



Pricing Strategy in Management

Module 3, AY 2021-2022

Course Information

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1. Course Description

1.1 Context

Course overview:

The course will draw on a mixture of theory and analytic techniques to describe approaches that are useful for pricing decisions. Some examples of questions we will address in the course: How does a firm determine the price for a new product? How does a firm assess whether the current price is appropriate? How to optimally price to different segments? How to price in a competitive environment and within the legal framework? This course prepares students to address strategic and tactical pricing issues and to identify profit-boosting changes in pricing practices across a range of professional contexts – as management consultants, product managers, entrepreneurs, business unit managers, and M&A advisors. We will cover the fundamental economic analytical tools, theories and conceptual frameworks needed for formulating pricing strategies. The course will use a mix of lectures and case discussions. We will discuss practical examples of commonly-used pricing tactics that will help you gain insights into successful pricing strategies in various industries and discuss how to improve a firm's pricing through a sophisticated pricing structure.

Prerequisites:

None

1.2 Textbooks and Reading Materials

No required textbook.

The following books will be major references.

- *The Strategy and Tactics of Pricing*, T. Nagle, J. Hogan, and J. Zale, 5th Edition, Prentice Hall, 2010. (NHZ)
- *Pricing Strategy: Setting Price Levels, Managing Price Discounts And Establishing Price Structures*, Tim Smith, Cengage Learning, 2011.
- *Nonlinear Pricing*, Robert B. Wilson, Oxford University Press, 1993.
- *Pricing and Revenue Optimization*, Robert Phillips, Stanford Business Books, 2005.
- *Pricing: Making Profitable Decisions*, Kent B. Monroe, 2nd Edition, Amazon, N.Y. 1990

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes. Case analysis and group project
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes.
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes. Group project
	2.2. Students will be able to apply leadership theories and related skills.	No.
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Yes.
	3.2. Our students will practice ethics in the duration of the program.	Yes
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes. Case discussion

5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes. Lecture
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes. Lecture and case analysis
	5.3. Our students will demonstrate competency in critical thinking.	Yes. Case discussion

2.2 Course specific objectives

The course's learning goals and objectives are: (1) To familiarize the students with the basic terms, concepts, approaches and problems of pricing decisions; (2) To introduce a framework, based on concepts drawn from cognitive psychology, economics and industrial organization, to study pricing decisions; (3) To provide analytical tools which are useful for the understanding of the pricing process and for its successful creation, utilization, and management; (4) To introduce some state-of-the-art pricing techniques employed by firms recently.

2.3 Assessment/Grading Details

Participation	15%
Homework	20%
Group project	20%
Final exam	45%

A. Class Participation

You are expected to attend each class **on time**. You are also expected to read the text materials and **contribute to class discussion** by both listening carefully to your classmates and speaking out your own viewpoints. Learning depends heavily upon thorough and lively participation. Naturally, there are students who do not feel comfortable contributing verbally in the classroom. We should all try to make the classroom atmosphere as congenial as possible to assist all of us in the class participation process. This does not, however, mean that you must agree with every comment offered by your classmates (i.e., it's ok to disagree).

B. Homework Assignments

Throughout the course, you will be given several hands-on exercises. Each student should submit his/her own answer sheet in hard-copy. I prefer the solutions to be concise, precise, and typed. Late assignment: If you hand in your solutions one day late, you will get 75% of the full original marks; if you hand in by two days late, you can only get 50% of it, and so on.

C. Group Project

The goal of the project is to apply the concepts from the course to a real pricing problem by applying the ideas covered in class. Each team should select an interesting problem and analyze the pricing decision faced by a firm. Do not simply present case analysis profiling an industry and its players. I want you to provide an analysis of an original pricing problem. I will be primarily interested in your novel insights and analysis. As you apply your results to analyze the pricing problem, you need to indicate how your recommendations are justified by the analysis (i.e. data etc.).

D. Final Exam

There will be a final exam. It focuses more on your understanding of the course materials. Details will be provided as the course goes on.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule (tentative)

Week	Content
1	Introduction, Price Sensitivity
2	Price Promotions
3	Psychology of Pricing
4	Multipart Pricing, Add-ons
5	Versioning, Bundling
6	Subscription, Yield Management
7	Price Competition
8	Pricing in Two-Sided Market
9	Presentation