CONFERENCIA

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Customer behavior - estimation and computational difficulties

Incorporating customer behavior can lead to better and more robust models. Surprisingly the move towards more realistic models has been relatively recent in the Operations Research literature. In this talk we discuss customer behavior models used in the revenue management area. We specifically focus on an estimation problem arising from the fact that most businesses can only observe purchases but not customers who chose not to purchase. The difficulty in estimating models based on such data goes back to some old statistical problems. We present a new solution based on the characteristics of revenue management sales.

The second difficulty in using richer models of customer behavior is that the optimization problem becomes computationally very difficult to solve. We show how the network revenue management problem becomes complicated and present a new heuristic solution.

Organizado por el Departamento de Estadística e Investigación Operativa y el Instituto de Matemática Interdisciplinar de la UCM.

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