

Does Competition Benefit Complements? Evidence from Airlines and Hotels

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joint work with Renáta Kosová, Imperial College London

Abstract

We analyze how changes in the market structure of one industry - airlines - affect a complementary industry - hotels. We exploit the increase in competition from low-cost airlines, which offer lower prices than legacy airlines and increase overall passenger volume but bring new passengers into the market who may have lower willingness-to-pay for hotels. We find that all passengers raise hotel revenue and occupancy, but the effect on hotel prices is mixed. Passengers on low-cost carriers generate smaller benefits than legacy carriers and spillovers vary by hotel quality and destination. Overall, however, these changes in airline industry market structure boosted hotel performance.

Professor Silke Forbes is a Visiting Associate Professor at the MIT Sloan School of Management and an Associate Professor of Economics at Tufts University. She has previously held faculty appointments at the University of California, San Diego, and at Case Western Reserve University.

Silke Forbes received her Ph.D. from the Massachusetts Institute of Technology and an M.A. from the University of Mannheim, both in economics. She has received a faculty research grant from the National Science Foundation, graduate student fellowships from the Alfred P. Sloan Foundation and MIT, and a fellowship from the German National Merit Foundation.

Her research interests are in at the intersection of Industrial Organization and Organizational Economics. She has investigated the determinants and consequences of vertical integration, competition spillovers to complementary industries, how firms respond to 'light-touch' regulation such as information disclosure requirements, and the interaction of switching costs and inattention. Her work has been published in leading economics journals, including the American Economic Review, the American Economic Journal - Microeconomics, and the RAND Journal of Economics.

Wednesday, 3 Mar. 2021

1:00 - 2:00 pm

Location

Webinar

Language

English

Registration

- Free seminar
- Registration to dem@uni.lu (please specify full name and institution)

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