Accepted Manuscript

Price Discrimination through Refund Contracts in Airlines

Diego Escobari, Paan Jindapon

PII: S0167-7187(14)00018-6
DOI: doi: 10.1016/j.ijindorg.2014.02.005
Reference: INDOR 2156

To appear in: International Journal of Industrial Organization

Received date: 12 November 2009
Revised date: 15 March 2013
Accepted date: 10 February 2014

Please cite this article as: Escobari, Diego, Jindapon, Paan, Price Discrimination through Refund Contracts in Airlines, International Journal of Industrial Organization (2014), doi: 10.1016/j.ijindorg.2014.02.005

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
Price Discrimination through Refund Contracts in Airlines

Diego Escobari† Paan Jindapon‡

March 15, 2013

Abstract

This paper shows how an airline monopoly uses refundable and non-refundable tickets to screen consumers who are uncertain about their travel. Our theoretical model predicts that the difference between these two fares diminishes as individual demand uncertainty is resolved. Using an original data set from U.S. airline markets, we find strong evidence supporting our model. Price discrimination opportunities through refund contracts decline as the departure date nears and individuals learn about their demand.

Keywords: Price discrimination; Refund contracts; Airlines; Individual demand learning

JEL Classifications: C23; D42; D82; L93

---

*We thank James Dana, Li Gan, James Haag, Monica Hartmann, Tim Hazledine, Junsoo Lee, Sang-Ho Lee, Bradford Patterson, Harris Schlesinger, Roger Sherman, Joseph Walsh, and seminar participants at CSU Fullerton, East Carolina University, University of Alabama, University of Chile, University of Louisville, University of Texas-Pan American, IIOM 2008, SEA 2008, AEA 2009, and WEAI 2009 for helpful comments. Thanks in particular to the editor and three anonymous referees, whose comments helped improve the paper. Jindapon thanks the Culverhouse College of Commerce and Business Administration for financial support and Escobari thanks the Bradley Foundation for financial support. The data collection was funded by the Private Enterprise Research Center at Texas A&M. Stephanie C. Reynolds provided excellent research assistance.

†Department of Economics and Finance, University of Texas-Pan American, escobarida@utpa.edu

‡Department of Economics, Finance and Legal Studies, University of Alabama, pjindapo@cba.ua.edu
دریافت فوری
متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات