Conference Review

Celebrating 15 years

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ABSTRACT 15th anniversary edition of the *Journal of Revenue & Pricing Management* was launched a seminar led by Dr Ian Yeoman (Victoria University) and David Meaclem (Air New Zealand) at Victoria University of Wellington. The edition included contributions from leading academics and practitioners including Peter Belobaba (MIT), Sherri Kimes (Cornell), Ben Vinod (Sabre) and Dax Cross (Revenue Analytics) highlighting a number of themes that have brought about the evolution of Revenue Management. *Journal of Revenue and Pricing Management* (2016) **15**, 417–419. doi:10.1057/s41272-016-0056-y; published online 25 October 2016

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The 15th anniversary edition of the *Journal of Revenue and Pricing Management* was launched at a seminar at Victoria University in Wellington, New Zealand with Dr. Ian Yeoman (Victoria University of Wellington) and David Meaclem (Air New Zealand) as guest speakers (Figure 1).

The primary aim of Revenue Management is selling the right product to the right customer at the right time for the right price. Ever since the deregulation of airline industry in the USA, and the emergence of the internet as a distribution channel, Revenue Management has come of age. The special edition traced the history through deregulation, evolution, theories, and application. Journal editor Dr. Ian Yeoman outlined how the journal has bridged theory and practice, with contributions from leading academics and practitioners including Peter Belobaba (MIT), Sherri Kimes (Cornell), Ben Vinod (Sabre), and Dax Cross (Revenue Analytics).

The special issue portrayed the following key developments:

Deregulation of the US air industry: The US Domestic Airline Deregulation Act (1978) mandated deregulation of route restrictions led to the rise and fall of PEOPLExpress, the world's first budget airline. The fall is attributed to America Airlines use of yield management to compete with PEOPLExpress inventory through capacity controls.

Littlewood's Rule: Ken Littlewood (1972) of British Overseas Airways Corporation proposed the first static single resource quantity-based RM model. It was a solution method for the seat inventory problem for a single leg flight with two fare classes.

Single leg to Origin and Destination (O&D) pricing: The ability to forecast multi-leg itineraries rather than single leg means better optimization from a pricing perspective

Figure 1: Seminar at Victoria University of Wellington.

Figure 2: Ian Yeoman (Editor, Journal of Revenue and Pricing Management) and David Meaclem (Head of International Route Performance, Air New Zealand).

thus overcoming one of the limitations of Revenue Management systems for hub and spoke carriers.

The impact of Expected Marginal Seat Revenue heuristic on optimization systems: In 1987, Peter Belobaba's (1987) PhD thesis "EMSR optimization method to calculate bookings limits" extended Littlewood's Rule and became the foundation of most Airline Revenue Management systems.

The use of family fares: In early 2000, fare families have become a popular way to organize and market airline products. Typically, fare families correspond to product categories that differ by relatively more important features such as refundability or baggage fees, while products within a family may be differentiated to a lesser degree.

Technological developments: Moore's law, where technological advancement means computer processing power, enables the running of complex algorithms to simulate airline network optimization problems.

Consumer and price transparency: The ability of consumers to compare prices and achieve the best deal as a consequence of the emergence of online travel agents.

Pricing capabilities in organizations: Price becoming increasing is important within firms, from a tactical to a strategic issue.

David Meaclem, Head of International Route Performance, discussed how these theories work in practice. He talked about the era in the early 1970s, where all seats are offered at the same price, to the introduction of an automated system in the early 1990s based upon 8 price points across three cabins using Sabre AirMax system. Today, the O&D system optimizes revenue across routes using a bid pricing (Figure 2).

Chairing the event Professor Karen Smith of Victoria University of Wellington said:

The Journal has clearly made an important contribution to debates on revenue and pricing management over the last fifteen years. Its accessibility to practitioners was exemplified by David Meaclem's presentation on the history of revenue management at Air New Zealand and reminded us of the great developments in technology and practices since the 1970s, and the dynamic and exciting future for those currently working and researching in the sector.

The special issue is published in Volume 15, Issue 3–4. A special thank you to Palgrave and the School of Management for sponsoring the event.