceland. The airline serves 14 gateways in the US which include smaller cities like St. Louis and Cleveland. These connect with destinations in Europe, Israel, and soon New Delhi. For example, Newark flyers can choose 20 destinations in Europe along with Iceland.

The airline uses branded fares to speed consumers through the booking path. There are three regular economy choices (Basic, Plus, and Comfy) along with WOW Premium which delivers lots of amenities and a big seat. Based upon the results disclosed by other branded fare carriers, it's likely that more than half of passengers upgrade themselves to the higher priced Plus, Comfy, and Premium fares.




Source: 2018 CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany


The pie chart displayed on this page discloses the crucial role played by checked baggage for the airline; it generates more than 65% of ancillary revenue. WOW air is very serious about its baggage policy. It's one of the few airlines to charge a fee for large carry-ons. Others in this category include Allegiant, Frontier, and Spirit. The list once included Wizz, but the airline has backed off fees for medium size carry-ons.

Passengers may bring a personal item free of charge, often defined as a purse or laptop. Fees are charged for the typical medium size roll-on bag loved by many travelers. The policy has an attractive outcome with boarding and deplaning time greatly reduced without the delay of stowing bags. But make no mistake, the policy is designed to drive ancillary revenue, and in return consumers get to enjoy really low base fares.


SAVE - ADD BAGS NOW ✕



1 Personal item
(17x13x10in)
Always included



1 Carry-on bag
(22x18x10in)
Price at check-in: USD 59.99



Checked bag
1pc = 44lbs
Price at check-in: USD 69.99

I confirm that I have not selected a carry-on bag at this time.

Chicago to Reykjavik	Carry-on bag USD 44.99	Checked bag USD 54.99
Adult 1	- 0 pc +	- 0 pc +

The same on return flight

OK

Wow air consumers are required to click a box to confirm their acceptance of the carry-on bag restriction.

WOW air is based in one of the world's most compelling tourism destinations. Iceland can also be a very expensive place to visit, which prompts travelers to eagerly seek discounts. Here the airline is happy to oblige its customers with sightseeing, hotel, car hire, and airport transfer offers sprinkled throughout the booking and travel process. Cabin crew also have a book of vouchers on the flight for the sale of Iceland sightseeing excursions. The booking path includes the ability to book a transfer direct to your Reykjavik hotel. The drop down list includes 160+ hotels and stops served by Flybus.

AIRPORT TRANSPORT - KEFLAVIK AIRPORT

✓ Book now and skip the line.

✓ Lowest price guaranteed!

Airport (KEF) to/from

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or

YOUR HOTEL* ✓

*List of available hotels.

Return ticket - 10% discount

Adults - **USD 37.52**
16+ years

Teenagers - **50% discount**
12-15 years

Children - **free**
0-11 years

-
1
+

-
0
+

-
0
+

Total for transport:
USD 66.01

The rates charged are comparable to those found at the Flybus website.

The seat map features the big 2x2 Premium seats at the front of the cabin. It also offers the unusual choice of two types of extra leg room seats: XL and XXL. On a flight between Chicago and Reykjavik, XL pricing was \$39 (32-33 inch pitch) with XXL at \$49 (35+ inch pitch). XXL seats are placed at the exit rows, while XL is a zone behind the Premium seating. WOW air's standard seat pitch is 29 to 30 inches. That's unusually snug for a long-haul flight, with most airlines starting out at 31 or 32 inches.⁵ So the extra room is probably a wise purchase for passengers desiring a modicum of comfort.



Rather than have a few extra leg room seats, long-haul WOW air offers an entire zone on this 36-row A321 aircraft configuration.

WOW air is a product of the LCC model and that's why it concentrates on the big revenue item of bag fees. Space on a long-haul flight is a precious commodity, and the airline has done a masterful job of creating different seat products to tap various levels of consumer spending. The carrier's tourism base motivates it to capture a greater share of traveler spending, which it does through its travel retail activities. It's a long-haul LCC that seems very much in control of its future.

⁵ Long-haul Economy Class Comparison Chart at SeatGuru.com reviewed August 2018.



Ragnildur Geirsdóttir – Leader Profile	
Position	Chief Operating Officer for WOW air.
WOW air Experience	One year at WOW air.
Prior Companies	Landsbankinn, Promens, Icelandair.

Ragnildur Geirsdóttir – The 3 Question Ancillary Revenue Interview
1. How do you best introduce new customers to the a la carte approach?
<i>“In general it should be said that customers are getting used to the a la carte approach, meaning that they expect it. Legacy carriers are now also adopting the model. What we try to do is to keep the concept as simple as possible and display it clearly in the booking process. Our main challenges currently are on non-web channels and with some OTAs. In all cases we want our customers to be aware of our a la carte approach and don’t want to surprise them last minute.”</i>
2. How do you ensure customer contact staff become better sales people?
<i>“The key here is simple rules that are easily implemented. The more complicated the rules the more difficult for our staff to implement. Frequent communication and training is also very important as well as a mix of incentives and motivation.”</i>
3. What have you learned about selling via newer channels such as GDS and mobile?
<i>“GDS and mobile are at different ends of the extremes. GDS is an old technical platform which makes it challenging to communicate and sell ancillaries. Mobile – and especially apps – have much more modern capabilities and this provides opportunities to personalize and promote ancillaries.”</i>

Four ancillary revenue strategies from four airline leaders

Ancillary revenue has become a universal need for all airlines because it provides a hedge against the unpredictability of airline fares and the risk of rising fuel costs. The four ancillary revenue leaders presented in this report, along with the four airlines, each have their own stories of success. This report discloses strategies contributed by each, which can be embraced by any airline wishing to give its ancillary revenue a boost:

- **Alaska:** Don’t just add fees to existing products, but rather enhance the service to create a new product. Then customers will more readily accept the change.
- **Finnair:** Strive to design a la carte services that are supported through all channels: web, mobile, and GDS.
- **Jetstar:** The loyalty created by subscription programs exceeds the power of frequent flyer programs, while delivering reliable revenues from membership fees.
- **WOW air:** Keep the rules simple so they are more easily implemented by customer service staff and understood by customers.

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- Moving to Merchandising Methods in the Cabin

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- Revenue-Based Accrual as the New World Order
- Loyalty by the Billions
- Learning about Loyalty and FFP Trends

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Contact Jay Sorensen, President, IdeaWorks Company
Jay "at" IdeaWorksCompany.com ■ IdeaWorksCompany.com

