

The Newsletter of the INFORMS Revenue Management and Pricing Section

Message from the Chair

Section is thriving

This is my last update on the membership as Chair. Next year, I hope to report out on the results of the membership strategy in place for the 2011 Section Conference. All non-members of the Section will be offered complimentary membership as part of their registration fee. It is a strategy that INFORMS took with its Practitioner Conference several years ago. The process will be managed by the INFORMS Business Office, so everything will be seamless to conference registrants.

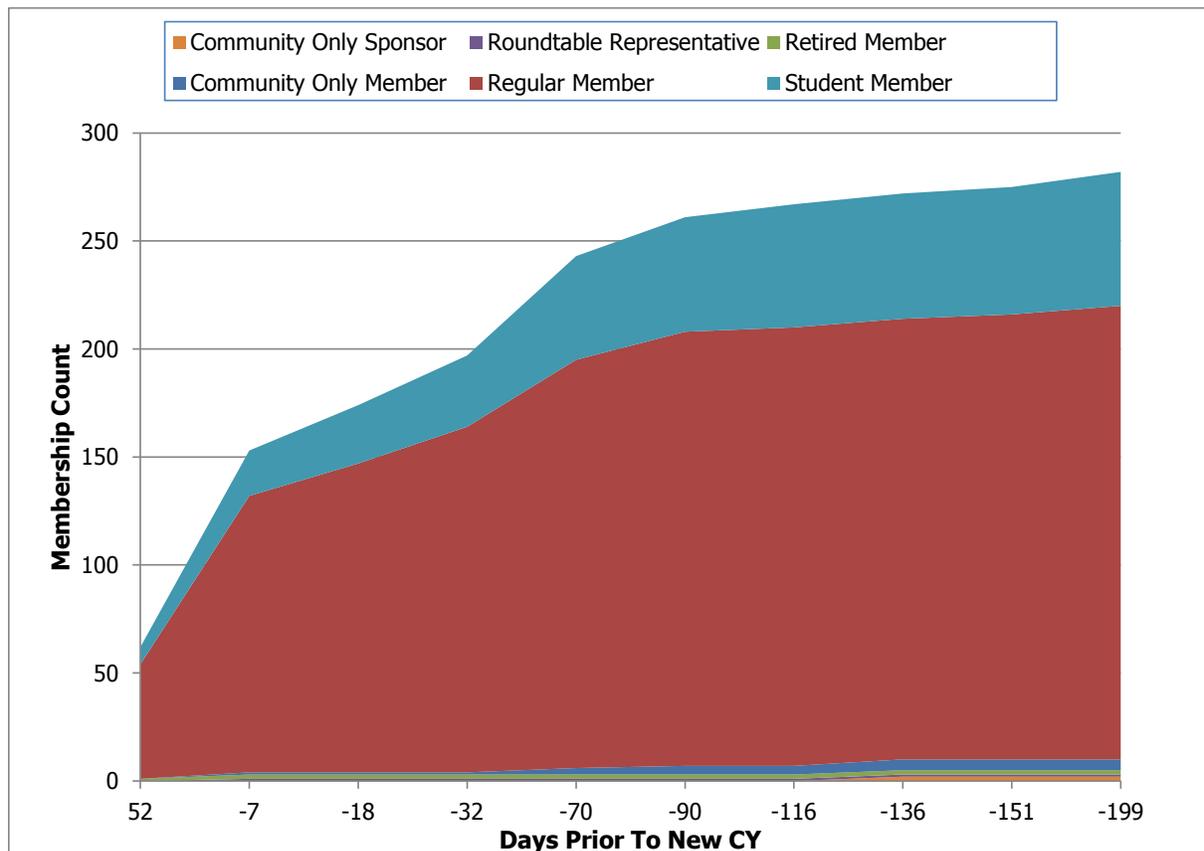


Figure 1 - Membership pace curve by member type (class-subclass)

We also have 23 members that have joined for 2011 that were not members in 2010, bringing the total number of members to 310.

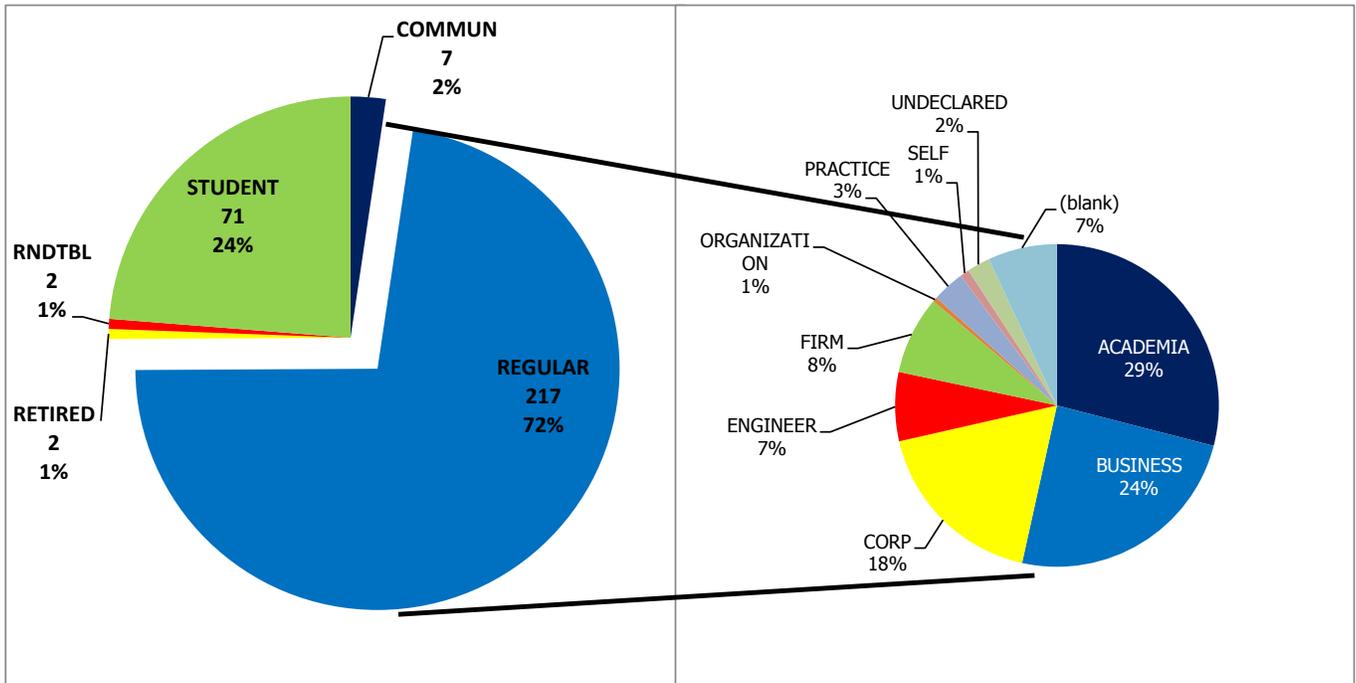


Figure 2 - Current membership by class into attribute (as of 10/19/2010)

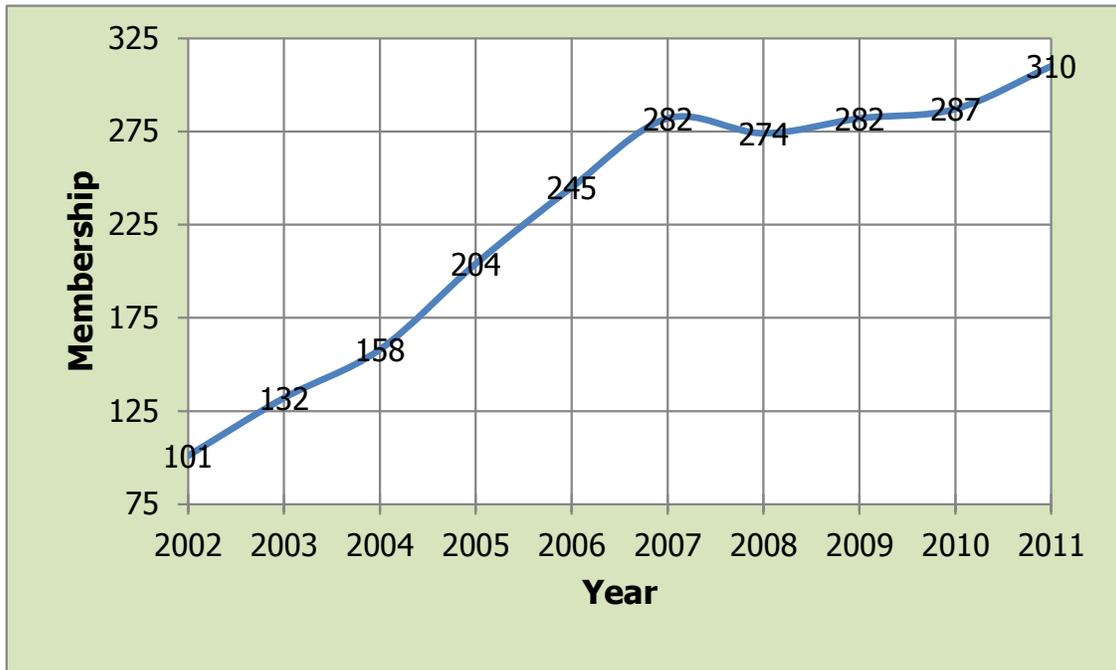
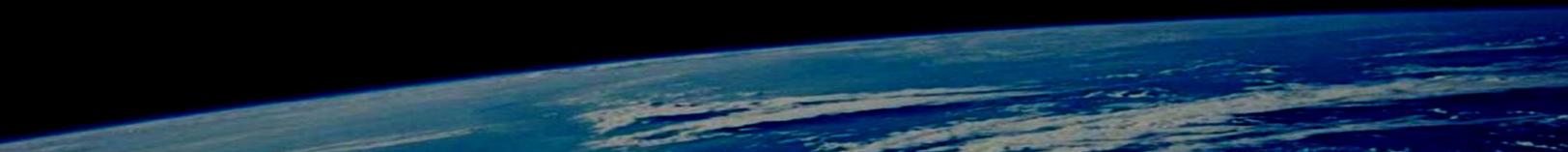


Figure 3 - Year-end RM&P Section membership counts (as of 11/3/2010)

If addition to our record-breaking membership, we had a successful summer conference that boasted 70 presentations accompanied by over 115 presenters/authors. There has been a strong interest by summer conference presenters in the special conference issue of the Journal of Revenue and Pricing Management; to date, ten presenters have expressed an interest in publishing their work.



Annual Meeting program in Austin

In Austin, you will still evidence of the Section's activity level. Through the organizational efforts of our cluster chairs:

Wei Ke
Maarten Oosten and
Darius Walczek

The Section is sponsoring 32 sessions. Wei, Maarten and Darius have planned two parallel tracks (19 and 20) from Sunday morning (SA) through Wednesday morning (WA). In addition to the parallel tracks, we are co-sponsoring a Media Planning track (TB23-TD23) on Tuesday with RSG Media Group. Make plans to stay through Wednesday afternoon, because Wednesday will feature a full track (19). If you are able, please come show your support for the presenter in Scott Hornick session, the last session on Wednesday.

Please visit our sponsored program at
<https://informs.emeeetingsonline.com/emeetings/formbuilder/clustersessionlist.asp?clnno=2368&mmnno=196>

You will find presentation on revenue management and price optimization for

- Advertising from the following Points of View
 - Internet publishers
 - Radio broadcasting
 - Television broadcasting
- Apartment (e.g., renewal pricing and expiration management for apartments)
- Airlines (e.g., airline codesharing to overbooking)
- B2B (e.g., B2B pricing and market segmentation)
- Cargo
- Distribution channel (traditional versus opaque product distribution)
- Energy-Electricity
- Hospitality (e.g., hotel demand modeling, and price optimization)
- Internet Advertising
- Retail (e.g., retail revenue management, assortment optimization, markdown optimization)
- Restaurants (aka Food & Beverage)
- Self-Storage
- Warranty service (e.g., extended warranties)

Additionally, you will be able to find presentations on choice modeling, and bid prices. I think that you will agree this program is a very robust one indeed.

2011 Section Conference Registration To Be Hosted By INFORMS.org

It is my pleasure to announce that next year's conference will return to the location of the first Revenue Management and Pricing Section Conference, Columbia University. The conference will be June 22 through June 24 at Columbia University, with registration and an opening reception planned for June 22 and two full days of presentation on June 23 and June 24. The conference will be chaired by Guillermo Gallego (IEOR department), and Robert Phillips (Business School) at Columbia University.

Registration for the 2011 Section Conference will be hosted by INFORMS Online. Via the INFORMS Online Meeting Registration System, we will be able to tie into the INFORMS Membership Database, and automatically



detect INFORMS membership status and class. This will allow us to differentiate between regular and student members, and automatically assess the correct registration fees. Section members will receive a nominal discount off their registration fees. If you are not a member of the Section yet, you may want to join before registering for the conference in order to take advantage of the discount. If you are already a section member, you don't want to forget to renew this fall.

Meeting registration will be online by the end of November, and we will be posting a link from the Section web site to it.

Introducing our the Next Webmaster and Planned Web Site Changes

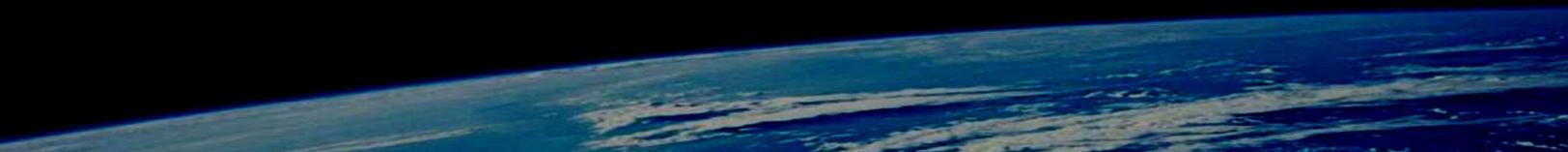
INFORMS has asking its communities, i.e., societies, sections, chapters and fora, to adopt a new website template. In addition to creating continuity within the INFORMS brand, INFORMS is offering INFORMS communities space to store their content on the INFORMS.org web server. Changhyun Kwon, Assistant Professor of Industrial and Systems Engineering at University at Buffalo-SUNY, has volunteered to take on the web site migration to the EZ Publish template.

Chang will also be able to add, delete and make changes to the website. As part of the migration to the new website template, one thing that we would like to start doing is host section conference content on our web site. In the past, section conference organizers created their own web site. The web sites are often taken down after their conference, which is what has already happened with our last conference. When someone wants to find the conference program, when and where the conference was held, or who organized it, it becomes a challenge.

Last summer, our webmaster enhanced our section web with the addition of a list of revenue management and pricing books. I compiled this list and it is by no means an exhaustive list, but it is intended as a resource for someone who wants to learn about our practice. My effort was prompted by several things: 1) organizations such as HSMIA do this, 2) at least one other INFORMS community has embarked on a similar strategy, and 3) feedback on our LinkedIn subgroup indicated that there was a need for at least the book listing. I look forward to working to Chang to expand on value-added functionality such as this.

Our web site should be go-to-place for information on our practice. The Railway Application Section is taking the lead in this strategy for their practice. Innovative Scheduling has created a repository of sponsored presentations from the national meetings linked to the Railway Applications Section web site. They actually have taken the idea a step further at <http://www.informs-ras.org/or.htm>, which links to a Railroad OR Library on Innovative Scheduling's web site. The Airline Group of IFORS (AGIFORS) started the idea of hosting electronic copies of presentations almost ten years ago, but you have to be a member to access them. While we don't expect our national meeting cluster chair(s) to be able to collect presentations across our sponsored tracks at the national meeting, we could create a repository for the presentations made at the summer section conferences. With that said, the program chair, starting with 2011 section conference, has agreed to collect electronic copies of the presentations delivered at our next summer section conference. Those presentations will be organized and posted on the web site after the conference.

As we migrate to the EZ Publish template, I anticipate the INFORMS will be able to roll out even more functionality to our section web site. With the EZ Publish and INFORMS infrastructure, our section will be able to offer password-protected members-only area. In the future, accessing specific content such as the Jobs section, and receiving the Section newsletter will truly be one of the benefits of Section membership. If you would like to be involved in implementing the functionality that I have discussed here, please email me at John.Quillinan@gmail.com if you are interested.



Welcome our incoming officers

We had a strong slate of candidates in our elections this year. I would like to thank Bill Cooper for chairing the Nominating Committee, which consisted of Costis Magarais and me. It is my pleasure to introduce the Section Board for 2010-11. Please welcome our incoming officers:

Mark Ferguson, Vice Chair/Chair Elect
Huseyin Topaloglu, Secretary/Treasurer
Garrett van Ryzin, Board Member (2010-12)

And our returning officers:

Ioana Popescu, Board Member (2009-11)
William (Bill) Cooper, Chair (2010-11)

I will be returning to the Board for my final year as Past Chair.

Please also join me in thanking our departing Board members for their dedication and service to the Section:

Ahmet Kuyumcu, Secretary/Treasurer
Costis Maglaras, Past Chair (2009-10)
Nicola Secomandi, Board Member (2008-10)

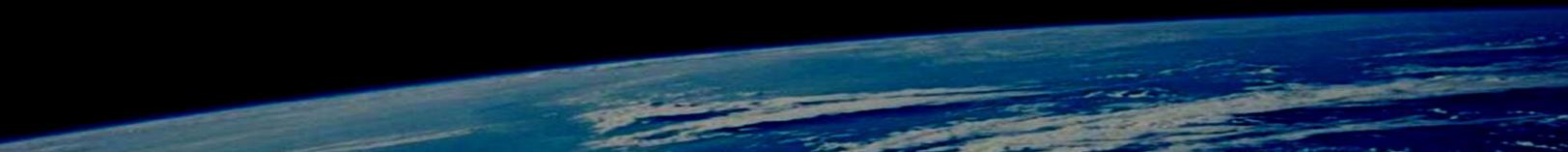
Congratulations to our Section Prize Winner

Kaylan Talluri chaired our Prize Committee this year, and was assisted by Barry Smith and Garrett van Ryzin. The committee discussed the nominations, and have proposed the following author and paper for the 2010 INFORMS Revenue Management and Pricing Section Prize.

Huseyin Topaloglu, IEOR, Cornell University

“Using Lagrangian relaxation to compute capacity-dependent bid prices in network revenue management,”
Operations Research (2009), Vol. 57, pp. 637-649.

Network RM is one of the central problems faced by RM industries such as airlines and hotels. From an OR point of view, it is a theoretically and computationally difficult stochastic optimization problem, and myriad heuristic approaches have been proposed to solve it over the last twenty years. One prominent scheme is to solve a linear program or a randomized linear program, take the dual prices, prorate the network fares in some manner to break up the network into resource-level problems (notable examples are the DAVN, iterative prorating etc). This paper formalizes the heuristic ideas behind these methods by setting up the stochastic dynamic program for Lagrangian relaxation, and solving for an "optimal" proration scheme. Moreover, it shows that the method is computable using subgradient optimization. A final contribution of the paper is giving comprehensive and extensive computational results that compares all the known methods. Although Lagrangian relaxations are classical and have even been proposed for dynamic programs, this paper elegantly applies this approach to network RM and shows its immense practical benefits. The author along with his co-authors and students have applied the basic ideas developed in this paper to a number of variations and extensions of the model. The committee believes the paper represents new practically and theoretically important ideas applied to



one of the central problems of RM, and is in the best tradition of Operations Research.

At our business meeting on Sunday, November 7, Huseyin will be presented the award plaque and a check for \$250.

Get “plugged in”

In closing, the Section needs volunteers such as you, and there are many ways to "plug in" to activities of the Section. There are opportunities to host future Revenue Management and Pricing Section Conferences, and organize clusters at future national INFORMS Meetings. In addition to organizing programs, there is always a need for presenters. The web site is always in need of content. In addition to all of these opportunities, we also have standing committees, such as our Prizes Committee, which may need volunteers. We also are looking for corporate sponsors. If you have an interest in volunteering or becoming a corporate sponsor, please contact any of the Section Board members.

News from the Journal of Revenue and Pricing Management

10th Anniversary in 2011

To celebrate its first decade, the first issue of 2011 will be an anniversary edition with papers highlighting the last ten years and the future. Contributions include: Dr Peter Belobaba (founding co-editor) on the interesting topic of spiralling down; Professor Sheryl Kimes (Cornell University) on the future of hotel revenue management; Robert Cross (Revenue Analytics) on history; and Dr Warren Lieberman (Veritec Solutions) on lessons learned.

10 out of 10

Look out for free access to 10 articles from the last 10 years. Coming soon to the RPM home page: <http://www.palgrave-journals.com/rpm/>.

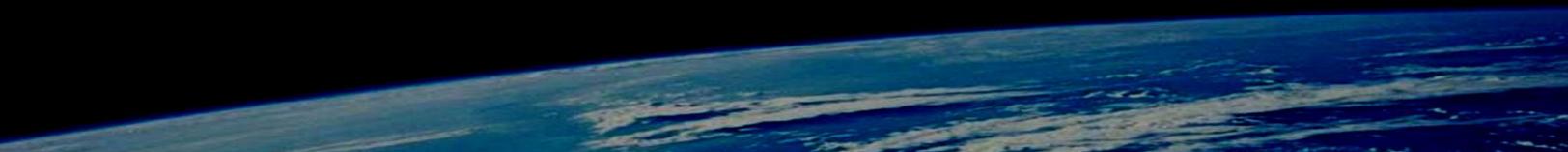
Call for Papers

Special Issue on B2B Pricing

In 2012 we will publish a special issue on Strategic B2B Pricing. Sponsored by the European Pricing Platform, the issue will be guest edited by Dr. Andreas Hinterhuber and Stephan Liozu. View the full Call for Papers: http://www.palgrave-journals.com/rpm/cfp_strategic_B2B_pricing.pdf. To be considered for publication, submit your abstract by 15 January 2011.

Special issue on Pricing and Revenue Management Models

Also due in 2012, a special issue on Pricing and Revenue Management Models in Marketing. It will be guest edited by Professor Ashish Sinha of the University of New South Wales and Dr. Aaron Gazley of Victoria University, Wellington. View the full Call for Papers:



http://www.palgrave-journals.com/rpm/11_3_Pricing_and_Marketing_CFP.pdf. Submit papers, case studies and articles for consideration by 15th March 2011.

OUT SOON!! INFORMS Revenue Management and Pricing Section Conference Special Issue

Due in November, Volume 9:5 is guest edited by Professor Costis Maglaras and is devoted to feature articles from the 9th Annual INFORMS Revenue Management and Pricing Section Conference held at Northwestern University in June 2009.

Throughout its development, the field of revenue management has been characterized by a strong interaction between applications and theory that continue to motivate both academic research and industry innovations. These papers highlight this interaction by showcasing the application of revenue management in a new application domain, incorporating strategic consumer behavior in pricing and network capacity control settings, and exploring the joint use of dynamic pricing and capacity controls in airline revenue management.

Reduced Subscription rates

Members of the INFORMS RM&P Section are entitled to significantly reduced subscription rates – an individual annual rate of \$120 rather than the standard \$223. You will receive the journal in print plus the complete online archive. To receive the reduced rate, download and mail the subscription form:

http://revenue-mgt.section.informs.org/download/RPM_INFORMS_discount.pdf.

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