

As one might imagine, the flexibility comes with a cost. The company has to choose which resource(s) to utilise to satisfy each unit of demand. The author delineates this revenue management problem in chapter six and provides a detailed treatment of the problem using the broadcasting industry context. The chapter starts with a formal definition of the problem and the mathematical model in which the concept of flexible product is incorporated into the decision process. Next, heuristic and exact solution methodologies are described along with the technical details of their implementation. As a final point, the author tests the proposed methodologies under different instances and provides the results.

In conclusion, the book provides a well-organised overview of capacity control and overbooking theory as well as implementation aspects. The author utilises the broadcasting industry as an example to demonstrate how traditional revenue management techniques can be extended to industries that provide flexible products. It is a perfect reference for academicians and practitioners who are interested in the theoretical advancements in the field of revenue management.

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Cheap: The Real Cost of Living in a Low Price, Low Wage World

By David Bosshart
(Kogan Page, London; ISBN-10: 0-7494-4993-4; 186pp; £9.99)

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‘Cheap’ sets out a personal account of low price culture that is shaping the world. One of the consumer drivers of wealth is everyday falling prices, from shopping at Wal-Mart to flying with easyJet. As David Bosshart sets out, cheap is about the fundamental attitude people adopt in an age in which everything you can buy is immediately available. The consumer today is locked into the world of discounting and bargain hunting, especially with access to the internet, making the process far easier.

Cheap is everywhere, from the fashion industry to the tourism industry. Ten years ago, a breast implant in the plastic surgery industry would have cost \$10,000. Today it can be done for \$600. Once, such operations were only for celebrities and the very rich. Now they are within grasp of everyday people, as a result of celebrity culture driven by instant beauty. In the USA, consumers are spending more on beauty and wellbeing than

on education, and the industry has risen by 220 per cent since 1997 to reach a value of \$20bn in 2004. The globalisation of wealth and information means countries like India, China and Poland are at the forefront of medical tourism and you can now pop into your local beauty shop for \$100 Botox. In the porn industry, Western European producers of naughty videos employ actors and actresses from Eastern Europe for the simple reason that they work faster and do more for less. So Budapest has overtaken Amsterdam and Copenhagen in the X-rated business. In the funeral industry, SCI of Houston, the largest provider of funeral services in the USA, offer Wal-Mart-style prices and caskets off-the-shelf. They brand themselves as the hypermarket service of the death industry.

According to Bosshart, the trends that are accelerating the cheap trend are:

- Liberty, equality, money — political and democratic causes.

- The deterioration of competition — economic rationalisation.
- Shrinking populations in the First World — demographic time bombs.
- White-collar off-shoring — the migration of high-quality services to low-wage countries.
- Re-globalisation — globalisation works.
- The IT revolution — price consciousness is on the increase.
- The pressure of continual optimisation of individual risk allocation.

Combined, these trends act like a bulldozer since prices will continue to fall as everyone is condemned to consumer democracy of Wal-Martisation in which our consciousness intuitively tells us to find low prices. But at what cost? While consumers profit from the mountain of low prices, at the same time the acceleration of ‘faster, better, cheaper’, means more low paid, unskilled jobs with poor career prospects for the majority of the labour force. Wal-Mart itself sees itself as distributor of goods for its customers and not a retailer. Accordingly, the parameters for success are the low distribution costs it achieved in cooperation with its biggest suppliers. Therefore, bridging distances efficiently and effectively is the core of Wal-Mart’s business plan.

From a travel industry perspective, it was Southwest who invented cheap flights in the USA over 30 years ago, thus inaugurating an

unprecedented increase in mobility that has set the standards across the world. Cheap flights have meant transporting passengers over long distances efficiently and effectively: safety, speed, time gain and comfort. Bosshart notes that it was Yield Management that shaped this cheapness in the travel sector, as well as the internet which triggered the boom, enabling instant access to reservation systems and real-time pricing.

Stelios Haji-Ioannou has taken Yield Management further with the Easy concept. For example, you can now book into an easyDorm but you will be charged extra if you want someone to clean your room. The same goes for easyCars, 86 per cent of consumers now clean their own car rather than pay a service charge for easyCar to do it for them.

There is, however, one problem with Bosshart’s book. It clearly wasn’t written against a background of rising oil prices and energy inflation that is currently having an impact on middle class consumers. Anyway, that is another issue! Basically, the book is easy to read and provides insightfulness into the present day culture of everyday falling prices. I enjoyed reading it.

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Ryanair — How a Small Irish Airline Conquered Europe

By Siobhan Creation (Aurum Press Ltd, London; 272 pages; £7.99; 2005; ISBN 1-84513-083-9)

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Mary, Mary quite contrary how does your monopoly grow, it doesn’t

The above quote is the strap line from a Ryanair marketing campaign directed at the

then Irish Transport Minister Mary O’Rourke who had just rejected a proposal from Ryanair to build a second terminal at Dublin Airport.

Siobhan Creation’s book starts with Tony Ryan and the creation of Guinness Peat Aviation