# Examples of Exam Questions *ITU course in Airline Economics*

## Instructions

Circle the correct response.   
**There may be more than one correct response.**

1. Which City is the best for the next Turkish Airlines long haul air service?
2. Bremen, Germany
3. Rangoon, Myanmar
4. Vancouver, Canada
5. Brasilia, Brazil
6. What does the air cargo value pyramid mean?
7. Heavy air cargo should be at the bottom of the container.
8. A large portion of international trade has values too low to be viable for air cargo.
9. Falling cargo rates make air cargo more profitable.
10. A larger share of world trade can move by air cargo due to falling cargo rates.
11. Airlines should only serve high value cargos.
12. Since 2007, which of the following are true?
13. Global airlines ancillary revenues have grown at the rate of 5% per year.
14. Global airlines ancillary revenues have grown at the rate of 10% per year.
15. Global airlines ancillary revenues have grown by 5 times.
16. Global airlines ancillary revenues have grown by 10 times.
17. Ancillary revenues have only grown at low cost carriers.
18. If an airline does not utilise a strategy which includes development of ancillary revenues when its competitors do so, which of the following are likely?
19. The airline does not need to do anything, since it will gain passengers, who generally dislike airlines that charge fees for ancillary services.
20. The airline will be more profitable, since competitors charge for every service.
21. The airline’s competitors will have improvements in profits since both airlines will tend to charge the same prices for base air service, and the competitor will earn additional revenues from selling ancillary services.
22. For domestic and medium haul continental air services, baggage fees are acceptable, since a medium portion of the passengers will only have carry on luggage and will not check bags.
23. What is the difference between LCC and ULCC?
24. ULCCs rely on taking market share from network carriers.
25. ULCCs make higher use of ancillary revenues.
26. ULCCs are the same as LLCCs (Lazy Low Cost Carriers).
27. ULCCs are a hybrid form of air carrier, between LCCs and network carriers.
28. Which characterise the LCC business model since 2000?
29. Declining average stage length (flight distance)
30. Some LCCs are starting to enter into code sharing agreements.
31. The LCCs have matured and ceased growing.
32. LCCs are making increasing use of hub and spoke networks.
33. LCCs continue to avoid using GDS services for distribution (selling) of their air services.