Classifying Revenue Management: A Taxonomy To Assess Business Practice

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ABSTRACT

As revenue management techniques (RM) evolve and spread, there is a need to take stock of how organisations practice RM and the interactions among techniques. Research to-date has focused on individual techniques often limited to a single business setting. With limited exceptions, there has been little attention to the wider context in which RM practice occurs. This suggests a need for a common framework to classify and assess differences in practice.

In this paper we present a taxonomy which comprises i) seven indicators of practice and ii) a decision tree to measure RM across diverse business settings. We test the classification system in a survey of 232 businesses. Results show the taxonomy provides a comprehensive view of RM practice, with meaningful discrimination across settings. Findings also offer insight into how practices vary across different settings. Our taxonomy contributes to future research by facilitating systematic comparisons of practices, the settings in which it is adopted, and its impact on performance.

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