

Ancillary Revenues 3.0: New Initiative Combines Retail Innovation with Airline Successes

Airsavings' Privilege Outlet is next generation ancillary revenue solution for airlines, offers airlines increased profits and loyalty, and travelers more perks and value from their miles

PARIS, FRANCE - October 31, 2008 - [Airsavings](#), the global leader in ancillary revenue development for low cost and mid-sized airlines, has launched a unique and industry-first service that combines the most innovative elements of the retail industry with the power of airlines' existing loyalty programs. The program, called [Privilege Outlet](#), aims to revolutionize traditional frequent flier programs by providing distinctive and exclusive retail opportunities to participants, while creating a powerful additional ancillary revenue stream for airlines. It has rolled out in Europe this week, and is slated for the US and Canada in early 2009.

[Privilege Outlet](#) is a standalone website that offers private retail sales to invited guests, primarily selected airline passengers. Simply, a passenger is selected to join an exclusive, invitation-only online sale featuring items by high-profile brands and designers. The passenger receives an invitation via email, and must register or 'opt-in' to participate, providing the airline with valuable customer preference information - a process which has been proven to build trust and further loyalty. For this, the passenger gets exclusive access to their favorite brands at prices between 30% and 70% off.

The program incorporates one of the fastest-growing retail trends- private sales- with one of the most consistent-performing aspects of the airline business- the loyalty program. The market for private sales in the European retail sector has grown from almost zero in 2005 to more than €500 million in 2007. And despite the current economic climate, this market is expected to grow another 30% over the next 12 months. Meanwhile, loyalty programs have long been identified as one of any airline's most valuable assets, yet such programs have been both notoriously difficult from a consumer-redemption standpoint and highly underutilized as an ancillary revenue generator for airlines. **Privilege Outlet**, by providing passengers with an attractive, invitation-based option for mile accumulation and redemption, has made frequent flier programs relevant, wanted and viable again.

Airsavings, in developing **Privilege Outlet**, has adapted the private sale concept to the unique needs of low cost and mid-sized carriers, to increase their ancillary revenues and bottom line. By integrating the offers into an airline's existing booking engine and attaching 'points' to each purchase or friend recommendation, **Privilege Outlet** transforms what might be a simple incentive into a self-reinforcing loyalty initiative. The concept also has the capability of spreading virally and provides added value to the end user, and is encouraged by a reward for each new friend introduced. Additionally, as with other ancillary revenue initiatives, the partner airline receives a commission on every purchase made through Privilege Outlet.

Privilege Outlet, as an integrated part of Airsavings' AirlinePlus Platform, is consistent with the company's strategy of developing next generation e-commerce capabilities and online ancillary revenue streams for airlines. "Until now, most airlines have only looked at the *big three* in ancillaries – hotels, car hire and insurance. But **Privilege Outlet** is going to change that from the big three to the *big four*. We expect this program to deliver much higher margins than other traditional ancillaries, while also banking on increased brand perception through association with trusted brands," says Raphael Bejar, Airsavings' CEO and chief architect of the program.

A New Look At Ancillary Revenues

Airsavings has developed its Privilege Outlet as an integrated solution feeding directly into the airline's booking engine. Through Airsavings, airlines can offer more loyalty points to their passengers who choose ancillary services like insurance, hotels and car hire, which are already provided by Airsavings into the airline's booking engine. The airline gets a commission for every sale on www.privilegeoutlet.com, and has almost immediate access to a dynamic and innovative loyalty program at no cost. Overall, these key drivers are helping to increase the sales of ancillary services, thereby creating more revenues for the airline.





More Impact, More Loyalty

For customers already loyal to one airline, the internet-driven shift in recent years toward bargain basement fares meant that airline resources were diverted away from establishing and maintaining a loyal base. With the ancillary revenue opportunities afforded by the *Privilege Outlet* program, a new focus can be made on increasing loyalty despite the majority of independent travelers choosing their brand based on price. Moreover, the exclusive, luxury aspects of the program, exemplified by the impressive roster of designers and high-visibility brands slated to participate (Guess, Lacoste, Diesel, Lee Cooper, Levi's, Superga, among others), has the potential to attract and open new markets for low cost airlines. By keeping customers engaged with their favorite airline in this new way, the airline's brand remains top of mind.

Metric This

In a soft launch carried out in mid-October 2008, more than 40,000 invitations were sent to airline passengers who had expressed interest in receiving special offers. The initial response generated nearly 44% more income than the airline's ancillary revenue staple - travel insurance - would have generated from the same number of passengers transacting directly on an airline's website.

At a time when there is much uncertainty surrounding the airline industry, *Privilege Outlet* is a huge step forward in bolstering brand loyalty in a market increasing defined by price, and marred by crisis. For airlines, it represents the best option for simultaneously increasing passenger perception of the airline brand and the ability to generate revenues outside of their core offering. For consumers, it represents a renewed enthusiasm for interaction with the airline and a new and painless way to obtain true value from their loyalty to a single airline brand.

In this way, *Privilege Outlet* has the potential to revolutionize the airline industry, particularly during this uncertain period of weakened demand and rising prices - when loyalty and profits means the most.

For more information about Airsavings' new Privilege Outlet platform, please visit www.airsavings.net, or contact Vanessa Horwell at vanessa@thinkinkpr.com or +1.305.776.8817.

PRIVILEGE OUTLET 101

- Privilege Outlet is a next-generation revenue driver and loyalty program for airlines.
- Privilege Outlet is an exclusive, invitation- only website that offers limited-time sales events to loyal passengers.
- Through www.privilegeoutlet.com , airline passengers have access to famous name brands at a fraction of their retail price - prices are anywhere from 30% to 70% below retail.
- Each purchase made on www.privilegeoutlet.com creates loyalty points to spend on a passenger's preferred airline; these care redeemable against free airline tickets, with no blackout dates
- Passengers have the opportunity to sponsor friends to participate in sales, earning an additional reward of 10Eur per sponsored friend
- Privilege Outlet has been created to help airlines create more revenues, but not from fees or surcharges.
- Privilege Outlet launches in Europe in Oct 2008, and in Canada and the USA, in early 2009.

Source: www.privilegeout.com

