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# NATIONAL CARRIERS, MARKET POWER AND CONSUMER LOYALTY

A study of the deregulatory international airline industry

An efficient international air transport system is crucial for the accessibility of countries, regions and cities, and therewith for their economic functioning and growth. To improve the efficiency of the international air transport system, the industry is gradually moving towards a more liberalized market regime that allows for more competition between airlines on international routes. This thesis studies a potential barrier for this competitive ideal: the market power of national carriers on routes that depart from their domestic countries.

To empirically test for the presence of this competitive barrier, the ability of national carriers to command higher fares on domestic-originating routes is estimated. Further emphasis is put on consumer loyalty towards their own national carrier as one of the mechanisms that creates and sustains the dominant position of national carriers. Finally, it is considered to what extent competitive advantages of national carriers spillover to their foreign partners. Insights from this thesis can be used to guide the ongoing liberalization process and are of interest to carriers that are operating in the deregulatory international aviation industry.

## About the author

Gerben de Jong (1989) obtained a MSc in Transport and Supply Chain Management from the Vrije Universiteit Amsterdam. He wrote his interdisciplinary thesis at the departments of Marketing and Spatial Economics of the Vrije Universiteit Amsterdam. His research interests include consumer behavior, industrial organization and applied econometrics.



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