

REVENUE MANAGEMENT AND DYNAMIC PRICING

MAY 02 - 06, 2017



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A perishable service is one that cannot be used after a certain time. Airline seats, hotel rooms, and rental cars are some of the examples of perishable services. Some examples of perishable service providers are broadcasters and telecommunication companies.

Revenue Management and Dynamic Pricing (RMDP) is the scientific and proven method of dynamically managing prices, inventories, and capacities of perishable products and services to maximise revenue when demand is uncertain. The general principles of revenue management are widely applicable although each particular application needs to carefully address the requirements of a specific industry.

Studies by a leading consulting company have shown that for the average S&P 1500 company, a price increase of 1% would generate an increase in profits of 8-12%, i.e., an impact 50% greater than a 1% cut in variable costs and 300% greater than a 1% increase in volumes.

Coined as the “number one emerging business strategy” by the Wall Street Journal, revenue management is the art and science of price-driven profit maximisation.

There are numerous demonstrations of the impact of RMDP in various industries.

- More than 10000 hotels internationally are using revenue management system. One Indian Hotel Company made 63% increase in revenue by applying RMDP.
- Revenue management concept has already been demonstrated by use of dynamic pricing by airlines, hotels, different tariffs by power generation and distribution companies, and different rates service by the Indian Railways.
- Software companies that specialise in revenue management software solutions are visible and vibrant in India.
- Almost all major international airlines have already implemented revenue management systems. American Airlines, one of the pioneers, increased its yearly revenue by \$500 million as a result.
- Surge pricing in taxi cab rental is well known in India and abroad.
- National Car Rental has increased its revenue by \$56 million/year. Today more dynamic vision is used by Uber and Ola Cab.
- National Broadcasting Corporation has increased its annual revenue by \$50 million/year.
- French National Railway has increased its revenue by 110 million francs/year. German Railways is using revenue management.
- Texas Children's Hospitals use revenue management as competitive advantage.

- It may be worth mentioning that application of management science models improved the contribution to profit of Tata Steel by \$73 million in 1986-87 and gave a cumulative impact of hundreds of millions of dollars in later years.

Recent Applications of Revenue Management

Marriott International which has been using revenue management for the last 20 years has developed a Group Pricing Optimiser (GPO) and increased its revenue by \$46 million in 2008.

Retail price optimisation of more than 2,000 hotels of Intercontinental Hotel group has led to 2.7% increase in revenue in 2009. Carlson Rezidor Hotel group and JDA has created next generation Revenue Optimisation Tool that is being used in more than 183 hotels and made 2 to 4% revenue improvement at pilot stage.

- Ingram Micro, the world's largest distributor of technology products has increased its profit by 42 million and revenue by 1.3 billion.

Objectives

This programme aims to:

- Provide an insight into concepts of revenue management
- Provide an understanding of how revenue management systems improve revenue
- Acquaint the participants with various tools and techniques used in revenue management
- Discuss the practice of revenue management in various industries
- Discuss the technical and organisational challenges for implementing revenue management systems

Content

- The business process of revenue management
- Industry specific Indian cases on revenue management
- Economics of revenue management
- Perishable services pricing
- Inventory allocation
- Capacity management
- Legal issues of revenue management
- Implementation of revenue management in an organisation

Illustrative examples from several industries will be provided. Participants will have an opportunity to work on and develop spreadsheet based models to acquaint themselves with computer-aided decision- making applications illustrating RMDP

Methology

The pedagogical methods and materials will include lectures, discussions, case studies, computer exercises, video shows and industry specific discussion on RMDP (if more than 5 people are represented in one industry).

Target Audience

The participants of this programme are expected to be senior level executives who are responsible for maximisation of revenue. These persons will be either from the commercial sector, information technology sector or marketing sector. Persons who are engaged in developing pricing systems in hotels, airlines, car rentals, restaurants, internet service providers, movie theatres, casino broadcasters, healthcare, trucking, transportation service providers, energy, petroleum, sports complex and cricket associations, cruise liners, and manufacturing would find this programme extremely relevant and useful. In addition, this will be an interesting area for consultants to work on.

Faculty

- Agarwal, Anurag K.
- Dutta, Goutam (Faculty Chair)
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- Laha, Arnab K.
- Raghuram, G.
- Roy, Debjit

In addition, the programme may have visiting faculty either from within India or abroad who have good experience of developing, implementing or using revenue management systems in the Indian industry.

Nominations and Inquiries

Nominations should reach the Officer - Executive Education latest by **April 18, 2017** and last date for early bird discount is **April 11, 2017**.

Organisational sponsorship is generally required, but can be waived in case the participant is likely to gain significantly from the programme for personal improvement or greater job effectiveness.

All nominations are subject to review and approval by the programme faculty (usually after the due date for receiving nominations). A formal acceptance letter will be sent to selected nominees accordingly. Nominees are requested to make their travel plans only after receiving the acceptance letter.

For nomination forms and more information, please contact:

Officer - Executive Education

Indian Institute of Management Ahmedabad
Vastrapur, Ahmedabad 380 015.

Phone: +91-79-6632 4472 to 77 and 4461 to 69

Fax: +91-79-2630 0352 (ExEd)/ 2630 6896 (General)

E-mail: exed@iima.ac.in

Website: www.iima.ac.in/exed

Venue and Accommodation

The programme will be held at the Indian Institute of Management, Ahmedabad. Participants would get a full board and air-conditioned single room accommodation on the Institute campus.

IIMA norms do not allow participants to have guests stay with them during the programme.

Programme Fee and Payment

INR 1,20,000 (+15% Service Tax) per person for participants from India and its equivalent in US Dollars for participants from other countries. The fee includes tuition fees, programme materials, boarding and lodging.

The programme fee should be received by the Executive Education Office latest by **April 18, 2017**. In case of cancellations, the fee will be refunded only if a request is received at least 15 days prior to the start of the programme. If a nomination is not accepted, the fee will be refunded to the person/organisation concerned.

Discount

Early Bird Discount: Nominations received with payments on or before **April 11, 2017** will be entitled to an early bird discount of 7%. Early submission of fee and nomination does not however guarantee acceptance of the application.

Group Discount: Any organisation sponsoring four or more participants will be entitled to a discount of 7% on the total fee payable provided that at least four participants actually attend the programme. Organisations can avail themselves of both the discounts subject to a maximum overall discount of 10%.

Any organisation sponsoring 25 or more participants across all the programmes in one academic year will be entitled to an overall discount of 15% on the programme fee payable.

The above discounts will be applicable only when the requisite numbers of participants actually attend the programmes.



Alumni Association

Participants who are attending short-duration Executive Education Programmes for the first time on or after April 1, 2012, will have to attend for a total of 21 days in one or more programmes in order to be eligible for alumni status and the alumni identity card, both of which will be awarded on the payment of a one-time alumni fee of INR 10,000.

Indian Institute of Management Ahmedabad (IIMA)

IIMA was set up by the Government of India in collaboration with the Government of Gujarat and Indian industry as an autonomous institution in 1961. The Institute provides education, training, consulting and research facilities in management.

Major Programmes Offered by IIMA

- Two-Year Post-Graduate Programme in Management (equivalent to MBA)
- Two-Year Post-Graduate Programme in Food and Agribusiness Management (equivalent to MBA)
- Fellow Programme in Management (equivalent to Ph.D.)
- One-year Post-Graduate Programme in Management for Executives
- Executive Education Programmes (EEP) for industry, business, agricultural and rural sectors, and public systems covering education, health, transport and population
- Faculty Development Programme for teachers in universities and colleges

The Institute has about 97 faculty members working in the following management areas and sectors:

Disciplinary Areas and Groups

- Business Policy
- Communications
- Economics
- Finance and Accounting
- Information Systems
- Marketing
- Organisational Behaviour
- Human Resource Management
- Production and Quantitative Methods
- Public Systems Group

Interdisciplinary Centres

- Centre for Gender Equity, Diversity and Inclusivity
- Centre for Innovation, Incubation and Entrepreneurship
- Centre for Infrastructure Policy and Regulation
- Centre for Management in Agriculture
- Centre for Management of Health Services
- Centre for Retailing
- IIMA-Idea Telecom Centre of Excellence
- India Gold Policy Centre
- Insurance Research Centre
- Ravi J. Matthai Centre for Educational Innovation



Kasturbhai Lalbhai Management Development Centre (KLMDC) located on the IIMA main campus and the **International Management Development Centre (IMDC)** located on the new campus, provide an academic and learning environment for participants of the Executive Education Programmes. All rooms at KLMDC and IMDC are air-conditioned and have internet connectivity. They have separate dining halls, a reading lounge, classrooms and auditorium (with audio-visual and computer projection facilities), syndicate rooms and computer lab. The campus is Wi-Fi enabled. Recreation facilities exist for indoor and outdoor games (badminton, basketball, billiards, carrom, chess, cricket, football, squash, TT and volleyball). Participants can also take advantage of the Institute's library.



कार्यकारी शिक्षा कार्यक्रम
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