

Aviation

Air Fare, Canadian Air Carriers, Level I

2005



Highlights

- In 2005, the all-fare index (2002=100) for domestic and international (including Canada-United States) scheduled services operated by Canadian Level I air carriers rose 0.6% from 2004 to reach 90.9, the first growth after two consecutive annual declines. The air fare index for all fares for domestic scheduled services was 91.1, up 5.0% from the 2004 level of 86.8, while the all-fare index for international scheduled services posted a decrease of 3.1% from 2004, to stand at 90.3.
- In 2005, the average domestic and international one-way air fare (all types) paid by passengers was \$251.20, up 0.5% from \$249.90 in 2004. This increment followed the slight recovery of fares that started in 2004, after the strong annual decline reported between 2002 and 2003 (-11.8%). The average domestic air fare (all types) paid by passengers was \$191.40 in 2005, up 5.9% from \$180.70 in 2004. The average international air fare (all types) was \$345.50 in 2005, down 4.6% from \$362.10 in 2004.
- In 2005, 96.8% of passengers on domestic and international scheduled services flew on discount fares, slightly down (0.4 percentage points) from the record 97.2% in 2004 and up 1.4 percentage points from 95.4% set in 2003. On domestic scheduled services, 95.9% of passengers travelled on discount fares in 2005, down 0.2 percentage points from the record 96.1% in 2004 and up 2.5 percentage points from 93.4% in 2003. Deep discount traffic (discounted 30% or more off the economy fare) and shallow discount traffic (discounted less than 30% off the economy fare) accounted for 89.1% and 6.8%, respectively of total domestic traffic in 2005. On international scheduled services, 98.3% of passengers flew on discount fares in 2005, down 0.7 percentage points from 99.0% in 2004.



Analysis

Air fare indexes

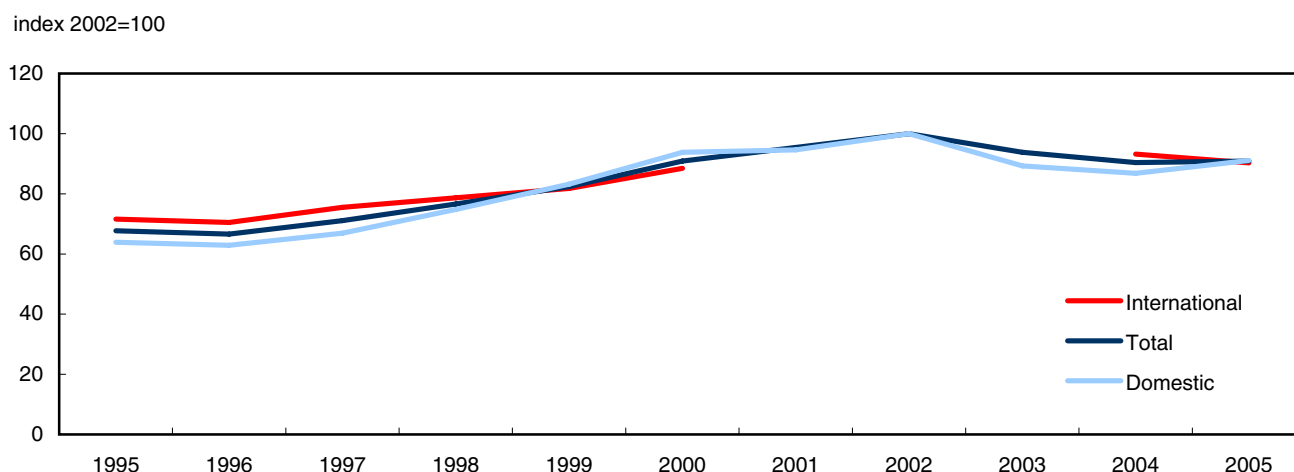
In 2005, the all-fare index (2002=100) for domestic and international (including Canada-United States) scheduled services operated by Canadian Level I air carriers (Air Canada, Jazz, Air Canada's Canadian regional code-share partners, Air Transat and WestJet) rose 0.6% from 2004 to reach 90.9, the first growth after two consecutive annual declines. This slight acceleration is attributable to a higher discount fare index in the domestic sector. Between 1995 and 2005, the total all-fare index jumped 34.3%.

In 2005, the air fare index for all fares for domestic scheduled services was 91.1, up 5.0% from the 2004 level of 86.8. As shown in Chart 1, the domestic air fare index has increased steadily from 1996 to 2002 (+59.0%) when it started to trend down until 2004.

The all-fare index for international scheduled services posted a decrease of 3.1% from 2004, to stand at 90.3. Between 1996 and 2002, the international all-fare index advanced at a slower pace (+41.8%) than the domestic all-fare index. The decrease in the international sector in 2005 partly offset the growth in the domestic sector.

Chart 1

Air fare indexes — All fares, by sector, 1995 to 2005



Note(s): Missing data points in the international sector are confidential.

Average air fares

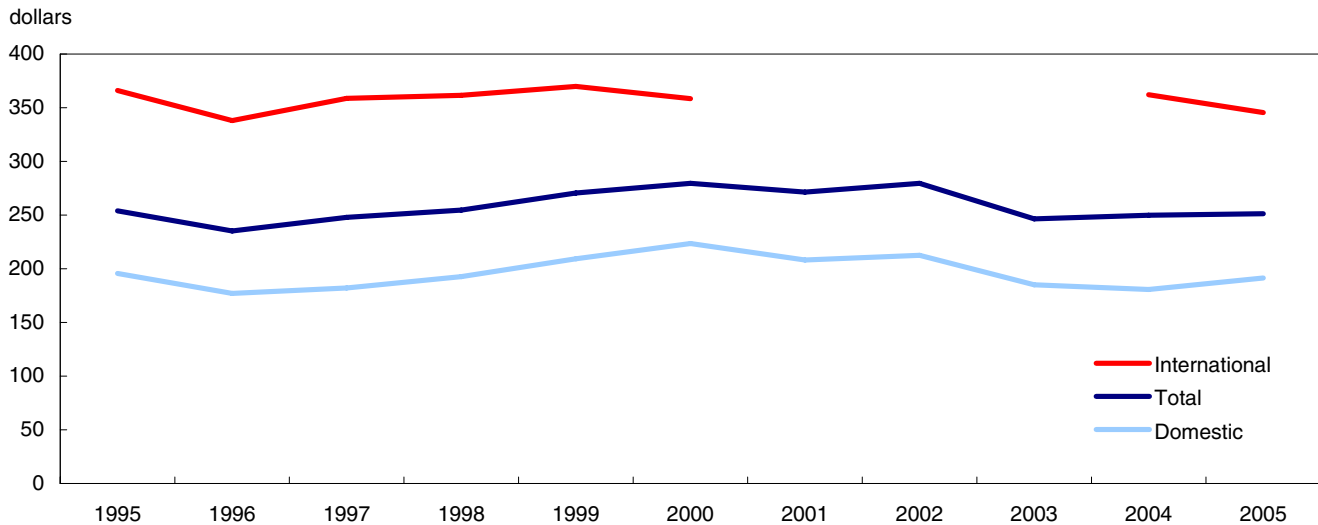
In 2005, the average air fare (all types, all sectors, on a coupon origin-destination basis) paid by passengers was \$251.20, up 0.5% from \$249.90 in 2004. This increment followed the slight recovery of fares that started in 2004, after the strong annual decline reported between 2002 and 2003 (-11.8%). The expansion of services by low fare airlines with low-cost structures, the slowdown in demand due to the war in Iraq and the negative impact of SARS partly explained the decrease in air fares in 2003.

The average domestic air fare (all types) paid by passengers was \$191.40 in 2005, up 5.9% from \$180.70 in 2004. This increase followed the 2.4% decrease between 2003 and 2004 and the strong annual decline reported between 2002 and 2003 (-12.9%). This second consecutive annual decrease tended to bring the average domestic air fare back to the lowest level reported in the past 10 years, 177.00\$ posted in 1996.

The average international air fare (all types) was \$345.50 in 2005, down 4.6% from \$362.10 in 2004. The fare recorded in 2004 was roughly at the same level as in 1998 (\$361.50), but still 1.0% higher than in 2000 (\$358.50).

The decline of air fares in the international sector can be partly explained by the increased fare competition between the major “legacy” scheduled carriers and the low-cost carriers or charter carriers.

Chart 2
Average air fares — All fares, by sector, 1995 to 2005

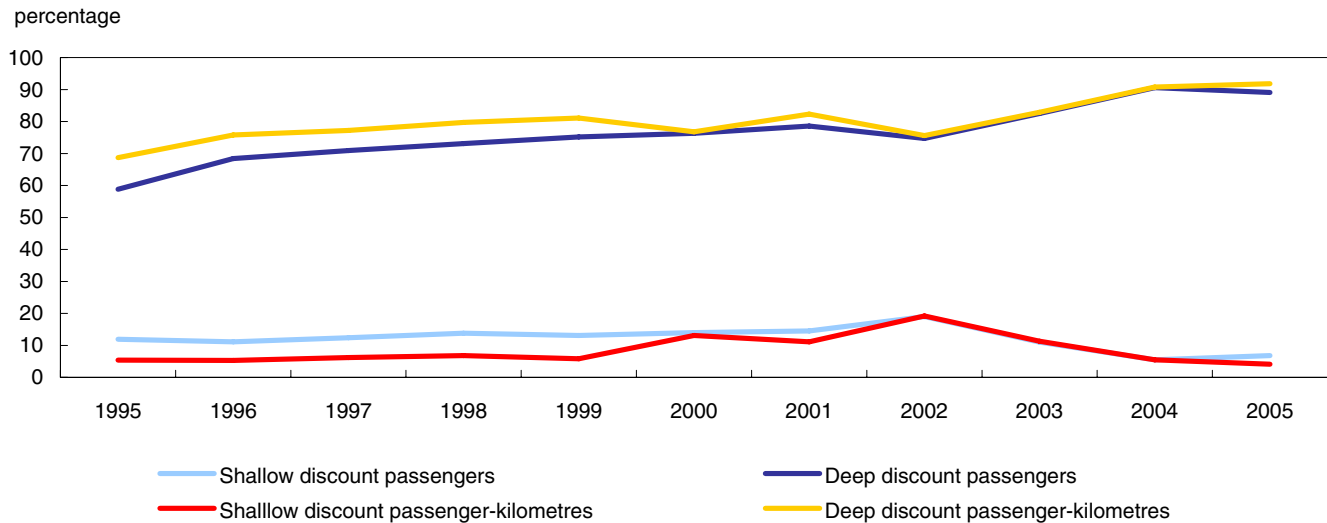


Note(s): Missing data points in the international sector are confidential.

Shallow and deep discount traffic

Chart 3 shows that between 1995 and 2005, the airlines used more and larger discounting to fill empty seats. The proportion of domestic scheduled passengers who flew on discount fares increased by 25.2 percentage points, from 70.7% in 1995 to 95.9% in 2005. Between 1995 and 2005, deep discount traffic (discounted 30% or more off the economy fare) accounted for a growth of 30.3 percentage points, from 58.8% in 1995 to 89.1% in 2005. If deep discount traffic showed a steady pattern of growth since 1995, shallow discount traffic (discounted less than 30% off the economy fare) did not follow the same trend. In 2004, the smallest proportion of shallow discount traffic (5.5%) has occurred since 1995. A year later, the proportion of passengers who flew on shallow discount fares stood at 6.8%. For the years 1995 to 2005, at least 80% of discount passenger traffic travelled on deep discounts.

Chart 3
Shallow and deep discount traffic in Canada, 1995 to 2005



Notes:

The estimates are derived from a sample of flight coupons collected as part of the Fare Basis Survey. The estimates relate to the operations of major Canadian air carriers. For 2005, the air carriers included are the Canadian Level I carriers (Air Canada, Jazz, Air Canada's Canadian regional code-share partners, Air Transat and WestJet). Imputation has been performed for incomplete and missing data.

For purposes of statistical tabulations, fare codes reported by the air carriers are grouped by general fare type. These fare types are defined as follows:

- First class. The transportation of a passenger or passengers for whom premium-quality services (e.g. larger seats, complimentary bar) are provided.
- Business class. A fare level which is less expensive than first class and more expensive than the basic fare level. It includes different amenities (e.g. larger seats, advanced seat assignment).
- Economy. A basic fare level which is less expensive than first class but does not include the amenities (e.g. larger seats, complimentary bar) of the first class fare.
- Discount. A reduced fare usually subject to one or more travel restrictions, the price of which is usually calculated as a percentage reduction from the normal full fare. It includes various discount fares such as charter class, seat sales, advance purchase excursion, group.
- Other. Represents industry and agency discount fares, military as well as unknown fare codes.

The air fare index is a measure of the rate of price change, providing indications of the overall trend of domestic and international fares over time, while average fares measure the actual level of fares paid by passengers. The different series of air fare indexes produced by the Aviation Statistics Centre were calculated on an annual basis using the chain Laspreyres index method linked at the annual level, with annual updated weights (the time base is 2002=100).

The average fare is obtained by dividing the carriers' revenue by the passenger volume, as measured by coupon origin and destination.

Additional information on Fare Basis statistics can be obtained directly from the **Aviation Statistics Centre**. Tables are available in print form or in electronic format. For further information, please contact the Aviation Statistics Centre (telephone: 1-866-500-8400; Internet: aviationstatistics@statcan.ca).

Statistical Tables

Table 1

Air fare indexes, by sector and fare type group — Canadian air carriers, Level I – Scheduled services

	Fare type group			
	Total	Business class	Economy	Discounted
	2002=100			
Domestic				
2001	94.6	98.2	98.4	94.0
2002	100.0	100.0	100.0	100.0
2003	89.3	110.3	88.0	88.9
2004 ¹	86.8	124.4	85.0	86.2
2005 ^{p 2}	91.1	115.2	84.0	90.9
International				
2001	x	x	x	x
2002	100.0	100.0	100.0	100.0
2003	x	x	x	x
2004 ¹	93.2	112.5	98.7	92.6
2005 ^{p 2}	90.3	107.0	86.2	89.8
Total				
2001	95.4	94.9	97.1	95.3
2002	100.0	100.0	100.0	100.0
2003	93.8	109.1	90.8	93.4
2004 ¹	90.4	117.3	87.3	89.8
2005 ^{p 2}	90.9	111.0	84.4	90.5

1. For 2004, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz, Zip and regional code-share partners), Air Transat and WestJet.

2. For 2005, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz and regional code-share partners), Air Transat and WestJet.

Note(s): The different series of air fare indexes were calculated, from 1995 to 2005, using the chain Laspeyres index method linked at the annual level, with annually updated weights. The index number 100 was assigned to the year 2002 and the base year is always the previous year.

Table 2
Average fares, by sector and fare type group — Canadian air carriers, Level I – Scheduled services

	Fare type group					Other
	Total	First class	Business class	Economy	Discounted	
dollars						
Domestic						
2001	208.10	F	946.60	378.10	190.30	34.90
2002	212.60	F	824.10	315.40 ^E	202.70	47.00 ^E
2003	185.10	F	923.40 ^E	289.90 ^E	177.10	18.80 ^E
2004 ¹	180.70 ^E	F	956.50	F	175.00 ^E	F
2005 p 2	191.40 ^E	F	1,032.00	F	184.80 ^E	F
Short-haul						
2001	153.70	F	444.10	229.60	146.40	38.40
2002	156.40	F	452.50	231.30 ^E	149.20	48.90 ^E
2003	137.70	1,047.30 ^E	478.80 ^E	222.30 ^E	131.30	14.30 ^E
2004 ¹	131.50 ^E	F	632.20	F	126.40 ^E	F
2005 p 2	141.60 ^E	F	588.50	F	136.80 ^E	F
Long-haul						
2001	265.80	F	1,304.60	555.70	236.70	33.40
2002	269.30	F	1,293.60	427.10 ^E	255.80	46.00 ^E
2003	227.60	F	1,450.70 ^E	365.90 ^E	217.60	23.50 ^E
2004 ¹	227.90 ^E	F	1,313.30	F	221.40 ^E	F
2005 p 2	x	x	x	x	x	x
International						
2001	x	x	x	x	x	x
2002	x	x	x	x	x	x
2003	x	x	x	x	x	x
2004 ¹	362.10	F	2,537.40	993.30 ^E	351.60	164.30 ^E
2005 p 2	345.50	F	2,201.70	564.10 ^E	335.30	162.50 ^E
Total						
2001	271.40	F	1,341.20	440.60	254.20	54.10
2002	279.60	F	1,338.80	353.20 ^E	270.30	57.40 ^E
2003	246.50	F	1,383.60	319.70 ^E	240.20	28.10 ^E
2004 ¹	249.90	F	1,846.50	F	243.60	128.00 ^E
2005 p 2	251.20	F	1,593.60	F	244.10	152.60 ^E

- For 2004, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz, Zip and regional code-share partners), Air Transat and WestJet.
 - For 2005, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz and regional code-share partners), Air Transat and WestJet.
- Note(s):** All estimates shown above (except those marked with the codes E and F) have a coefficient of variation of less than 10% and can be considered reliable from a sampling point of view. An E indicates a coefficient between 10% and 25%. The estimates with a coefficient of variation greater than 25% cannot be released and are shown with the code F.
Estimates are subject to periodic revisions to reflect carrier updates and further refinement of the fare code assignment system.

Table 3
Distribution of passengers, by sector and fare type group — Canadian air carriers, Level I – Scheduled services

	Fare type group				
	First class	Business class	Economy	Discounted	Other
	percent				
Domestic					
2001	F	1.0	5.7 ^E	93.1	0.2 ^E
2002	F	0.6	5.6 ^E	93.7	0.1 ^E
2003	F	0.3 ^E	5.6 ^E	93.4	0.6 ^E
2004 ¹	F	0.2 ^E	3.7 ^E	96.1	F
2005 p 2	F	0.3 ^E	3.8 ^E	95.9	F
Short-haul					
2001	F	0.8	6.1 ^E	93.1	0.1 ^E
2002	F	0.6	6.4 ^E	92.9	0 ^E
2003	F	0.4 ^E	6.3 ^E	92.6	0.7 ^E
2004 ¹	F	0.2 ^E	3.8 ^E	96.0	F
2005 p 2	F	0.2 ^E	3.9 ^E	95.9	F
Long-haul					
2001	F	1.2	5.4 ^E	93.2	0.2 ^E
2002	F	0.5	4.9 ^E	94.6	0.1 ^E
2003	F	0.3 ^E	5.0 ^E	94.1	0.6 ^E
2004 ¹	F	0.2 ^E	F	96.2	F
2005 p 2	x	x	x	x	x
International					
2001	x	x	x	x	x
2002	x	x	x	x	x
2003	x	x	x	x	x
2004 ¹	F	0.4	0.4 ^E	99.0	0.2
2005 p 2	F	0.5	0.8 ^E	98.3	0.4
Total					
2001	0 ^E	1.0	3.7 ^E	95.1	0.2
2002	0 ^E	0.6	3.6 ^E	95.7	0.1 ^E
2003	0 ^E	0.4	3.8 ^E	95.4	0.4 ^E
2004 ¹	F	0.3	F	97.2	0.1 ^E
2005 p 2	0 ^E	0.4	2.6 ^E	96.8	0.2 ^E

1. For 2004, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz, Zip and regional code-share partners), Air Transat and WestJet.

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Table 4
Distribution of passenger-kilometres, by sector and fare type group — Canadian air carriers, Level I – Scheduled services

	Fare type group				
	First class	Business class	Economy	Discounted	Other
	percent				
Domestic					
2001	F	1.3	5.1 ^E	93.4	0.2 ^E
2002	F	0.6	4.5 ^E	94.8	0.1 ^E
2003	F	0.4 ^E	4.8 ^E	94.1	0.7 ^E
2004 ¹	F	0.2 ^E	F	96.3	F
2005 ^{p 2}	F	0.5 ^E	F	95.9	F
Short-haul					
2001	F	0.7	6.1 ^E	93.1	0.1 ^E
2002	F	0.6	6.5 ^E	92.8	0 ^E
2003	F	0.3 ^E	6.8 ^E	92.0	0.8 ^E
2004 ¹	F	0.2 ^E	4.4 ^E	95.4	F
2005 ^{p 2}	F	0.3 ^E	4.3 ^E	95.4	F
Long-haul					
2001	F	1.4	4.8 ^E	93.5	0.3 ^E
2002	F	0.6	4.0 ^E	95.3	0.1 ^E
2003	F	0.4 ^E	4.4 ^E	94.6	0.6 ^E
2004 ¹	F	0.2 ^E	F	96.5	F
2005 ^{p 2}	x	x	x	x	x
International					
2001	x	x	x	x	x
2002	x	x	x	x	x
2003	x	x	x	x	x
2004 ¹	F	0.5	0.3 ^E	98.9	0.2
2005 ^{p 2}	x	x	x	x	x
Total					
2001	0 ^E	1.3	2.1 ^E	96.4	0.2
2002	0 ^E	0.7	1.7 ^E	97.5	0.1
2003	F	0.4	2.1 ^E	97.1	0.3
2004 ¹	F	0.4	F	98.0	0.1 ^E
2005 ^{p 2}	F	0.6	F	97.5	0.3

1. For 2004, the air carriers included are the Canadian Level I carriers, which are comprised of the Air Canada Family (Air Canada, Jazz, Zip and regional code-share partners), Air Transat and WestJet.

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Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 ^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

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