

- The price that consumers are willing to pay; and
- The carrier's marketing practices in terms of which segments of the market they choose to serve.

Airlines have abandoned simple uniform pricing policies in favour of complex pricing schemes such as *seat management*. Seat management involves managing the number of seats available at different prices and the depth of discounts which are offered.

- Seat management systems have maximizing flight revenues as their objective. They achieve this by reserving only as many seats as necessary to accommodate full-fare paying business passengers, and selling remaining seats at a discount to leisure travellers.
- As the date of the flight approaches, the airline is able to more accurately predict the number of seats which will be required for full-fare passengers. Thus the airline may increase or decrease the number of discount seats which it will make available.
- For seat management to be effective, it is necessary to prevent business passengers from availing themselves of discounts. This is done by attaching restrictions to discount tickets such as required Saturday night stayovers and advanced purchase requirements, which business travellers are generally unwilling to abide by.