POMS 2013 Teaching Revenue Management Panel Discussion

Date/Time: Sunday, May 5th, 2:45 PM - 4:15 PM

Location: Spruce

Panelists: John Birge, University of Chicago

Metin Cakanyildirim, University of Texas at Dallas

Mark Ferguson, University of South Carolina

Dan Zhang, University of Colorado at Boulder

Moderator: John Turner, University of California at Irvine

Track Chair: Itir Karaesmen Aydin, American University

List of Questions

1. Please say a few words about yourself, how long you have been teaching RM, and whether you teach RM as part of a full course or as a component or module in another OR/OM course.

Revenue Management, since 2009; Full course (10-week quarter).

1. What are some of the main topics that you cover in your course, and which topics seem to be favorites among students?

Micro review (monopoly pricing), Value-to-consumer pricing, Versioning/bundling/segmentation, Pricing with capacity, Capacity allocation (booking control), Overbooking, Network RM, Retail pricing, Auctions/bidding, Consumer acceptance and ethics; Most popular: Probably consumer acceptance.

1. What name do you use for your course? Revenue Management, Pricing and Revenue Optimization, Demand Management and Price Optimization are some course titles that I have seen.

Revenue Management

1. RM has the potential to be a very technical course requiring the use of statistical and optimization models, as well as specialized software. On the other hand, managerial insights can often be introduced by reasoning about the nature of opportunity costs without getting into the details of specific models. At what end of the spectrum is your class? Would you say it is very quantitative, mostly quantitative, has a good balance of quant + intuition, mostly strategic, or very strategic?

It is a combination of Excel models and managerial insights. It is on the quantitative side but I try to bring in managerial issues and strategic thinking. I use Excel for optimization and data analysis.

1. What types of learning assessment tools do you use most? Cases, homework assignments, written projects, or class presentations? What has worked well, and what has not?

I use cases (now 2 to hand in) and online weekly quizzes, which are short homework-type problems . I had more case write-ups in the past, which I think was excessive since some of them are quite involved and not easy to define.

1. Are there specific cases or simulators that work particularly well?

I use a Harrah’s case from Harvard for discussing ethical issues related to privacy. That seems to go well. I also use Garrett van Ryzin’s TNG freight network case that seems to work well.

1. What software do students typically use to solve problems?

Excel + Excel Solver+Regression.

1. Do you invite guest speakers? If so, how do you find and select guest speakers? What direction, if any, do you give to guest speakers to ensure that the topics they discuss complement issues discussed in lectures?

I usually have a guest speaker from a different industry and keep the videos online. So far, I have had from education (Kaplan), retail (Mu Sigma), finance (Nomis), and sports/entertainment (White Sox). I tell them just to describe what they do and give them a little background on what the students have studied.

1. Does your course have prerequisites, or do you eschew prerequisites in the hope of attracting more students? How does RM at your school fit in with other courses in the curriculum, such as marketing or operations? (Or, if your course has RM as a sub-component, how does it fit into the overarching course?)

I limit the prerequisites to statistics and micro (both required) to attract students. I also recommend Excel + Excel Solver experience. Our marketing group also teaches “Pricing strategies.” I emphasize that I focus on models for pricing and the need to consider capacity.

1. What advice would you give to those of us starting to teach RM? With the benefit of perfect hindsight, what things would you highly recommend, and what would you avoid?

Gather syllabi and ask for suggestions. Ask about the group of students the course attracts. I would recommend finding a place for it in the curriculum where it would count for something (other than a totally free elective). I would keep the technical level low to attract students and to make it as simple as possible. Combining technical material and strategic insight is a big challenge.