

Istanbul Technical University

Aviation Economics and Financial Analysis

Course Readings

Draft of 2 November 2014

Module 1 - Introduction: The Aviation Value Chain

- Tretheway, M. W. and K. Markhvida (2014), "[The Aviation Value Chain: Economic Returns and Policy Issues](#)". 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 – Airline Finance: 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 3 – 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.

Module 4 - 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

Module 5 - Financial Analysis

- 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
- Roellig, L.E., "[American Airlines: DFW 12th Complex](#)", Case Study

Module 6 - 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.: 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)., Chapter 2, pp. 48-60.

Module 7 - 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. 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).

Module 8 – Airline Business Models: 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.
- Sunil Chopra and Ryan Lisiak , How Should Airlines Structure? A Comparison of Low Cost and Legacy Carriers.

Module 9 - Mergers and Alliances

- Stragier, J., (2001), "[Airline Alliances and Mergers-The Emerging Commission Policy](#)" European Air Law Association, Zurich, 9 November 2001.
- Meschi, M., (1997), [Analytical Perspectives on Mergers and Acquisitions: A Survey](#), No 5-97, CIBS Research Papers in International Business, London South Bank University CIBS, <http://EconPapers.repec.org/RePEc:sbu:cibswp:5-97>.

Module 10 – Economics, Antitrust Review and Competitive Effects

- Gillespie, W. and Richard, O.M. (2011), "[Antitrust Immunity and International Airline Alliances](#)", *EAG Discussions Papers 201101*, Department of Justice, Antitrust Division.
- IATA, (2012), "[The Economic Benefits Generated by Alliances and Joint Ventures](#)", IATE Economics Briefing, Consolidation Report.
http://www.iata.org/whatwedo/Documents/economics/Economics%20of%20JVs_Jan2012L.pdf
- American Antitrust Institute, (2008), "[The Merger of Delta Airline and Northwest Airlines: An Antitrust White Paper](#)". (Optional)

Module 11 - 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). Chapter 2, pp. 79-83.

Module 12 – 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 13 - 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.

Module 14 – Airport Economics

- Graham, Anne (2001). *Managing Airports: an international perspective*, (Cornwall, UK: MPG Books Ltd.).

- David Gillen (2011), "[The Evolution of Airport Governance and Ownership](#)", *Journal of Air Transport Management*, 17, 3-13.
- "[The airport-airline relationship](#)", Chapter 5, pp. 91-126.

Module 15 (2 hours) – Economics of Aviation Security

- David Gillen and William Morrison (2014), [Economic of Aviation Security: Design, Governance, Performance, Financing And Policy](#) (pp. 75-115)