

# Foreword

How much time does the typical manager of a manufacturing company dedicate to price and capacity optimization? Probably not enough. However, each manager should be aware that many companies in the service industry would be unprofitable without price and capacity management. They apply a method which is known as revenue management.

This book represents a new landmark and is a pioneering work. It sheds light on the application of revenue management in the manufacturing industry, revealing contents and profit potentials that every manufacturing manager should be aware of. Revenue management is applicable in many manufacturing industries and its profit contribution can be highly significant. Therefore, it should not be ignored.

One of the distinguishing characteristics of revenue management is its use of analytical techniques derived from management science. The use of these techniques to set prices in a dynamic and complex environment is relatively new. The first applications of revenue management were introduced by passenger airlines in the late 1970s. Since then, the availability of customer data, e.g., via customer relationship management systems and the rapid development of information technology solutions as well as e-commerce has led to the adoption of revenue management in numerous other service industries such as car rentals, hotels, cruise lines, railways, gastronomy, and so on. Today, a number of software vendors provide “revenue management” or “demand management” solutions focused on one or more industries. Pricing and revenue optimization has thus become a core competency for many service providers.

However, revenue management has been discovered by manufacturing companies only recently. Quite a few manufacturing companies fulfill the prerequisites to successfully apply revenue management. This is especially true for process industries.

In spite of these first positive experiences, the implementation and the profit potentials of revenue management in the manufacturing sector are still in an early stage. The manufacturing industry is lagging behind the service sector when it comes to dynamic pricing and capacity control.

Danilo Zatta's work illustrates the application of revenue management in the manufacturing sector. The book provides remarkable insights and recommendations. I hope that it will foster the further adoption of revenue management in manufacturing. The book will inspire manufacturing managers and companies to rethink their approach to the control of demand and price patterns.

This book has the potential to become a standard of reference for revenue management and pricing in the manufacturing industry.

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