Code No: MB193E3/19

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY GURAJADA VIZIANAGARAM

MBA III Semester Regular/Supplementary Examinations, November-2025

Pricing and Revenue Management (Operations Management)

Time: 3 Hours **Max. Marks: 75**

Answer any FIVE Questions One Question from Each Unit

All Questions Carry Equal Marks

UNIT-I

1.	a	Define Pricing and Revenue Management. Explain its objectives and scope in modern business.	6M
	b	Discuss the role of Revenue Management in improving business profitability and decision-making.	6M

OR

2.	a	Explain how organizations manage multiple customer segments in revenue management.	6M
	b	Describe the relationship between pricing, demand, and revenue generation with suitable examples.	6M

UNIT-II

3.	a	What are perishable goods? Explain the various pricing methods used for perishable goods.	6M
	b	Discuss the components of pricing — cost, competition, and consumer factors.	6M

OR

4.	a	Explain how pricing acts as a component of the marketing mix.	6M
	b	Discuss how revenue management principles can be applied in perishable goods industries such as airlines or hotels.	6M

UNIT-III

5.	a	Define revenue management under seasonal demand. What are its objectives?	6M
	b	Describe the methods of demand forecasting for seasonal products or services.	6M

OR

6.	a	Explain the process of price determination under seasonal demand conditions.	6M
	b	Discuss how organizations manage and control seasonal demand fluctuations through pricing strategies.	6M

UNIT-IV

7.	a	Explain the concept and types of services in relation to pricing and revenue management.	6M
	b	Discuss pricing strategies in service industries, such as hotels, flights, and car rentals.	6M

OR

8.	a	What is Dynamic Pricing? Explain how it operates in real-time service sectors.	6M
	b	Discuss the psychological foundations of pricing and the concept of customer value-based pricing.	6M

UNIT-V

9.	a	Define bulk customers. Discuss their role in business promotion and long-term relationships.	6M
	b	Explain the pricing strategies for bulk customers, focusing on demand and supply factors.	6M

OR

10.	a	Differentiate between pricing in long-term contracts and spot market pricing.	6M
	b	Discuss the role of revenue management in managing bulk and spot customers effectively.	6M

CASE STUDY

11 **"Sky Fly Airlines and the Dynamic Pricing Dilemma"** 15M

It was a bright Monday morning at Sky Fly Airlines, one of the fastest-growing low-cost carriers in India. The airline had recently expanded its operations to several new cities and even launched a few short international routes. The management was excited passenger numbers were going up, flights were running full, and brand recognition was improving.

However, behind the scenes, there was growing concern. Despite the rise in passengers, revenue per seat was steadily declining. The finance team discovered that using a fixed pricing system for all flights was no longer working. Some routes were overbooked, while others flew half-empty.

In response, the company's Revenue Management Team, led by Ms. Riya Mehta, proposed a new approach – Dynamic Pricing. This system would automatically adjust ticket prices based on factors like demand, season, booking time, and seat availability. For example, a ticket booked early could cost less, while a last-minute seat on a busy route might be priced higher.

The system was launched, and within a few weeks, Sky Fly saw improved occupancy and higher revenues. But soon, another challenge appeared. Many regular passengers complained about sudden price changes, calling them "unfair" and confusing. Meanwhile, corporate clients who booked tickets in bulk demanded fixed-rate contracts, arguing that they couldn't plan budgets around fluctuating prices.

Now, Ms. Riya and her team had to find a balance — how to maintain profitability using dynamic pricing while keeping both individual travellers and bulk customers happy.

Questions:

(a) Identify and explain the key pricing and revenue management challenges faced by Sky Fly Airlines.
(b) Suggest strategies that could help Sky Fly effectively balance dynamic pricing and bulk customer contracts while maintaining profitability.