

Submission form to the XVII Conference of SIET, Milano 29 June -1 July

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Title of the presentation

Targeting leisure and business passengers with unsegmented pricing
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Abstract (400-500 words)

We analyze the fare setting strategy of a leading European low-cost carrier, Ryanair, which, until recently, adopted an unsegmented pricing policy (all tickets belong to a single fare class). We show that, to account for different demand characteristics, the company adjusts the two main components governing the dynamics of posted fares dynamics, namely time (the number of days before departure) and capacity (the current number of available seats). We find that: 1) in routes with a strong presence of leisure (business) traffic, fares are set to be less (more) responsive to the time component; 2) in schedules more suitable for leisure (business) travellers, fares are set to be less (more) responsive to the capacity component.