The importance of consumer behaviour

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As a direct consequence of the global economic strains of the late 2000s and early/mid 2010s, the consumer's appetite for absolute value and generous deals remains undiminished. Having demonstrated their financial worth, savvy consumer behaviours have not been jettisoned; rather, they remain ingrained in the consumer psyche. Soaring rates of smartphone ownership mean the global consumer is becoming better equipped to chase value right up until the moment of purchase. By simply swiping their finger or synching with a smart code while in a restaurant or hotel, they will know instantly whether a better price awaits around the corner or online. Against such a background, price comparison will become an ever easier affair and an automatic — even unconscious — part of the purchasing process. Tech-innovations are giving rise to smart algorithms that can track — and capture — the best prices available at the best possible moment. Thus, understanding consumer behaviour is becoming more important in the sphere of Revenue Management.

Noone and McGuire address one of the most topical issues in a changing world, how non-price information influences hotel choice within the realms of consumer behaviour. The discipline of Revenue Management is evolving and expanding around three spheres, namely, forecasted demand, price elasticity of demand and competitors price. However, consumers when making a pricing decision do not necessarily restrict their evaluation to just price as the availability of information, whether it is consumer reviews, hotel rankings or brand name, also influences choice. The contribution of the

article provides Revenue Managers with insights into consumer behaviour at the point of purchase in how consumers trade off price with non-price information. The results place a strong emphasis on consumer reviews as a strong influence of choice, hence demonstrating to the Revenue Manager the importance of non-pricing information. Helm investigates the impact of corporate reputation on cognitive, affective and behavioural customer reactions after prices increase. Specifically, it includes inferred motive, price fairness, anger and purchase attentions. The authors cleverly use equity theory, cognitive dissonance and attribution theory to explain how corporate reputation with implications pays for companies to invest in their reputation as it buffers from negative repercussions of price increases. This is specifically relevant for industries using dynamic pricing, where competitors face the risk of entering price wars, such as airline. Here, perceptions of fairness and reputation become particularly important.

Collins and Thomas state there is a tendency to focus on overly simplistic dynamic airline pricing games because of the difficulty in solving game theoretic models. However, because of the changes in competition post 9/11, ignoring the competition is no longer a viable solution. The research paper adds a focus to customer model aspects, that is, customer choice using a logit model of customer demand. The results conclude quite complex behaviour can be observed from simple models, but more complex models can be difficult to solve with advances heuristic techniques such as reinforcement learning. Weatherford in his article uses a sophisticated

PODS simulator to examine the revenue impact of two implementation variations on three different methods of unconstraining. Weatherford observes because of the competitive natures of PODS and its allowance for customer choice, a valid assessment can be made of implementation variables in unconstraining methods. Aslani and colleagues study addressed the multiple night stay problem for Revenue Managers. The authors use a decomposition method, thus placing network Revenue Management into a single night pricing problem by adjusting the arrival rates. The authors estimated the effective arrival rate for all

nights using a rolling horizon in which value was added to the process of algorithm modelling.

Foreseeing the special issue of Restaurant Revenue Management, Kimes and Bear discuss the future of topic through identifying five pillars of the future namely, product, placement, price, promotion and people.

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