Report on **Bachelor / Master Thesis**

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	**Bc. Iva Slámová**
Advisor:	**PhDr. Pavel Vacek, Ph.D.**
Title of the thesis:	**Predatory Behaviour in Transportation Sector - "Czech Railways v. Leo Express" case**

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Iva Slámová chose to deal with predatory behaviour in the transport industry. She mentions very briefly the theory of predation, necessary conditions for successful predation and describes how predation can be tested. Chapter 6 contains value added of the author – Iva conducted her own survey to learn about preferences of customers on the rail route Praha – Ostrava. This enabled her to define the relevant market, assess alleged dominance of the Czech Railways on the Praha – Ostrava route and test which factors are important for customers when they decide whether and how to respond to ticket price changes.

Contribution

Author's contribution is in chapter 6. The author tries to shed some light there on the allegation that the Czech Railways might have abused its dominant position on the Praha – Ostrava route by price predation. This is a quite ambitious task since testing predation requires knowledge of cost (and other) data that are typically confidential. Nevertheless, Iva tried to provide some empirical evidence regarding alleged abuse of Czech Railway's dominant position. To this end, Iva sought to define the relevant market first, then analysed whether the Czech Railways had dominance in the relevant market and she tried to compare average prices of railway tickets to a few cost benchmarks to see whether the CR were predating. Lastly, Iva applies the OLS and the logit model to see what factors affect the decision-making process of survey respondents.

Definition of the relevant market based on her own survey, estimation of market position of the Czech Railways in this market and an analysis of factors influencing respondent's behaviour can be considered as author's contribution.

Methods

The author formulated clear hypotheses and collected data using her own survey, which enabled her to test her hypotheses. The survey was conducted in April 2017 on the main railway station in Prague and Ostrava. The author uses standard statistical and econometric methods (the OLS and the logit model) to study determinants of passengers' decisions.

Literature

A few bachelor and master theses dealing with predatory behaviour in transport sector were submitted at universities in the Czech Republic. For example at the IES FSV: "Predatory Pricing in Transport Sector: Case Study of the STUDENT AGENCY, s.r.o." by Adam Dobiáš. Iva Slámová should be aware of these studies and she should have compared her work with them.

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Therefore, I consider the literature overview in Iva Slámová's thesis incomplete.

Manuscript form

The thesis contains a lot of typos. Clearly, the author did not apply a spell-checker (e.g. p. 3 – "tsome of them", p. 22 „inended use" etc.).

The thesis also contains many grammatical mistakes and awkward expressions, e.g.:

- "Czech Republic" instead of "the Czech Republic" (p. 3),
- "It is important <u>to control</u> whether dominant companies in particular market sectors follow laws and rules and do not abuse their dominance at the expense of weaker companies." (Abstract),
- "It is important to note that dominant position in itself is not an anti-competitive <u>thing</u>" (p. 5),
- Czech translation of Abstract does not correspond to English version,
- Czech translation of Abstract is clumsy.

Whole introduction needs rewriting – it contains a lot of general statements instead of saying what the main aim of the thesis is, why it is interesting and what the findings are.

The manuscrip would need further polishing.

Summary and suggested questions for the discussion during the defense

Despite the author has for sure invested lots of effort in writing her thesis, the thesis seems to be finalized in a hurry.

The author needs to work in a better way with references, e.g. on p. 24 the author says: "In some literature, the company has a dominant position if it possesses 50 % of market or more. According to the European law, when having 50% and greater market share, the company is able to endanger the healthy competition by abusing its dominant position. In other sources, the threshold is only 40 %."

These are such important facts that they definitely require precise references instead of using "in some literature" or "in other sources" …

I also consider inappropriate when the author (after all the statistical and econometrical courses taken) uses WIKIPEDIA (see p. 54) for explaining how the OLS method works.

Description of the theory of predation in chapter 2 is so fragmented and superficial that I am not sure if it was helpful to include it into the thesis. Similarly abbreviatory is a description of non-price predation in chapter 5. It would be beneficial at least to briefly explain how rival's cost can be increased.

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Possible questions for final defense:

i) Can you compare your survey design with a survey in the bachelor thesis of Jan Dobiáš? What are the similarities, differences and in author's opinion what did she do in a better way?

ii) What (if any) post-estimation checks and tests were conducted after the OLS and logit estimations?

Despite some criticism that I have expressed in this report, I consider Iva Slámová's thesis to be a solid piece of work overall. Research questions are clearly stated and methodology used appropriate for the relevant purposes.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Contribution (max. 30 points)	22
Methods (max. 30 points)	25
Literature (max. 20 points)	12
Manuscript Form (max. 20 points)	12
TOTAL POINTS (max. 100 points)	**71**
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE: Pavel Vacek

DATE OF EVALUATION: 20 January 2018

Pavel Vacek

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong	*Average*	*Weak*
30	*15*	*0*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong	*Average*	*Weak*
30	*15*	*0*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong	*Average*	*Weak*
20	*10*	*0*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong	*Average*	*Weak*
20	*10*	*0*

Overall grading:

TOTAL	GRADE
91 – 100	**A**
81 - 90	**B**
71 - 80	**C**
61 – 70	**D**
51 – 60	**E**
0 – 50	**F**