

VOORBURG 2003

**SESSION 2: MINI PRESENTATION ON
PRODUCER PRICE INDICES.**

**The Development of the Corporate
Services Price Index (CSPI) for
Business Air fares in UK**

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Industry

- **UK SIC 2003 = Scheduled passenger air transport (62.10/1), (non-scheduled excluded)**
 - **no sub-sector specific to business air passengers**
- **industry level index only (no sub-indices available)**
- **CSPI aims to monitor movements in prices charged by UK airlines to UK business passengers**

Index structure

- The following industrial structure is currently used:



- Each sub-sector has a weight related to turnover value in the base period
- Selected companies were asked to provide a breakdown of domestic sales of services to UK business passengers per each sub-sector.

Sampling and Pricing

- Fares collected from three major airlines: British Airways, Virgin Atlantic Airways and BMI British Midland (who carry more than 50% of all UK passengers between them)
- For each route we mainly selected business class unrestricted fares. Fares exclude taxes
- All routes currently from London only:
 - Long haul: 14 routes
 - European: 17 routes
 - Domestic: 9 routes
 - selected using Civil Aviation Authority data on passenger numbers
- Quarterly average derived from monthly returns

Limitations and challenges for the future (1)

- Difficulties in finding relevant data for rebasing/weighting
- Extend sample, e.g to include low-cost carriers
- Updating basket of routes
- What classes of fares best represent business passengers?
- Dealing with quality changes

Limitations and challenges for the future (2)

- Need for new sources of data (meeting business travel management companies, Civil Aviation Authority, airline companies)
- Collection of fares from the Internet ?
- Adoption of the “European Corporate Travel Index” provided by American Express ?

Business Airfares: Index Values

