

Affaires Internationales

TwinAisleFeeders

H2XQR Series: Product Differentiation in an "Economy Plus" identification of the single seats

John Walton's posting <https://runwaygirlnetwork.com/2017/01/27/premium-economy-pricing-compared-to-econo-now-more-consistent/> sheds new light upon **H2XQR Series** !

Runway Girl Network's "Up Front" columnist observes an alignment of Premium Economy pricing in the market, players consistently using a price multiplier @ 2.2 times Y-class price.

With Premium Economy pitched 37" vs Y-class @ 31", the "neutral" Product Differentiation multiplier is the pitch multiplier itself or $37/31 \approx 1.2$ so offering Premium Economy (PE) seating with a multiplier of 2.2 entails superior revenue/foot of cabin length in PE vs Y-class.

Admitting the relevance of this vinculation, John Walton's analysis brings us to debate whether and to what extent it would make sense to do Product Differentiation by going five abreast 1+3+1 in an A320 Series or 737 Series narrow-body vs the classical single aisle 3+3 ?

Arguably, the twin aisle First Class offer = 1+2+1 is better than 2+2 with its two excuse-me seats ? Anyway, same pitch and load factors entails the two FC offers draw same revenues.

So the debate is not here. The debate centers primarily on the comparative Y-class offerings.

Brutally, without dissecting the respective LOPAs in detail, at equal pitch the neutral price multiplier of 3+3 vs 1+3+1 is 6/5 or 1.2 Now, proselytes of the 1+3+1 offer advocate an APEX equivalence (see <https://forum.flyprat.no/showpost.php?p=1033398&postcount=529> - look up the signalled MCA) as follows : 1+3+1 @ 31" \Leftrightarrow 3+3 @ 33" If this is accepted, then the APEX-neutral multiplier drops to $1.2 \times 31 / 33 = 1.13$ in rough terms. Now then, again said proselytes advocate that the singles in the 1+3+1 offer are perceived distinctly superior vs any of the seats in the 3+3 offer. Natural CRS online auctioning will come into play adjudging these singles at - conservatively - a multiplier of 1.07 vs the price of a Y-class seat 3+3.

But let's take this logic the whole way ! I.e., why not apply the wisdom of recent "Premium Economy" market experience (as reported in John Walton's referred post), capitalising upon the very tangible reality that indeed, those singles ARE much better in APEX terminology !?

So let's set a price multiplier for those singles at, say, 1.5 - oder ? ... We would have $2/5^{\text{ths}}$ times 1.5 = 0.60 plus $3/5^{\text{ths}}$ divided by 1.13 = $0.60 + 0.53 = 1.13$ as derived previously ie the revenue generating capability of the two offers would be the same !! This result however does not account (1) for relaxation of mandatory Emergency Exits upon LOPA with less seats, worth one extra row in H21QR; not either (2) for the better APEX rating of the centre triple in 1+3+1, setting the Excuse-Me Factor to 0.5 (one half) vs a loathesome 6 for classical 3+3 ; in fine, nor (3) for the superiority of 1+3+1 vs 3+3 on all other accounts : twin aisles = 4 aisle seats vs only 2 (shorter turn-around times), reliabler dispatch, boosted productivity/24h, carry-on boost, cargo boost, cabin crew roster of 4 vs 5, easier in-flight service/cleaning ...

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