

Sliding doors: Alitalia's exit and ITA's entry impact on pricing strategi

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Inserisci l'Abstract (max 200 parole).

Flag carrier ownership transformation is not common in the airline industry. This study empirically analyzes the effect of the ownership transition from Alitalia into ITA Airways for the Italian domestic market. Our main goal is to evaluate whether, and to what extent, the market price was affected by this change. Data have been collected simulating the ticket purchase in the period before and after ITA's entry. Using a difference-in-difference approach and a propensity score matching we noted a 22.34% price reduction for the affected city pairs after ITA's entry. We also noted how airlines reacted to this change. By analysing the effects of the 'exit' of a national flag airline from the market and its consequences on fares and competition, we aim to bring attention to the effects of industrial policies and an understanding of regulatory solutions than need to be rethought and implemented.