

GOR Working Group Pricing & Revenue Management

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Revenue Management (RM) is one of the younger research areas in Operations Research and, simultaneously, one of its major success stories. It originates from the airline industry and was introduced as a result of the deregulation of air travel in the late 1970s. At that time, the basic idea was to sell seats on a flight for different prices in order to maximize revenues. Based on price differentiation, fare classes were defined that addressed different customers segments' preferences. By opening and closing such fare classes, the prices of the seats could be controlled. Since then, the rapid development of e-commerce and the availability of customer data through customer relationship management have led to the adoption of similar approaches by many other service-oriented firms, like hotels, tour operators, and car rental companies. Beyond these obvious applications, the developed techniques are used in manufacturing, retail, and financial services industries.

In the wake of this development, the real world demand for versatile pricing techniques has increased considerably. On top of the pure operational pricing in classic RM, questions concerning the determination of optimal fare structures or aspects of customer relationship management have to be addressed, for example. Consequently, the GOR working group "Pricing & Revenue Management" emphasizes "pricing" in its name, which was previously "Revenue Management & Dynamic Pricing." However, the working group is still focused on analytic approaches originating from Operations Research and using large amount of data, mathematics and computers to support decisions related to revenue maximization.

The working group was founded in 2004, after the successful introduction of a section on Revenue Management at the annual conference "Operations Research" held by GOR in 2003. Between 2004 and 2008, the group was directed by Professor Alf Kimms, with Professor Robert Klein acting as his vice chair before they swapped positions in 2008.

The working group meets once per year, attracting 40 to 50 participants. In total, there have been six meetings so far. The meetings usually take place in January or February, and consist of a one-day workshop with talks and presentations by different contributors. The evening before, an informal get-together allows the participants to make new contacts and discuss the latest developments in the German Revenue Management scene. The photo shows the participants at the Munich meeting in 2009.



The meetings are mostly hosted by an industry partner. In the past, these partners have been Lufthansa Systems Berlin, Deutsche Bahn, and Sixt. Owing to this close collaboration with industry, the working group's particular strength is that researchers and practitioners equally participate in and contribute presentations at the meetings. Moreover, a wide range of industries are represented. So far, there have been contributions from all major German airlines and tour operators, from software vendors, and many other industries such as car rental companies, hotels, steel manufacturers, and energy providers. The programs of past meetings can be found on the working group's web page (http://gor-ev.de/Members/AG_rmdp/).

In 2007, Operations Research Spectrum published a special issue on RM edited by Alf Kimms and Robert Klein and which contained a number of articles written by working group members.

In future, the working group plans to not only further strengthen its status as the number one platform for the future development of Revenue Management in Germany, but to also continue bridging the gap between researchers and practitioners, as it has successfully done in its short history. By slightly extending the focus to include more general pricing questions which can be addressed with Operations Research techniques, we hope to broaden our audience and further increase the attractiveness of our group.

We cordially invite all interested "Pricing & Revenue Management" enthusiasts to attend one of our meetings. The next meeting of the working group will take place in spring 2010 and will be hosted by Deutsche Lufthansa AG. For the latest news, please send an email with your contact data to ag@revenue-management.info.

Best regards

Robert Klein

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