

MKT4413: Pricing Models and Strategy (Term I 2015/2016)

LECTURER

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OFFICE: 6-3 (Office hour by appointment)

COURSE OBJECTIVES

Successful pricing strategy is a key to successful business. This course is designed to introduce the concepts, techniques, and latest thinking on pricing issues. The overall emphasis is not about the theory but the practice of pricing, although theoretical foundations will not be overlooked. This course is less about the mechanics of setting a price – it is more about understanding the process of formulating pricing strategies and making pricing decisions.

COURSE CONTENTS

The course has two parts. In the first part, we focus on the fundamental principles and theories of pricing. In the second part, we introduce modern techniques in formulating pricing strategies. Specifically, pricing decisions are affected by economic, marketing, and psychological factors. Each of these presents an interesting aspect of the pricing problem. This module will be a mixture of knowledge across economics, marketing, and psychology.

The course will use a combination of lectures and case presentations. Assignments will be in the form of readings, data assignment, and case preparation for class discussions.

Pending confirmation, we will organize practitioners to give guest lectures on pricing cases in Singapore.

PREREQUISITE

All students must have taken MKT2401 Asian Markets and Marketing Management.

TEXTBOOK

The basic textbook used in this course is **The Strategy and Tactics of Pricing: A Guide to Growing More Profitably** by T. Nagle, J. Hogan and J. Zale (2010), 5th edition.

Purchasing this book is not an absolute must. However, reading it will undoubtedly help you better understand the lectures.

ASSESSMENT METHODS

Case Analysis: 30% (including 10% anonymous peer evaluation)

Case Critique: 10%

Data Assignment: 10%

Class Participation: 10%

Quiz: 40%

SCHEDULE (NOT FINALIZED)

- Week 1: Introduction, Discussion Team Formation, and Case Allocation

Part I: Principles

- Week 2: Value Creation: The Source of Pricing Advantage (Chapter 2 in the textbook)
- Week 3: Price Structure: Tactics for Pricing Differently Across Segments (Chapter 3)
- Week 4:
 - Price and Value Communication: Strategies to Influence Willingness-to-Pay (Chapter 4)
 - Pricing Policy: Managing Expectations to Improve Price Realization (Chapter 5)
- Week 5: Price Level: Setting the Right Price for Sustainable Profit (Chapter 6)

Part II: Techniques

- Week 6: Conjoint Analysis and Data work
- Week 7: Cost: How Should They Affect Pricing Decisions? (Chapter 10)
- Week 8: Product Line Pricing (Notes)
- Week 9: Pricing Over the Product Life Cycle: Adapting Strategy in an Evolving Market (Chapter 8)
- Week 10: Competition: Managing Conflict Thoughtfully (Chapter 11)
- Week 11: Guest Lecture, TBD + Pricing Simulation Game
- Week 12: New Development in Pricing Techniques and Course Review

CASES:

All are HBS brief cases (5-8 pages of narratives and 3-4 pages of exhibits). Hardcopies will be given out one week before class presentation and discussion.

- Week 4: Minor-league baseball ticket pricing (value estimation)
- Week 5: The Fashion Channel's plan for reviewership market segmentation
- Week 6: Metabical, a new weight-loss drug's positioning and communication strategy
- Week 8: Premium cookware to run promotion or not (Pricing policy/costs)
- Week 9: West Virginia's Lager goes light? (Product line management)
- Week 10: Super premium golf balls approaching amateurs (Product line/consumer life cycle)
- Week 11: Reed supermarkets fight off competitors

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Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. **In case of any doubts, you should consult your instructor.**

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism:

<http://emodule.nus.edu.sg/ac/>