Reservation system - designed to ensure demand is satisfied they help the customer and the business.
They pre sell a service providing people turn up.
It also educates customers
Problems: no show
Need marketing solutions

Managing service capacity...
Capacity gap and demand gap
Demand gaps:
Empty beds in hospital
Unoccupied nurses
Empty rooms in hotel
Empty restaurants
Unused business areas I.e. conference rooms

Managing service capacity can happen pre or in-process
4 types of service capacity management activities
A - determining the capacity level
B - Short-term capacity adjustments
C - demand adjustments
D - waiting time management

Yield management ...
Yield - the average revenue received per unit of capacity - lovelock 2007
Yield management: Application on information systems and pricing strategies to sell the right capacity to the right customers at the right prices - Smith 1992
Definition of YM modified by Kimes and Chase - managing the 4 CS of perishable service: Callander, clock, capacity and cost to manage demand in order to maximise profit
YM involves management of the strategic levers of price and duration of customer use
Different industries use different combinations of price and duration

Pricing and duration positioning of service industries...
Prices vs duration - predictable/unpredictable, fixed/variable

Control of duration methods... Internal: use of overbooking, relies on accurate no-shows and cancellation information, displaced customers
External: use of deposits, cancellation penalties
Uncertainty of duration and arrival

Controls of duration methods...
Reduce times between customers - tactic to increase revenue per available inventory unit e.g. Turning around aircrafts quickly
Price - differential pricing, customers develop reference prices, dangers of alienating customers
Proper price mix - logical mix of prices must be offered, must be clear distinction between prices