Guest Editorial

Shau-Shiang Ja¹ · Larry Weatherford²

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This special issue showcases papers that were presented at AGIFORS Revenue Management 2017 Conference that took place in San Francisco, USA on 16–18 May 2017. Special thanks to the organizing committee of the conference for their hard work and efforts to make this meeting a great success. Attendees included academics and practitioners from around the world, and this issue represents a sample of the research that was presented at the conference. Below we briefly discuss these papers.

This special issue begins with a practice paper entitled ‘Dynamic pricing of airline offers’ by Thomas Fiig, Remy Le Guen, and Mathilde Gauchet. The authors consider the problem of product offerings beyond flights. They believe the current offer creation approach is inadequate and that the key to profitability is to manage offers consistently in an integrated offer management system (OMS). In this paper, the authors focus on what they believe is one of the most critical components of the OMS—dynamic pricing of airline offers—and discuss various industry initiatives that will enable deployment of dynamic pricing of the flight product alone or within the broader scope of OMS.

The second paper in the issue is entitled ‘Towards new industry-standard specifications for air dynamic pricing engines’ by Melanie Dezelak and Richard Ratliff. In early 2016, ATPCO formed the dynamic pricing working group to address airline requirements for creating customized

offers in both traditional and NDC environments. The working group comprises a coalition of about 20 airlines and 3 GDSs, along with several marketing and technology providers. One of the main work streams in this forum involves developing industry-standard, interoperability specifications for airline dynamic fare adjustment and fare generation for traditional distribution; recent progress on this work and discussion of current draft specifications are covered in this paper.

The next research paper is entitled ‘Simulation shows not to panic about bid price dysfunction close to departure’ by Larry Weatherford. Over the years, industry practitioners have seen many times where bid prices drop precipitously in the last few days of the booking process, thus potentially opening up cheap seats at a time when passengers with the greatest willingness-to-pay are shopping. The research question studied here is whether an airline can effectively apply a bid price floor or freeze, in the last week or two of the booking process to increase revenue in a competitive environment with four competing airlines. This paper provides the answer to the above question in the Passenger Origin–Destination Simulator (PODS) Network U10. The results show that only un-bucketed dynamic programming and overbooking with a floor or freeze in the last 7 days is consistently revenue positive.

The fourth paper entitled ‘A dynamic pricing engine for multiple substitutable flights’ is written by Michael D. Wittman, Thomas Fiig, and Peter P. Belobaba. In this paper, the authors study the impact of the dynamic pricing engines (DPEs) which dynamically adjust the fares that would normally be offered by existing pricing and RM systems. In past work, simulations have found that DPEs can lead to revenue gains for airlines over traditional pricing and RM. However, these algorithms typically price each itinerary independently without directly considering

✉ Shau-Shiang Ja
Shau-Shiang.Ja@aa.com

¹ Operations Research & Advanced Analytics, American Airlines, 4333 Amon Carter Blvd, Fort Worth, TX 76155, USA

² College of Business, University of Wyoming, Laramie, WY 82071, USA

the attributes and availability of other alternatives. In this paper, the authors introduce a DPE that simultaneously prices multiple substitutable itineraries that depart at different times. Using a locational choice model to represent customer tradeoffs between departure times and price, the DPE dynamically suggests increments or decrements to the prices of pre-determined fare products as a function of booking request characteristics, departure time preferences, and the airline's estimates of customer willingness-to-pay. Simulations in the PODS show that simultaneous dynamic pricing can result in revenue gains of between 5 and 7% over traditional RM when used in a simple network with one airline and two flights.

These are only a few examples of the great research that was presented at AGIFORS Revenue Management 2017

Conference. We hope that you will enjoy this issue and share our excitement about the terrific new research and application of pricing and RM exhibited in these high-quality papers. The editors thank those who contributed to this AGIFORS Special Edition of the Journal of Revenue and Pricing Management, as well as the speakers who participated in the conference itself. Special gratitude is extended to the conference sponsors whose support enabled the non-profit group to meet and foster the exchange of ideas on the industry's current issues. For additional information about the AGIFORS Revenue Management conference and future conferences, please contact the Co-editors or visit the conference website at www.agifors.org. You may request the full proceedings from the conference by first becoming a member at <http://www.agifors.org>.