

Easyjet makes £1.4 billion on extra charges

EASYJET has raked in almost £1.4bn from extra charges over the past year after introducing 'surge pricing', which ramps up the cost of booking a seat during busy periods.

The budget airline said its so-called 'ancillary revenues' jumped by almost 14pc to £1.38bn in the year to the end of September.

This is equivalent to just under £3.8m a day, and includes income from baggage and seat reservation fees.

The carrier said the bonanza was fuelled by the introduction of 'seasonal pricing on allocated seating'.

It has upgraded its system to introduce computer algorithms to regulate its seat reservation fees.

This monitors supply and demand, meaning passengers pay more during peak times such as the school holidays and less during quieter periods.

Surge pricing is widely used in the travel industry, meaning the cost of holidays can soar when there is high demand.

by **James Salmon**

Seat reservation fees for a front-row spot with extra leg-room listed on **Easyjet's** website range from £1.99 to £29.99.

Airlines have become increasingly reliant on the money they make from extra charges amid intense pressure on fares and rising fuel costs.

Earlier this month Ryanair revealed it has generated around £1.4bn from extra charges in just six months – or more than £7.6m a day.

Easyjet said it had been another 'difficult year' as it was hit by a jump in fuel costs.

It also said bookings had been hampered by Brexit 'uncertainty' ahead of the first deadline for leaving the EU on March 29.

The airline still managed to fly a record 105m passengers over the course of a year – almost 10m more than in the previous year. But profits slumped 26pc to

£427m. The average one-way fare fell slightly to £52.15, from £52.99 the previous year.

This means the total amount of revenue per seat – a key measure of success for airlines – fell slightly.

In a bid to bring in more customers, **Easyjet** announced plans to relaunch its package holiday business before Christmas in the wake of the collapse of major rival Thomas Cook.

It said it expects **Easyjet** Holidays to break even in the 2020 financial year.

Ryanair's chief executive Michael O'Leary recently declared the package holiday is dead. But **Easyjet's** chief executive Johan Lundgren (pictured) said: 'We believe there is a gap in the market for a modern, relevant and flexible business for today's consumer.'

The firm also announced plans to become the first major airline to operate 'net-zero' carbon flights.

