## Teacher Answer Key

**Case Study**

1. As they waited, cheaper fare classes sold out and prices for the popular dates rose from about $320 to over $550.

2. They shifted to less popular travel dates (leaving a day earlier and returning January 3), moving away from peak demand days and into a lower-priced part of the demand curve.

**Multiple Choice**

1. B

2. D

3. A

**Matching**

1-D, 2-C, 3-A, 4-E, 5-B

**Fill-in-the-Blank**

1) capacity, 2) pricing, 3) demand

**Short Answer (Sample Responses)**

Q1: Prices rose from around $190 to $480 as days before departure decreased and seats were sold. The airline's system closed cheaper fares as capacity filled, adjusting prices upward—classic dynamic pricing.

Q2: A flexible traveler could fly on off-peak days (like midweek instead of the day before a holiday), book earlier to access lower fare classes, or choose basic economy to accept restrictions in exchange for a lower price.

Q3: Different customers have different willingness to pay; by using multiple fare levels, airlines can capture more revenue from travelers with inelastic demand while still filling remaining seats with more price-sensitive customers, maximizing total revenue for the same flight.