1. Introduction

Punctuality is certainly a key performance indicator in the airline industry,

Owens, and Plumly, 2006). According to Mayer and Sinai (2003), in year

Figure 1: Causes of Delay by Percent Share of Total Delay Minutes

Figure 2: Weatherôs Share of Total Delay Minutes

Second, if consumers do value OTP, to what extent may airlines

air travel demand models with schedule delay[7] as a measure of service quality. Our present paper contribute

aircraft utilization and OTP

incumbentsô delays increase with entry and entry threa

Second, we also use the U.S. Department of Transportation (DOT) Bureau of Transportation Statistics (BTS) On-Time Performance database to construct our on-time performance measure of product quality. All U.S. domestic carriers with revenues from domestic

the DB1B origin-destination dataset. The matching process is done at all airports of the passengersô itineraries.

In this study, we focus on carriersô OTP at the itineraryôs final destination airport. In order to construct our data set, we place some restrictions on the raw data:

(i) We confine our analysis to U.S. domestic flights operated by U.S. domestic carriers.

(ii) Our analysis focuses on performed flights ar0.00000 0.00000 0.00000 rg0.00000 0.00000 0.00000 (ll)66 TJircudnation

Figure 3: Overall Airline On-

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where **p**, **mc**

result in empirical industrial organization is that the demand model presented above results in the following

carrier.[15] The rationale for using these instruments is discussed in Gayle and Thomas (2011 709.0 TJETQq0.00

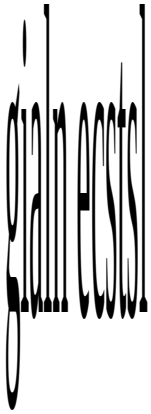
To confirm the validity of instruments used in the 2SLS regression, we estimate first-stage reduced-form regressions for12 792 12 Tf1n4(e)h 792 1 geForfi-8st

late arrival at a meeting; partial loss of social activity (Cook, Tanner, Williams and Meise, 2009); disrupted ground travel plans; forgone pre-paid hotel accommodations; and missed vacation times (Schumer and Maloney, 2008).

Studies that have examined co l "

reveals the extent to which OTP improvement influences p129(oduce)7t

subsection is to use our model to recover an estimate of the cost per minute of delay improve



$\frac{\text{کی ضرب م}}{\text{کا ؤم}}$ for all products, which according to equation (18) reveals the value of $\frac{\text{کی کا ث م}}{\text{کا آ م}}$ شج $\frac{\text{کا ؤم}}{\text{کا آ م}}$ in equilibrium. In other words, we can obtain estimates of OTP-ren9ve

investment cost per minute

consumers are willing to pay $1.56 per minute late to avoid

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