



BAGGAGE POLICY OF EUROPEAN AIRLINES

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Abstract

The purpose of this article is to research the baggage policy of European airlines. Its main objective is to identify groups of European airlines based on the used baggage policy and to compare the baggage policies of selected European air carriers in terms of cost-effectiveness for a passenger. The current state of baggage policy research, focusing mainly on the United States, has highlighted the lack of comprehensive research on European air carriers' baggage policies. Therefore, the actual research in this paper examines European airlines' carry-on and checked baggage policies and their charging. It then uses two model cases to compare the baggage policies of selected airlines in terms of cost-effectiveness for the passenger and examines the pricing applied to baggage fees. The research results in the determination of the most advantageous booking method with respect to baggage fees. Simultaneously, three groups of European airlines were identified according to the baggage policy used.

Keywords

airline, baggage, baggage policy, checked baggage, hand baggage, baggage fees, Europe

1. INTRODUCTION

Baggage fees were largely introduced as a response to rising jet fuel prices. Despite subsequent reductions in fuel prices, the baggage fees have not been reduced or abolished, but have become a fixed part of airline baggage policy. Since 2010, baggage fees have even been supplemented by cabin baggage fees. Although at first sight it might appear to be a sort of ancillary service, it is in fact a powerful tool that contributes significantly to airlines' profit generation, not only directly, but this revenue also allows them to generate interesting offers in other areas, such as low base tickets fares. Baggage policy can therefore be considered as an important part of airlines' revenue management that can improve their bottom line. Proper management of this area is thus becoming a necessity for airlines, through which an airline can significantly differentiate itself from competitors, build a positive image and, last but not least, attract new customers. The literature available to date on the topic of baggage policy often refers to older sources from 2008-2012 and focuses primarily on US air transport markets and US airlines. There is no more comprehensive body of research on European air carriers' baggage policies. If these carriers are mentioned in academic or technical articles, this is only sporadic and based on anecdotal evidence. For this reason, research is necessary and justified in the European context.

2. AIRLINES' BAGGAGE POLICY FROM A THEORETICAL PERSPECTIVE

Most airlines allow customers to bring some luggage on board for free - included in the ticket price. This is the so-called cabin baggage (or hand baggage/luggage or carry-on baggage), the size or weight of which is limited, and each airline sets these parameters according to itself [1]. Some airlines even allow only personal items to be carried on the cheapest fare. This is an item with a relatively small dimensions, which does not allow the

carriage of other than truly essential items. Carry-on baggage is placed on board in the overhead compartment and the personal item under the seat in front of the passenger. Another restriction is that many items are prohibited from being carried in hand luggage. For security reasons, their presence on board an aircraft is prohibited [2].

If a passenger needs to carry a larger volume of luggage or needs to transfer items that cannot be carried on board, there is the option of using checked baggage. Checked baggage (also hold luggage) is transported in the baggage/cargo compartment of the aircraft. On arrival at the airport, it is handed over to the airline at the check-in counter.

Airlines' baggage policies are strongly linked to their business model. While a more generous baggage policy can be expected in the traditional business model, where in some cases baggage is carried without additional charges, low-cost airlines can be expected to charge fees. However, scholarly articles have produced a surprising result in that in the USA. Most airlines with a traditional business model charge a fee for checked baggage and, conversely, the low-cost airline Southwest does not charge a fee [3].

Using unbundling of airlines' services, baggage transportation has essentially become a separate service that can be sold separately from the ticket.

2.1. Unbundling

Tomová et al. define an unbundled product, offered by airlines, as the air transport itself without additional on-board services or with services in a lower range [4].

"Unbundling" of air carriers' services reflects the process of separating ancillary services from the core service - the actual carriage of the passenger. At the same time, "unbundling" can mean charging additional fees for the provision of ancillary services. Garrow et al. argue that many US airlines have

implemented measures to reduce costs and generate ancillary revenue in the first decade of the 21st century [5].

Jason Holland, divides airline ancillary revenues into several categories and compares them to each other. The highest proportion, up to 27% of ancillary revenue, is baggage fee revenue [6]. For low-cost airlines, this ratio is expected to be even higher [6]. According to cartrawler.com, the share of ancillary revenues in total revenues has been increasing year on year [7]. This data illustrates the importance of ancillary revenues, including their most important component, baggage fee revenues.

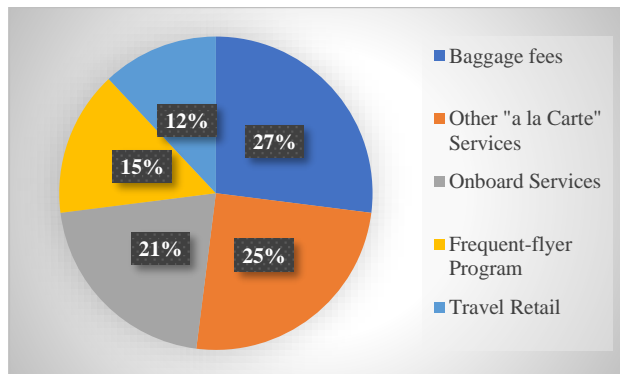


CHART 1 ANCILLARY REVENUES OF AIRLINES WITH TRADITIONAL BUSINESS MODEL, 2017, SOURCE: COMPILED BY THE AUTHOR FROM [6]

3. THE CURRENT STATE OF BAGGAGE POLICY RESEARCH

The current research is largely focused on the airlines operating in the USA. The focus of research can be divided as follows. The collective of authors Barone et al [8] and Scotti et al. [3] focuses on the impacts of baggage policy on the airlines. Wong et al. [9] and Allon et al. [10], in turn focus on the shape of ideal baggage policies. Jiang et al. [11] investigate the impacts of baggage policy on airport infrastructure. The authors' collectives of Scotti et al. [12], Hamilton et al. [13] and Cho et al. [15] investigate the impacts on passengers. Garrow et al. [5], Henrickson et al. [14] and Schragger [16] look at the actual "unbundling" of airline services. All the aforementioned research focuses on US airlines and largely omits European airlines and their baggage policies.

Recent research has shown the positive impact of baggage fees on airlines' operational performance [8][3], on the other hand it shows passengers' dissatisfaction with the introduction of fees for services that used to be free [12]. However, a negative impact of baggage fees on passenger demand has not been demonstrated, as passengers have a higher elasticity for basic fares, but a lower elasticity has been demonstrated for ancillary services, such as baggage fees [12]. It was the introduction of baggage fees that many times the price for the base fare could be reduced. A major problem associated with the introduction of checked baggage fees is the increased number of carry-on bags as a response of passengers to such fees [11]. The increased number of carry-on bags creates an unreasonable congestion on security control [11]. Elimination of this unfavourable associated phenomenon can be achieved by introducing fees also for cabin bags, which has already been used by some, especially low-cost airlines.

The research on baggage policy is interesting from the point of view of several aspects, such as the introduction of checked and cabin baggage fees, the pricing of these fees, the impact of the fees on the economic performance of airlines, on operational characteristics, the impact of the fees on passengers, airports and so on. However, there is no more comprehensive body of research on the baggage policies of European air carriers. If these carriers are mentioned in scientific or technical articles, it is only sporadically and based on anecdotal evidence. The research to date refers many times to older sources from 2008-2012, which is also why the research needs to be updated.

4. RESEARCH ON THE BAGGAGE POLICIES OF SELECTED EUROPEAN AIRLINES

4.1. Research objectives

The aim of the research is to compare the baggage policies of selected European air carriers in terms of cost-effectiveness for the passenger based on two model situations and to identify groups of European air carriers according to the baggage policies used. The first situation is a flight of one passenger with cabin baggage and the second situation is a flight of a family of four with one cabin baggage and two checked bags. At the same time, the aim is to identify and research the differences between the approaches of traditional and low-cost airlines to baggage policy.

4.2. Selection of airlines

The airlines were selected according to their size, as determined by the number of passengers carried, combined with the airline's revenue and their business model. Five airlines with a low-cost and five with a traditional business model were selected. However, it should be emphasized that airline business models are undergoing hybridisation and may exhibit attributes that are typical of an oppositional business model. In the case of groups composed of several airlines, such as the Lufthansa Group, only one airline, namely the largest airline, has always been selected. Russian airlines were not included in the research as it would not have been possible to make comparisons on the selected flights from Milan and Mallorca, due to the sanctions imposed and the ban on flights in the airspace of EU countries [16].

4.3. Description of model cases

Two model cases were created to examine air carriers' baggage policies using specific examples:

1. Flights from Milan to city destinations and back
2. Flights to and from the holiday destinations of Palma de Mallorca and Barcelona respectively

From the analysed airlines, pairs were created that were identical in both model examples. Each pair was formed from one low-cost and one traditional/network airline as shown in table 1.

TABLE 1: SELECTED GROUPS OF AIRLINES AND ROUTES, SOURCE: OWN RESEARCH

No.	Airline	1. model flight	2. model flight
1.	Ryanair	Milan - Frankfurt	Frankfurt - Palma de Mallorca
	Lufthansa		
2.	Easyjet	Milan - Paris	Paris - Palma de Mallorca
	Air France		
3.	Wizz Air	Milan - London	London - Palma de Mallorca
	British		
4.	Pegasus	Milan - Istanbul	Istanbul - Barcelona
	Turkish		
5.	Norwegian	Milan - Oslo	Oslo - Palma de Mallorca
	SAS		

In the first model situation, airfare costs for one adult passenger from the business traveller segment on a route from one of the Milan airports to a selected destination of a given airline pair was calculated. To the total price was added the price for one large cabin baggage, in cases where such baggage is charged by the airline. Departure from Milan was set for Tuesday 3.5.2022 and arrival in Milan for Thursday 5.5.2022. The booking date was 14.4.2022, approximately three weeks in advance.

In the second model situation, airfare costs for two adults, one child and one infant were calculated. The purpose of the journey was a family vacation from the selected departure airport to the holiday destination of Palma de Mallorca. The selected departure city was the same for both airlines forming the pair, but the airport in the city/region could be different. Pegasus and Turkish airlines were assigned the destination Barcelona in the model example. The price for the carriage of a large cabin baggage and two 20 kg checked bags if charged by the airline, was added to the total base price. Arrival in Palma de Mallorca or Barcelona was set for Saturday 26.6.2022 and departure from Palma de Mallorca/Barcelona for Saturday 3.7.2022. The booking date for all flights was 15.4.2022, approximately ten weeks in advance.

The following tables contain information on the fares/packages offered by selected European air carriers, together with the conditions for baggage transport. The airlines have been divided into tables according to their business model. Table 2 illustrates that the low-cost airlines studied offer between three and four service packages from which the passenger chooses when booking. The low-cost airlines analysed, apart from Pegasus Airlines, offer a completely basic package. The package price includes the air transport itself, with the option to take only a small cabin bag. Pegasus Airlines, on the other hand, does not

carry more than one cabin bag under any circumstances and passengers must choose whether to take one small cabin bag or one large cabin bag on board.

TABLE 2: FARES AND BAGGAGE CONDITIONS – LOW-COST AIRLINES, SOURCE: OWN RESEARCH

	Fare	Small cabin bag	Large cabin bag	Checked baggage
Ryanair	Value	✓ 40x20x25 cm	✗	✗
	Regular a Flexi Plus	✓ 40x20x25 cm	✓ 55x40x20 cm, 10kg	✗
	Plus	✓ 40x20x25 cm	✓ 55x40x20 cm, 10kg	✓ 1x 20kg
Wizz Air	Travel Light	✓ 40x30x20 cm	✗	✗
	Pack and Save	✓ 40x30x20 cm	✓ 55x40x23 cm, 10kg	✓ 1x 20kg
	All in and Full Flex	✓ 40x30x20 cm	✓ 55x40x23 cm, 10kg	✓ 1x 32kg
Easyjet	Standard	✓ 45x36x20 cm, 15kg	✗	✗
	Flexi	✓ 45x36x20 cm, 15kg	✓ 56x45x25 cm	✓ 1x 23kg
Norwegian	Low Fare	✓ 30x20x38 cm, 10kg	✗	✗
	Low Fare +	✓ 30x20x38 cm	✓ 55x40x23cm, 10kg	✓ 1x 23kg
	Flex	✓ 30x20x38 cm	✓ 55x40x23cm, 15kg	✓ 2x 23kg
Pegasus	Basic	✗	✓ 55x40x20 cm	✗
	Essentials, Advantage, Comfort Flex	✗	✓ 55x40x20 cm	✓ 20kg

Table 3 presents the baggage rules of airlines with a traditional business model, of which only SAS offers a package that does not include the transportation of a large cabin bag. All other airlines allow the carriage of one small and one large cabin bag

even in the cheapest package. Turkish Airlines, unlike other traditional airlines, carries one checked bag even in the cheapest package. It is thus the only airline in the analysis that does not charge at all for the first bag and only starts charging for the second checked bag on some fares. A major difference is in the way the airlines approach the checked baggage limits. While Turkish Airlines and Pegasus Airlines limit only the total weight of checked-in baggage but not the number of bags, the other airlines apply the 'piece concept'. This means that in addition to the maximum weight allowed, they also limit the quantity of checked baggage. However, for Turkish airlines, a passenger can bring any number of bags, but the total weight cannot exceed a set weight, e.g., 20 kg [48], [51].

TABLE 3: FARES AND BAGGAGE CONDITIONS – TRADITIONAL AIRLINES, SOURCE: OWN RESEARCH

	Fare	Small cabin bag	Large cabin bag	Checked baggage
Lufthansa	Economy Light	✓ 30x40x10 cm	✓ 55x40x23 cm, 8 kg	✗
	Economy Classic, Economy Flex	✓ 30x40x10 cm	✓ 55x40x23 cm, 8 kg	✓ 23kg
	Premium Economy	✓ 30x40x10 cm	✓ 55x40x23 cm, 8 kg	✓ 2x 23kg
	Business	✓ 30x40x10 cm	✓ 2ks 55x40x23 cm, 8 kg	✓ 2x 32kg
	First	✓ 30x40x10 cm	✓ 2ks 55x40x23 cm, 8 kg	✓ 3x 32kg
Air France	Economy Light	✓ 40x30x15 cm	✓ 55x35x25 cm, 12kg	✗
	Economy (Standard, Standard Plus, Flex)	✓ 40x30x15 cm	✓ 55x35x25 cm, 12kg	✓ 1x 23kg
	Premium Economy	✓ 40x30x15 cm	✓ 2ks 55x35x25 cm, 18kg	✓ 2x 23kg
	Business (Standard, Flex)	✓ 40x30x15 cm	✓ 2ks 55x35x25 cm, 18kg	✓ 2x 32kg

	Fare	Small cabin bag	Large cabin bag	Checked baggage
	La Première	✓ 40x30x15 cm	✓ 2ks 55x35x25 cm, 18kg	✓ 3x 32kg
Turkish	Economy	✓ 40x30x15 cm	✓ 55x40x23 cm, 8kg	✓ 20kg
	Business	✓ 40x30x15 cm	✓ 2ks 55x40x23 cm, 8kg	✓ 30kg
British	Economy Basic	✓ 40x30x15 cm	✓ 56x45x25cm	✗
	Economy Plus	✓ 40x30x15 cm	✓ 56x45x25cm	✓ 1x 23kg
	Business	✓ 40x30x15 cm	✓ 56x45x25cm	✓ 2x 32kg
SAS	Go Light	✓ 40x30x15 cm	✗	✗
	Go Smart, Plus Smart, Go Bonus, Plus Bonus	✓ 40x30x15 cm	✓ 55x40x23 cm, 8 kg	✓ 1x 23kg
	Plus Pro	✓ 40x30x15 cm	✓ 55x40x23 cm, 8 kg	✓ 2x 23kg
	Business a Business Bonus	✓ 40x30x15 cm	✓ 55x40x23 cm, 8 kg	✓ 2x 32kg

4.4. First model case - Milano case

In the first model case, the resulting prices for the transportation of one passenger with large cabin baggage on flights from Milan with departure date 3.5. and arrival date 5.5. are compared.

When booking, the passenger can proceed in two ways. The first, and on routes from Milan the cheapest, is to choose the basic - the cheapest package, or to choose only the air transport itself, without additional services. In this case, the carriage of large cabin baggage must be purchased with some airlines. The second option would be to choose a package with higher package, which includes the carriage of large cabin baggage. However, such a package may also include services that the passenger will not use and, ultimately, such a choice may disproportionately increase the final amount paid by the customer.

For all airlines, the basic product is the cheapest option for flights from Milan and for one person with large cabin bag. Ryanair, Wizz Air, Easyjet, Norwegian and SAS charge a fee for carrying the required cabin baggage, which is added to the base fare. Lufthansa, British, Air France, Pegasus, and Turkish carry the required hand baggage free of charge, already included in the basic fare. In all the pairs created by the airlines, the airline with the low-cost business model offers the lowest final fare, sometimes with a smaller price difference compared to a traditional airline and sometimes with a larger one.

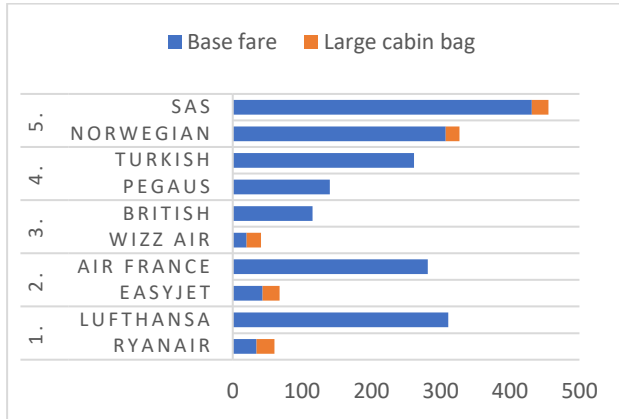


CHART 2: COMPOSITION OF THE FINAL PRICE OF THE BASE FARE WITH BAGGAGE FEE ON FLIGHTS TO/FROM MILAN, SOURCE: OWN RESEARCH

4.5. Second model case - Palma de Mallorca case

In the second model case, the resulting prices for the transportation of four passengers with one large cabin bag, two 20 kg checked bags and one pushchair on flights from Palma de Mallorca with departure date 26.6. and arrival date 3.7. are compared. The lowest amount of all the packages offered by the airline is, for most airlines, the price for the basic product.

For British Airways, the family in the model example will find it is more cost effective to book a flight on the higher Economy Plus fare. This is because the Economy Plus package includes the carriage of 20 kg of luggage and cabin baggage in addition to the air travel itself, as requested by the family. The Economy Basic package includes only the air transport with cabin bag, whereas the family would have to pay a fee for the required checked baggage. This would make the package more expensive by 49,46€. The same situation is the case when using SAS services. In this case, it is worthwhile for passengers to book a flight with the Go Smart fare, the resulting amount of which is slightly lower than the basic product, and even passengers receive extra services. This is again due to the high baggage fees, which, on the other hand, are already included in the Go Smart package.

While only Ryanair, Wizz Air, Easyjet, Norwegian and SAS charge a fee for large cabin baggage in combination with the basic fare, all analysed airlines except Turkish charge a fee for checked baggage in combination with the basic fare. An interesting finding is that when a given family travels, the differences between the resulting amount of the compared low-cost and traditional airlines are significantly reduced. In some of the airline pairs compared, a family would even travel cheaper with a traditional airline than with a low-cost airline. Specifically, these are flights from London with British Airways and from

Istanbul with Turkish Airlines. In the other pairs, the low-cost airline still offers the lowest final fare.

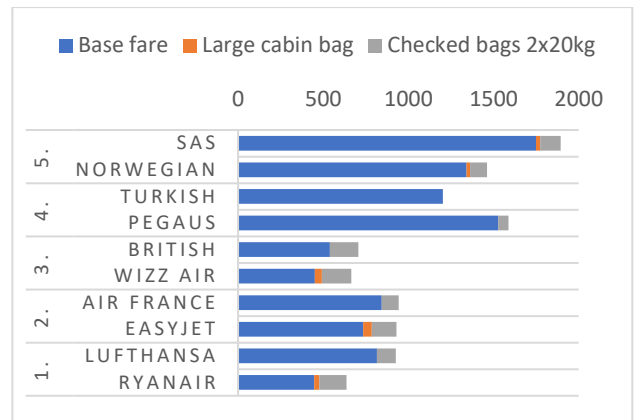


CHART 3: COMPOSITION OF THE FINAL PRICE OF THE BASE FARE WITH BAGGAGE FEE ON FLIGHTS TO/FROM PALMA DE MALLORCA, SOURCE: OWN RESEARCH

The following chart 4, shows the differences in average prices for large cabin bag. While Norwegian and SAS apply fixed prices on all flights, Ryanair, Wizz Air and Easyjet demonstrate dynamic pricing applied to baggage fees. Dynamic pricing and differences in pricing can be seen between different routes as well as on the same route on different days.

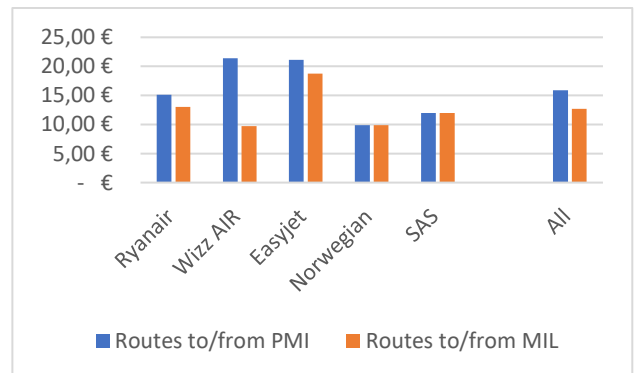


CHART 4: COMPARISON OF AVERAGE FEES FOR LARGE CABIN BAGGAGE, SOURCE: OWN RESEARCH

The following chart shows the differences in average prices for the carriage of checked baggage. While only Lufthansa applies on average the same level of baggage fees on all flights, the other airlines show evidence of dynamic pricing applied to baggage fees. Dynamic pricing and variations in prices can be seen between different routes as well as on the same route. All airlines that apply dynamic pricing have higher baggage fees in place on routes to and from Palma de Mallorca compared to fees on routes from Milan

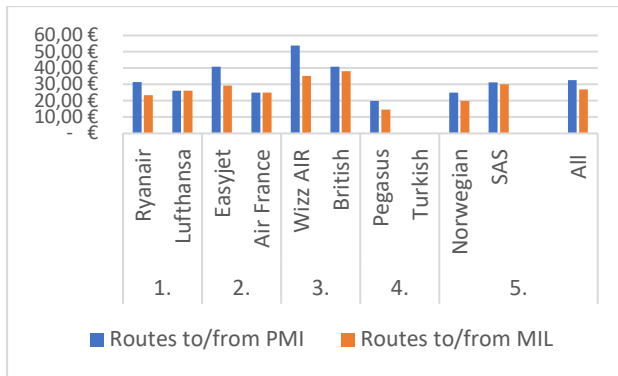


CHART 5: COMPARISON OF AVERAGE CHECKED BAGGAGE FEES, SOURCE: OWN RESEARCH

4.6. Airline revenues

U.S. airlines are required to disclose their revenues divided into five separate accounts [17]. The revenue categorisation is as follows: passenger revenue, other transport-related revenue, baggage fee revenue, revenue from cancellation fees, and miscellaneous revenue. Unlike US airlines, European airlines do not disclose revenue from baggage fees but from a whole group of ancillary services, including baggage fees. According to research, baggage fees account for the largest part of ancillary revenues [6] and can therefore be used to derive an approximate level of baggage fee revenues. The revenue data refer to fiscal years 2019 and 2020, with Ryanair and Wizz Air having fiscal years from 1 April to 31 March, Easyjet from 1 October to 30 September, SAS from 1 November to 31 October and the other airlines in the analysis from 1 January to 31 December.

Table 4 shows, for most low-cost airlines, the level of core revenues, which represent, for example, revenues from passenger traffic itself. It also shows ancillary revenues, which represent revenues from the sale of ancillary services. Ancillary services may include baggage fees. For Easyjet, Ryanair and Wizzair, total revenue is the sum of core and ancillary revenue. Norwegian also reports 'other revenues' in its annual reports, which together with core and ancillary revenues make up total revenues. Highlighted in green are the percentages of ancillary revenues in total revenues, which account for 16-56% for the airlines analysed.

All airlines analysed that report ancillary revenues also report a year-on-year increase in their share of total revenues. In the case of Wizz Air, these revenues even account for more than half of the total revenues. Thus, it can be argued that in the fiscal year 2020, Wizz Air will generate €0.56 of ancillary revenues out of €1 of total revenues. Airlines with a traditional business model and Pegasus Airlines do not report ancillary revenues in their annual reports. Air France only reports total revenues together with KLM in its annual reports, so they are much higher than for other airlines. All revenues are in millions of euros and those of British Airways, Easyjet, Norwegian Air Shuttle, Pegasus Airlines, SAS, and Turkish Airlines have been converted at the current exchange rate set by the European Central Bank as at 23.4.2022 [18].

TABLE 4: REVENUES OF SELECTED EUROPEAN AIRLINES, SOURCE: COMPILED BY THE AUTHOR FROM AIRLINE ANNUAL REPORTS

(millions €)	2020			2019		
Airline	Core rev.	Ancillary rev.	Total rev. 2020	Core rev.	Ancillary rev.	Total rev. 2019
Wizz Air	325,7	413,3	739	1508,50	1252,80	2761,30
% Of ancillary revenues		55,90%			45,40%	
Ryanair	1036,00	600	1636,00	5566,00	2929,00	8495,00
% of ancillary revenues		36,70%			34,50%	
Easyjet	2744,12	841,23	3585,34	5968,42	1639,56	7607,98
% of ancillary revenues		23,50%			21,60%	
Norwegian Air Shuttle	670,65	159,48	944,96	3658,65	691,03	4521,52
% of ancillary revenues		16,90%			15,30%	
Airline	Total revenues 2020			Total revenues 2019		
Air France - KLM	8 571,00			22 251,00		
Lufthansa	4 104,00			16 634,00		
British Airways	4 767,35			15 835,57		
Turkish Airlines	3 505,59			10 323,56		
SAS	1 995,82			4 547,19		
Pegasus Airlines	301,27			691,47		

Table 5 shows in the third and fourth columns the difference in the resulting prices paid by customers on the traditional airlines when compared with a selected competing low-cost airline. The third column refers to the first model case. The amount is for the carriage of one passenger and one large cabin bag on a return flight from Milan. The cheapest airline offers are compared. The table shows that in all five cases such a journey with a low-cost airline is cheaper. For example, Lufthansa offers a return flight on the same route and date at a price that is up to 416.1% higher than the compared airline Ryanair.

4.7. Evaluation of research results

TABLE 5: COMPARISON OF THE FINAL FARE WITH A TRADITIONAL AIRLINE VERSUS A LOW-COST AIRLINE, SOURCE: OWN RESEARCH

No.	Airline	1. case	2. case
1.	Ryanair		
	Lufthansa	+416,1%	+45,3%
2.	Easyjet		
	Air France	+317,0%	+1,3%
3.	Wizz Air		
	British	+182,0%	-1,2%
4.	Pegasus		
	Turkish	+86,8%	-24,3%
5.	Norwegian		
	SAS	+39,3%	+28,7%

On the other hand, in the fourth column, where the second model case of return flights to Palma de Mallorca is compared, the differences between the cheapest offers of the compared airlines are significantly smaller. In two cases, such a journey is even cheaper with a traditional airline. Such a situation is mainly due to the large amount of luggage that the family requires to be transported. Especially in the case of low-cost airlines, the family pays high baggage fees. Also, the minimal price difference on flights to Palma de Mallorca can be justified by the fact that it is a holiday destination and the summer tourist season.

The airlines studied can be divided into three groups according to the baggage policy applied. Of the selected airlines, only Turkish Airlines belongs to the first group, which carries both cabin baggage and first checked baggage in the basic package price. The second group, which charges for first checked baggage but carries cabin baggage as part of the basic package, includes the traditional airlines Air France, British Airways and Lufthansa and the low-cost airline Pegasus Airlines. The third group with both first checked and large cabin baggage fees includes low-cost airlines Easyjet, Norwegian, Ryanair, Wizz Air, and the traditional airline SAS.

TABLE 6: IDENTIFICATION OF AIR CARRIER GROUPS ACCORDING TO THEIR BAGGAGE POLICY, SOURCE: OWN RESEARCH

Cabin & 1. checked baggage for free	Cabin baggage for free	Charged all types of baggage
Turkish	Air France	Easyjet
	British	Norwegian
	Lufthansa	Ryanair
	Pegasus	SAS
		Wizz Air

In some cases, charges increase as the departure date approaches, in other cases depending on whether the flight is scheduled to take place in the high or low season. In the case of both checked and cabin baggage, the average price of luggage on airlines to and from Palma de Mallorca is higher. Such increased charges compared to flights from Milan could be observed both during the high season and in the low season. For this reason, it is important to emphasise that the price differentiation of baggage charges also depends on the destination.

CONCLUSION

The article studied the baggage policy of European airlines. The literature available so far on the topic of baggage policy often refers to older sources from 2008-2012 and focuses primarily on the US airline service markets and US airlines. These research were mentioned in the introductory chapters of the paper and predetermined its future direction.

The article conducts the actual research on European airlines' baggage policies in the form of model cases. In these model cases, the differences in the conditions of transport of checked and cabin baggage by the selected airlines were investigated. While in the first case with a single passenger the convenience of travelling with low-cost airlines was confirmed, this was not the case in the second case. In the second model case, a family of four was travelling for a summer holiday and such travel was cheaper with a traditional airline in some cases and in all cases the price differences between low-cost and traditional airlines were reduced. One of the reasons for this is the baggage fees, which were higher on low-cost airlines.

The paper identified three groups of airlines according to baggage policy. The first are airlines that carry both carry-on and first checked baggage in the basic package price. The second group is airlines that charge for first checked baggage but carry cabin baggage in the basic package price. The third group consists of airlines with both first checked and large carry-on baggage.

There is a lack of information or data for a more comprehensive study of European air carriers' baggage policies. In particular, this concerns the revenue side of baggage policy, which can only be estimated from the airlines' published ancillary revenues. Information on European airlines' baggage fee revenues would allow to examine baggage policy as part of the customer value proposition and more broadly as part of European airlines' business models. A still uncovered part of the research is how customers perceive baggage fees and baggage conditions of European air carriers in their decision making and how this affects the competitiveness of European air carriers. The unavailability of some data and information limited the research carried out.

We see scope for further research in examining baggage policy from the perspective of more than one checked bag per passenger, oversized baggage, and the impact of baggage policy on flight economics.

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