Journal of Travel, Tourism and Recreation
Volume 2, Issue 3, 2020, PP 19-36
ISSN 2642-908X

Airlines' Pricing Strategies and O-D Markets: Theoretical and Practical Pricing Strategies

Mohamed Ramadan R. Abdelhady[1*], Mostafa Mahmoud H. Abou-Hamad[2]

[1]*Associate Lecturer at the Faculty of Tourism and Hotels, Fayoum University, Fayoum-Egypt.*
[2]*Associate Professor at the Faculty of Tourism and Hotels, Fayoum University, Fayoum- Egypt.*

***Corresponding Author:** Mohamed Ramadan R. Abdelhady, Associate Lecturer at the Faculty of Tourism and Hotels, Fayoum University, Fayoum-Egypt, Email: mrr11@fayoum.edu.eg*

ABSTRACT

Successful marketing strategies are just as substantial as the engineering for the airlines to survive. Part of the 4Ps is the pricing strategies of the aviation industry. This is specifically paramount for airlines to increase the market share in the air transport industry. Although it is conclusive for the airlines to offer competitive fares, academic studies are rare in such a field. If there are airlines-related academic studies or literatures available, they usually concentrate on the 4Ps but not on pricing itself. The study aims to evaluate the pricing strategies and origin-destination (O-D) markets of full-service carriers (FSCs) and low-cost carriers (LCCs). Furthermore, the authors would like to find out how airlines set their pricing strategies to compete in a fast- growing and highly competitive market. The findings revealed that the airlines attempt to segment the demand in each origin-destination (O-D) market by offering different combinations of price levels and restriction bundles designed to appeal to different groups of potential passengers with different levels of willingness to pay (WTP). In an effort to achieve this segmentation of demand, airlines impose purchase and travel restrictions on lower fares designed to act as 'fences' to prevent passengers with higher values of WTP for air travel from buying at a discount.

Keywords: *The Aviation Industry, Pricing Strategies, RPKs, LFs, ASKs, LCCs FSCs, O-D Markets, GDSs.*

INTRODUCTION

The early 20th century witnessed myriad aviation developments as new planes and technologies entered service. During the First World War, the airplane also proved its effectiveness as a military tool and, with the advent of early airmail service, showed a great promise for commercial applications (FAA, 2017). The air transport industry first appeared in the middle of the 1920s (Rapp, 2000) when first scheduled commercial airline took to flight in 1914 (Truxal, 2013), and after the Second World War, in the 1940s, it has experienced tremendous growth (Rapp, 2000; Mamo, 2015). Nowadays, air aviation sector has faced critical stages of expansion; the gap among travelers' expectations and perceptions is one of the most significant elements of the air services industry (Rafati & Shokrollahi, 2011). In addition, interaction between purchasers and vendors is facilitated by one or more Mediators (Bilotkach& Rupp, 2014).As organizations stick to pursue more international strategies, the need to be able to understand customers in faraway places is increasing (Young & Javalgi, 2007). The differences in passenger's profiles and expectations are valuable proof to airlines in understanding their passengers and designing their marketing strategies (Aksoy et al., 2003), whereas marketing is more than advertising or selling (Pride & Ferrell, 2008; Perreault et al., 2012). Sensitivity to price is the most important major factor affecting purchasing decision ((Astutia et al., 2015; Abdelhady et al., 2019). According to IATA Economics (2016), the top 3 factors that impact airline loyalty are ticket prices (37%), flight schedule (17%) and onboard comfort (16%).

According to recent circumstances, the price became the only element of the marketing mix, which is exposed to change constantly, more than any other element (Gábor, 2010) as well as producing revenues (Lee & Carter, 2012). Others, however, are related to expenses that are also the most flexible element of marketing strategy (Avlonitis, 2005). Thus, Pricing is one of the main problems facing the administration (Donnelly & Harrison, 2010) and it has been an age-old management issue (Cho et al., 2009). Although LCCs were able to attract passengers

on the basis of value for money (Pels&Rietveld, 2004; Sai et al., 2012; Rajaguru, 2016), they discovered awkwardness in retaining and building loyal passenger base (Chacon & Mason, 2011; Rajaguru, 2016). Thus, In order to struggle the rivalry and to be sustainable, airlines have to take in consideration the cornerstones of air transport industry, apply a convenient strategy, and improve continuously (Fedosova, 2016). The highly air transport competition has grown extremely (Banerjee &Kanathia, 2006; Vidović et al., 2006; Button &Ison, 2008; Fageda et al., 2011; Hamidi et al, 2013; Acar & Karabulak, 2015; Bergantinoy& Capozzaz, 2015) since air transport deregulation in the US in 1978 (Driver ,2001;Vidović etal.,, 2006; Banerjee& Kanathia,2006; Button & Ison ,2008 ;Gross & Lück ,2011 ;Detzen et al., 2012; Sarilgan, 2016), thereafter, intra- EU in the 1990s (Schnell, 2003; Knorr &Ţigová, 2004; Civil Aviation Authority, 2006; Banerjee & Kanathia, 2006; Graham & Shaw, 2008; Fageda et al., 2011; Diaconu, 2012; Westermann, 2012; Vidović et al., 2013), and since then the cost of air travel in the US and Europe has fallen and the size of the airline industry has grown rapidly (Karivate, 2004)

LITERATURE REVIEW

Theoretical Pricing Strategies

Air transport industry went through a long growth. The process of globalization, internationalization and many other factors greatly increased the amount of passengers. Trade agreements, expansion of cargo transportation caused greater mobility of business travelers. The behavior of leisure passengers also changed. All these factors have had a notable impact on creating of the airline pricing strategies (Fedorco &Hospodka, 2013; Abdelhady et al., 2018), and it is well-known that air carriers use a variety of mechanisms to price discriminate between customers with different willingness to pay for travel (Puller & Taylor, 2013).Theoretical Pricing Strategies include the following:

Demand-Based Pricing

The price elasticities of different demand segments and different O-D markets reflect their sensitivity to the prices of air travel, and the airline sets different prices for each segment in an attempt to maximize its total revenues. The underlying assumption is that there are some consumers who are willing to pay a very high price for the convenience of air travel while others will only fly at substantially lower prices. Under this approach, airlines charge different prices to different consumers with different price sensitivity.

The principle of demand-based pricing is based on consumers' willingness to pay, as defined by the price– demand curve in each O-D market.

These price differences are not related to cost differences experienced by the airline in providing services to the different demand segments, only to the differences in price sensitivity, demand elasticity and willingness to pay this practice is referred to as strict price discrimination by economists (Wensveen, 2012).

Cost-Based Pricing

The commitment to function a planned benefit independent of the number of travelers on board implies that not as it were aircraft proprietorship costs, but crew costs and indeed fuel costs, can be considered as settled for a arranged set of flights.

The marginal costs of carrying an incremental passenger are therefore very low- essentially the cost of an additional meal and a very small amount of incremental fuel. Microeconomics textbooks make reference to the practice of marginal cost pricing‖ in which the producer sets prices equal to the marginal cost of producing an incremental unit of output.

This hone is one of the hypothetically ideal conditions of impeccably competitive‖ markets, which don't exist within the genuine world. Within the brief run, the costs to an carrier of working a plan of flights are viably settled. Subsequently, carriers might not conceivably cover their add up to working costs beneath a strict negligible estimating conspire in which negligible costs are credited to an incremental traveler carried on a flight. An alternative approach to cost-based pricing is that of average-cost pricing.

Under this pricing principle, an airline would set its prices in all O-D markets based on system-wide operating cost averages per flight or per available seat kilometer (ASK).Average-cost estimating over looks carrier taken a toll contrasts in giving administrations to diverse O-D markets. It permits littler markets to advantage (with misleadingly moo costs) at the cost of higher-density markets that aircrafts can serve more productively (e.g., with bigger airplane) (Wensveen, 2012; Abdelhady et al., 2018).

Service-Based Pricing

In theory (and in practice), the notion of fare product differentiation can be extended beyond this simple first- vs. economy-class distinction. Unlike demand-based pricing, service-based pricing has a differential cost basis for the airline.Because higher-quality services generally cost the airline more to produce, this approach cannot be considered price discrimination.

The third hypothetical estimating rule employments contrasts within the quality of services (and, in turn, within the taken a toll of giving these administrations) as a premise for estimating.

Even if the onboard product (i.e., economy seat and meal service) are the same, lower fares with advance purchase requirements actually represent an opportunity cost savings to the airline, as the airline is better able to reduce uncertainty about loads on future departures and reduce the risk of lost revenue potential from empty seats (Wensveen, 2012).

PRICING STRATEGIES OF FSCS

In different industries, firms use a great number of approaches so as to understand the customers' behavior and sell their services or products with the highest profit margin.

One of them is revenue management (RM) (Belova, 2015). Revenue management is a set of special pricing strategies developed by airlines (McAfee &Velde, 2006; Belova, 2015) which has a long history starting with the air transport deregulation in the late 1970s (Poelt, 2011). RM let airlines survive without government support (Wetzelaer, 2013; Belova, 2015).

For the last few decades, the airlines all over the world have started to use this strategy (Belova, 2015).

FSCs offer a wide range of class of service (first class, business class and economy class) with various sale conditions (Klein &Loebbecke, 2003; Snyder & Tai, 2012; Belova, 2015) and restrictions within each reservation booking designator (RBD) and each cabin (Fedorco &Hospodka, 2013; Belova, 2015), so as to have the possibility to charge different types of passengers with different prices (Belova, 2015). Discriminant pricing or price differentiation is the underpinning of RM.

Unbundling takes this to a new level and dimension (R.W.Mann, 2011), and thus RM is to maximize revenues by adjusting fares dynamically and controlling capacity (CNN, 2017). Likewise, many FSCs offer last-minute deals, either directly or via mediators.

The current prevailing practice is to control demand via seat allocation to various classes rather than by offering a single class and letting price be the sole variable that controls demand (Koenigsberg et al., 2008). Last-minute prices, which are perceived by passengers as being fuel field as time goes on thus increasing the risk of booked out flights, conveys to the passenger the idea of a price guarantee, so there will be no cheaper prices for a certain flight at a later point in time.

As booking goes on, pricing becomes more cost-orientated (Gross &Lück, 2011). FSCs prices increase as thedeparture date draws closer (Pitfield, 2005; Roos et al., 2010; Belova, 2015; Malighettia et al., 2015), and this period is characterized by a lower price elasticity of demand (Belova, 2015).In the USA, the Civil Aeronautics Board (CAB) used a mileage-based formula to ensure equal prices for equal distances.

A passenger wishing to fly on a non-stop flight from Boston to Seattle (approximately 4000 km or 2500 miles) would pay the same price as a passenger traveling on a double-connection service from Boise, Idaho, to Miami, Florida, covering the same distance. Airlines were required to charge the same price for either passenger, despite the fact that the Boise–Miami O-D market is substantially smaller, and the costs to the airline of providing double-connection service on smaller aircraft are substantially higher on a per passenger basis. Different O-D markets can have prices not related to distance traveled, or even the airline’s operating costs, as airlines match low-fare competitors to maintain market presence and share of traffic.

In terms of different price levels, airlines were allowed to offer only first-class and unrestricted economy fare (coach or tourist class) products, both of which were tied to the mileage-based fare formula. I

t is also possible that low volume O-D markets that are more costly to serve on a per passenger basis will see higher prices than high-density O-D markets, even if similar distances are involved.

The relationship between O-D markets and airline prices is illustrated in fig. (1) (Belobaba, 2009)

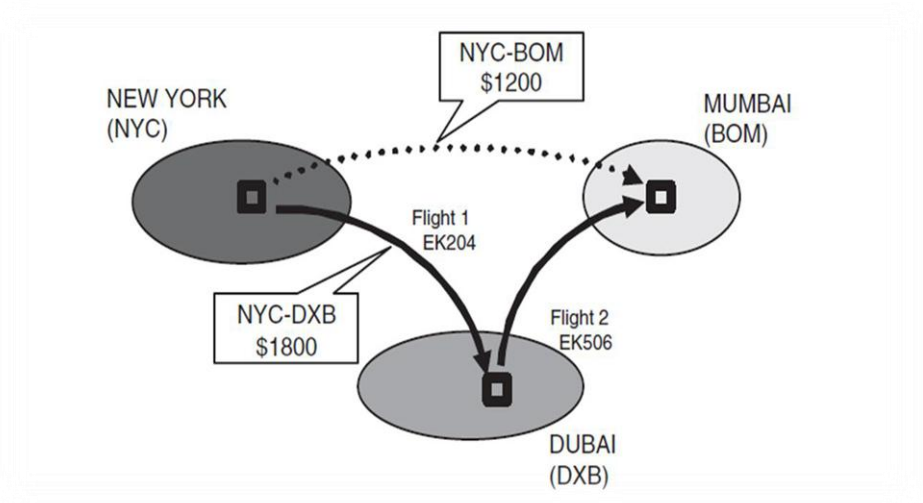

Figure1. *O-D Market Price Differences*

Source: *(Belobaba, 2009)*

PRICING STRATEGIES OF LCCS

The practice of dynamic pricing typical of LCCs is generally regarded as a form of price discrimination between business passengers and leisure passengers on a single trip (Salanti et al., 2012). Price is the weapon of many LCCs in the competition for market share (Poh et al., 2011), which has become a major competitor in the air transport industry all over the world (Beltran, 2014; ELFAA, 2015).

LCCs, such as EasyJet and Ryanair in Europe and Southwest an-fd JetBlue in the U.S. are forcing major changes in pricing schemes (Koenigsberg et al., 2008; Forgas et al., 2010; Lordan, 2014), as LCCs caused a reduction in airfares offered by FSCs (Mentzer, 2011; Fernando, 2012). LCCs generally unbundled most, if not all, services offered to passengers including in-flight services, booking and check-in, with the objective of offering a basic service with all additional services provided for a fee. The success of this approach to pricing is evidenced by the growing popularity of LCC style operations (Whyte & Randall, 2014).

Few of LCCs segment market on the basis of willingness to pay for the air ticket with different conditions and restrictions. On the contrary, most of LCCs offer a single price, at any time, for secondary of service at each departure. This fare is mostly growing with approaching departure. As offered air tickets are one-way tickets (Civil Aviation Authority, 2006; Fedorco&Hospodka, 2013), these tickets are nonrefundable (Francisa et al., 2004; Civil Aviation Authority, 2006; Kim & Lee, 2012; Fedorco & Hospodka, 2013) and ticket changes are either completely prohibited or subject to any administrative change fee (Civil Aviation Authority, 2006; Fedorco & Hospodka, 2013). LCCs business model targeted precisely that market, through very low fares. As a result, a significant share of the market was suddenly able to travel. This explains the success of the LCCs concept which was able to offer low fares and, with it, conquer the market that was previously economically excluded from flying. A precondition for success was that low fares could only be sustainable if there was a low-cost operation. So, in fact, the low-cost is a condition for the strategy followed and not the strategy itself. In this way, the most correct designation for these services should be low fare airlines (LFAs), instead of LCCs (Macário et al., 2007).

RESEARCH METHODOLOGY

The study aims to have a closer look at pricing strategies and O-D markets of FSCs and LCCs; the study has used ticket restrictions to estimate the effect of market concentration on price discrimination. Specifically, there are selected O-D markets such as: (CDG-FCO-CDG// FCO-CDG-FCO)- (LHR-MAD-LHR// MAD-LHR-MAD)- (FRA-IST-FRA// IST-FRA-IST))-(CAI-SHJ-CAI// SHJ-CAI-SHJ), which are served by Air France, Alitalia, British Airways, Iberia, Lufthansa, Turkish Airlines, Egypt Air, and Air Arabia.

Passenger booking data were obtained from Galileo GDS, one of the four major GDSs used by travel agents and airlines to book tickets and handle ticketing activities. These airlines are

governmentally owned and now face competition in the open market, especially after the airline deregulation act of 1978.

RESEARCH FINDINGS

Airfares pricing have always been a source of embarrassment for travelers. What is the best time to purchase airfares?

Why might travelers taking the same trip pay significantly different prices for the same seat? Why does a round trip become cheaper than the one-way flight? Is it fair to purchase an airfare for an itinerary cheaper than a ticket for just a part of it?

These observations make passengers wonder why they pay higher prices for shorter flights. Therefore, the study pursues to evaluate the pricing strategies of FSCs and LCCs based on monitoring of air ticket prices in different markets and in different time periods, as follows:

Pricing Strategies of Air France- Economy Class

Figure (2) illuminatesthe pricing strategies of Air France, a round trip- economy class (Paris-Roma -Paris). It turns out from the figure that the total fare of the ticket on-board of Air France (CDG-FCO-CDG) is 145.10 US Dollars (USD). The pieces of baggage allowance are two pieces of baggage per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger.

Air France fees are 45 Euros for the first and 70 Euros for the second checked baggage.It is also remarkable from the figure that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 12KG.

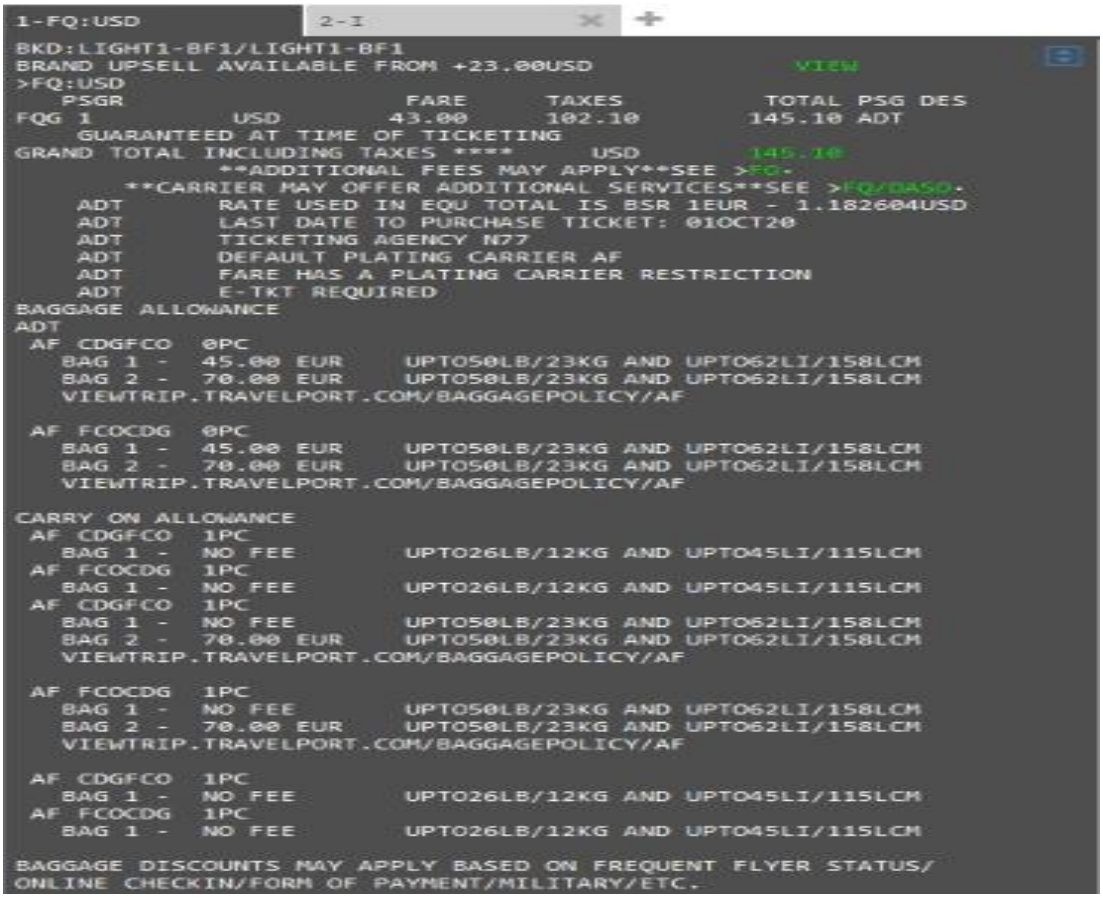

Figure2. *Pricing Strategies of Air France- Economy Class (CDG-FCO-CDG)*

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Alitalia- Economy Class (CDG-FCO-CDG)

Figure (3) exemplifies the pricing strategies of Alitalia, a round trip- economy class (Roma–Paris- Roma). According to fig.(3),the total fare of the ticket on-board of Alitalia (FCO-CDG-FCO) is 140.70 US Dollars (USD). The pieces of baggage allowance are two pieces of baggage

per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger. Alitalia fees are 55 Euros for the first and 75 Euros for the second checked baggage. It is also remarkable from the figure that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG.

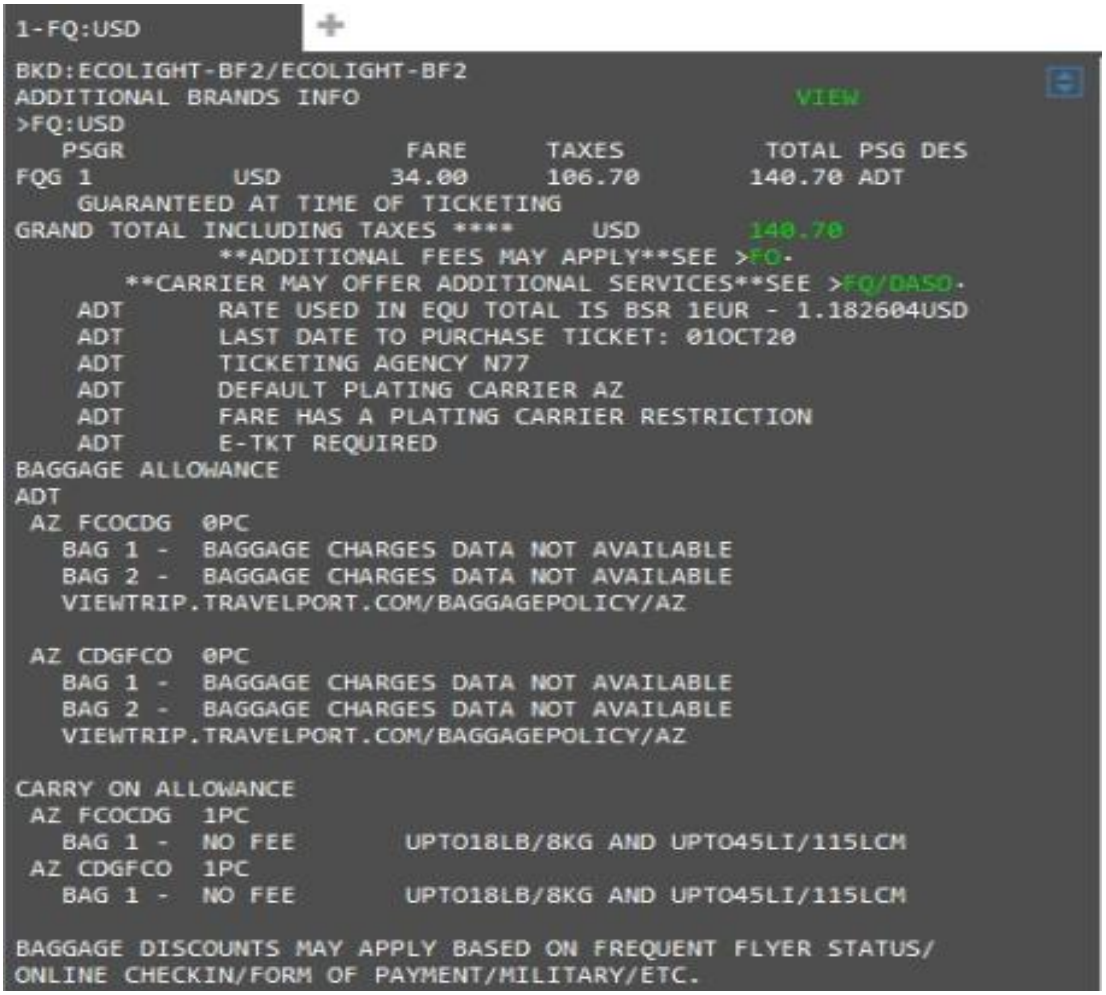

Figure3. *Pricing Strategies of Alitalia- Economy Class (FCO-CDG-FCO)*

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Air France and Alitalia-Economy Class (FCO-CDG-FCO)

Table (1) delineates the pricing strategies of Air France and Alitalia (Sky Team Alliance-FSCs), a round trip- Economy class (Paris-Roma–Paris// Roma–Paris- Roma).

It seems that table (1) assures that the total fare of the ticket on-board of Air France (CDG-FCO-CDG) is 145.10 US Dollars (USD) compared to 140.70 US Dollars (USD) on-board of Alitalia (FCO-CDG-FCO).

The pieces of baggage allowance are two pieces of baggage per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger. Air France fees are 45 Euros for the first and 70 Euros for the second checked baggage. It also turns out from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 12KG. On the other hand, the pieces of baggage allowance on board of Alitalia are two pieces of baggage per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger.

Alitalia fees are 55 Euros for the first and 75 Euros for the second checked baggage. It is also obvious from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG.Non-refundable Tickets are permitted to

Re-issue /Re-route without charging reissue /rerouting penalty fees on board of Air France. On the other hand, Non-refundable Tickets are not permitted to Re-issue /Re-route without charging reissue /rerouting penalty fees on board of Alitalia.

Furthermore, Cancellations and Changes are not permitted to Re-issue /Re-route/ Re-validation on board of Air France and Alitalia in case of no-show. These fares can carry substantial restrictions, such as an advance purchase requirement, a minimum and/or maximum stay requirement "at least one Saturday night", penalties linked to changes, non-refundable status and non-eligibility for infant and child discounts.

As Aircraft Cabin Classes on board of Air France and Alitalia (CDG-FCO-CDG// FCO-CDG-FCO) are economy and business classes.

Table1. *Pricing Strategies of Air France and Alitalia-Economy Class (CDG-FCO-CDG// FCO-CDG-FCO)*

ELEMENTS OF COMPARISON	AIRFRANCE	Alitalia
AIRLINE ALLIANCE	➢ **SKY TEAM ALLIANCE**	
TOTAL FARES	➢ 145.10 USD	➢ 140.70 USD
BOOKING CLASSES	➢ ECONOMY CLASS	➢ ECONOMY CLASS
ORIGIN-DESTINATION (O-D)	➢ CDG-FCO-CDG	➢ FCO-CDG-FCO
FREE BAGGAGE ALLOWANCE	➢ 0 PC(0 KG)	➢ 0 PC(0 KG)
FREE CARRY-ON BAGGAGE **ALLOWANCE**	➢ 1PC (12KG)	➢ 1PC (8KG)
CANCELLATION CHARGES	➢ TICKET IS NON-REFUNDABLE IN CASE OF CANCEL/ NO-SHOW.	➢ TICKET IS NON-REFUNDABLE IN CASE OF CANCEL/ NO-SHOW.
NO- SHOW CHARGES	➢ CHANGES ARE NOT PERMITTED IN CASE OF NO-SHOW. ➢ CANCELLATIONSARE NON-REFUNDABLE IN CASE OF NO-SHOW.	➢ CHANGES ARE NOT PERMITTED IN CASE OF NO-SHOW. ➢ CANCELLATIONSARE NON-REFUNDABLE IN CASE OF NO-SHOW.
CHANGES CHARGES	➢ CHANGES ARE PERMITTED FOR REISSUE/ REVALIDATION.	➢ CHANGES ARE PERMITTED FOR REISSUE/ REVALIDATION.
MINIMUM STAY	➢ 3D	➢ 3D
MAXIMUM STAY	➢ 12M	➢ 12M
AIRCRAFT CABIN CLASSES	➢ ECONOMY-BUSINESS	➢ ECONOMY- BUSINESS
AIRCRAFT MODEL	➢ EQP 333/ 36(C) - 265(Y)	➢ EQP 343/ 21(C) - 227(Y)

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of British Airways-Economy Class (LHR-MAD-LHR)

Figure (4) clarifiesthe pricing strategies of British Airways, a round trip- economy class (London - Madrid- London).

It turns out from the figure that the total fare of the ticket on-board of British Airways (LHR-MAD-LHR)is 313.90 US Dollars (USD).

The free pieces of baggage allowance are two pieces of baggage per economy class passenger (LHR-MAD); the weight of one piece should not exceed 32KG per economy class passenger. Alitalia fees are 85 Euros for the first and 85 Euros for the second checked baggage (MAD-LHR).

It is also remarkable from the figure that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed **23**KG.

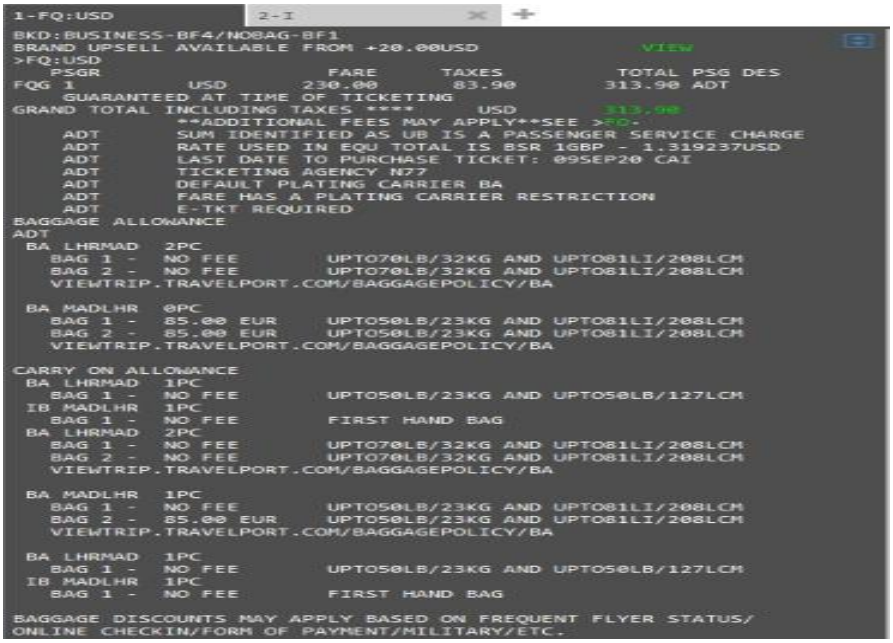

Figure4. *Pricing Strategies of British Airways- Economy Class (LHR-MAD-LHR)*

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Iberia- Economy Class (MAD-LHR-MAD)

Figure (5) demonstrates the pricing strategies of Iberia, a round trip- economy class (Madrid-London-Madrid). According to fig.(5), the total fare of the ticket on-board of Iberia (MAD-LHR-MAD) is **142.8**0 US Dollars (USD). The pieces of baggage allowance are two pieces of baggage per economy class passenger; the weight of one piece should not exceed 32KG per economy class passenger. Iberia fees are **25** Euros for the first and 25 Euros for the second checked baggage (MAD-LHR)and **2**3 Euros for the first and 23 Euros for the second checked baggage (LHR-MAD).It is also remarkable from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed **23**KG.

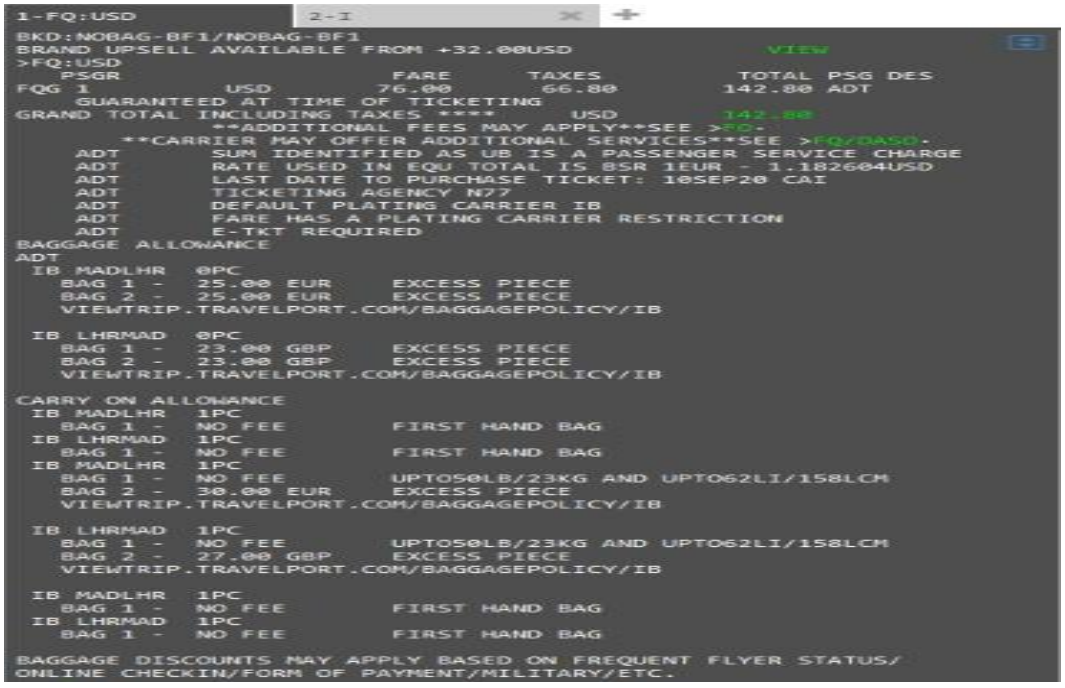

Figure5. *Pricing Strategies of Iberia- Economy Class (MAD-LHR-MAD)*

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of British Airways and Iberia- Economy Class (Oneworld Alliance- FSCs)

Table (2) exemplifies the pricing strategies of British Airways and Iberia (Oneworld Alliance - FSCs), a round trip- Economy Class (London-Madrid-London// Madrid-London-Madrid). The table confirms that the total fare of the ticket on-board of British Airways (LHR-MAD-LHR) is 313.90 US Dollars (USD), compared to 142.80 US Dollars (USD) on-board of Iberia (MAD-LHR-MAD). The free pieces of baggage allowance are two pieces of baggage per economy class passenger (LHR-MAD); the weight of one piece should not exceed 32KG per economy class passenger. Alitalia fees are 85 Euros for the first and 85 Euros for the second checked baggage (MAD-LHR). It seems that table (2) assures that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 23KG. On the other hand, the pieces of baggage allowance are two pieces of baggage per economy class passenger; the weight of one piece should not exceed 32KG per economy class passenger. Iberia fees are **25** Euros for the first and 25 Euros for the second checked baggage (MAD-LHR)and **2**3 Euros for the first and 23 Euros for the second checked baggage (LHR-MAD). It is also remarkable from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed **23**KG.Non-refundable Tickets are permitted to Re-issue /Re-route/ Re-Validation charging 130 USD on board of British Airways, Compared to 80 USD on board of Iberia. These fares can carry substantial restrictions, such as an advance purchase requirement, a minimum and/or maximum stay requirement "at least one Saturday night", penalties linked to changes, non-refundable status and non-eligibility for infant and child discounts. As Aircraft Cabin Classes on board of British Airways and Iberia (LHR-MAD-LHR// MAD-LHR-MAD) are economy and business classes.

Table2. *Pricing Strategies of British Airways and Iberia- Economy Class (LHR-MAD-LHR// MAD-LHR-MAD)*

ELEMENTS OF COMPARISON	BRITISH AIRWAYS oneworld	IBERIA
AIRLINE ALLIANCE	➢ **ONEWORLD ALLIANCE**	
TOTAL FARES	➢ 313.90 USD	➢ 142.80 USD
BOOKING CLASSES	➢ ECONOMY CLASS	➢ ECONOMY CLASS
ORIGIN-DESTINATION (O-D)	➢ LHR-MAD-LHR	➢ MAD-LHR-MAD
FREE BAGGAGE ALLOWANCE	➢ 2PCs (64KG-HR-MAD)	➢ 0 PC (0 KG)
FREE CARRY-ON BAGGAGE **ALLOWANCE**	➢ 1PC(23KG)	➢ 1PC(23KG)
CANCELLATION CHARGES	➢ TICKET IS NON-REFUNDABLE IN CASE OF CANCEL.	➢ TICKET IS NON-REFUNDABLE IN CASE OF CANCEL.
NO- SHOW CHARGES	➢ CANCELLATIONS ARE TICKET IS NON-REFUNDABLE IN CASE OF NO-SHOW.	➢ CANCELLATIONS ARE NON-REFUNDABLE IN CASE OF NO-SHOW.
CHANGES CHARGES	➢ CHARGE 130.00 USD FOR REISSUE/ REVALIDATION.	➢ CHARGE 80.00 USD FOR REISSUE/ REVALIDATION.
MINIMUM STAY	➢ 3D	➢ 3D
MAXIMUM STAY	➢ 3M	➢ 12M
AIRCRAFT CABIN CLASSES	➢ ECONOMY-BUSINESS	➢ ECONOMY-BUSINESS
AIRCRAFT MODEL	➢ EQP 738/ 24(C) - 120(Y)	➢ EQP 321/ 16(C) - 158(Y)

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Lufthansa- Economy Class (FRA-IST-FRA)

Figure (6) elucidates the pricing strategies of Lufthansa, a round trip- economy class (Frankfurt-Istanbul- Frankfurt). It turns out from the figure that the total fare of the ticket on-board of Lufthansa (FRA-IST-FRA) is 375.10 US Dollars (USD). The free piece of baggage allowance isone piece of baggage per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger. Alitalia fees80 Euros for the second checked baggage (FRA-IST), and fees 705 TRY for the second checked baggage (IST-FRA).It is also remarkable from the figure that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG.

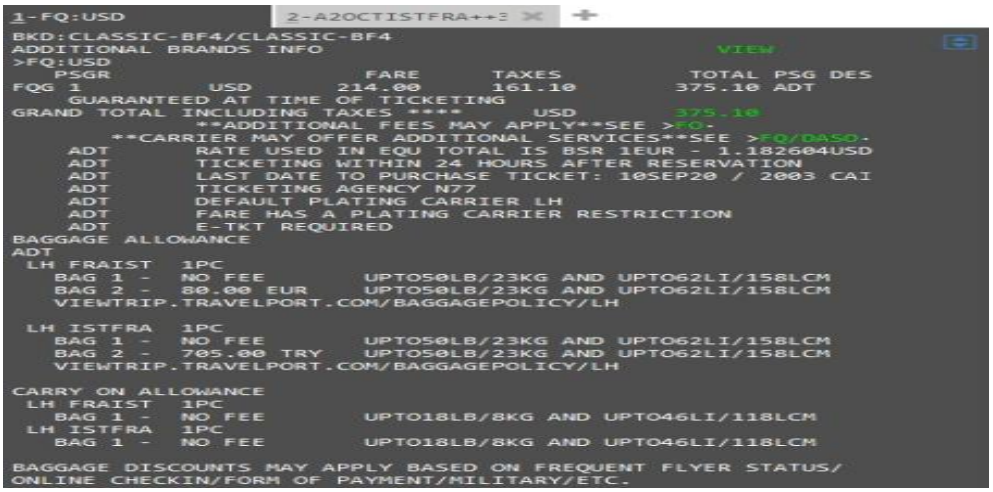

Figure6. *Pricing Strategies of Lufthansa- Economy Class (FRA-IST-FRA)*

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Turkish Airlines- Economy Class (IST-FRA-IST)

Figure (7) demonstrates the pricing strategies of Turkish Airlines, a round trip- economy class (Istanbul-Frankfurt-Istanbul). According to fig.(7), the total fare of the ticket on-board of Turkish Airlines (IST-FRA-IST) is 173.30 US Dollars (USD). The free piece of baggage allowance is one piece of baggage per economy class passenger; the weight of one piece should not exceed 30KG per economy class passenger. It is also remarkable from the figure that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG.

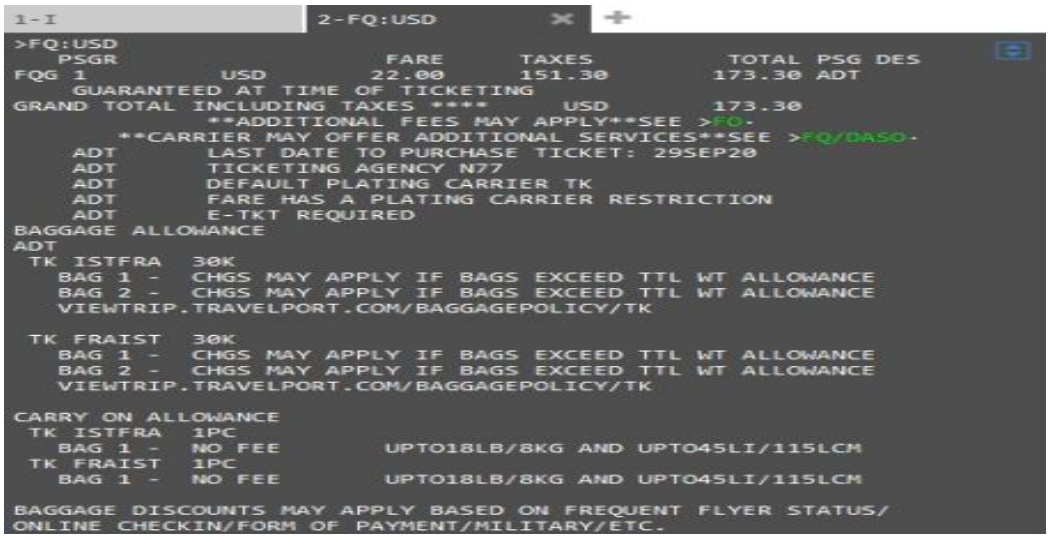

Figure7. *Pricing Strategies of Turkish Airlines- Economy Class (IST-FRA-IST)*

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Lufthansa and Turkish Airlines- Economy Class (Star Alliance- FSCs)

Table (3) exemplifies the pricing strategies of Lufthansa and Turkish Airlines (Star Alliance- FSCs), a round trip- Economy class (Frankfurt- Istanbul- Frankfurt // Istanbul- Frankfurt- Istanbul).It seems that table (3) assures that the total fare of the ticket on-board of Lufthansa (FRA-IST-FRA) is 375.10 USDollars (USD), compared to 173.30 US Dollars (USD) on-board of Turkish Airlines (IST-FRA-IST).

The free piece of baggage allowance on-board of Lufthansa is one piece of baggage per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger. Alitalia fees 80 Euros for the second checked baggage (FRA-IST), and fees 705 TRY for the second checked baggage (IST-FRA). It turns out from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG.On the other hand, the free piece of baggage allowance is one piece of baggage per economy class passenger; the weight of one piece should not exceed 30KG per economy class passenger. It is also remarkable from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG.

Non-refundable Tickets are permitted to Re-issue /Re-route without charging reissue /rerouting penalty fees on board of Lufthansa and Turkish Airlines. Furthermore, Cancellations and Changes are not permitted to Re-issue /Re-route/ Re-validation on board of Lufthansa and Turkish Airlines in case of no-show.

These fares can carry substantial restrictions, such as an advance purchase requirement, a minimum and/or maximum stay requirement "at least one Saturday night", penalties linked to changes non-refundable status and non-eligibility for infant and child discounts. As Aircraft Cabin Classes on board of Lufthansa and Turkish Airlines (FRA-IST-FRA // IST-FRA-IST) are economy and business classes.

Table3. *Pricing Strategies of Lufthansa and Turkish Airlines- Economy Class (FRA-IST-FRA// IST-FRA-IST)*

ELEMENTS OF COMPARISON	Lufthansa A STAR ALLIANCE MEMBER	TURKISH AIRLINES A STAR ALLIANCE MEMBER
AIRLINE ALLIANCE	➢ STAR ALLIANCE	
TOTAL FARES	➢ 375.10 USD	➢ 173.30 USD
BOOKING CLASSES	➢ ECONOMY CLASS	➢ ECONOMY CLASS
ORIGIN-DESTINATION (O-D)	➢ FRA-IST-FRA	➢ IST-FRA-IST
FREE BAGGAGE ALLOWANCE	➢ 1PC (23KG)	➢ 30KG
FREE CARRY-ON BAGGAGE ALLOWANCE	➢ 1PC (8KG)	➢ 1PC (8KG)
CANCELLATION CHARGES	➢ TICKET IS NON-REFUNDABLE IN CASE OF CANCEL/NO-SHOW.	➢ TICKET IS NON-REFUNDABLE IN CASE OF CANCEL/NO-SHOW.
NO- SHOW CHARGES	➢ CANCELLATIONS ARE NON-REFUNDABLE IN CASE OF NO-SHOW.	➢ CANCELLATIONS ARE NON-REFUNDABLE IN CASE OF NO-SHOW. ➢ CHANGES ARE NOT PERMITTED IN CASE OF NO-SHOW FOR REISSUE/ REVALIDATION.
➢ CHANGES CHARGES	➢ CHANGES ARE PERMITTED FOR REISSUE/ REVALIDATION.	➢ CHANGES ARE PERMITTED FOR REISSUE/ REVALIDATION.
MINIMUM STAY	➢ 7D	➢ 3D

MAXIMUM STAY	➢ 12M	➢ 12M
AIRCRAFT CABIN CLASSES	➢ ECONOMY-BUSINESS	➢ ECONOMY-BUSINESS
AIRCRAFT MODEL	➢ EQP 738/ 16(C) - 138(Y)	➢ EQP 321/ 38(C) - 147(Y)

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Egypt Air- Economy Class (CAI-SHJ-CAI)

Figure (8) elucidates the pricing strategies of Egypt Air, a round trip- economy class (Cairo-Sharjah -Cairo).

It turns out from the figure that the total fare of the ticket on-board of Egypt Air (CAI-SHJ-CAI) is **371.6**0 US Dollars (USD).The free piece of baggage allowance is one piece of baggage per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger. Egypt Air fees 1592 EGP(CAI- SHJ)and 560 AED (SHJ-CAI) for the second checked baggage.

It is also remarkable from the figure that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG.

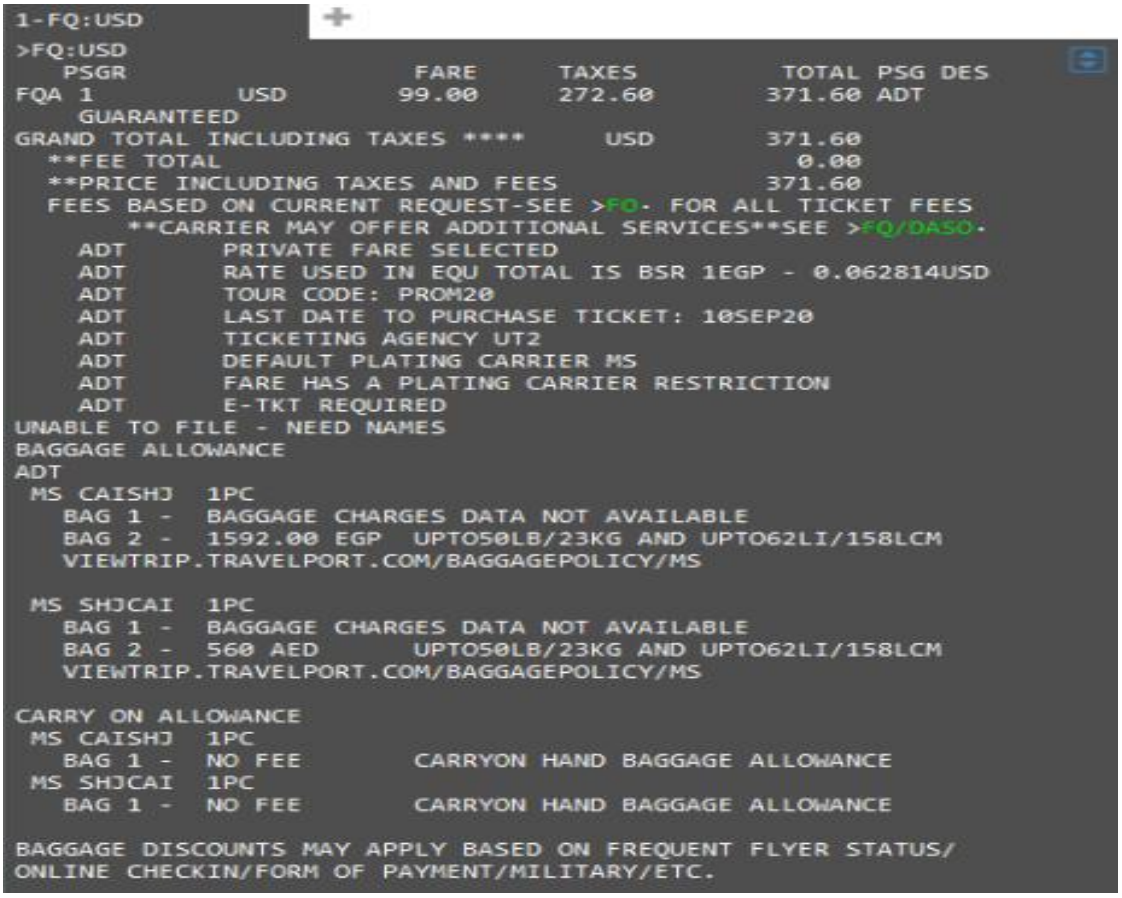

Figure8. *Pricing Strategies of Egypt Air- Economy Class (CAI-SHJ-CAI)*

Source: (Prepared by the Researchers, 2020)

Pricing Strategies of Air Arabia- Economy Class (SHJ-CAI-SHJ)

Figure (9) demonstrates the pricing strategies of Air Arabia, a round trip- economy class (Sharjah -Cairo- Sharjah).It turns out from the figure that the total fare of the ticket on-board of Air Arabia (SHJ-CAI-SHJ) is 348.00 US Dollars (USD).Passengers will be charged for baggage. The only baggage allowance available for purchase at the airport is 20 KG; additional weight will be subject to excess baggage rates.

It is also remarkable from the figure that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed **10**KG.

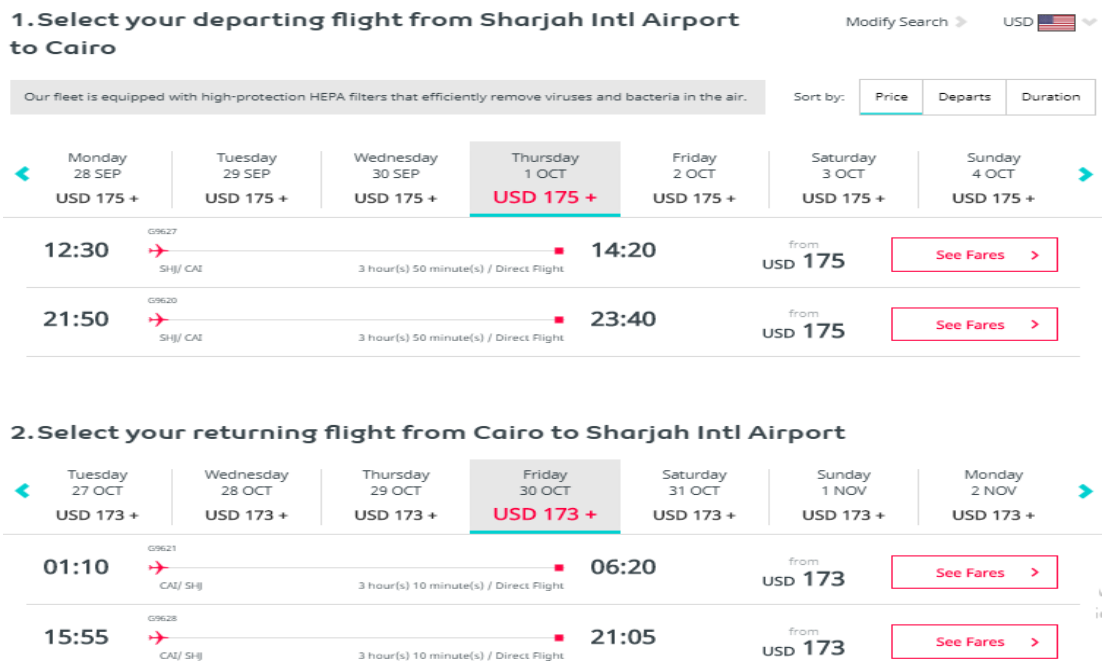

Figure9. *Pricing Strategies of Air Arabia- Economy Class(SHJ-CAI-SHJ)*

Source: *(Prepared by the Researchers, 2020)*

Pricing Strategies of Egypt Air and Air Arabia- Economy Class (FSCs vs. LCCs)

Table (4) illuminates the pricing strategies of Egypt Air and Air Arabia (FSCs vs. LCCs), a round trip- Economy class (Cairo- Sharjah - Cairo // Sharjah –Cairo- Sharjah). According to table (4), the total fare of the ticket on-board of Egypt Air (CAI-SHJ-CAI) is 371.60 US Dollars (USD), compared to 348.00 US Dollars (USD) on-board of Air Arabia (SHJ–CAI-SHJ). The free piece of baggage allowance on-board of Egypt Air is one piece of baggage per economy class passenger; the weight of one piece should not exceed 23KG per economy class passenger. Egypt Air fees 1592 EGP (CAI- SHJ) and 560 AED (SHJ-CAI) for the second checked baggage. It is remarkable from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 8KG. On the other side, the only baggage allowance available for purchase at the airport is 20 KG on-board of Air Arabia; additional weight will be subject to excess baggage rates.It is also obvious from the table that the pieces of carry-on baggage permitted is 1PC of cabin baggage per economy class passenger will be carried in the cargo compartment free of charge; the weight of one piece should not exceed 10KG. Refundable Tickets are permitted to Cancel/ Re-issue /Re-route with charging reissue /rerouting penalty fees. These fares can carry substantial restrictions, such as an advance purchase requirement, a minimum and/or maximum stay requirement“ at least one Saturday night”, penalties linked to changes, non-refundable status and non-eligibility for infant and child discounts. It turns out from table (4) that the restrictions of LCCs are more stringent compared to FSCs. As Aircraft Cabin Classes on board of Egypt Air and Air Arabia (CAI-SHJ-CAI// SHJ–CAI-SHJ) are economy and business classes.

Table4. *Pricing Strategies of Egypt Air and Air Arabia- Economy Class (CAI-SHJ-CAI// SHJ-CAI-SHJ)*

ELEMENTS OF COMPARISON	EGYPTAIR A STAR ALLIANCE MEMBER	AirArabia العربية للطيران
TOTAL FARES	➢ 371.60 USD	➢ 348.00 USD
BOOKING CLASSES	➢ ECONOMY CLASS	➢ ECONOMY CLASS
ORIGIN-DESTINATION (O-D)	➢ CAI-SHJ-CAI	➢ SHJ-CAI-SHJ
FREE BAGGAGE ALLOWANCE	➢ 1PC(23KG)	➢ 0 PC(0 KG)

FREE CARRY-ON BAGGAGE **ALLOWANCE**	➢ 1PC(8 KG)	➢ 1PC(10 KG)
CANCELLATION CHARGES	➢ CHARGE 65.00USD.	➢ 72 HOURS BEFORE DEPARTURE: 30% OF THE FARE AND SURCHARGE OR A MINIMUM OF 150 AED PER PASSENGER EACH WAY. ➢ 72 TO 24 HOURS BEFORE DEPARTURE: 30% OF THE FARE AND SURCHARGE OR A MINIMUM OF AED 200 PER PASSENGER EACH WAY. ➢ AIR ARABIA DOES NOT HAVE A REFUND POLICY ONCE THE BOOKING IS PAID FOR (EXCEPT FLIGHTS TO/FROM CAIRO). ON CANCELLATION, AIR ARABIA WILL RETAIN THE REMAINING AMOUNT AS A CREDIT TOWARDS A FUTURE FLIGHT WHICH CAN BE USED FOR TRAVEL WITHIN ONE YEAR FROM THE DATE OF PAYMENT BY THE SAME PASSENGER ONLY.
NO- SHOW CHARGES	➢ CHARGE 95.00 USD.	➢ CHANGES ARE NOT PERMITTED IN CASE OF NO-SHOW.
CHANGES CHARGES	➢ CHANGES ARE PERMITTED.	➢ 72 HOURS BEFORE DEPARTURE: 25% OF THE FARE AND SURCHARGE OR A MINIMUM OF 150 AED PER PASSENGER EACH WAY. ➢ 72 TO 24 HOURS BEFORE DEPARTURE: 25% OF THE FARE AND SURCHARGE OR A MINIMUM OF AED 200 PER PASSENGER EACH WAY.
MINIMUM STAY	➢ 7D	➢ 3D
MAXIMUM STAY	➢ 12M	➢ 6M
AIRCRAFT CABIN CLASSES	➢ ECONOMY-BUSINESS	➢ ECONOMY- BUSINESS
AIRCRAFT MODEL	➢ EQP 738/ 24(C) - 120(Y)	➢ EQP 321/ 38(C) - 147(Y)

Source: *(Prepared by the Researchers, 2020)*

DISCUSSION OF FINDINGS

Airlines' pricing strategies and O-D markets restrictions are designed to make low fares less attractive to those with a higher willingness to pay (WTP), while still offering those with lower WTP a viable travel option. Ticket acquirement and beforehand purchasing requirements for

abatement fares ambit from 7 to 30 days in best O-D markets. Therefore, a Saturday night (or longer) minimum stay has historically been associated with most abatement fares. Furthermore, the lower-priced fare services carry non-refundability altitude and abandoning fees and/or change.

The restrictions become added astringent as the akin of abatement from the abounding abridgement book increases. The highest unrestricted economy fare (Y) is almost five times that of the lowest discount fare with restrictions, , in spite of the fact that this proportion can be as incredible as eight times the most reduced fare in a few comparative markets. In reality, any business passenger who is not able to or does not wish to stay over Saturday night on his/her business trip has little choice but to purchase the highest "Y" fare.

Even if a business traveler is willing to stay over Saturday night, the lower fares are not an option if the trip cannot be booked more than 7 days in advance or if the traveler wants to retain the flexibility to make changes and/or obtain a refund should the trip have to be cancelled. These strategies led to higher load factors (LFs) and increased unit revenues (revenue passenger-kilometer/ available seat-kilometer), as airlines embraced the notion of pricing based on their perception of passengers' WTP. Both the fare product structure and nested seat allocation mechanism imply a hierarchy of fare products, in which the lowest-priced products have the most severe restrictions and the lowest seat availability while the highest- priced products have few or no restrictions and the greatest level of seat availability. Furthermore, the authors show that a few days before departure it is not unlikely that a FSC may offer the cheapest fare.

A first interesting result is that LCCs do not always post the cheapest price: this is even more surprising when we consider that FSCs operate in major airports that are often considered to be able to enhance the quality of a journey's experience.

Conclusion and Implications

For the time being at least, aviation industry is not exemplary, the aviation industry is not exemplary, and accordingly there will consistently be some barriers, which the airlines charge be acquainted of. At all O-D markets, the airlines have a few methodologies of how to define estimating techniques within the aviation industry. The most remarkable strategy is cost-based pricing to make prices dependent on costs which have to be incurred in order to provide the air service. Under this pricing principle, an airline would set its prices in all O-D markets based on system-wide operating cost averages per flight or per available seat kilometers (ASKs). Average-cost pricing ignores airline cost differences in providing services to different O-D markets. This paper focuses on the pricing strategies and O-D markets for FSCs and LCCs based on monitoring of air ticket prices in different markets and in different time periods to match the supply with demand and accomplish market equilibrium. There are numerous variables influencing airlines' pricing strategies, and O-D market. Type of market is an important factor that must be taken into consideration by new airline. On the market with larger segment of business passengers, LCCs have to offer a better service with higher prices. Seasonality and peak and period are other factors that must be taken into consideration.

Consequently, the new entrant airline should set in advance reasonable prices in peak periods to avoid selling out the capacity with lower yields. With increased prices airlines should shift price-sensitive passengers to low-demanded flights and raise revenue from tickets sold to time-sensitive passengers.

References

[1] Abdelhady, M., Fayed, H., & Fawzy, N. (2019). The Influence of Airlines' Marketing Mix on Passengers' Purchasing Decision-Making: The Case of FSCs and LCCs. International Journal of Hospitality & Tourism Systems, 12(2).

[2] Abdelhady, M., Fayed, H., & Fawzy, N. (2018). The Influence of the 4Ps on Passengers' Purchasing Decision-Making: the Case of LCCs. International Journal of Heritage, Tourism, and Hospitality, 12(1/2).

[3] Abdelhady, M., Fayed, H., & Fawzy, N. (2018). The 4Ps of Marketing in the Global Aviation Industry: Analyzing the Strategies of LCCs & FSCs. LAP LAMBERT Academic Publishing(ISBN: 978-3-659-93850-4).

[4] Acar, A., & Karabulakb, S. (2015). Competition between Full Service Network Carriers and Low Cost Carriers in Turkish Airline Market. 11th International Strategic Management Conference 2015.207, pp. 642 – 651. ScienceDirect.

[5] Aksoy, S., Atilgan, E., & Akinci, S. (2003). Airline Services Marketing by Domestic and Foreign Firms: Differences from the Customers' Viewpoint.Journal of Air Transport

Management, 9(6), 343–351.

[6] Astutia, R., Silalahia, R. L., & Wijaya, G. D. (2015). Marketing Strategy Based on Marketing Mix Influence on Purchasing Decisions of Malang Apples Consumers at Giant Olympic Garden Mall (MOG), Malang City, East Java Province, Indonesia. The 2014 International Conference on Agro-industry (ICoA) : Competitive and sustainable Agroindustry for Human Welfare.3, pp. 67 – 71. Agriculture and Agricultural Science Procedia, Elsevier.

[7] Avlonitis, G. I. (2005). Pricing Objectives and Pricing Methods in the Services Sector. Journal of Services Marketing, 19(1), 47-57.

[8] Banerjee, M., & Kanathia, S. (2006). Indian Low Cost Airlines: Present Model & Strategy for an Increased Profitability. Indian institute of management bangalore.

[9] Barry, C., Maire´ad Hogan, & Torres, A. (2013). Perceptions of Low-Cost Carriers' Compliance with EU Legislation on Optional Extras. In R. Pooley, J. Coady, C. Schneider, H. Linger, C.Barry, & M. Lang,Information Systems Development: Reflections, Challenges and New Directions (pp. 669-680). Springer Science & Business Media.

[10] Belobaba, P. P. (2009). Fundamentals of Pricing and Revenue Management. P. Belobaba, A. Odoni, & C. Barnhart, The Global Airline Industry (1 st ed., pp. 73-111). Chichester: John Wiley & Sons Ltd,.

[11] Belova,A.(2015). Price Strategies of the International Airline Market. Working paper. University Paris 1 Pantheon Sorbonne - Paris School of Economics.

[12] Beltran, M. (2014). The future of australian aviation. AMP Capital. Retrieved March 8, 2017 from: https://www. ampcapital. com/.../ 20141205-the future-ofaustralian-aviation.pdf.

[13] Bilotkach, V., Gaggero, A. A., & Piga, C. A. (2015). Airline Pricing under Different Market Conditions: evidence from European Low-Cost Carriers. Tourism Management, 47, 152–163.

[14] Bilotkach, V., & Rupp, N. G. (2014). Buyer subsidies in two-sided markets: evidence from online travel agents. The Economics of International Airline Transport, 339-374.

[15] Button, K., & Ison, S. (2008). The economics of low-cost airlines: Introduction. Research in Transportation Economics, 24, 1– 4.

[16] Button, K. (2012). Low-Cost Airlines: A Failed Business Model? Transportation Journal, 51(2), 197-219.

[17] Chacon, J., & Mason, K. J. (2011). An Analysis of the Relationship between Passenger Loyalty and Consumer BuyingBehavior for Network and Low-Cost Carriers. Transportation Journal,, 50(3), 271-290.

[18] Cho, M., Fan, M., & Zhou, Y.-P. (2009). Strategic Consumer Response to Dynamic Pricing of Perishable Products. Consumer-Driven Demand and Operations Management Models, 435-458.

[19] Civil Aviation Authority. (2006). No-frills Carriers: Revolution or Evolution?. Retrieved March 23, 2018, from:https:// publicapps .caa.co.uk/docs/33/CAP770.pdf.

[20] CNN. (2017). Airline pricing secrets: How carriers come up with fares. Retrieved April 22, 2017, from: CNN: http://www.cnn.com.

[21] Dana, James D. (2001), Monopoly Price Dispersion under Demand Uncertainty, International Economic Review, 42(3), 649-670.

[22] Detzen, D., Jain, P. K., Likitapiwat, T., & Rubin, R. M. (2012). The impact of low cost airline entry on competition, network expansion, and stock valuations. Journal of Air Transport Management, 18, 59-63.

[23] Driver, J. (2001). Airline marketing in regulatory context. Marketing Intelligence & Planning, 19(2), 125 - 135.

[24] Diaconu, L. (2012). The Evolution of the European Low-cost Airlines'Business Models. Ryanair Case Study. Procedia - Social and Behavioral Sciences, 62, 342-346.

[25] Donnelly, R., & Harrison, G. (2010). CIM Coursebook: The Marketing Planning Process (1st ed.). Routledge.

[26] ELFAA. (2015). Low fares airlines continue to grow from strength to strength. Retrieved April 20, 2017, from:http://www.elfaa. com/ 1503 05 _ELFAA_PressRelease_ELFAA_Stats_2014.p df.

[27] FAA. (2017, January 18). The Federal Aviation Administration. Retrieved March 8 2018, from: https://www.faa.gov.

[28] Fageda, X., Luis, J., & Perdiguero, J. (2011). Price rivalry in airline markets:a study of a successful strategy of a network carrier against a low-cost carrier. Journal of Transport Geography, 19(4), 658–669.

[29] Fedorco, Ľ., & Hospodka, J. (2013). Airline Pricing Strategies In European Airline Market. Faculty of Transportation Sciences, 2(8), 33-41.

[30] Fedosova, A. (2016). Comparison between Low-cost and Traditional Airlines Case study: easyJet and British Airways.Masrer thesis, Arcada, University of Applied Sciences, Helsinki, Finland.

[31] Fernando, Y. (2012). Impact of Internal Marketing on Operational Performance: An Empirical Study in Low Cost Carrier Industry. Procedia - Social and Behavioral Sciences, 65(3), 913-918.

[32] Forgas, S., Moliner, M. A., Sa´nchez, J., & Palau, R. (2010). Antecedents of airline

passenger loyalty: Low-cost versus traditional airlines. Journal of Air Transport Management, 16, 229–233.

[33] Francisa, G., Humphreys, I., & Ison, S. (2004). Airports' perspectives on the growth of low-cost airlines and the remodeling of the airport–airline relationship. Tourism Management, 25(4), 507–514.

[34] Gábor, D. (2010). Low-cost Airlines in Europe: Network Structures After the Enlargement of the European Union. Geographica Pannonica, 14(2), 49-58.

[35] Graham, B., & Shaw, J. (2008). Low-cost airlines in Europe: Reconciling liberalization and sustainability. Geoforum, 39, 1439–1451.

[36] Gross, S., & Lück, M. (2011). Flying for a buck or two: Low-cost carrier in Australia and New Zealand. European Journal of Transport and Infrastructure Research, 11(3), 297-319.

[37] Hamidi, N., Niareki, F. R., & madrekian, H. (2013). Study of the effective factors influencing the decision-making process of Iranian air travelers in their choice of airline for domestic flights. Technical Journal of Engineering and Applied Sciences, 3 (s)3792-3798.

[38] IATA. (2018).The changing face of global aviation. Retrieved March24,2018, from:http ://www. ata.org /publications/ econom ics /Reports/chart-of-the week/chart-of-the-week- 02-Feb2018.pdf.

[39] IATA. (2018). Which passenger routes are carrying most momentum into 2018? Retrieved March 24, 2018,from:http://www.iata .org/ publications /economics /Reports /chart-of-the-week/chart-of-the-week-02-mar-2018.pdf.

[40] IATA.(2017).Chart of the week. Retrieved March 3, 2017,from:http://www.iata.org/ publications/economi cs/pages/charts.aspx.

[41] ICAO Yearly Monitor. (2015). economic development 2015: Air Transport Yearly Monitor (Preliminary. ICAO.

[42] IATA Economics. (2016). Airline loyalty – what matters most? Retrieved March 24, 2018, from:http://www.iata.org/publications/economi cs/Reports/chart-of-the-week/chart-of-the-week -21-oct-2016.pdf.

[43] Karivate, S. (2004). Low-cost carriers and Low fares. Bangkok University Acadamic Review, 3 (2).

[44] Kim, Y., & Lee, H. (2012). Customer satisfaction using low cost carriers. Tourism Management, 32(2), 235-243.

[45] Klein, S., & LOebbecke, C. (2003). Emerging pricing strategies on the web: lessons from the airline industry. Electronic Markets, 13(1), 46-58.

[46] Koenigsberg, O., Muller, E., & Vilcassim, N. J. (2008). easyJet® pricing strategy: Should low-fare airlines offer last-minute deals? Quantitative Marketing and Economics, 6(3), 279–297.

[47] Lee, K., & Carter, S. (2012). Global Marketing Management:Changes, New Challenges, and Strategies (3rd ed.). Oxford: Oxford University Press.

[48] Lin, P. (2009). Factors Influencing Purchase Intention for Online Travel Products–Case Study of Taiwanese Consumers. Doctoral dissertation, University of Wales.

[49] Lordan, O. (2014). Study of the Full-Service and Low-Cost Carriers Network Configuration. Journal of Industrial Engineering and Management, 7(5), 1112-1123.

[50] Macário, R., Viegas, J. M., & Reis, V. (2007). Impact of low cost operation in the development of Airports and Local Economies.

[51] Malighettia, P., Palearib, S., & Redondi, R. (2015). EasyJet pricing strategy: determinants and developments. Transportmetrica A: Transport Science, 11(8), 686-701.

[52] MAMO, H. (2015). Key factors that determine return on loyalty: evidence from ethiopian airlines loyal customer base.Master's thesis,addis ababa university.

[53] McAfee, R. P., & Velde, V. t. (2006). Dynamic Pricing in the Airline Industry.

[54] Mentzer, M. S. (2011). The elusive low cost carrier effect in the trans-Atlantic airline market. Journal of Aviation Management and Education.

[55] Pels, E., & Rietveld, P. (2004). Airline pricing behaviour in the London–Paris market. Journal of Air Transport Management, 10, 279–283.

[56] Perreault, W. .., Cannon, J. P., & McCarthy, E. J. (2012). Essentials of Marketing: A Marketing Strategy Planning Approach (13 ed.). New York: McGraw-Hill/Irwin.

[57] Pitfield, D. (2005). A Time Series Analysis of the Pricing Behaviour of Directly Competitive 'Low- Cost' Airlines. International Journal of Transport Economics/Rivista internazionale di economia dei trasporti, 15-39.

[58] Poelt, S. (2011). Practical Pricing and the Airline Industry. In I. Yeoman, & U. McMahon-Beattie, Revenue Management: A Practical Pricing Perspective. Springer.

[59] Poh, L. S., & bin Mohayidin, M. G. (2011). Competitive Pricing Strategies of Low Cost Airlines in the Perspective of Game theory. International Conference on Sociality and Economics Development. Singapore.

[60] Pride, W., & Ferrell, O. C. (2008). Marketing (4th ed.). Boston.

[61] Puller, S. L., & Taylor, L. M. (2013). Price Discrimination by Day-of-Week of Purchase: Evidence from the U.S. Airline Industry. Journal of Economic Behavior & Organization, 84(3), 801-812.

[62] Rafati, D., & Shokrollahi, P. (2011). The Impact of Expectation & Perception on Customer Satisfaction in Airline Industry (A Case Study of Mahan Air).Master's thesis,Sharif University of Technology International Campus.

[63] Rajaguru, R. (2016). Role of value for money and service quality on behavioural intention:A study of full service and low cost airlines. Journal of Air Transport Management, 53, 114-122.

[64] Rapp, R. (2000). Customer Relationship Marketing in the Airline Industry. In T. Hennig-Thurau, & U. Hansen, Relationship Marketing: Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention (1 ed.). Berlin: Springer.

[65] R.W. Mann & Company. (2011). Airline Marketing - The Economics of Unbundling and Ancillary Fees. Washington,.

[66] Roos, N. d., Mills, G., & Whelan, S. (2010). Pricing Dynamics in the Australian Airline Market. The economic recorD, 275(86), 545-562.

[67] Sai, B. T., Ekiz, E. H., & Kamarulzaman, Y. (2012). Factors determining choice of full service airlines and low cost carriers: the case of Malaysia. Asia- Pacific Journal of Innovation in Hospitality and Tourism, 1(2), 179-194.

[68] Salanti, A., Malighetti, P., & Redondi, R. (2012). Low-cost pricing strategies in leisure markets. Tourism Management, 33, 249-256.

[69] Sarilgan, A. E. (2016). Impact of Low Cost Carriers on Turkish Tourism Industry. International Journal of Academic Research in Business and Social Sciences, 6(4).

[70] Sin, R. G., Chellappa, R. K., & Siddarth, S. (2011). Pricing Strategy and Technology Choices: An Empirical Investigation of ―Everyday Low Price‖ in the Domestic US Airline Sector. Emory University- Goizueta Business School. Available at SSRN: https:// ssrn.com/abstract=2044521.

[71] Schnell, M. C. (2003). Does the effectiveness of airline strategies change? A survey of European full service airlines A survey of European full service airlines. International Journal of Transport Management, 1, 217–224.

[72] Snyder, D. J., & Tai, P. A. (2012). Customer Satisfaction At Low Cost Airlines: A Case Study Of Jetstar Pacific Airlines (JPA). The Clute Institute International Academic Conference San Antonio, Texas, USA 2014, (pp. 254-265).

[73] Truxal, S. (2013). Competition and Regulation in the Airline Industry: Puppets in Chaos ,Routledge Research in Competition Law (1 st ed.). abingdon: Routledge.

[74] Vidović, A., Štimac, I., & Vince, D. (2013). Development of business models of low-cost airlines. International Journal for Traffic and Transport Engineering, 3(1), 69 – 81.

[75] Vidović, A., Steiner, S., & Babić, R. (2006). impact of low-cost airlines on the european air transport market. 10th International Conference on Traffic Science ICTS 2006: Globalization and Transportation.

[76] Wensveen, J. G. (2012). Air Transportation: A Management Perspective (7th ed.). Farnham: Ashgate Publishing Company.

[77] Westermann, D. (2012). The impact of low cost carrier on the future. Journal of Revenue and Pricing Management, 11(4), 481–484.

[78] Wetzelaer, R. (2013). Airliner's Pricing Strategies and Perceived Price Fairness.master's thesis, University of Twente.

[79] Whyte, B., & Randall, P. (2014). Implications for Destinations when Low-Cost Carrier Operations are Disrupted: The Case of Tiger Airlines Australia. Advances in Hospitality and Leisure, 99-118.

[80] Young, R. B., & Javalgi, R. G. (2007). International marketing research: A global project management perspective. Business Horizons, 50(2), 113–122.

Citation: *Abdelhady, M., & Abou-Hamad, M " Airlines' Pricing Strategies and O-D Markets: Theoretical and Practical Pricing Strategies", Journal of Travel, Tourism and Recreation, 2(3), 2020, pp.19-36.*