

Course Outline

Course Code : MKT4811
Course Title : Pricing Strategy
Semester : Semester 1, AY 2023/2024
Faculty : Dr Dennis Ng
Department : Marketing
Email : ngdennis@nus.edu.sg
URL : <https://bschool.nus.edu.sg/marketing/faculty>

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.

Course 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.

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:

Assessment	Descriptions	Weightage	Submission Date
Class Participation	Individual: Ongoing	20%	
Mid Term Test	Individual: Multiple choice and case study	30%	Week 6
Group Project & Presentation	Group: Research findings & proposed solutions	50%	Week 12/13
	Total	100%	

General Guide & Reading

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 and mainly includes participation in article/case discussions. (Please note in-class activities like pricing games and quizzes do not qualify as class participation as they are meant to help students to revise for the Mid Term Test).

Groupings and group size

You will form groups of four or five members each at random and you be responsible for managing the division of labor within the group. It is advisable that at least one member of the group has financial and numerical skills.

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. You should choose a company that has its financial statements available online. The chosen company should also be a “for-profit” entity and not be in the B2B business because prices in the B2B sector tends to be “confidential”. Please upload a soft copy of the presentation slides and pricing report (4,500 word limit excluding a one-page Executive Summary and Appendices/References) to Canvas on or before the first day of the group presentation. The presentation will contribute 15% and the report 35% towards the total 50% for this group project. As this is a challenging assignment where considerable primary research is required for optimal price setting, it is advised that your group begin the exploratory research by week 6 latest.

Your group presentation should be no longer than 12 minutes, followed by a 3 minute Q&A. Further details will be provided in class.

Tests

The mid-term test consists of multiple-choice questions and a short-response question. It is a **closed-book test** and will focus on the materials covered in class up to week 6. Students are allowed to bring a non-programmable calculator. **Students should bring their own calculators instead of using their mobile phone or laptop calculators.**

I expect all of you to follow the school’s examination policy for the mid-term test. 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 is 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: Abel Ang (2022). Dyson: Lessons From A Hot Pink Hairdryer. Hinterhuber, A. & 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, Exchange Value Models and Price-Benefit Analysis	Outline the steps to setting prices that capture a share of value, understand exchange value models and price-benefit analysis	<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 to recommend a price for this 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. https://www.pricingsolutions.com/wp-content/uploads/2020/08/Achieving-Market-Access-for-a-Novel-Ultra-Orphan-Treatment-2020.pdf</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. https://www.priceintelligently.com/blog/bid/184451/how-starbucks-uses-pricing-strategy-for-profit-maximization</p> <p>Activity: Create a Product-Needs Framework for a product of your choice. Propose how you would measure each differentiating 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 and breakeven analysis	<p>Activity: Attempt various questions on contribution margin and volume hurdle calculations. Review various pricing consultancy project reports</p>

		for changing prices	Reference Article: Indounas, K. (2006). Making effective pricing decisions, Business Horizons
5	Price and Value Communication	Examine behavioural drivers of pricing and discuss strategies to communicate value and influence willingness-to-pay	<p>Watch Video: Dan Ariely, Predictably Irrational, TEDTalk</p> <p>Article Reference: Pricing Experiments You Might Not Know, But Can Learn From. Peep Laja, Jan 6, 2020. https://cxl.com/blog/pricing-experiments-you-might-not-know-but-can-learn-from/ Raghubir, P. (2017). To Get People To Pay, Understand How They Think. IESE Insight.Issue 34, 2017.</p> <p>Discussion: Share with the class of experiences which highlight the psychological influences learnt in class today</p> <p>Activity: Lets Do An Experiment in Class!</p>
6	Measurement of Price Sensitivity	Examine various research techniques for pricing analysis	<p>Activity: Think of a price experiment you can do for your group project, propose it in class for discussion</p> <p>Discussion: Work on group project by reviewing various pricing consultancy reports and academic research</p> <p>Mid Term Test (45 mins) during class.</p>
RECESS BREAK			
7	Price Structure And Yield Management	Examine tactics for pricing differently across segments and explore dynamic pricing concepts to balance demand and supply	<p>Case Discussion: What B2B Companies Get Wrong About Volume Discounts, Rafi Mohammed, October 8,</p> <p>Activity: In your groups, think of a new metric for your chosen brand/industry with potential for disruption and new value creation Project Work Consultation</p>
8	Price Promotions and Discount Management	Understand various tools to managing promotions and discounts more effectively	<p>Article Discussion: Hilton, C. (2012). Promotional Pricing...click click boom, Wglaf Pricing Journal Anderson, T. (2013). Escape the Discount Trap, Harvard Business Review. Nunez & Dreze (2006). Your Loyalty Program is Betraying You, Harvard Business Review.</p> <p>Project Work Consultation</p>
9	Complementary Products, Add-Ons/Accessories Versioning and Bundling	Identify complementary products, add-ons, versions and bundles Understand the	<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, Wglaf Pricing Journal (web)</p>

		economic rationale for versioning and how bundling can capture contrasting demand and improve profits	<p>Activity: Discuss and give examples of versioning, bundling and add-ons. Look for examples online of versioning and bundling which are poorly executed Project Work Consultation</p> <p>Guest Speaker</p>
10	Subscriptions Management & Pricing on the Internet	Examine subscriptions and pricing on the internet	<p>Article Discussion: Ancanari, B. (2002). Pricing and the Internet: Frictionless Commerce or Pricer's Paradise? European Management Journal Vol 20. No. 6</p> <p>Activity: Watch the video on Analytics-driven Pricing by Asst Prof Liu Wenting of SUSS at: https://www.facebook.com/headhuntsg/videos/live-brown-bag-analytics-driven-pricing-strategy-in-big-data-context/492697408569451/ Calculate the lower and upper boundary and the customer period value of a subscription.</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>
12	Price Competition	Discuss the competitive situation and formulate an appropriate pricing response	Group Presentation 1
13	Pricing Policy	Understand the role of pricing policies and establish the link between a firm's actions and customer expectations of future behaviours	Group Presentation 2