

## Module Outline

**Module Code** : MKT4413/MKT4811  
**Module Title** : Pricing Strategy  
**Semester** : Semester 1, AY2021/2022  
**Faculty** : Dr Dennis Ng  
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### Overview

Pricing is one of the most important but least understood of marketing decisions. This course aims to provide students with a theoretical understanding and practical application of pricing tools to drive profitability and sustainable growth. Students will learn new perspectives for determining product and service pricing to maximize a firm's profits through creating and capturing customer value. This course provides insights into the real-life strategies that managers can employ to determine the appropriate price to capture the value provided to customers. It addresses the major pricing decisions confronting managers in today's competitive business environment by providing a comprehensive approach to managing pricing decisions.

### Module Objectives

Students will learn the fundamental techniques of setting prices and evaluating price changes across a variety of business contexts. They will apply these techniques to propose a more profitable pricing model for a company through their project work.

### Course Resources

*Refer to Course Website on LumiNUS.*

### Assessment

Your final grade in the course will depend on the total marks (out of 100 points) you earn. The total points you earn are based on the following assessment components:

Class Participation	15%
Mid-term Test (week 6)	20%
Group Project Presentation	10%
Group Project Report	25%
Final Test (week 13)	30%
<b>Total:</b>	<b>100%</b>

## **Details of Assessment Components**

### **Class Participation**

Participation is a central part of the learning process for you and your classmates. When you contribute, you help others learn. Your participation mark reflects your contribution to your classmates learning. This is not limited to attendance. It also includes participation in:

- Article/Case Discussion: All sessions will have an assigned article or case. All students are expected to come to class full prepared, having read the assigned article/case beforehand and participate actively in class discussions.
- In-class Activity: There may also be in-class group activities for some sessions. This will consist of pricing calculations or internet research on real life pricing examples. Students will attempt the activity in their project groups and present their results to the class.

### **Groupings and group size**

I will form group of four or five members each at random and you be responsible for managing the division of labor within the group. The group-member list will be made known to you no later than the end of the third session.

### **Group Project Presentation and Report**

The objective of the project is to give you the opportunity to conduct research into prices of a product or service and collect relevant customer and competitive information that determine optimal prices of firm competing in the category. The potential topics are very wide. You should choose a topic that you are keen to know more about and to delve into. Please provide me with a hard copy of the PowerPoint slides during class and a soft copy of the slides before your presentation. The presentation will contribute 10% and the report, 25% towards the total 35% for this group project. Your group presentation should be no longer than 15 minutes, followed by a 3 minute Q&A.

Your group will need to submit report of 3,000 words of this project, including a one-page Executive Summary and Appendices/References. Further details will be provided in class.

### **Tests**

There will be a mid-term test, and a final test. The mid-term test consists of multiple-choice questions and a short-response question. It is a closed-book and closed-notes test and will focus on the materials covered in class up to week 5. The final test consists of multiple-choice questions and a real-life case study. Students are allowed to bring one A4 size cheat sheet written on one side.

I expect all of you to follow the school's examination policy for both the mid-term test and final test. Among other things, you need to bring your own calculator(s) to the tests; you are not allowed to share calculator(s) with others; you also need to silence your cell phone and keep it away from the desk for the duration of the tests.

### **Recommended Text**

*The Strategy and Tactics of Pricing: A Guide to Growing More Profitably.* Nagle, Thomas T. and Muller, George (2020). Routledge.

### **Academic Honesty & Plagiarism**

Academic integrity and honesty are essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity and honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating on examinations/tests, or inappropriate use of resources.

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/administrative-policies-procedures/acceptance-record#NUSCodeofStudentConduct>
- <http://nus.edu.sg/osa/resources/code-of-student-conduct>

## Class Schedule

Note: Each class session is divided into two or three parts. All cases are available online or through the Web. Below schedule is subject to slight changes. Final schedule will be published a week before class begins.

Session	Topic	Learning Objective	Discussions & Activities
1	Strategic Pricing Overview	Understand the drivers of profitability and the key role of pricing in an organisation	<p>Introductions</p> <p>Article Discussion:            Hinterhuber, A. &amp; Liozu, S. (2012). It's Time to Rethink Your Pricing Strategy, Sloan Management Review, Summer 2012</p> <p>Activity:            Calculate the markup percentages for wines. Calculate the gross margins for each wine.</p>
2	Price Levels and Price-Benefit Analysis	Outline the steps to setting prices that capture a share of value	<p>Article Discussion:            Gallo, A. (2015). A Refresher on Economic Value To The Customer, Harvard Business Review</p> <p>Activity:            Construct an exchange value model for a new product. Attempt two questions to recommend price of new product            Choose an industry and create a price-to-benefit map. Determine which brand is value advantaged and value disadvantaged.</p> <p>Reference Article:            Achieving Market Access for a Novel Ultra-Orphan Treatment. Iris Pricing Solutions. <a href="https://www.pricingsolutions.com/wp-content/uploads/2020/08/Achieving-Market-Access-for-a-Novel-Ultra-Orphan-Treatment-2020.pdf">https://www.pricingsolutions.com/wp-content/uploads/2020/08/Achieving-Market-Access-for-a-Novel-Ultra-Orphan-Treatment-2020.pdf</a></p>
3	Assessing Value to Customer:	Examine a framework for identifying value differentiating factors and how conjoint analysis can assist in quantifying value	<p>Article Discussion:            Dawson, T. (2020). How Starbucks Uses Pricing Strategy for Profit Maximization. <a href="https://www.priceintelligently.com/blog/bid/184451/how-starbucks-uses-pricing-strategy-for-profit-maximization">https://www.priceintelligently.com/blog/bid/184451/how-starbucks-uses-pricing-strategy-for-profit-maximization</a></p> <p>Activity:            Create a Product-Needs Framework for a product of your choice. Propose how you would measure each factor.</p> <p>Reference Article:            Gall-Ely, M.L. (2009). Definition, Measurement and Determinants of Consumer's Willingness to Pay: A Critical Synthesis and Avenues for Further Research, Recherche et Applications en Marketing, Vol 24</p> <p>Form Teams for Group Project and Begin Discussions for Company Selection</p>
4	Financial Analysis	Analyze relevant costs and profits for good pricing decisions	<p>Activity:            Attempt various questions on volume hurdle calculations.</p> <p>Reference Article:            Indounas, K. (2006). Making effective pricing decisions, Business Horizons</p>

5	Measurement of Price Sensitivity	Examine various research techniques for pricing analysis	<p>Article Reference: Pricing Experiments You Might Not Know, But Can Learn From. Peep Laja, Jan 6, 2020. <a href="https://cxl.com/blog/pricing-experiments-you-might-not-know-but-can-learn-from/">https://cxl.com/blog/pricing-experiments-you-might-not-know-but-can-learn-from/</a></p> <p>Activity: Think of a price experiment you can do for your group project, propose it in class for discussion</p>
6	Price and Value Communication	Examine behavioural drivers of pricing and discuss strategies to influence and communicate willingness to pay	<p>Watch Video: Dan Ariely, Predictably Irrational, TEDTalk</p> <p>Discussion: Share with the class of experiences which highlight the psychological influences learnt in class today</p>
<b>RECESS BREAK</b>			
7	Price Structure  Yield Management	Examine tactics for pricing differently across segments and explore dynamic pricing to balance demand and supply	<p>Case Discussion: Unleashing the Power of Yield Management in the Internet Era: Opportunities and Challenges, Harvard Business Review Case Study, Product#: CMR258-PDF-ENG</p> <p>Activity: Think of new metric for an industry with potential for disruption. Provide local examples of segmentation fences.</p> <p><b>Mid-term test (60 mins)</b></p>
8	Price Promotions and Discount Management	Understand various tools to managing promotions and discounts more effectively	<p>Article Discussion: Anderson, T. (2013). Escape the Discount Trap, Harvard Business Review. Hilton, C. (2012). Promotional Pricing...click click boom, WIGLAF Pricing Journal</p> <p>Activity: Answer question on real-estate agent commission discount and alignment</p> <p>Project Work Consultation</p>
9	Versioning and bundling	Understand the economic rationale for versioning and how bundling can capture contrasting demand	<p>Article Discussion: Mohammed, R. (2018). The Good-Better-Best Approach to Pricing. Harvard Business Review. Westra, K. (2017). Bundling Products to Help Your Customers, WIGLAF Pricing Journal (web)</p> <p>Activity: Discuss and give examples of versioning, bundling and add-ons. Look for examples online of versioning and bundling which are poorly executed</p> <p>Project Work Consultation</p>

10	Subscriptions Management & Pricing on the Internet	Examine various tools for strategic pricing analysis	<p>Article Discussion: A Dashboard for Online Pricing, California Management Review CMR 386, Fall 2007</p> <p>Activity: Calculate the lower and upper boundary and the customer period value of a subscription.</p> <p>Project Work Consultation</p> <p>Reference Article: Pricing and the Internet, European Management Journal Vol 20, 2002.</p>
11	Ethics and The Law	Appreciate the various laws and ethical challenges in real life pricing	<p>Discussion: Smith, T. (2019). Can Money Buy Your Morals? Wglaf Pricing Journal (web)</p> <p><b>Group Presentation 1</b></p>
12	Price Competition	Discuss the competitive situation and formulate an appropriate pricing response	<b>Group Presentation 2</b>
13	Pricing Policy	Understand the role of pricing policies and establish the link between a firm's actions and customer expectations of future behaviours	<b>Final Test (90 mins)</b>