ABSTRACT

The Portuguese market for intercity travel comprises trains, coaches and automobiles. Nowadays, trains lost their monopoly on “quality” travel; coaches became competitive, and the car leads.

Modelling assumes a vertically differentiated oligopoly – the car charging a competitive price, while the others playing a pricing game, separately or viewed as a single player.

Simulations are performed on a description of the status quo and possible developments in taxation or better value from public modes.

Lessons: public modes’ low value service should be improved, cars serve demand with quality and efficiency, but gobble too many resources.

KEYWORDS: Regulation; Oligopoly; Inter-modal choice; product differentiation

JEL Codes: L13; L59; L92
REFERENCES


