

Competitive Revenue Management Model Using Dynamic Pricing for Theater Seats Management

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Abstract

Dynamic pricing is an effective revenue management technique to increase revenue in the airline, movie and other industries. It is where the price changes based on varying conditions such as increases in demand at certain period, type of customer being targeted or changing marketing conditions. However, there are only few studies of revenue management in movie industry. In this research, it is proposed that the phenomenon of applying different pricing strategies as well as the effect of demand in pricing. Also, the system is subjected to competition, wherein the arriving customer has the option to purchase from any other movie theaters. The effect of the prices set by the competitors to the demand is the main focus of the study. The concept of brand image is also included in the modeling of the customer's choice behavior. The setting of competition is an important area in revenue management and this study aims to show how this affects the different price policies of the movie theater. The results show that the brand image of the theater, order quantity of customers and the pricing strategy directly affect the revenue of the movie theater.

Keywords

dynamic pricing, movie theaters, revenue management

Biography

Lindley R. Bacudio is an assistant professor and program coordinator of Industrial Engineering Department at De La Salle University Science and Technology Complex. He holds Bachelor of Science and Master of Science in Industrial Engineering from University of the Philippines, Diliman. He has taught courses in operations research, operations management, and statistics. His research interests include production management, systems simulation, statistical analysis, modeling and optimization. Mr. Bacudio is a member of Philippine Institute of Industrial Engineers and Operations Research Society of the Philippines.