AIRLINE ECONOMICS IN ASIA

ADVANCES IN AIRLINE ECONOMICS

Series Editor: James Peoples

Recent Volumes:

Volume 1: Competition Policy and Anti-Trust, Darin Lee	Volume 1:	Competition 1	Policy an	nd Anti-Trust.	Darin Lee
--	-----------	---------------	-----------	----------------	-----------

- Volume 2: The Economics of Airline Institutions, Operations and Marketing,
 Darin Lee
- Volume 3: Pricing Behaviour and Non-Price Characteristics in the Airline Industry, James Peoples
- Volume 4: The Economics of International Airline Transport,
 James Peoples
- Volume 5: Airline Efficiency, John D. Bitzan, James Peoples, and Wesley W. Wilson
- Volume 6: The Economics of Airport Operations, John D. Bitzan, and James Peoples

AIRLINE ECONOMICS IN ASIA

EDITED BY

XIAOWEN FU

The University of Sydney Business School, Australia

JAMES PEOPLES

University of Wisconsin-Milwaukee, USA



United Kingdom - North America - Japan India - Malaysia - China Emerald Publishing Limited Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2019

Copyright © 2019 Emerald Publishing Limited

Reprints and permissions service

Contact: permissions@emeraldinsight.com

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. Any opinions expressed in the chapters are those of the authors. Whilst Emerald makes every effort to ensure the quality and accuracy of its content, Emerald makes no representation implied or otherwise, as to the chapters' suitability and application and disclaims any warranties, express or implied, to their use.

British Library Cataloguing in Publication Data

A catalog record for this book is available from the British Library

ISBN: 978-1-78754-566-3 (Print) ISBN: 978-1-78754-565-6 (Online) ISBN: 978-1-78754-721-6 (Epub)

ISSN: 2212-1609 (Series)



ISOQAR certified Management System, awarded to Emerald for adherence to Environmental standard ISO 14001:2004.

Certificate Number 1985 ISO 14001



CONTENTS

List of Contributors	vii
Editorial Members	xi
About the Editors	xiii
Chapter 1 Introduction and Overview Xiaowen Fu and James Peoples	1
Chapter 2 Low-cost Carriers in the Japanese Aviation Market Shinya Hanaoka	9
Chapter 3 Strategic Response from Singapore Airlines to the Rapid Expansion of Global, Full-service Hub Carriers in the Middle East	
Terence Ping Ching Fan	33
Chapter 4 Market Development and Aviation Liberalization in Central Asia Achim I. Czerny, Xiaowen Fu, Guowei Hua, Zheng Lei and Kun Wang	61
Chapter 5 Airline Deregulation, Market Competition, and Impact of High-speed Rail on Airlines in China Hangjun Yang, Qiong Zhang and Qiang Wang	79
Chapter 6 Air Transport and High-speed Rail Interactions in China: Review on Impacts of Low-cost Carriers, Rail Speed, and Modal Integration Wenyi Xia, Kun Wang and Anming Zhang	103
Chapter 7 Regulatory Changes in International Air Transport and Their Impact on Tourism Development in Asia Pacific Colin C. H. Law. Yahua Zhang and Anning Zhang	123

vi CONTENTS

Chapter 8 The Effect of Levels of Air Service Availability on Inbound Tourism Demand from Asia to Australia	
Tay T. R. Koo, David Tan and David Timothy Duval	145
Chapter 9 Service Quality, Passenger Expectations and Profitability in the Chinese Airline Industry	1.00
Clement Kong Wing Chow and Michael Ka Yiu Fung	169
Chapter 10 The Impact of Outsourcing on Airlines' Performance: Empirical Evidence from Asia and Countries in the Pacific	
Muhammad Asraf Abdullah and NurulHuda Mohd Satar	195
Chapter 11 Total-factor Output Efficiencies of ASEAN Airports	
Jin-Li Hu, Yang Li, Hsin-Jing Tung and Jui-Ting Feng	221
Chapter 12 The Changing Dynamics and Roles of New Zealand's Airports: An Overview	
Kan Wai Hong Tsui and Isaac Levi Henderson	245
Chapter 13 Analyses of Risk-sharing Contract of Airport and Airline Vertical Relationship: Bargaining and Agency Analyses	
Katsuya Hihara and Naoki Makimoto	267
Index	287

LIST OF CONTRIBUTORS

Muhammad Asraf Faculty of Economics and Business,

Abdullah University of Malaysia Sarawak (UNIMAS),

Malaysia

Clement Kong Wing Depar

Chow

Department of Marketing and International Business, Lingnan University, Hong Kong

Achim I. Czerny Faculty of Business, Hong Kong Polytechnic

University, Hong Kong

David Timothy Duval Faculty of Business and Economics,

University of Winnipeg, Canada

Terence Ping Ching Fan Lee Kong Chian School of Business,

Singapore Management University, Singapore

Jui-Ting Feng GMBA Program, National Chiao Tung

University, Taiwan

Xiaowen Fu Institute of Transport and Logistics Studies,

The University of Sydney Business School,

Australia

Michael Ka Yiu Fung Department of Decision Science and

Managerial Economics, The Chinese University of Hong Kong, Hong Kong and Aviation Policy and Research Center, The Chinese University of Hong Kong, Hong

Kong

Shinya Hanaoka Department of Transdisciplinary Science and

Engineering, Tokyo Institute of Technology,

Japan

Isaac Levi Henderson School of Aviation, Massey University, New

Zealand

Katsuya Hihara The University of Tokyo, Japan and Tokyo

Metropolitan University, Japan

Kan Wai Hong Tsui School of Aviation, Massey University, New

Zealand

Jin-Li Hu Institute of Business and Management,

National Chiao Tung University, Taiwan

Guowei Hua School of Economics and Management,

Beijing Jiaotong University, China

Tay T.R. Koo University of New South Wales, Australia

Colin C.H. Law School of Commerce, University of Southern

Queensland, Australia and Faculty of Business and Technology, Stamford International University, Thailand

Zheng Lei Institute of Aviation Research, UK

Yang Li Newhuadu Business School, Minjiang

University, P.R. China

Naoki Makimoto University of Tsukuba, Japan

NurulHuda Mohd Satar Department of Economics, Faculty of

Economics and Administration, University of

Malaya, Malaysia

James Peoples Department of Economics, University of

Wisconsin-Milwaukee, USA

David Tan School of Aviation, University of New South

Wales, Australia

Hsin-Jing Tung Institute of Business and Management,

National Chiao Tung University, Taiwan and

Ministry of Transportation and Communications, Republic of China

Kun Wang Sauder School of Business, The University of

British Columbia, Canada

Oiang Wang School of International Trade and

Economics, University of International

Business and Economics, China

Hangjun Yang School of International Trade and

Economics, University of International

Business and Economics, China

Wenyi Xia Sauder School of Business, University of

British Columbia, Canada

Anming Zhang Sauder School of Business, University of

British Columbia, Canada

List of Contributors ix

School of Economics and Management, Anhui Normal University, China Qiong Zhang

School of Commerce, University of Southern Queensland, Australia Yahua Zhang

EDITORIAL MEMBERS

SERIES EDITOR

James Peoples
University of Wisconsin-Milwaukee, USA

ASSOCIATE EDITORS

John Bitzan
North Dakota State University, USA

Kevin Cullinane University of Gothenburg, Sweden Xiaowen Fu
The University of Sydney, Australia

BOARD OF EDITORS

Volodymyr Bilotkach Newcastle University, UK

Jan K. Brueckner University of California, Irvine, USA

Martin Dresner University of Maryland, College Park, USA

David Gillen
University of British Columbia,
Canada

Timothy J. Hazledine University of Auckland, New Zealand

Marc Ivaldi Université Toulouse 1 Capitole, France

Theodore E. Keeler University of California, Berkeley, USA B. Starr McMullen
Oregon State University, USA

Steven Morrison
Northeastern University, USA

Claudio Piga Keele University, UK

Nicholas G. Rupp East Carolina University, USA

Ian Savage
Northwestern University, USA

Wayne Talley Old Dominion University, USA

Wesley W. Wilson University of Oregon, USA

ABOUT THE EDITORS

James Peoples is Professor of Economics at the University of Wisconsin-Milwaukee. His research includes analysis of production efficiency for different modes of freight transportation, as well as analysis of labor market activity in transportation industries. He has served as President of the Transportation and Public Utilities Group. He is also the Series Editor of *Advances in Airline Economics* and Editorial Board Member of the journal *Transport Policy*.

Xiaowen Fu is Associate Professor in the Institute of Transport and Logistics Studies, the University of Sydney. His main research area is transport economics, which covers issues such as competition policy and government regulation, efficiency benchmarking, transport demand modeling, and industrial organization. He is on the editorial boards of three journals including *Transportation Research – Part B* and *Part E*, and is an editor of the journal *Transport Policy* and Associate Editor of the book series *Advances in Airlines Economics*. Dr Fu is Vice President (Research) of the Air Transport Research Society (ATRS), Vice President (Research) of the Institute for Aviation (UK), Founding Chair of the Maritime Economy and Policy stream of the World Transport Convention.