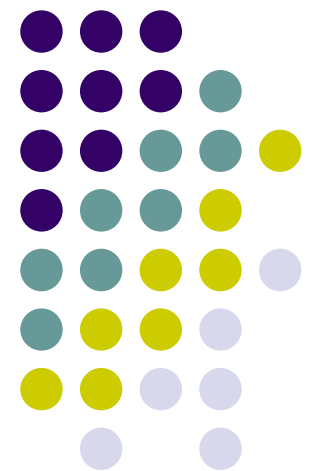
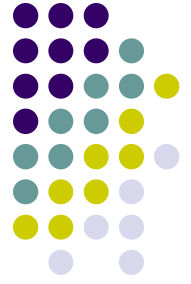


Airlines Appendix

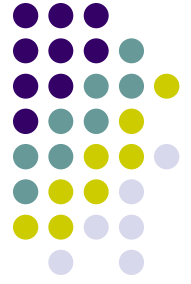
US Bureau of Labor Statistics





Pricing Methodologies

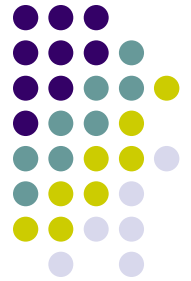
- Fixed Fare Code
- Fixed Service Characteristics
- Internet Prices
- Revenue per Passenger Mile
- **AVERAGE PRICE**



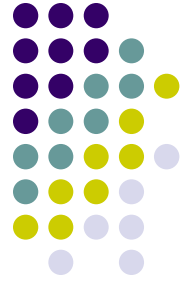
Fixed Fare Code

- Fare codes are specific to:
 - Type of ticket
 - Origin and Destination
 - Ticket characteristics
- Discounting not captured
- Not available every month unless 'list price' fare code used

Fixed Service Characteristics



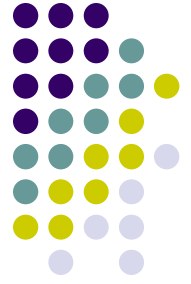
- Fix Origin and Destination
- Fix ticket characteristics
 - Advance Purchase
 - Length of Stay
 - Refundable/Nonrefundable
- Fare Code Updated



Internet Pricing

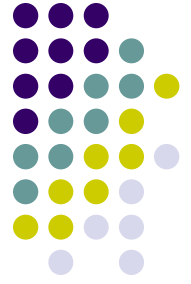
- Price fluctuations
- Not comparable from month to month
- Not able to specify ticket characteristics
- Labor intensive to collect fares off internet

Revenue Per Passenger Mile



- US Department of Transportation
- Total Revenue/Total Number of Passenger Miles
- All Origins and Destinations
- All Cabin Classes
- International and Domestic

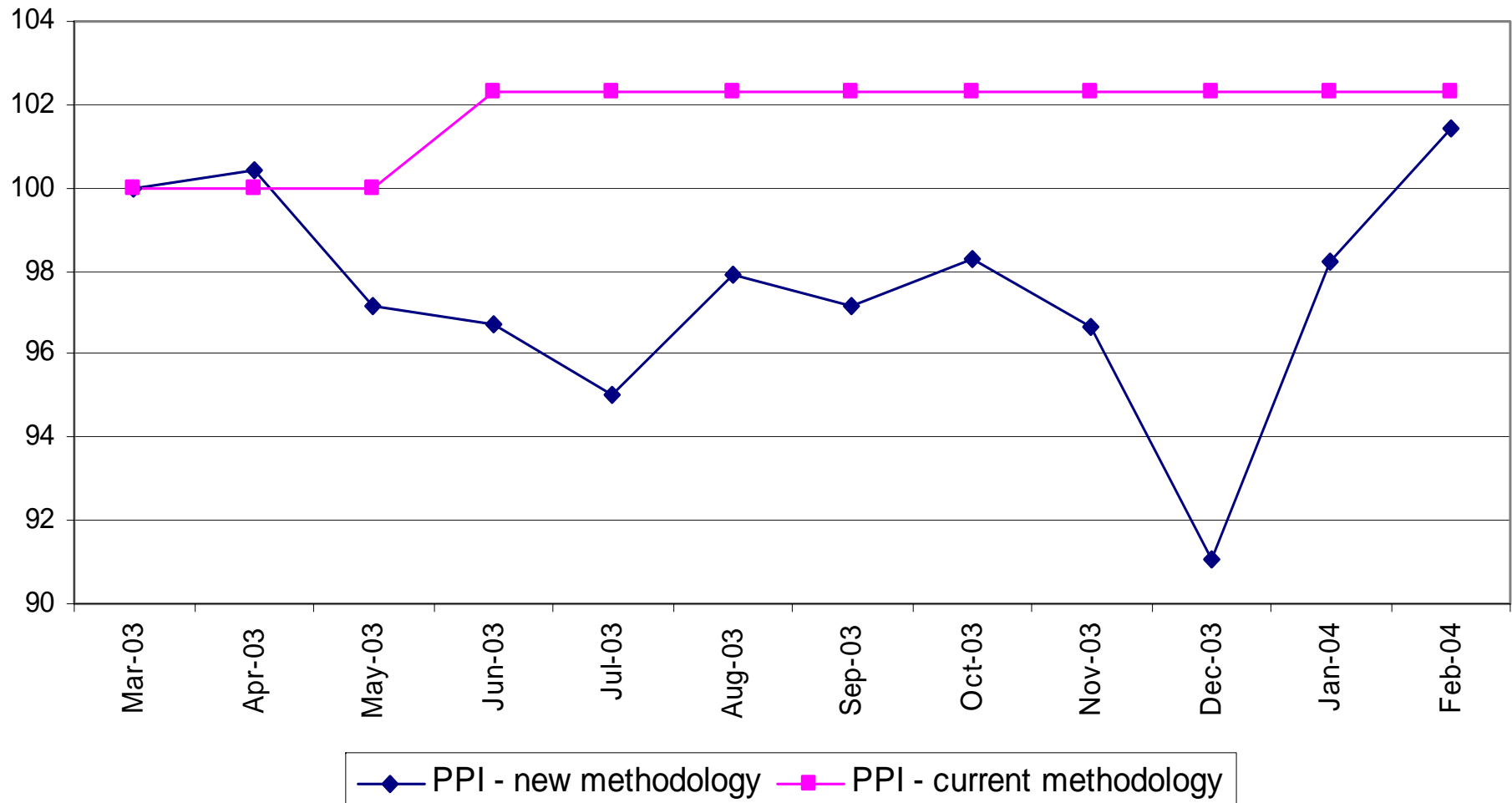
AVERAGE PRICE

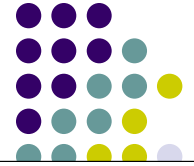


- Revenue/# of passengers
- Unlagged, three-week data
- Control for main service characteristics
 - Region (domestic or international)
 - Market (origin and destination)
 - Cabin class (first or coach)

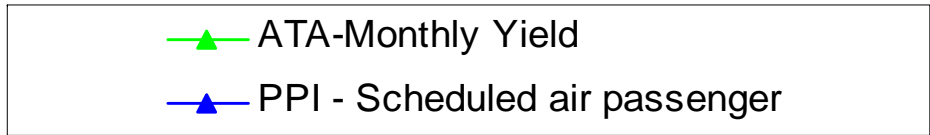
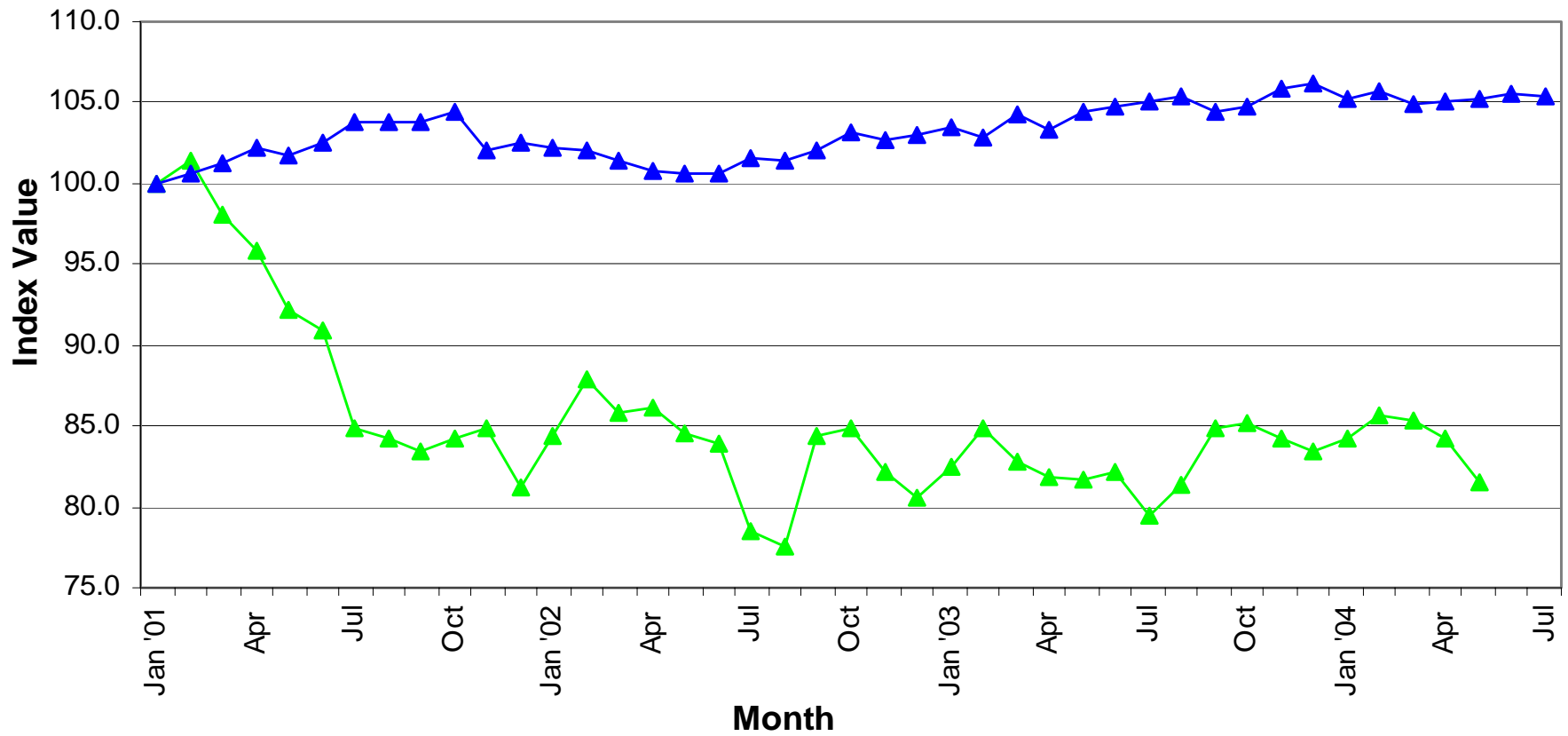


Representative Example of an Airline's Pricing



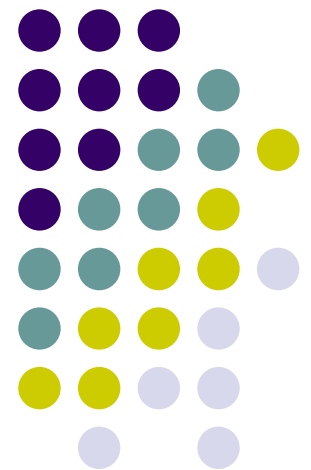


Comparison of Air Passenger Price Indices



Quality Adjustment

Producer cost
quality adjustment



Questions???

