

Demand Management: Effective, Evil, or Just Everyday?

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Abstract

Revenue management is ubiquitous in the airline industry, but other forms of demand management (i.e., pricing mechanisms to smooth demand), are less common (and some have a downright unfriendly reputation). This presentation examines demand management in a variety of situations, some where it has been shown to be effective and some where it is not yet in use. It profiles some of Professor Tava Olsen's own research on lead time-based pricing, as well as examining the potential of peak-hour pricing as a way to manage road congestion. The presentation will also speculate on situations where Tava believes demand management may well become everyday and explains when it can be used effectively to create win-win situations. One of the biggest hurdle faced by demand management is consumer attitudes, and the presentation will suggest ways to mitigate its negative perception. Potential avenues for academic research on demand management will also be highlighted.
