

MKT4413: Pricing Models and Strategy (Term I 2016/2017)

LECTURER

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OFFICE: 6-8 (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. Although mathematical theories are kept at minimum, in response to the current trend in pricing practice, we shift focus from a qualitative approach to a quantitative one by introducing a few data analytics methods.

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, case presentations, and data projects. 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. Prior exposure to Econometrics and Data Analytics will be useful but not absolutely necessary.

TEXTBOOK

In my view, at this moment, there is unfortunately no good textbook on pricing that is keeping up with the latest development of the field. This is largely owing to pricing's rapidly changing nature. For basic theories, you can refer to **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.

ASSESSMENT METHODS

Case/Data Analysis: 40% (including 10% anonymous peer evaluation)

Case Critique: 10%

Class Participation: 10%

Quiz (Week 13): 40%

SCHEDULE (NOT FINALIZED)

- Week 1: National Day, no lecture.

Part I: (Before Recess) Principles

- Week 2: Introduction, Discussion Team Formation, and Case Allocation
- Week 3: Value Creation: The Source of Pricing Advantage (Chapter 2)
- Week 4: Conjoint Analysis, discrete choice model, and value estimation
- Week 5: Price Discrimination: Tactics for Pricing Differently Across Segments (Chapter 3)
- Week 6: Soft science: Value communication and behavioural pricing (Chapter 4-6)

Part II: (After recess week) Techniques

- Week 7: Price endogeneity in value estimation and its solutions
- Week 8: Pricing over the product life cycle: adapting strategy in evolving market (Chapter 8)
- Week 9: A-B Test to determine pricing strategy's effectiveness
- Week 10: Competition: managing conflict thoughtfully (Chapter 11)
- Week 11: Pricing simulation game
- Week 12: Guest lecture (TBD) + New development in pricing techniques and course review

CASES/DATA PROJECTS (Week X means that the case is assigned in Week X and presented in X+1)

- Week 4: Value estimation for Cereal
- Week 5: (HBS brief case) Product Line Design and Pricing Cambridge Software Corporation
- Week 7: Using "natural experiment" to break endogeneity: the case of Uber surge pricing
- Week 8: TBD
- Week 9: "Travel Early, Travel Free": Singapore's MRT early bird discount
- Week 10: Projecting the impact of potential rivalry: Reed supermarkets fight off competitors

ACADEMIC HONESTY & PLAGIARISM

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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/>