

Istanbul Technical University

Aviation Economics and Financial Analysis

Course Readings

Day 1: Airline Demand and Supply

Module 1 - Introduction: The Aviation Value Chain

- Tretheway, M. W. and K. Markhvida (2013), "[The Aviation Value Chain: Economic Returns and Policy Issues](#)". The paper will be published in the *Journal of Air Transport Management*.
- ATAG (2012), [Aviation Benefits Beyond Borders](#), March 2012. This report can be downloaded at www.aviationbenefitsbeyondborders.org.

Module 2 - Demand and Supply

- Tretheway, M. W and T. H. Oum (1992), "Airline Economics: Foundations for Strategy and Policy", *Centre for Transportation Studies*, University of British Columbia, 1992. "[Airline Economics: Consumer Demand](#)", Chapter 3, pp. 11-29
- Dempsey, P., and L. Gesell (2006), *Airline Management Strategies for the 21st Century*, Second Edition (Chandler, US: Coast Aire Publications, L.L.C., 2006). "[Airline Economics: Supply](#)", Chapter 2, pp. 48-60.

Module 3 - Costs

- Tretheway, M. W and T. H. Oum (1992), "Airline Economics: Foundations for Strategy and Policy", *Centre for Transportation Studies*, University of British Columbia, 1992. "[Airline Economics: Costs](#)", Chapter 2, pp. 4-7.
- Vasigh B., K. Fleming and T. Tacker (2008), *Introduction to Air Transport Economics: From Theory to Applications*, (UK, Ashgate Publishing Ltd.: 2008). "[Cost and Production Analysis: The General Concepts](#)", Chapter 4, pp. 77-105 (excluding pp. 82-89).

Day 2: Airline Business Models / Airline Pricing

Module 4 - FSNCs, LCCs, ULCCs and Charter Carriers

- InterVISTAS (2013), "[Full Service Airlines versus Low Cost Carriers](#)", prepared by InterVISTAS for the Istanbul Technical University.
- Vasigh B., K. Fleming and T. Tacker (2008), *Introduction to Air Transport Economics: From Theory to Applications*, (UK, Ashgate Publishing Ltd.: 2008). "[Low-cost, Start-up Airlines: A New Paradigm](#)", Chapter 12, pp. 307-328.
- Tretheway, M. W. (2004), "[Distortions of airline revenues: why the network airline business model is broken](#)", *Journal of Air Transport Management* 10 (2004), pp. 3-14.

Module 5 - Pricing

- Tretheway, M. W and T. H. Oum (1992), "Airline Economics: Foundations for Strategy and Policy", *Centre for Transportation Studies*, University of British Columbia, 1992. "[Airline Pricing: Yield Management](#)", Chapter 4, pp. 32-43.
- Dempsey, P., and L. Gesell (2006), *Airline Management Strategies for the 21st Century*, Second Edition (Chandler, US: Coast Aire Publications, L.L.C., 2006). "[Airline Economics: Price](#)", Chapter 2, pp. 79-83.

Day 3: Airline Financial Economics

Module 6 - Financial Performance and Sources of Finance

- P. S. Morrell (2007), *Airline Finance*, Third Edition (Burlington, US: Ashgate Publishing Ltd., 2007).
 - [“Industry Financial Performance”](#), Chapter 1, pp. 1-12.
 - [“Sources of Finance”](#), Chapter 5, pp. 91-111.
 - [“Aircraft Leasing”](#), Chapter 10, pp. 195-206.

Module 7 - Financial Planning

- P. S. Morrell (2007), *Airline Finance*, Third Edition (Burlington, US: Ashgate Publishing Ltd., 2007).
 - [“Airline Financial Planning and Appraisal”](#), Chapter 8, Section 8.3, pp. 151-171

Day 4: Airline Financial Analysis / Insurance Economics

Module 8 - Financial Analysis

- Serpen, E. "[FLAG BEARERS](#)." *Airline Business* (2002).
- [Airline Business Planning Approach Example](#), prepared by InterVISTAS
- Serpen, E., Paflik, P. [Network and Alliance Strategy](#), retrieved from www.routes-news.com

Module 9 - Insurance

- Abeyratne, I.R. Ruwantissa (2004), *Aviation in Crisis*, (Burlington, USA: Ashgate Publishing Ltd., 2004).
 - "[Insurance Implications](#)", Chapter 1, pp. 1-7.
 - "[The Insurance Crisis](#)", Chapter 4, pp. 269-291.
- The Economist, "[Airline Insurance: Terror in the air](#)", 21 March 2002.
- Flouris, Triant, et al. "[Recent developments in the aviation insurance industry](#)." *Risk Management and Insurance Review* 12.2 (2009): 227-249.

Day 5: Airline Distribution Economics / Air Cargo

Module 10 – Distribution Economics

- InterVISTAS (2013), "[The Structure and Trends in Airline Distribution](#)", prepared by InterVISTAS for the Istanbul Technical University.
- Holloway, S. (1997), *Straight and Level: Practical Airline Economics* (Brookfield, USA: Ashgate Publishing Ltd., 1997).
"[Computer reservation systems](#)", Chapter 5, pp. 132-152.

Module 11 - Air Cargo

- InterVISTAS (2013), "[Air Cargo Markets](#)", prepared by InterVISTAS for the Istanbul Technical University.
- Otto, A. (2005), "[Reflecting on the Prospects of an Air Cargo Carrier](#)", *Strategic Management in the Aviation Industry*, edited by W. Delfmann et al., pp. 451-471.

Day 6: Airline Mergers and Alliances / Airline Antitrust Economics and Analysis / Airport Economics

Module 12 - Mergers and Alliances

- Dempsey, P., and L. Gesell (2006), *Airline Management Strategies for the 21st Century*, Second Edition (Chandler, US: Coast Aire Publications, L.L.C., 2006).
["Alliances"](#), Chapter 13, pp. 619-675 (exclude pp. 628-646).
- OECD (1999), "Airline Mergers and Alliances", OECD Policy Roundtables, distributed 1 February 2000.
["Executive Summary"](#), pp. 7-14.

Module 13 – Economics, Antitrust Review and Competitive Effects

- Markhvida, K. (2012), "[Enforcement of Anti-predation Laws in the Airline Industry](#)", *Annals of Air and Space Law*, Volume XXXVII, McGill's Institute and Centre of Air and Space Law, 2012.
- Kimpel, S. (1997), "[Antitrust Considerations in International Airline Alliances](#)", *Journal of Air Law and Commerce* 63 (2), 1997, pp. 475-513.

Module 14 – Airport Economics

- Graham, Anne (2001). *Managing Airports: an international perspective*, (Cornwall, UK: MPG Books Ltd.).
["The airport-airline relationship"](#), Chapter 5, pp. 91-126.