

Yield Management Method Focused on Discount Ticket Sales Quota

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One approach for increasing the revenue of railway undertakings has been to adopt yield management techniques, by setting a quota for discount ticket sales of reserved seats on express trains. We developed a method to calculate the optimum sales quota, incorporating estimations for the demand of various discount tickets and for the behavior of passengers purchasing the next-best-option when they are not able to buy their first-choice ticket. We conducted a pilot test by applying the calculated sales quota into the actual seat reservation system and confirm that the method may increase the revenue and facilitate decision-making for setting the sales quota.