

Dr. Christiane Schmidt

## TNFL01 - flygtrafik och flygtransporter

### Homework Set 5, 2019

Solutions for the responsible group are due October 2, 2019, 12:00. All other solutions are due October 3, 2019. **Please put your name on all pages!**

**Differential Pricing** You and your partner Mister Easy bought a small airline, FlyXY, which is serving a single route between two European capitals. Mister Easy suggests to simply sell all tickets for the same price  $P$ . You know that this is not a good idea, and want to give a detailed argument why you should indeed use differential pricing. To make your argument to Mister Easy you may assume that you have a simple price-demand curve, and have exact knowledge about how many people have what willingness-to-pay (WTP). Explain what differential pricing is. Argue for a start why it will be beneficial for FlyXY to sell tickets at two different prices,  $P_1$  and  $P_2$ , with  $P_1 < P < P_2$ , and why your customers will be satisfied with that as well.

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The assignment should be handled in groups and a short report should be submitted.

The report should be both sent by email to [christiane.schmidt@liu.se](mailto:christiane.schmidt@liu.se) and uploaded to lisam no later than the due date.

It should be noted that the memo will be sent to URKUND (<http://www.orkund.com>), a plagiarism checker to ensure original content.

The presentation of the responsible group and the opposition will take place on **October 4**.

Until the day of the seminar all students are expected to read the report.

Assessment criteria

- You should comply with the assignment and all relevant questions should be discussed.
- Background facts should be correct; content has to be objective and relevant and a red thread should run through the high quality text.

- Good structure, layout and outline; the text should be easy to read and written in good, understandable English.
- Sources should be relevant and sources must be stated clearly.