

Subsidy Differentiation and the Routing Partial Compatibility in a Duopoly Market

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Abstract

The paper states that elderly and impaired people require a barrier free transport in Taiwan. The current transport modes should be adjusted to meet financial limits in social welfare supports. Furthermore, based on some protection laws, government needs to subsidy public and private bus firms. In this paper, we build a model considering subsidy differentiation and the routing partial compatibility to investigate supporting services in a duopoly transport market. We find that subsidy and the degree of partial compatibility can significantly influence bus firms' routing profiles. Practical implications of the findings are also discussed.

Keyword : subsidy differentiation; partial compatibility; supporting services; demand responsive