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g and Consumer Studies

PRICING MANAGEMENT MCS 4400 (Winter 2012)



Instructor: Oludamola Durodola
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Office Hours: 12:30 pm to 1:30 pm on Mondays or by appointment
Voice: Ext 52407
Class: 11:30am-12:50pm Tuesday/Thursday in MACK 116

Course Description and Objectives:

Pricing is the only marketing decision that brings revenue to most organizations. Yet most organizations do not have pricing department. The literature on pricing in recent times have shown that pricing, if it is to be effective, must not be reactive and must show elements of simplicity. Profitable pricing goes beyond the demand curve to include the psychology of buying decisions. Hence the objective of this course is to provide a useful conceptual framework as well as analytical techniques that can be applied in managing pricing function. Topics to be covered include pricing strategies, tactical issues related to pricing, pricing methods, treatment of costs for pricing, consideration of competition, legal limitations and role of price in customer buying decisions for both consumer and industrial goods and services. Lectures, short in-class and computer based exercises, discussion of assigned readings and analysis of discussion of pricing related cases through seminars will be the bases for gaining understanding and interpreting pricing decisions.

Course Objectives

1. Develop and apply analytical tools necessary for sound pricing decisions.
2. Develop skills to analyze complex business situations.
3. Provide opportunities to
 - (a) Articulate and defend positions,
 - (b) Improve presentation and writing skills and
 - (c) Learn to function effectively in teams.

Course Structure

This course is built around three interrelated themes.

1. Economic and psychological aspects of pricing decisions,
2. Pricing decisions that are consistent with marketing mix and
3. Pricing strategy.

Required Course Material

Nagle, Thomas T. and John E. Hogan (2011) *The Strategy and Tactics of Pricing*, Fifth Edition, Prentice Hall [NH]. You may want to check with the University bookstore for availability or online at www.amazon.ca



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resources. One of your primary resources will be the course website (<http://courselink.uoguelph.ca/>). All announcements, required and recommended readings, assignments and updates will be posted here. You will also be able to access any handouts you may have missed through this site. Check this site often.

Classroom activities will primarily involve this textbook and students are advised to get a copy from the University bookstore. Additional copies will also be available in the Library. In addition, lecture slides from the textbook will be provided to students as lecture notes.

On-Line Communication:

Include here any comments you would like to make about on-line communication, such as:

- This course has a website (see <http://courselink.uoguelph.ca/>).
- I will be communicating with you via your central email account <uoguelph.ca> from time to time. You are required to check this account on a regular basis. Please be advised that I will not edit my mailing list to your hotmail/yahoo etc. account.
- While I endeavour to check my email daily, students can reasonably expect a response from me within 48/72 hours.

Method and Timing of Evaluation:

Your performance will be evaluated based on the following:

Assignment/Examination	Date	Marks allocated
Group assignment/Seminar	21 st March 2012	20.00 %
Impromptu class quiz (2)	???????	5.00%
Individual Project	13 th April 2012	25.00%
Mid-term examination	26 th March	50.00 %

My assessment approach will attempt to reward team effort, consistent class attendance and judicious studying before exams. If students adhere to these principles, success in this course will be inevitable. Please all deadlines submissions must be adhered to strictly as late submissions may attract 5 % deduction per day on submission final mark. However, extensions may be granted on the basis of extenuating circumstances

Mid-term examination conflict: Students are responsible for ensuring that they do not have a time conflict with examinations in other courses. You are not permitted to enroll in this course if you have a time conflict with another course.

For Students with Disabilities and will require some form of required learning activities for this course, please meet with me

Keep a copy of all of your graded work until final marks have been recorded. You may be asked to resubmit your work at any time.

Course Philosophy and Approach:

In my opinion, learning should be more of fun rather than an endurance process. However, in the process of learning, element of hard work, patience and high level mental activities may be required. Furthermore, participatory learning requires that both learners and instructor be prepared for each class. Preparation could be interpreted to mean reading and interpreting the assigned materials and textbook well in advance of lectures. The group work component of the course will require active participation of all the members of the group. All the members will be expected to participate in the presentation while the rest of the class provide a critique of the presentation. All these activities attract marks for both the group presenting and the class. During each lecture session, questions may be posed at the class to encourage class participation.

The course is based on an active 12-week semester. In our view the most effective and efficient use of classroom time aims at reinforcing or clarifying what the student has tried to learn on an individual basis **before** entering the classroom. For this reason, it will be assumed that the student has carefully read the assigned material and made a reasonable effort to prepare solutions to the assigned problems **PRIOR** to the class. These materials will be **DISCUSSED** in class.

In this course, some of your time will be spent in group work and seminar presentation and interaction. This enables you to share ideas and to improve communication skills. Through interaction, you will discover for yourself the meaning of concepts, the subtleties inherent in everyday business situations, and the rationales for various solutions to managerial problems. To achieve effective interaction, I have three expectations:

1. **Attendance.** *Because interaction is central, and also because your fellow group members will be relying on you for ideas, I expect you to attend every class. Valid reasons for absence include serious illness and family emergencies. Studying for exams and completing assignments are not valid reasons to miss class. Groups will also earn marks for attendance.*
2. **Preparation.** *You are expected to read assigned material in advance and to be fully prepared for class discussion. You may be called upon to begin the class and to contribute to discussion at any time. Unsupported opinion will not substitute for informed discussion. Adequate preparation is the only way to avoid embarrassment. The two impromptu tests will reward preparation and attendance. It will be unannounced.*
3. **Group work.** *You will participate in some group work during the term. The group should address group problems or conflict in a timely fashion. I am available to assist groups who experience problems. Each group will have a maximum of twelve members and a minimum of ten. Group lists are to be submitted to me by the 30th January 2012. Group topics and presentation dates will be selected by ballot system on the 7th Feb 2012.*

			Pre-Class Activities/Readings	In-Class Activities and Assessments
1	10 th Jan	Course Introduction and background to Price management	Introductory class	Discussions with the class on the subject
2	12 th Jan	Strategic pricing	Chapter 1 Prescribed textbook	Discussions with the class on the subject
3	17 th Jan	Value creation-source of pricing advantage	Chapter 2 Prescribed textbook	Discussions with the class on the subject
4	19 th Jan	Value creation-source of pricing advantage	Chapter 2 Prescribed textbook	Discussions with the class on the subject
5	24 th Jan	Pricing Structure-tactics for different pricing across segments	Chapter 3 Prescribed textbook	Discussions with the class on the subject
6	26 th Jan	Price and Value Communication	Chapter 4 Prescribed textbook	Discussions with the class on the subject
7	31 st Jan	Pricing Policy	Chapter 5 Prescribed textbook	Discussions with the class on the subject
8	2 nd Feb	Price Level-setting the right price for sustainable profit	Chapter 6 Prescribed textbook	Discussions with the class on the subject
9	7 th Feb	Pricing over the product life cycle	Chapter 7 Prescribed textbook	Discussions with the class on the subject
10	9 th Feb	Pricing strategy Implementation	Chapter 8 Prescribed textbook	Discussions with the class on the subject
11	14 th Feb	Costs-How should they affect pricing decision	Chapter 9 Prescribed textbook	Discussions with the class on the subject
12	16 th Feb	Financial Analysis-Pricing for Profit	Chapter 10 Prescribed textbook	Discussions with the class on the subject
13	28 th Feb	Financial Analysis-Pricing for Profit	Chapter 10 Prescribed textbook	Discussions with the class on the subject
14	1 st Mar	Competition-managing conflicts thoughtfully	Chapter 11 Prescribed textbook	Discussions with the class on the subject
15	6 th Mar	Competition-managing conflicts thoughtfully	Chapter 11 Prescribed textbook	Discussions with the class on the subject
16	8 th Mar	Measurement of Price Sensitivity	Chapter 12 Prescribed textbook	Discussions with the class on the subject
17	13 th Mar	Measurement of Price Sensitivity	Chapter 12 Prescribed textbook	Discussions with the class on the subject
18	15 th Mar	Ethics and Law	Chapter 13 Prescribed textbook	Discussions with the class on the subject
19	20 th Mar	Ethics and Law	Chapter 13 Prescribed textbook	Discussions with the class on the subject
20	22 nd Mar	Group 1 Presentation	Group 1 seminar submission	Discussions with the class on the subject
21	27 th Mar	Group 2 Presentation	Group 2 seminar submission	Discussions with the class on the subject
22	29 th Mar	Group 3 Presentation	Group 3 seminar submission	Discussions with the class on the subject
23	3 rd Apr	Group 4 Presentation	Group 4 seminar submission	Discussions with the class on the subject
24	5 th Apr	Group 5 Presentation	Group 5 seminar submission	Discussions with the class on the subject

Note: The schedule of learning activities may require modification from time to time. Any changes will be announced in class and/or on the Courselink site.

Policies and Regulations

University's academic regulations in the completion of their
calendar (see <http://www.uoguelph.ca/undergraduate/current/c08/index.shtml>). Some regulations
are highlighted below:

Academic Misconduct:

The University of Guelph is committed to upholding the highest standards of academic integrity and directs all members of the University community ó faculty, staff and students ó to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring. The University of Guelph takes a serious view of academic misconduct and it is your responsibility as a student to be aware of and to abide by the University's policy. Included in the definition of academic misconduct are such activities as cheating on examinations, plagiarism, misrepresentation, and submitting the same material in two different courses without written permission.

To better understand your responsibilities, read the Undergraduate Calendar at:
<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-amisconduct.shtml> You are
also advised to make use of the resources available through the Learning Commons
(<http://www.learningcommons.uoguelph.ca/>) and to discuss any questions you may have with your course
instructor, teaching assistant, Academic Advisor or Academic Counselor.

Students should be aware that faculty have the right to use software to aid in the detection of plagiarism or copying and to examine students orally on submitted work. For students found guilty of academic misconduct, serious penalties, up to and including suspension or expulsion from the University can be imposed.

Academic Consideration:

Students who find themselves unable to meet course requirements by the deadline or criteria expected because of medical, psychological or compassionate circumstances beyond their control, should review the regulations on Academic Consideration in the Undergraduate Calendar
(http://www.uoguelph.ca/undergrad_calendar/c08/c08-ac.shtml) and discuss their situation with the
instructor, Program Counsellor or Academic Advisor as appropriate.

Religious Holidays:

Should a student need to miss scheduled tests, mid-term examinations, final examinations, or requirements to attend classes and participate in laboratories for religious reasons, please advise the instructor within two weeks of the distribution of this course outline so that alternate arrangements can be made. For further information see
<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-accomrelig.shtml>

This course follows the University grading scheme outlined in the University Calendar:

A+ A A-	90-100% 85-89 80-84	Excellent: An outstanding performance in which the student demonstrates a superior grasp of the subject matter, and an ability to go beyond the given material in a critical and constructive manner. The student demonstrates a high degree of creative and/or logical thinking, a superior ability to organize, to analyze, and to integrate ideas, and a thorough familiarity with the appropriate literature and techniques.
B+ B B-	77-79 73-76 70-72	Good: A more than adequate performance in which the student demonstrates a thorough grasp of the subject matter, and an ability to organize and examine the material in a critical and constructive manner. The student demonstrates a good understanding of the relevant issues and a familiarity with the appropriate literature and techniques.
C+ C C-	67-69 63-66 60-62	Acceptable: An adequate performance in which the student demonstrates a generally adequate grasp of the subject matter and a moderate ability to examine the material in a critical and constructive manner. The student displays an adequate understanding of the relevant issues, and a general familiarity with the appropriate literature and techniques.
D+ D D-	57-59 53-56 50-52	Minimally acceptable: A barely adequate performance in which the student demonstrates a familiarity with the subject matter, but whose attempts to examine the material in a critical and constructive manner are only partially successful. The student displays some understanding of the relevant issues, and some familiarity with the appropriate literature and techniques.
F	0-49	Fail: An inadequate performance.

Code of Conduct – The Top Ten

As a student in the Department of Marketing and Consumer Studies, College of Management and Economics at the University of Guelph, you are a member of a scholarly community committed to improving the effectiveness of people and organizations, and the societies in which they reside, through groundbreaking and engaging scholarship and pedagogy. We seek to promote a comprehensive, critical and strategic understanding of organizations, including the complex interrelationship between leadership, systems (financial and human) and the broader social and political context. And, we prepare graduates for leadership roles in which organizational objectives, self-awareness, social responsibility and sustainability are primary considerations.

In keeping with this commitment, we expect all of our students (indeed of all members of our community) to act in a professional and respectful manner to fellow students, staff and faculty, as well as to members of the broader university and local community. This expectation is very much in keeping with your preparation for a professional career.

The following conduct is expected of all of our students:

1. Come to class prepared to learn and actively participate (having completed assigned readings, learning activities etc.).
2. Approach your academic work with integrity (avoid all forms of academic misconduct).
3. Arrive on time and stay for the entire class. If you happen to be late, enter the classroom as quietly as possible. At the end of class, apologize to the faculty member for the interruption. If you have

- ...y member in advance.
- ...e going to miss a class, send an email to the faculty member ...be absent, with a brief explanation.
5. While in class, refrain from using any written material (e.g., newspaper) or technology (e.g., the Internet, computer games, cell phone) that is not relevant to the learning activities of that class. Turn off your cell phone at the start of each class.
 6. Listen attentively and respectfully to the points of view of your peers and the faculty member. Don't talk while others have the floor.
 7. Raise your hand when you wish to contribute and wait to be called upon. Challenge others appropriately, drawing on reason and research rather than unsubstantiated opinion, anecdote and/or emotion. Keep an open mind and be prepared to have your point of view challenged.
 8. When sending emails to faculty, apply principles of business writing; use a professional and respectful style (use a formal salutation, check for spelling and grammatical errors, and avoid slang and colloquial short forms).
 9. When making a presentation, wear business dress.
 10. Provide thoughtful feedback at the completion of all courses (we are committed to continuous improvement but need your input to help us decide what to focus on).