



3. Are the prices that you find very similar or very different? Do you think the airlines are being anti-competitive. Discuss why or why not. *อ้วน??*

low-cost Airline {

Airline	Price (THB)	year of entering
Nok air	2,274.00	2004
Air Asia	2,573.00	1993
Bangkok Airways	3,450.00	1968
Thai Airway International	4,625.00	1988

*don't have enough info
MC*

According to the table above, the price range of the low-cost airlines lie between 2,200 - 3,500 baht during this season (13th september). In my opinion the gap is quite wide for competitive firms. However the price range is not that high for airline ticket. As I go through the year of entering for each firm to see whether the first enter has the specialized skill or higher ability to charge lower price or not. It turns out that the original firm which is Bangkok Airways charges the highest price among low-cost airline and the newest firm which is Nok air in contrast charges the lowest price. I think that the reason behind this contradiction is because in airline industry, people not only concern about the price charged but also concern about the safety which can be reflected from the duration that firm perform (specialization). So, Bangkok Airways, the original, can charge high price as customers are confident with its services while Nok air, the new comer, tries to compete the market share by using price strategy. Air Asia, who comes between Nok Air and Bangkok Airways, charges the price between those firms.

I don't think that Thai Airway International would do anti-competitive agreement with those low-cost Airline firms as It's not considered as a low-cost Airline and the target markets are different (So, no need to go through the marginal cost of this firm) and it's a big company that most people are confident in its services.

next page.

I also think that the three low-cost airline I mentioned do not form anti-competitive agreement among each other. Nok Air and Air Asia do quite a lot of advertisement which can imply that they're pretty competitive as advertising cost nowadays is relatively high. Moreover, the price charged for these two firms are close together and relatively low compare with the other firms. Bangkok Airway; in another way around, sets relative high price with relative low advertisement

However, I cannot make sure whether they are anti-competitive or not since I do not know the MC of each firm. Nok Air and Air Asia might spend much on advertising cost to cover the anti-competitive behavior if profit from that behavior is more than their marginal cost (including advertising cost). Firms may make agreement not to compete one another by colluding and sharing the market share and set the different prices according to each firm's target group.

In sum, I don't think the firms are anti-competitive as many reasons I give. Nevertheless, the information available in the market is not enough to find out the truth < we need to know marginal cost to see whether they're anti-competitive or not >.

v. good.

I like the fact that you try to incorporate other aspects of firms' behavior into the analysis.