Course Outline

Course Code : MKT4811
Course Title : Pricing Strategy
Semester : Semester 2, AY 2025/2026
Faculty : Dr Richard Grice
Department : Marketing
Email : rpgrice@nus.edu.sg
URL : https://discovery.nus.edu.sg/27316-richard-grice

COURSE DESCRIPTION

The goal of marketing is to create and capture value. The capturing part is done through prices. This makes pricing an essential marketing function. It also makes the goal of this course simple: teaching you the frameworks and tools you need to "get pricing right".

To this end we'll start the course by learning about the Three Cs of pricing: the value we create for our *Customers*, the *Costs* we incur in creating that value, and the value offered and prices charged by our *Competitors*. By understanding how each of these Cs impact our profits, we'll construct a framework for optimising prices. We will then extend and apply this framework to devise strategies for capturing additional value in situations where different customers derive different amounts of value from different features of our products.

In the second half of the course we'll move on to several important topics that bear on the application of our framework. First, we'll discuss how to adapt our decisions in response to several behavioural considerations not captured in the framework. Second, we'll learn how we can use data to measure the value our customers derive from our products. Third, we will have a brief introduction to the practice of updating prices in dynamic settings. And then finally we'll learn about pricing architectures, and designing revenue models that align our architecture with the sources of the value our customers derive from our products.

Lastly, a warning: pricing is a technical subject. After all, it involves choosing the right numbers to assign to different products. As such, you can expect to encounter a moderate amount of mathematics and statistics in this course. I will provide supplementary materials and build up to the technical concepts I introduce to keep the subject approachable, but if you are not as familiar with the basics of calculus, optimisation, or statistical analysis of data, you will need to work harder to get the most out of this course.

ASSESSMENTS

Component	Weightage
Class Participation	25%
Midterm Test	30%
Case Study Preparation (Group)	45%
Total	**100%**

Class Participation

An engaged class makes for a more fruitful and enjoyable learning environment. Therefore, I'm going to incentivise your participation in class with marks. These will be awarded for asking questions, engaging in class discussions and exercises, and completing any questionnaires I send you ahead of class. Please note, these marks are not for attendance – showing up to class and staying as quiet as a mouse behind your laptop will earn you zero participations marks.

Midterm Test

The midterm test will be an in-class test in week 10. Due to space constraints, we will probably have to hold it in a different venue and at a different time to our regular classroom and class time. Irrespective, class in week 10 will only involve the test, no lecture. I will provide you with more details closer to the date of the test, but you can expect it to take a multiple choice question (MCQ) format, last approximately two hours, and test your understanding of the material covered in weeks 1-9.

Case Study Preparation

The course includes four case studies for which your preparation will be assessed. You can think of these preparations as group homeworks. I will provide you with a case note describing a company's current pricing practices and/or a pricing problem they face, as well as any related data, and will ask you to critically evaluate the company's current approach to pricing and propose prices for one or more of the company's products. I will provide you with the note a week or so ahead of class, and your preparation will be due by midnight the day before class. You will complete these preparations in groups of 2-3 students. The first two case studies will each be worth 10% of your total grade, while the second two case studies will each be worth 12.5%.

READINGS

Textbooks

There is no required textbook for this course. However if you would like to read further, here are four textbooks I drew upon when putting together the course:

1. The first is "*Principles of Pricing: An Analytical Approach*" by Rakesh V. Vohra and Lakshman Krishnamurth. This textbook is well structured, if pretty dry reading, and covers most of the topics from our first 5 weeks.
2. The second is "*Pricing and Revenue Optimization*" by Robert L. Phillips. I really like this book, but it's more technical than the level of our course. It covers some of the topics from weeks 1-3 and 7-8, but its main focus is dynamic pricing, which we discuss in week 11. The NUS library has the 1st edition, but the 2nd edition from 2021 has been updated to include several important developments in dynamic pricing over the past two decades. I would recommend it as a supplementary reading after the course to anyone who is technically oriented and interested in learning more about revenue management and markdown.
3. The third is "*The Strategy and Tactics of Pricing: A Guide to Growing More Profitably*" by Thomas T. Nagle, Georg Müller and Evert Gruyaert. I don't love this book, but it's a popular pricing textbook and does include coverage of topics from weeks 1-9. The NUS library has ebook versions of both the 6th and 7th editions.
4. The last is *"Game Changers"* by Jean-Manuel Izaret and Arnab Sinha. This is a pricing textbook for practitioners written by the heads of BCG's global pricing practice. It touches on a lot of the strategies we discuss in weeks 1-5 and 11 – though with less depth and logical structure – but its main focus is understanding when and how to make use of those strategies. As such, I've drawn on it to put

together our class for week 12. I would recommend it as a supplementary reading after the course for anyone who wants to learn yet more about pricing, particularly about how the features of different industries inform the pricing strategies and revenue models used in them, and how responsibilities are assigned within an organisation to support the implementation of different revenue models.

Please note, whenever the content of these textbooks differs from what I taught in class, the correct answer on assessments is what I taught in class.

Supplementary Readings

I may occasionally share pre- and post-readings for class from case studies, popular business press (eg, Harvard Business Review, MIT Sloan Review, …) and newspapers (eg, New York Times, Financial Times, …), or even episodes of podcasts. Most of these will be supplementary readings for those who would either like some additional or different materials to help them get a better grasp of a concept, or who would like to get deeper into a concept. However, occasionally the readings will be mandatory for preparing for or reflecting upon class discussions. In these cases I will clearly state that the readings are mandatory, and I may ask questions about them in the midterm test.

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 & 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 at 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

SCHEDULE

Week		Description
1		*1st half:* Welcome and course overview *2nd half:* EVC, WTP and demand
2		*1st half:* **Medicines Co case study** *2nd half:* Costs and optimal pricing
3		*1st half:* IBE analysis *2nd half:* Competition and differentiation
4		Price discrimination
5		*1st half:* **Cambridge Software case study** *2nd half:* Bundling
6		***Break for Chinese New Year public holiday***
Recess Week		
7		Behavioural considerations and fairness
8		Demand estimation
9		Conjoint analysis
10		**Midterm Test**
11		*1st half:* **Zalora case study** *2nd half:* Dynamic pricing
12		Pricing architecture & revenue models
13		*1st half:* **Netflix case study** *2nd half:* CLV and "good profits"

*Glossary: CLV = Customer Lifetime Value; EVC = Economic Value to the Customer; IBE = Incremental Break-Even; WTP = Willingness-To-Pay