

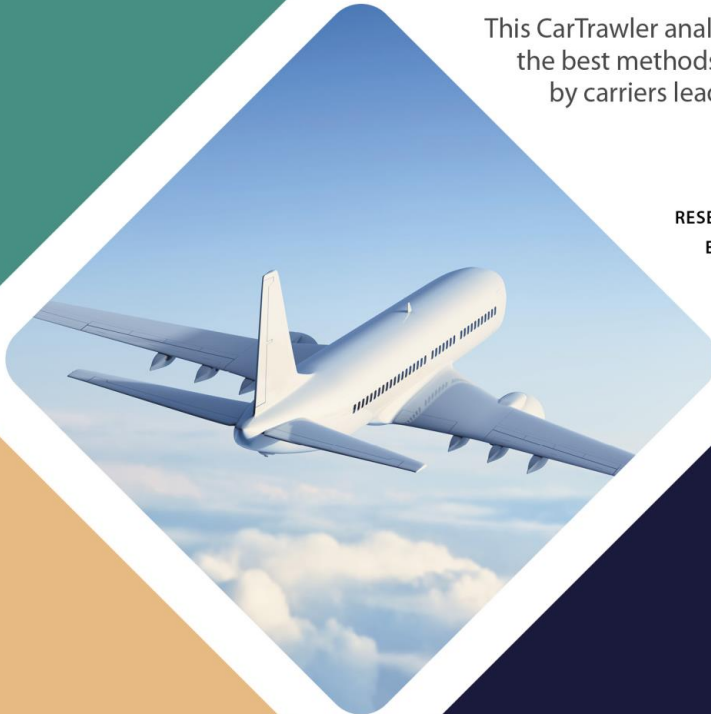
The Airline Revenue Journey Continues –

THE CARTRAWLER REPORT SERIES FOR 2022

Baggage Belts Deliver Cash for Smart Airlines

This CarTrawler analysis reviews
the best methods embraced
by carriers leading the pack.

RESEARCHED AND WRITTEN BY JAY SORENSEN
EDITED BY ERIC LUCAS



Sponsored by



Issued 24 May 2022

Baggage Belts Deliver Cash for Smart Airlines

This CarTrawler analysis reviews the best methods embraced by carriers leading the pack.

Contents

Baggage is the king of a la carte	4
More airlines adopt fees for large carry-ons	4
American and spirit: two baggage styles	6
Existing methods confuse passengers	7
Carry-on strategies capture creativity	8
Good retailing boosts checked baggage	13
Extra baggage: a global sampling of ideas.....	18
Build a better baggage business	20

**The free distribution of this report
is made possible through the sponsorship of CarTrawler.**

CarTrawler is the leading global B2B provider of car rental and mobility solutions to the travel industry. Our purpose is to drive successful partnerships.

CarTrawler's end-to-end technology platform expands our airline and travel partners' offerings to their customers, creating substantial ancillary revenue opportunities. We provide unrivalled breadth and depth of content worldwide, including car rental, private airport transfer and ride-hailing services.

CarTrawler creates innovative, data-led solutions for some of the largest travel brands in the world, including United Airlines, American Express, easyJet, Alaska Airlines, SWISS, Hotels.com and Emirates. As a B2B company we focus solely on helping our airline and travel partners build their brands, not our own.

Issued by IdeaWorksCompany.com LLC
Shorewood, Wisconsin, USA
www.IdeaWorksCompany.com



Driving Successful Partnerships

CarTrawler is the leading B2B technology provider of car rental and mobility services to the global travel industry. Our purpose is driving successful partnerships.

Delivering unparalleled performance for the biggest brands in travel through end-to-end car rental and mobility solutions. Combining leading B2B technology with revenue management and data science capabilities that maximises ancillary revenue for our partners while helping them to deepen relationships with their customers.

UNITED

easyJet

Alaska

HAWAIIAN
AIRLINES

Jetstar

Copa
Airlines

WESTJET

SWOP

Emirates

flydubai

KLM

transavia

TP AIR PORTUGAL

vueling

Eurowings

brussels
AIRLINES

Austrian

SWISS

norwegian

PEGASUS

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 ancillary



Jay and sons Aleksei and Anton hiking on the Pacific Crest Trail in the Angeles National Forest in California.

revenue and airline retail conferences 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 received the Airline Industry Achievement Award at the MEGA Event in 2011.

Mr. Sorensen has 38 years experience in product, partnership, and marketing development. As president of the IdeaWorksCompany consulting firm, he has helped boost 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 journalist whose work has appeared in Michelin travel guides, Alaska Airlines *Beyond* Magazine, *Epoch Times*, *Westways* and many other publications. Founding editor of *Midwest Airlines Magazine*, he is the author of eight books. Eric has followed and written about the travel industry for more than 30 years. He lives on San Juan Island, Washington, where he grows organic garlic, apples, beans and hay; visit him online at TrailNot4Sissies.com.

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

Disclosure to Readers of this Report

IdeaWorksCompany makes every effort to ensure the quality of the information in this report. Before relying on the information, you should obtain appropriate professional advice relevant to your particular circumstances. IdeaWorksCompany cannot guarantee, and assumes no legal liability or responsibility for, the accuracy, currency or completeness of the information. The views expressed in the report are the views of the author, and do not represent the official view of CarTrawler.

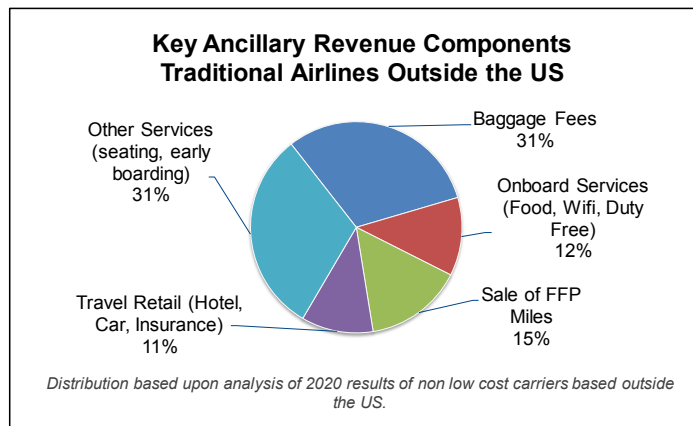


Baggage Belts Deliver Cash for Smart Airlines

BAGGAGE IS THE KING OF A LA CARTE


























Last month's **CarTrawler Global Estimate of Baggage Fee Revenue** disclosed a result of \$20.9 billion for 2021, which is less than the 2019 record of \$32.9 billion. But more important is the unstoppable progress of baggage as a percentage of global airline revenue: 2019; 3.7 percent, 2020; 3.9 percent, and 2021; 4.6 percent. From global network airlines to low cost carriers, baggage is the top a la carte performer. This report has plenty of news to share about innovation focusing on carry-ons, baggage check-in, and booking path displays. But industry-wide retail effort is lacking here and has not ramped up to match the multibillion-dollar business that baggage has become.

Ancillary revenue is an idea that all airlines can love, and baggage fees are something that all airlines can utilize. The usual share of ancillary revenue for baggage among traditional airlines is 31 percent, with a higher profile of 36 percent for low cost carriers. In the US, and other markets with strong frequent flyer program revenue, the revenue share drops to 11 percent – but remains the largest single category among a la carte products.



MORE AIRLINES ADOPT FEES FOR LARGE CARRY-ONS

The table on the following page presents key baggage policies for 25 leading airlines; the list includes global network and low cost carriers (LCCs). The majority now charge fees for checked bags, with nine limiting large carry-ons by assessing a fee or a restriction for the lowest fares. Allowing consumers to pre-pay bag fees while booking produces better revenue results and speeds operations at the airport.

Summary of Baggage Policies and Revenue Methods 25 Leading Global Network and Low Cost Carriers Based upon review of airline websites May 2022						
Carrier Based In:	Leading 25 Carriers	General Baggage Policy			Ancillary Revenue Methods	
		All Fares Include Baggage	Fee or Free Determined by Fare	Where Fees are Charged (see notes)	Fee for Large Carry-Ons or Restrictions	Pre-Pay Bag Charges in Booking Path
Asia / Pacific	AirAsia			Network-wide	Fee for +7 kg	●
	Air China					
	Cathay Pacific					
	Korean Air					Excess bags
	Qantas					Excess bags
	Singapore					Excess bags
Europe	Air France/KLM			Network-wide		●
	British Airways			Network-wide		
	easyJet			Network-wide	Fee applies	●
	Lufthansa			Many routes		●
	Ryanair			Network-wide	Fee applies	●
	Turkish					Excess bags
Middle East	Emirates					Excess bags
	Qatar Airways					Excess bags
Latin America	Avianca			Network-wide	Basic fare: Fee	●
	LATAM Airlines			Network-wide	Basic fare: No carry-on	●
North America	Air Canada			Many routes		
	Alaska Group			Network-wide		
	American			Many routes		
	Delta			Many routes		
	Frontier			Network-wide	●	●
	JetBlue			Network-wide	Basic fare: No carry-on	●
	Southwest					
	Spirit			Network-wide	●	●
	United			Many routes	Basic fare: No carry-on	●
<i>"Many routes" – Typically includes flights within the US, Canada, Mexico, and Caribbean, and flights within Europe and the Mediterranean.</i> <i>"Network-wide" – Minor fee waiver exceptions may exist for each carrier, such as LATAM for Easter Island and South America - Australia; and Air France for France – Kenya.</i>						

Fees for carry-on bags are the latest development in the global quest for ancillary revenue. More than a decade ago, almost all airlines would be in the “all fares include baggage” column. LCCs have always led the way here and this encouraged more and more traditional airlines to adopt fees.

Branded fares, which allow consumers to choose from bundles of services, usually include checked bags in higher-priced options. This method was originated by low cost carriers, and has become a highly productive tool for all types of airlines.

Traditional airlines usually introduce basic economy fares (which don't include a checked bag) on short-haul routes where LCC competition is strongest. Some traditional airlines have gradually expanded basic economy to their entire networks to provide consistent fares for consumers. This avoids a patchwork of fare choices.

Economy Light	
	Snack & drinks for a charge
	1 carry-on bag up to 8kg/18lbs
	Rebooking: 35 EUR plus possible fare difference
	Refund not possible
96,42 EUR	

Shown above is the SWISS basic economy fare for a Barcelona - Zurich booking. Economy Light is joined by more expensive Classic and Flex fares which include a checked bag.

AMERICAN AND SPIRIT: TWO BAGGAGE STYLES

American and Spirit are two very different airlines and rely upon very different methods to generate baggage revenue.

American, as a global network airline, excludes checked bags from all economy fares in most markets. There are exceptions for reasons of government prohibitions or competitive pressure. The airline allows travelers a larger carry-on bag along with a small personal item.

American's actual bag fee revenue is likely higher than revealed by DOT data. At 0.53 bags checked per passenger on domestic flights, that's \$14 per bag checked (\$7.42÷0.53). The result should easily be \$35+ based upon published fees. American's bag fee waiver complexities explain the difference.

American Airlines		
Systemwide Baggage Revenue *		
2021	\$1.22 billion	
2007	\$124.5 million	
History of Baggage Revenue +		
Year	\$ / Pass.	Comment
2021	\$7.42	Most recent year
2019	\$6.22	Prior to pandemic
2017	\$5.87	New basic economy fares
2014	\$5.62	Merged result with US Air
2009	\$4.55	Charge for checked bags
2007	\$1.06	No charge for checked bags
Bags Checked per Passenger #		
0.53 bags per passenger – US domestic flights		
* US DOT baggage revenue.		
+ US DOT baggage revenue; annual reports for traffic.		
# 2019-2021 average, US DOT Air Travel Consumer Report.		

American offers a number of bag fee waivers: Elite tier members of the AAdvantage frequent flyer program, premium cabin customers, and active US military personnel and their families. These travelers check bags, but don't generate bag revenue. Co-branded credit cardholders also benefit from bag waivers. But the card-issuing bank makes private payments to American to provide this benefit to their cardholders.

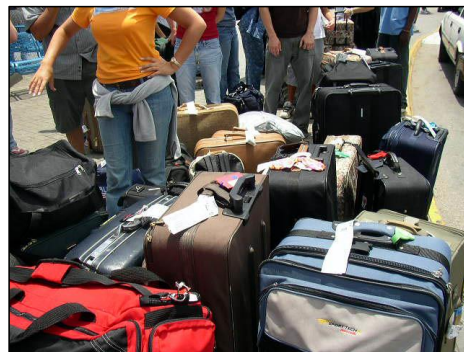
American and Spirit have increased their fee collection efforts over time and the per passenger results reveal growth. But Spirit certainly wins this race with a \$17.36 per passenger

increase since 2007. LCCs excel at this activity as their airlines are designed to deliver a la carte revenue. The big leap for Spirit can be tied to the introduction of fees for large carry-on bags. Spirit's path was not without pain, and the carrier's initial attempt even drew the anger of the US Congress. But in time, the airline smoothed the process, and it now delivers the helpful added benefit of speedier boarding times. Carry-on fees represent another LCC feature that will be increasingly embraced by traditional airlines.

Spirit Airlines		
Systemwide Baggage Revenue *		
2021	\$663.2 million	
2007	\$28.9 million	
History of Baggage Revenue +		
Year	\$ / Pass.	Event
2021	\$21.51	Most recent year
2020	\$20.20	Benefits of dynamic pricing
2011	\$19.76	Full year of new carry-on fee
2010	\$14.39	Fee for large carry-ons
2008	\$8.55	Full year of new bag fees
2007	\$4.15	Charge for checked bags
Bags Checked per Passenger #		
0.38 bags per passenger – US domestic flights		
* Baggage revenue disclosed in annual reports.		
+ Baggage revenue and traffic disclosed in annual reports.		
# 2019-2021 average, US DOT Air Travel Consumer Report.		

EXISTING METHODS CONFUSE PASSENGERS

We have all experienced the pandemonium of boarding areas. This didn't occur when checked bags were free of charge; it's most certainly a phenomenon of current times. LCCs have learned how to manage the baggage process much better. The most obvious problems occurred as "full service airlines" gradually adopted the a la carte model. But they didn't mimic the discipline required to prevent passengers from bringing too many carry-ons to the gate.



Ummm . . . can I carry this on? Image: Katy Warner

Every time a gate agent announces, “Our flight is full today, so if you wish to check a bag now, there is no charge” . . . the task for the airline becomes more difficult. Too many consumers flying traditional airlines have learned: “If in doubt, just take your bag to the gate and take it onboard, or have it checked free of charge.” It’s an incredibly inefficient way to board passengers, creates abundant frustration for travelers (and airport staff), and reduces baggage revenue.

The world’s airlines have enjoyed a good haul of revenue by adopting bag fees, but have made little investment in the retail business of baggage. There are exceptions, with some airlines implementing sophisticated app-based bag tracking and providing service guarantees. But for most, the process has been accompanied by minimal effort: adding bags to the booking path, installing bag sizers and signage at airports, and making some effort at airport agent training. The baggage product could be something much better in terms of customer experience and revenue production. More effort is justified here – and it will be rewarded with happier customers and more revenue.

CARRY-ON STRATEGIES CAPTURE CREATIVITY

Carry-on fees had a very difficult birth. Spirit’s press release dated 06 April 2010 was stuffed with announcements; the release included something called “Penny Plus” fares, news that checked bag fees would be lowered, and that a new “carry-on fee” would be added. Unfortunately, (and perhaps predictably) the media and traveling public focused on the phrase “carry-on fees.” The three words quickly developed a life of their own with the anticipation that bringing a purse, laptop, or umbrella would incur the \$30 fee. Members of the US Congress – always eager to lambaste an airline in front of reporter microphones – even proposed legislation to ban carry-on fees.

The proposed 2010 “Block Airlines’ Gratuitous Fees Act” (also known as the BAG Fees Act), generated Capitol Hill excitement and national headlines but never became law. One senator even contacted American, Delta, JetBlue, United, and US Airways and secured promises to not enact a similar fee. Gradually consumers understood Spirit’s fee was limited to “large” carry-ons. Travelers love their carry-on bags with a passion matching that displayed for their local sports team. Don’t mess with the Green Bay Packers football team and my carry-on bag!

The airline industry has learned much since 2010, with global network airlines adopting carry-on fees. Four methods are in use across the globe, and are listed in the table below.

Large Carry-Ons – Fee Methods		
Method	Airline Example	Description
Priority Boarding	Ryanair <i>Priority & 2 Cabin Bags</i>	Anyone may purchase priority boarding which includes a large carry-on and a personal item. Bookings limited to capacity of overhead bins.
Add Kg	AirAsia <i>Xtra Carry-On</i>	Standard carry-on allowance is 7 kg which may consist of 2 items (personal and bag). A la carte option allows 14 kg as the total weight of the 2 bags.
Branded Fares	JetBlue <i>Blue, Blue Plus, and Blue Extra</i>	The top 3 branded fares (Blue, Blue Plus, and Blue Extra) allow a large carry-on bag; Blue Basic does not (with some exceptions such as London flights).
Assigned Seat	easyJet <i>Extra Legroom & Up Front Seats</i>	Extra Legroom and Up Front seats include a large cabin bag and priority boarding; standard assigned seats do not.

Pairing carry-on fees with priority boarding benefits is a natural combination. Ryanair limits the sale of its “Priority & 2 Cabin Bags” to what it calculates as the normal overhead bin capacity of its aircraft. This has been observed to be around 80 passengers. These passengers board first and fill the overheads with their large carry-ons. Gate agents then switch to a monitoring mode that limits carry-ons to smaller personal items. Ryanair’s effort begins well before passengers arrive at the airport with ample attention given to the carry-on policy in the booking path.

Do you want to add Priority & 2 Cabin Bags?*

*Mandatory selection

Cabin Bags

Priority & 2 Cabin Bags

- Be the first on board
- 10kg Cabin Bag & 1 Small Bag

Small Bag only

- Standard queue
- Must fit under the seat

40 x 20 x 25 cm

1 Small Bag only
that fits under seats

or

40 x 20 x 25 cm and 55 x 40 x 20 cm

Priority & 2 Cabin Bags

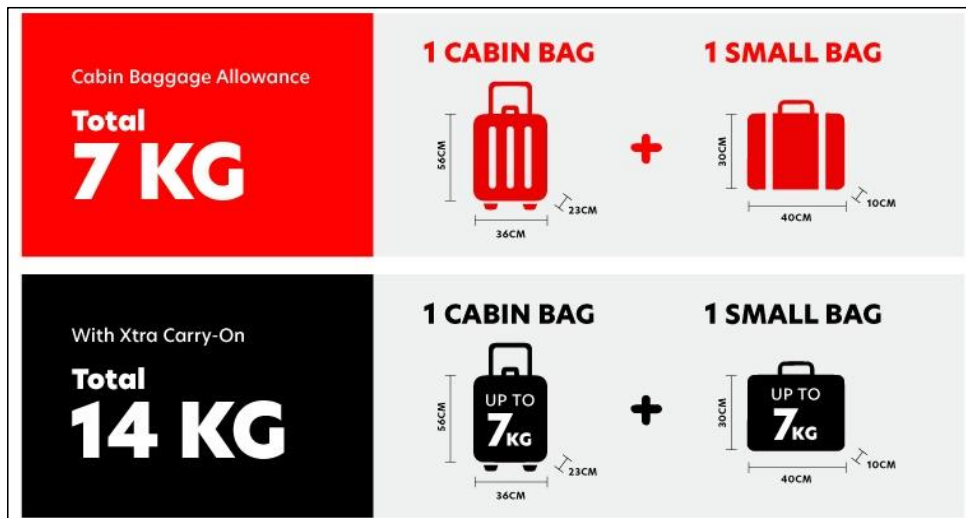
AL Abraham Lincoln

☐ **1 Small Bag only**
Included with fare

☐ From **Add from €13.00**
Per flight

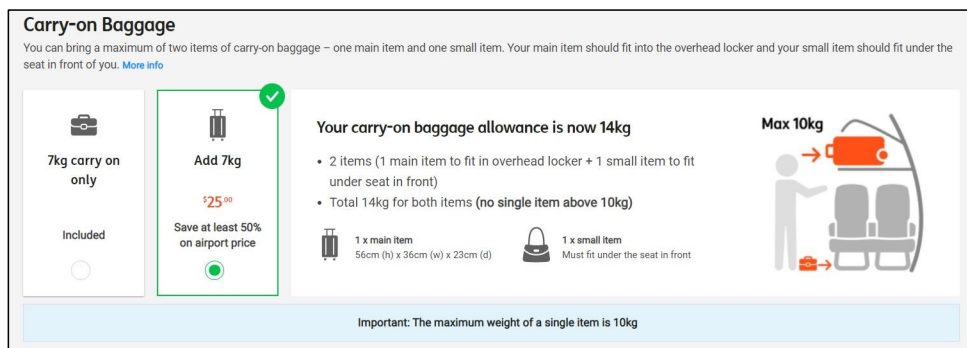
Ryanair visually displays the distinction between “Small Bag Only” and the upgraded “Priority & 2 Cabin Bags” options. Clicking the Info button provides more policy guidance and helpful images.

AirAsia Thailand introduced “Xtra Carry-On” in January 2022. Travelers are normally entitled to two pieces of cabin baggage (personal item and a cabin bag) having a combined weight of 7 kg (15.4 pounds). Consumers can purchase a 7 kg additional allowance (total combined weight of 14 kg) for THB 494 (about \$15) for domestic flights, or THB 1,053 (about \$31) for international flights.



Clear and colorful graphics lead to better consumer comprehension. Displayed here is AirAsia’s graphic for its Xtra Carry-On product found within the AirAsia.com FAQ section.

The option is not available on all AirAsia flights which is unfortunate from a consistency basis. The standard weight limit for carry-ons for many airlines ranges between 7 to 10 kg. Jetstar also allows consumers to purchase an additional 7 kg of carry-on weight. However, the standard carry-on limit is one personal item. The additional charge allows travelers to bring a second item.



Jetstar’s booking path graphics also make it clear “which bag goes where.”



Branded fares are an exceptional way to package a la carte services for consumers. These are best sold as a choice of three, which is consistent with the “good, better, and best” narrative understood by consumers. Each fare is always available and is not allowed to “sell out” while others are available. Rather, the pricing of all three fares increases as warranted by demand. In addition, price points between the choices should be predictable and reasonable. This eases the decision making process for consumers. When branded fares are correctly presented, the expected sales distribution is: 45 percent, lowest fare; 45 percent middle fare; and 5 percent the top fare. When binary choices are presented (2 fares) consumers will overwhelmingly choose the lower price – perhaps 90+ percent.

Compare fares			
	Blue Basic	Blue	Blue Extra
Carry-on bag allowed ¹	X	✓	✓

JetBlue's branded fares exclude carry-on bags for its basic economy style fare. Consumer comprehension might be helped by defining this as a “large” or “medium” carry-on in the comparison chart.

JetBlue uses branded fares as its carry-on bag revenue strategy. The fares also define boarding order for passengers, with Blue Extra boarding early and Blue Basic boarding last. Similar to the Priority Boarding method, this preserves overhead space for those paying higher fares. JetBlue has an extensive list of carry-on policy waivers for its Blue Basic fare. These passengers may bring a large carry-on, regardless of the fare purchased: TrueBlue frequent flyer program elite members, travelers to/from London, active US military, unaccompanied minors, and passengers that buy extra leg room seating.

Aer Lingus introduced a new baggage policy June 2021. It's unique among LCCs because a checked bag is now included with all branded fares. For intra-Europe flights, there are four fares offered: Saver, Plus, Advantage, and AerSpace. Saver just includes a 10 kg checked bag and limits carry-ons to a small personal item. The other higher-priced fares convert the 10 kg bag to a carry-on (not checked) with priority boarding, and add a 20 kg checked bag. Everyone now gets a checked bag – that's an unusual policy for a low cost carrier.

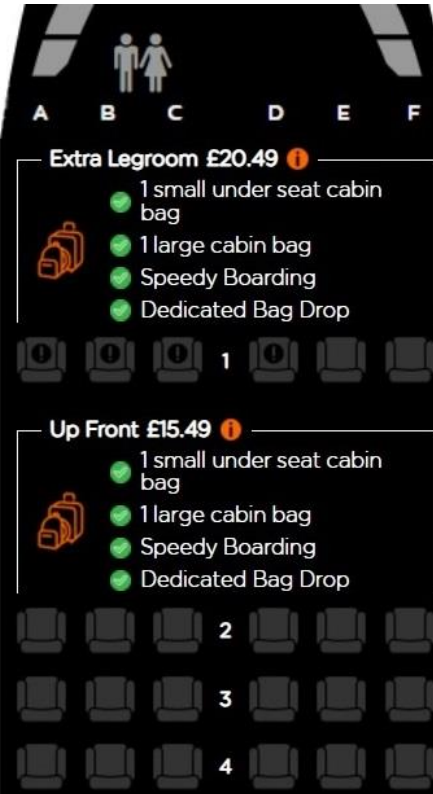
ECONOMY Dublin to Barcelona Abraham Lincoln 10kg carry-on bag	Check it in - 10kg Bag  ✓ 1 x 10kg Bag (24 x 40 x 55cm) Drop off at check in before security ✓ 1 x Small Personal Item (25 x 33 x 20cm) Keep under the seat in front of you No Charge	Carry on board - 10kg Bag with priority boarding  ✓ 1 x 10kg Bag (24 x 40 x 55cm) Store in the overhead locker on board ✓ 1 x Small Personal Item (25 x 33 x 20cm) Keep under the seat in front of you €17.98
	<input type="radio"/>	OR

This is something new . . . an LCC that wants everyone to check bags by including bags in every fare. But if you want to take a carry-on for this Dublin to Barcelona flight it will cost €17.98.

The Saver fare definition loses consistency on Aer Lingus' transatlantic routes. Between the US and Europe, the Saver fare does not include a checked bag, but it does include a 10 kg carry-on bag. This distinction aligns with basic economy fares offered by US competitors, which don't include a checked bag. But for European customers, the intra-Europe and transatlantic policies are likely confusing.

EasyJet has taken a novel approach by bundling a large cabin bag, priority boarding, and priority baggage check-in with premium assigned seating. Standard seats, which comprise the majority of the aircraft, do not include the extra features. Priority baggage check-in only benefits those paying extra to check a bag.

But wait, there's more. EasyJet offers three branded fares: Standard, Standard Plus, and Essentials. Standard Plus includes a large carry-on bag, while the Standard and Essentials fares do not. The booking path also allows consumers to choose a large cabin bag as an a la carte item. The airline offers multiple paths to book the benefit of a carry-on bag.



The diagram shows an aircraft cabin layout with seats labeled A through F. It highlights two premium seating options:

- Extra Legroom £20.49** (seats 1, 4, 5, 6):
 - 1 small under seat cabin bag
 - 1 large cabin bag
 - Speedy Boarding
 - Dedicated Bag Drop
- Up Front £15.49** (seats 2, 3, 4):
 - 1 small under seat cabin bag
 - 1 large cabin bag
 - Speedy Boarding
 - Dedicated Bag Drop

EasyJet includes extra benefits with extra leg room seats.

Consumers rushing to seek the lowest fare might not be aware they are giving up a large carry-on. Discovering this loss when boarding degrades the experience for the customer. An airline always prefers customers to pre-pay their bags. Public drama at the gate harms the airline's reputation . . . especially when caught on a mobile phone.

It's a delicate balancing act for airlines – promoting basic economy fares while warning passengers about the loss of a carry-on benefit. Almost always, booking paths will flash a warning pop-up alerting the consumer if they have chosen a fare that omits a large carry-on. Generally speaking, LCCs know how to manage these consumer expectations better than global network airlines.



Norwegian's LowFare – their basic economy brand – provides a warning about large carry-on bags.

GOOD RETAILING BOOSTS CHECKED BAGGAGE

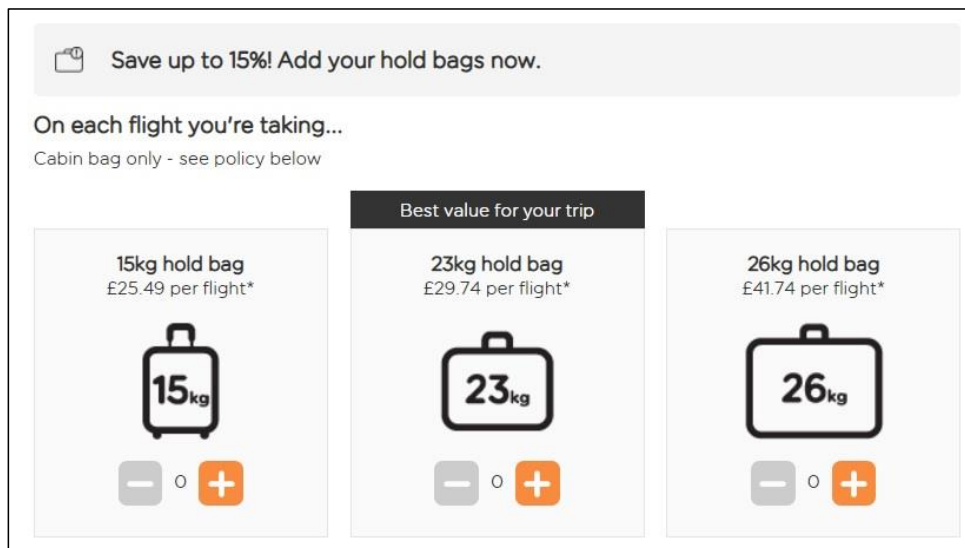
Two words define good retail methods for checked baggage: communication and specification. The objective of the booking process is to maximize sales while the consumer has their wallet open. Airlines have significant influence here; according to a recent Airlines for America survey of 10,000 US-based consumers, 49 percent book travel through the airline website, 17 percent through a mobile app, and 7 percent through the call center.¹ That's a grand total of 73 percent who can potentially buy baggage in a retail setting designed by the airline. It's an immense opportunity that begs for more investment in retail technology and effort.

The most effective in-path communication delivers information in a 3-layer design. The top layer uses a minimum of words or an icon to portray the service promoted. The second layer provides a comparison across different fare types or bullet points to more fully describe the feature. And then finally, an info button yields a pop-up message with many more details. Specification works to deliver information that's relevant to the fare and itinerary considered by the consumer. When done well, the result is a symphony of simplicity for the consumer and better ancillary revenue for the airline. When done poorly – the most prevalent occurrence observed by our research – the consumer is confused and reverts to the safety of spending as little as possible.

¹ "Air Travelers in America" Airlines for America and IPSOS survey, February 2022.

Branded fares – when correctly designed – are the best way to maximize ancillary revenue. These include provisions for carry-on and checked baggage. Some airlines opt for an a la carte method which allows consumers to buy carry-on and checked bag services as individual products. Both have the big benefit of moving baggage transactions away from the airport . . . where consumers are least equipped to process the emotional and financial expense of baggage surprises.

EasyJet (*image below for a London–Barcelona flight*) uses a branded fare approach to sell three baggage options. It's an exceptional display because it uses the good, better, and best style of presentation. Consumers are naturally enticed by the middle choice and the airline is truthful by saying that choice offers the best value. We did the math, and the 23 kg option does offer the best value. The price per kilogram was £1.29 which is lower than the per kilogram price of the 15 kg option (£1.70) and the 26 kg option (£1.61). The reminder of 15 percent savings further induces consumers to act now.



Qantas (*image below*) includes a minimum of one checked bag with every fare. The airline offers consumers the ability to add baggage in the booking path and realize a 50 percent discount. Clicking “add bags” in the booking path does just that . . . the pop up displays the automatic selection of a bag in each direction. The consumer is required to confirm the additional baggage selection prior to advancing in the booking path.

Add Additional Baggage
Use points ☐

Pre-Purchase an additional piece of baggage from \$50.00 AUD or 8,000 points

Adult 1

Sydney to Perth
Friday, 1 July 2022

< 1 >

SAVE 50%

\$50.00

Perth to Sydney
Friday, 8 July 2022

< 1 >

SAVE 50%

\$50.00

Due: \$100.00 AUD

Consumers can choose payment in cash or frequent flyer points after they enter their membership number. The credibility of the “Save 50%” would be helped by describing the basis of the claim such as “Save 50% off airport rates.” The display of additional details must always be balanced against the need to minimize clutter in the booking path.

Delta (*image below*) uses a foolproof method to advise consumers of the baggage allowance associated with the branded fare they choose. This simple style of specification is often missing from booking paths. The research conducted for this report revealed too many examples of airlines that provide a “baggage info” button which leads to a generic page stuffed with a worldwide array of baggage policies and prices. It almost seems intentionally misleading, which is a pity because it only results in consumer frustration and lower sales.

Baggage Allowance (Per Passenger)			
Outbound	Carry-On	1st Bag	2nd Bag
JFK - SFO	Free	\$30.00USD (50lbs/23kg)	\$40.00USD (50lbs/23kg)
Return	Carry-On	1st Bag	2nd Bag
SFO - JFK	Free	\$30.00USD (50lbs/23kg)	\$40.00USD (50lbs/23kg)

United (*image below*) also places baggage information in the booking path by use of a baggage calculator. The consumer enters their frequent flyer status information and voila, the baggage allowance and pricing are displayed for the booking.

Calculate checked baggage charges

Status or memberships?

General

FLIGHT	FIRST BAG	SECOND BAG	WEIGHT PER BAG
New York/Newark, NJ → Orlando, FL July 13, 2022	\$35	\$45	50 lbs (23 kgs)


Spirit's in-path baggage display adds another element to encourage purchase. Consumers are advised how many frequent flyer points accrue for booking baggage. For example, booking a \$39 large carry-on bag from Fort Lauderdale to New York would earn up to 468 points. This could be what tilts a consumer to click "buy" while their wallet is open.

Frontier (*image below*) has one of the cleanest and clearest in-path displays for carry-on and checked baggage options; Frontier presents this before checked bag selection.

PICK THE BAGS YOU NEED

Get the best deals on your bags today! Don't forget, bags are more expensive at the airport.

*Required Fields



24" H x 16" W x 10"D** & Under 35 lbs
Think: Backpacks & small suitcases
More Info

CARRY-ON BAG

price per passenger, per direction


Fred's Carry-On Bag*

☒ 1x Carry-On + **BoardFirstSM** - \$54
 ☐ 1x Carry-On - \$45
 ☐ No Carry-On

☒ Same for return flight

Board FirstSM - Be one of the first on the plane with this new offer

Carry-On Bag Subtotal: \$108



62 linear inches** & Under 40 lbs
Think: Large duffel bags & suitcases
More Info

CHECKED BAG

price per passenger, per direction

NEW: Checked Bags Limited to 40lbs

Fred's Checked Bags

☒ No Bags
 ☐ 1x 40lb Checked Bag - \$40
 ☐ 2x 40lb Checked Bags - \$90
 ☐ 3x 40lb Checked Bags - \$159

☒ Same for return flight

BEST VALUE
 Don't wait, this is the cheapest time to buy your bags!

+ More Checked Bags
 Bike (+ add)

Checked Bag Subtotal: \$0

Frontier's slogan is "Fares done right." Our global review suggests Frontier can also say, "Bags done right."

Perhaps intentionally, the use of a “backpack” icon understates the capacity allowed by the carry-on dimensions. The consumer can purchase a carry-on with priority boarding as an option. Clicking the “More Info” button delivers a wealth of helpful details. The subsequent checked bag section quickly identifies the options available to consumers.

Building better baggage revenue involves attention to revenue management. Some airlines, such as easyJet and Spirit, use dynamic pricing for select a la carte services. The majority have a simple approach to baggage tariffs and charge a fixed fee for bags with a discount offered in the booking path.

Frontier (*image below*) uses a progressive pricing model to encourage pre-payment at time of booking. Prices increase as the departure day nears with the largest premium charged at the boarding gate. Those in the business know that’s a punitive fee that airlines only apply to discourage transactions during boarding.

VIEW BAG PRICES FOR:

Departure Time (DEN > LAS)

10:46 PM

SEARCH

BAG PRICES						
Per Person / Per Direction						
	During Booking on Web / Mobile App	Before Check-In on Web / Mobile App	At Check-In on Web / Mobile App	At Airport Kiosk or Ticket Counter	At Airport Boarding Gate	Call Customer Service
Carry On	<small>BEST VALUE</small> \$45	<small>BEST VALUE</small> \$53	\$55	\$69	\$79	\$69
1st Checked	<small>BEST VALUE</small> \$40	<small>BEST VALUE</small> \$48	\$50	\$69	\$79	\$69
2nd Checked	\$50	\$55	\$60	\$79	N/A	\$79
3 + Checked price per bag	\$85	\$85	\$90	\$95	N/A	\$95

EXTRA BAGGAGE: A GLOBAL SAMPLING OF IDEAS

Unfortunately, the discovery of ideas related to the business of baggage requires the sleuthing of a Sherlock Holmes. The examples are rare and they are not always effectively promoted by airlines. The review conducted for this report did find the following examples where airlines create a more robust product offer for baggage services.

- **Volaris** offers all passengers a baggage guarantee. Imagine that! If you charge for a service, you should offer a guarantee. The airline is “committed to making sure your baggage arrives on the same flight you're on. If that doesn't happen, our baggage guarantee entitles you to an electronic credit in the amount of MXN \$1,000 or US \$80, depending on the currency used to make the booking.” If baggage does not arrive on the baggage carousel at the destination, the customer contacts a Volaris agent before leaving the baggage claim area to complete a Baggage Irregularity Report. **Alaska Airlines** and **Delta** guarantee baggage delivery within 20 minutes of US domestic flight arrival with a payout of 2,500 frequent flyer miles. (Alaska adds the option for a \$25 travel credit.)
- **Aer Lingus** offers “Evening Before” baggage check-in at their Dublin hub to reduce the drama of early mornings . . . especially when traveling with children. For flights which depart Dublin between 05:30 and 08:00 in the morning, bags can be checked between 16:00 and 19:45 the evening before. The feature is available for Aer Lingus and Aer Lingus Regional flights. Each passenger needs to present themselves to check in and drop off bags, but if you are traveling with immediate family, one member of the family can check in and drop bags for the group the evening before. Passports/ID cards are required for all passengers traveling, and must be presented the evening before. There is no charge for this service.
- **Emirates**, through its DUBZ dnata subsidiary, offers baggage delivery and home check-in for Dubai passengers. Baggage Check-In allows passengers to check in bags from home, hotel or office, and receive printed boarding passes. Prices start at AED 177 (about \$48). The Land and Leave service operates in the reverse, with arriving baggage collected and cleared through customs by DUBZ, and then delivered to home, hotel, or office. Prices start at AED 93 (about \$25) for the first bag. Delivery occurs within 2 hours and the exterior of the bag is sanitized.



DUBZ operates with CCTV monitoring and live tracking.
Image: Emirates

- **Emirates** also provides short-term luggage stowage at its Dubai hub. The airline actively promotes the city as a tourism stopover between flights. Travelers can have carry-on and other bags held at Terminal 3 for up to 12 hours. Prices start at AED 35 (about \$10) for a standard bag.
- **JetBlue** guarantees carry-on space for passengers purchasing its Blue and Blue Extra economy fares, Mint premium class fare, and Even More Space seating. The guarantee applies for domestic US flights. JetBlue will provide a \$25 flight credit if there is no space for a carry-on. The bag must meet the usual requirements regarding size, weight, and contents (no liquids). The basic economy fare does not qualify.
- **Volotea** sells additional baggage protection in the booking path with pricing from €4 to €12. The insurance policy, issued by InterMundial, provides protection from theft, damage, and loss of baggage while traveling. It's an easy sale, but the offer would benefit from better promotion and a more easily understood policy document. For example, the policy appears to include medical transport of injured or ill passengers.

Air France includes baggage as a component of its very clever Instant Paris travel smart service. Paris CDG travelers with morning departures can do the difficult tasks the evening before by checking bags, going through screening and passport control, and sleep at the airport. The service is available 16:00 to 20:00 in Terminal 2E for flights to the Americas, Caribbean, Indian Ocean and select destinations in Africa, Asia, and the Middle East. Airside accommodations are provided by Yotel in the secure area of Terminal 2E.



Yotel CDG: Queen beds, rainfall showers, Wifi, flat screen TV and just steps from the boarding gate. Image: YOTEL

BUILD A BETTER BAGGAGE BUSINESS

Savvy airlines know their baggage activities produce profits when fees are introduced for the first bag. But much more is possible when airlines apply a business-sense approach and abandon old methods. Inspired airlines view baggage as a crucial component of the passenger journey. Baggage can be a source of true anger for customers at the end of a trip and drive them away from your airline. On which side of the baggage belt are you?

Eight points on your path to baggage profits

1. Consider “priority boarding and large carry-on” services to speed and improve the boarding process and boost ancillary revenue.
2. Branded fares can define different levels of baggage service and also work to maximize ancillary revenue.
3. Use a 3-layer method to communicate baggage pricing: 1) very brief description/icon, 2) product comparison/bullet points, and 3) click for more details.
4. Define baggage allowances in the booking path for the fare and itinerary selected by the consumer.
5. Offer a discount to encourage pre-payment of baggage services; the observed range was 10 to 50 percent.
6. Identify the baggage-related factors which create passenger pandemonium at the airport and work to remove them.
7. Guarantee your baggage service; this will delight your customers and require your airport staff to meet defined standards.
8. Consumers spend billions on baggage – provide new services to tap their desire for more comfort and convenience.

Build your revenue through innovation

We build revenue through innovation in product, partnership and marketing for airlines and travel companies. We add knowledge and expertise to management teams through on-site workshops and consulting. We have served airlines and the travel industry since 1996; our international client list includes these travel industry service companies:



Companies everywhere choose IdeaWorksCompany for a revenue boost.

IdeaWorksCompany is a leading consulting resource for ancillary revenue and loyalty marketing. Our client list spans the globe – Europe, Middle East, Americas, South Pacific, and Asia – and every type of carrier.

Reach Jay Sorensen direct at Jay@IdeaWorksCompany.com

