World of Air Fares
Thea van de Loo
Welcome and Program

- Welcome:
  - Thea van de Loo

- World of Air Fares
  - classes of service
  - booking classes
  - yield management
  - alliances and Code Share
  - Fare rules
  - moment of booking
  - mileage or route fares
  - World of Taxes
  - Creative ticketing

- Wrap Up
Your manager was traveling by plane.

Talking with the traveler next to him.

Suddenly they talked about the air fare.

Your manager paid substantially less.

then the other traveler sitting next to him.

WELCOME IN THE WORLD OF FARES
Program - Chapter

– World of Air Fares
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– Wrap Up
**Travel Class**

**First - F -**
- Utmost Luxury
- Seat or Bed?
- Access to luxurious lounges
- Long haul
- Watch Out:
  - within USA: Domestic Business Class is called First
  - Not every airline has First, e.g. KLM
  - LH, BA, EK do
- Highest fares, less seats

**Business - C -**
- Luxurious
- Comfortable Seat, almost bed
- Access to comfortable lounges
- Watch Out:
  - Long or Short haul differs
  - Different names:
    - e.g. BA = Club World
- High fares

**Economy - Y -**
- Standard, lowest Comfort
- Standard Seat,
- No access to lounges
  - Except for certain FF levels
- Watch Out:
  - Lower → higher restrictions
  - Different names: e.g. BA = World Traveler
  - Also known as:
    - Tourist class
    - Coach Class
- Lower fares → higher restrictions
Economy Plus / Comfort / De Luxe

Economy and more comfort is.....

- More leg space
- Wider seat (sometimes)
- Service / food / drinks like economy
- Long Haul
- Separate cabin: e.g. World Traveler Plus (BA)
- Various fares
  - E.g. KLM Y fare plus € 80-140 (for each stretch)
  - Lower than business class
Seat Map  (www.seatguru.com)

- KLM Boeing 747-400
Seat Map  (www.seatguru.com)

- KLM Boeing 737-300
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– Wrap Up
**First - F -**
- Booking classes: F / P / A etc
- Flexible in changes and cancellations
- Possible specials:
  - Advance booking period
  - Small change fee
  - Small cancellation fee

**Business - C -**
- Booking Classes:
  - J / C / Z / I / D / S / R etc
- Flexible in changes and cancellations
- Possible specials:
  - Advance booking period
  - Small change fee
  - Small cancellation fee

**Economy - Y -**
- Booking classes: Y / K / L / B / H / V / N etc
- Flexibility:
  - Full flex
  - Semi flex
  - Fixed / non flex
- Restrictions of stay:
  - Minimum e.g. SU / 7 D
  - Maximum e.g. 3M / 6M
Special Business Class Example

• Amsterdam Beijing Amsterdam

1. ZLSNL 2639 Z NRF - - 14 7+ 12M R
   1. Advance booking: 14 days before departure
   2. Minimum stay 7 days
   3. Change fee € 200
   4. Cancellation fee € 400

2. ZFFNL 3413 Z - - - - - - R
   1. Flexible
Mention airlines with a comfort seat?

Economy and more comfort is.....
Booking Class: Economy Plus

- Booking classes:
  - W / T / M / B etc
- Flexibility:
  - Semi flex
  - Fee for changes and/or cancellations
  - Possible advance booking period
World of Booking Classes

- Booking class codes differ per airline:
  - S-class
    - KLM = Economy Class
    - Delta Airlines = Business Class
  - J-class:
    - Mostly Business Class
    - Air France: domestic, economy only
Availability of Booking Classes

Amsterdam – Moscow 16 Jan and 30 Jan
Program - Chapter

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– Wrap Up
<table>
<thead>
<tr>
<th>Class</th>
<th>Seats</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Class</td>
<td>14</td>
<td>€ 56.000,-</td>
</tr>
<tr>
<td>Business Class</td>
<td>48</td>
<td>€ 96.000,-</td>
</tr>
<tr>
<td>Sub total</td>
<td></td>
<td>€ 152.000,-</td>
</tr>
<tr>
<td>Rest of 169 Economy Class seats yield</td>
<td></td>
<td>€ 148.000,-</td>
</tr>
<tr>
<td>Full fare</td>
<td>80</td>
<td>€ 96.000,-</td>
</tr>
<tr>
<td>Pex fare</td>
<td>50</td>
<td>€ 32.500,-</td>
</tr>
<tr>
<td>Apex fare</td>
<td>39</td>
<td>€ 19.500,-</td>
</tr>
</tbody>
</table>
Yield Management – next day

<table>
<thead>
<tr>
<th>Class</th>
<th>Seats</th>
<th>Price per seat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Class</td>
<td>14</td>
<td>€ 4,000,-</td>
<td>€ 56,000,-</td>
</tr>
<tr>
<td>Business Class</td>
<td>48</td>
<td>€ 2,000,-</td>
<td>€ 96,000,-</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td></td>
<td><strong>€ 152,000,-</strong></td>
</tr>
</tbody>
</table>

Rest of 169 Economy Class seats yield

€ 300,000 minus € 152,000

**€ 148,000,- → 149,500,-**

<table>
<thead>
<tr>
<th>Class</th>
<th>Seats</th>
<th>Price per seat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full fare</td>
<td>80</td>
<td>€ 1,200,-</td>
<td>€ 96,000,-</td>
</tr>
<tr>
<td>Pex fare</td>
<td>60</td>
<td>€ 650,- (plus 10)</td>
<td>€ 39,000,-</td>
</tr>
<tr>
<td>Apex fare</td>
<td>29</td>
<td>€ 500,- (min 10)</td>
<td>€ 14,500,-</td>
</tr>
</tbody>
</table>
Yield Management & low cost carrier (Fictitious)

- Handling Costs €1000,00
  - cleaning, check-in, baggage-handling, fuel & personal:
- Airport Costs €2000,00
  - platform/gate use, navigation
- Administration €1700,00
  - incl. fees credit card companies en taxes
- Lease costs aircrafts, fuel, maintenance €3100,00
- Promotion: €300,00
- Costs crew: €1100,00

Total: €9200,00
Profit 10%: €1000,00
Average ticket price: €10200/150 = €68,00

WATCH FOR ANCILLARY FEES
Spotlight: Ancillary Fees
The Issues

Total price
Visibility
Leverage

Source: Advito 2012 Industry Forecast,
WHAT CAN YOU SAY TO YOUR MANAGER?

• If he tells you this story ........
• ...Your manager was traveling by plane ....
• ...Talking with the traveler next to him ......
• ...Suddenly they talked about the air fare ...
• ....Your manager paid substantial less ....
• ...then the other traveler sitting next to him

THE ANSWER IS →
Manage your yield!

Yield Management
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– Wrap Up
Mention Alliances and airlines in it:
Alliances

STAR ALLIANCE

SKYTEAM

ONeworld

Business Travel Academy
## Alliances: multilingual

<table>
<thead>
<tr>
<th>Member Airline</th>
<th>Frequent Flyer Program</th>
<th>SkyTeam Elite (Qualifying Tiers)</th>
<th>SkyTeam Elite Plus (Qualifying Tiers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aeroflot</td>
<td>Aeroflot Bonus</td>
<td>Silver</td>
<td>Gold</td>
</tr>
<tr>
<td>Aeroméxico</td>
<td>Club Premier</td>
<td>Gold</td>
<td>Platinum</td>
</tr>
<tr>
<td>Air Europa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air France</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenya Airways</td>
<td>Flying Blue</td>
<td>Silver</td>
<td>Gold Platinum</td>
</tr>
<tr>
<td>KLM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAROM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alitalia</td>
<td>MilleMiglia</td>
<td>Silver Ulisse</td>
<td>Freccia Alata Freccia Alata Plus</td>
</tr>
<tr>
<td>China Airlines</td>
<td>Dynasty Flyer</td>
<td>Gold</td>
<td>Emerald Paragon</td>
</tr>
<tr>
<td>China Eastern Airlines</td>
<td>Eastern Miles</td>
<td>Silver</td>
<td>Gold</td>
</tr>
<tr>
<td>China Southern Airlines</td>
<td>Sky Pearl Club</td>
<td>Silver</td>
<td>Gold Platinum</td>
</tr>
<tr>
<td>Czech Airlines</td>
<td>OK Plus</td>
<td>Silver</td>
<td>Gold Platinum</td>
</tr>
<tr>
<td>Delta Air Lines</td>
<td>SkyMiles</td>
<td>Silver Medallion</td>
<td>Gold Medallion Platinum Medallion</td>
</tr>
<tr>
<td>Korean Air</td>
<td>SKYPASS</td>
<td>Morning Calm</td>
<td>Premium Million Miler</td>
</tr>
<tr>
<td>Vietnam Airlines</td>
<td>Golden Lotus Plus</td>
<td>Gold Titanium</td>
<td>Platinum</td>
</tr>
</tbody>
</table>

Frequent Flyers: e.g. Sky Team Elite

- Priority reservations wait listing
- Priority airport standby
- Priority boarding
- Priority check-in
- Preferred seating
Or Sky Team Elite Plus

• Priority reservations wait listing
• Priority airport standby
• Priority boarding
• Priority airport check-in
• Preferred seating
• Priority baggage handling
• Additional checked luggage allowance
• Airport lounge access
• Guaranteed reservations on sold-out flights
• Express airport security (in some hub airports)
Code Share: one flight

- Multiple flight numbers – one flight
- Original operating carrier
- Carrier booked = fare booked
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– Wrap Up
### Rules of Fares: Awareness (1)

#### Used abbreviations:
- **OW** = one way
- **RT** = return way

#### Identification Fare by Fare Basis:
- Fare type normal (full) fares: (e.g.)
  - **F** = First
  - **FRT** = First round trip
  - **C** = Business
  - **COW** = Business class one way
  - **Y** = Economy
  - **YL** = Economy low season

#### Fares valid in certain period:
- **Season Codes for period show:**
  - **H** = High season
  - **K** = Shoulder season
  - **L** = Low season
- **Week / weekend codes:**
  - **W** = weekend
  - **X** = weekday
  - **N** = night (rarely)
Rules of Fares : Awareness (2)

- Non Flex / Fixed:
  - 100% fixed
  - No refund

- Semi Flex:
  - Change and/or cancellation:
    - fee (e.g. €100-200)
  - Change:
    - If availability in same booking class

- Full Flex:
  - 100% refundable
  - Before departure
  - after departure (unused)

Indentification Fare by Fare Basis:

- Fare type special fares:
  - EE = Excursion (full flex)
  - PX = Pex
  - AP = Apex
  - AB = Super Apex
  - SX = Superpex

- Advance Purchase: AP

- Minimum stay:
  - Several days or Sunday Rule

- Maximum stay:
  - Month: 1M – 3M – 6M –
  - Days: 45 – 90 - 180
Examples fare basis specials:

- **YHEE3M =**
  - High season Excursion valid for 3 months
- **BKXPX1M =**
  - Shoulder season, Midweek, Pex, valid 1 month
- **YWSX180IN =**
  - Weekend, superpex, valid 180 days, infant

Tips:

- **Combined fare =**
  - Combination of booking classes
- **Ticketing deadline =**
  - Ticketing Time Limit
    - Airline: sets rules & checks
    - Low cost: booking = ticket
- **Ticket issue = fare guarantee**
Time of Booking

• **Advance Purchase:**
  – Has to be booked a certain number of days in advance
  – For all classes

• **Availability of fares:**
  – Close to departure less availability
  – Influence of Yield Management
Fare Structure

<table>
<thead>
<tr>
<th>FQM</th>
<th>AMS</th>
<th>CPH</th>
<th>SVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTY</td>
<td>DC</td>
<td>TPM</td>
<td>CUM</td>
</tr>
<tr>
<td>AMS</td>
<td>2</td>
<td>CPH</td>
<td>2EH</td>
</tr>
<tr>
<td>SVG</td>
<td>2EH</td>
<td>346</td>
<td>739</td>
</tr>
</tbody>
</table>

Mileage fare

12JAN12**12JAN12/1KL AMSATL/NSP;AT/TPM 4393/MPM 5271
YY MEANS TRAVEL MAY BE VIA ANY CARRIER’S DIRECT/NONSTOP SERVICE

4 * AMS-AF/KL-LON-DTT-DL/KL-ATL
World of Taxes

How many taxes do you know

????????
World of Taxes and fees

- Airport Security Tax
- Air Transportation Tax
- Passenger Service Tax
- Fuel Tax
- Country Security Tax
- Noise Isolation Tax
- Aphis Fee
- Customer Use Fee
- Credit Card Fee
- etc etc

- different codes per country and/or destination
Fares Carrier related

KLM - London
KL1001 10OCT AMS LHR 0715 0740
KL1026 12OCT LHR AMS 1825 2040
- Fare: EUR 128.00
- TAX: EUR 160.47
- TTL: EUR 288.47

BA - London
BA 423 10OCT AMS LHR 0720 0735
BA 442 12OCT LHR AMS 1755 2010
- Fare: EUR 55.00
- TAX: EUR 133.92
- TTL: EUR 188.92
KLM New York

KL 641 10NOV AMSJFK 1325 1535
KL 642 14NOV JFKAMS 1745 0710+1

• Fare: EUR 2665.00
• TAX: EUR 466.28
• TTL: EUR 3131.28
Creative Ticketing

- Playing around with:
  - Airlines codes
  - Cross ticketing
    - fake or not
  - One ways
## Fares Carrier related

<table>
<thead>
<tr>
<th>KLM - Moscow</th>
<th>Aeroflot - Moscow</th>
</tr>
</thead>
<tbody>
<tr>
<td>KL 903 10DEC AMS SVO 1140 1800</td>
<td>SU3121 10DEC AMS SVO 1140 1800</td>
</tr>
<tr>
<td>KL 904 13DEC SVO AMS 1900 1940</td>
<td>SU3120 13DEC SVO AMS 1900 1940</td>
</tr>
</tbody>
</table>

- Fare: EUR 365.00
- TAX: EUR 140.59
- TTL: EUR 505.59
- Fare: EUR 250.00
- TAX: EUR 119.52
- TTL: EUR 369.52
Cross Ticketing, fake or not

**KLM – Geneva: once**

KL1927 23OCT AMS GVA 0935 1105
KL1934 23OCT GVA AMS 1925 2100

- Cheapest Fare cheapest:
  - EUR 633.90 incl. tax
  - At moment of reservation

**KLM – Geneva: twice**

KL1927 23OCT AMS GVA 0935 1105
KL1934 23OCT GVA AMS 1925 2100
KL1929 12NOV AMS GVA 1230 1400
KL1928 14NOV GVA AMS 1150 1335

- Fare red lines EUR 193.90 incl. tax
- Fare green lines EUR 232.90 incl. tax

- TOTAL EUR 426.81
- Saving EUR 197.09
Return or one way

Etihad –
EY 100 C 03NOV JFKAUH 2305 1945+1
EY 101 D 06NOV AUHJFK 1030 1630

• Two different business class available

• One ticket fare EUR 11645.90
  – incl. tax

New York – Abu Dhabi

• Two one way:
• Outbound EUR 6151.00
• Inbound EUR 4012.86
  – incl. tax
• Total EUR 10163.86

• Saving EUR 1482.04
Tips from the expert

- No comfort seats on code share flight number
- Different airlines = different records
- Different airline = different restriction = same flight
- Some airlines (e.g. LH-LX) check cross ticketing
- Golden rule for creative ticketing: high saving
Wrap Up