

**Marketing and Consumer Studies**

**MCS\*4400**

**Pricing Management**

**Fall 2018**

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**Instructor(s): Tirtha Dhar**, Ph.D.

Room: 203, MINS Building, Ext 52023

 Email: tdhar@uoguelph.ca

 Office Hours: Wednesdays 1:00pm to 2:30pm, or by appointment

**Teaching Assistant:** TBA

**Class Times and Location:**

Section 01: Mo/We 10:00am - 11:20am

Section 02: Mo/We 10:00am - 11:20pm

**Course Description and Objectives:**

The University catalogue describes Pricing Management as

The objective of this course is to provide a useful conceptual frameworks well as analytical techniques that can be applied in managing pricing functions. 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.

My interpretation

Pricing is the only marketing decision that brings revenue to most organizations. Yet most organizations do not have pricing department. This raises important question about who assign prices to products and services. Costs, customers and competitors are generic factors that inﬂuence price settings. These factors, however, may be augmented with strategy and tactic that organization use with respect to pricing goals. Because pricing decisions involve numbers, individuals and pricing decision committees have tendency to arrive at “precisely wrong” as opposed to “approximately correct” solutions.

Lectures, short in-class, discussion of assigned readings and analysis of pricing related problems will be the basis for gaining understanding and interpreting pricing decisions.

*Learning Objectives:*

*At the end of the course, you will know and address*

* Margins based pricing rules
* Economics of pricing and marginal pricing rules
* How market demand and supply impact pricing
* How psychological factors impact pricing decisions
* How to price a new product
* How to price products over lifecycle
* How pricing interacts with other marketing and business activities
* How to manage dynamic and static pricing rules

**Course Materials and Resources:**

The required textbook is Laudon, Schindler, R. M., & Schindler, R. (2011). *Pricing strategies: a marketing approach*. Sage.

In addition, one of our 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.

**On-Line Communication:**

I will be communicating with you via the course website and your central email account <uoguelph.ca> from time to time.

When sending an email to the instructor or TA, include your group #/section/course in the title. You can expect a response from me within 24-48 hours.

**Method and Timing of Evaluation:**

Your performance will be evaluated based on the following:

* Assignments 5
	+ 5 X 5% each 25%
* Group Presentation and report
	+ Presentation 5%
	+ Report 5%
* Midterm Exam
	+ 1 X 25% 25%
* Final Exam
	+ 1 X 30% 30%
* Class Participation 10%

**Assignments:**

You will have to complete 5 take home assignments. The assignment will be posted on the date mentioned before midnight. And you will have to post it in dropbox on the due to date before midnight. Late submission will be penalized by 20% on the first day, 50% on the second day and 100% on the third day.

**Group Presentation and report:**

Group presentation have an essential role in achieving the learning objectives of this course. The group presentation will give you opportunity to link your textbook based knowledge with the practices and comments of practitioners and thought leaders.

* **Articles from the group presentations can be downloaded from the library:** Harvard Business Review: <http://web.a.ebscohost.com/ehost/search/advanced?vid=1&sid=30982250-8849-4603-8668-2eb1c7b4c0b1%40sessionmgr4009>

 As part of the process you will also need to write a report on the article assigned.

**Exams:**

We will have a mid-term exam and a final exam. Exams are a combination of multiple choice and short essay questions. The exams are closed-book, not cumulative, and include the materials discussed in class, quizzes and assignments. The mid-term exam is on Day 14, and the final exam date will be announced later.

Final 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.

If you are registered with the Centre for Students with Disabilities and will require some form of accommodation in the completion of the required learning activities for this course, please meet with me during the first week of classes.

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.

**Classroom Environment:**

All students are reminded of the core values—active engagement, integrity and ethical conduct, collective learning, and mutual respect—that are the foundations of a positive learning environment. In addition to aiming for high-quality discussion, basic good manners also apply. During class discussions, for example, it is important to create an open and supportive atmosphere where students feel free to share their ideas. The same applies to group members working together on teamwork.

**Day Date**

**Day 1 10-Sep-18**

 **Introduction and Course Overview**

* + Chapter 1

**Day 2 12-Sep-18**

 **Cost based pricing rules**

* + Chapter 2
	+ Optional reading: “When Cost-Plus Pricing is a Good Idea”, Utpal M. Dholakia (Harvard Business Review, July 12, 2018)
	+ Assignment 1 Posted

**Day 3 17-Sep-18**

 **Breakeven analysis and pricing I**

* + Chapter 4

**Day 4 19-Sep-18**

 **Breakeven analysis and pricing II**

* + Chapter 5
	+ Assignment 1 Due

**Day 5 24-Sep-18**

 **Economics of pricing and consumer response**

* + Chapter 6
	+ Assignment 2 Posted
	+ Optional reading: “A Quick Guide to Value-Based Pricing” Utpal M. Dholakia (Harvard Business Review, August 09, 2016)

**Day 6 26-Sep-18**

 **Guest Lecture**

**Day 7 1-Oct-18**

 **Consumer Valuations**

* + Chapter 3

**Day 8 3-Oct-18**

 **Cognitive and emotional factors in pricing I**

* + Chapter 7
	+ Assignment 2 Due

**Day 9 8-Oct-18**

* + **Midterm Review**

**Day 10 10-Oct-18**

 **Cognitive and emotional factors in pricing II**

* + Chapter 8

**Day 12 17-Oct-18**

 **Empirical price prediction and price change response I**

* + Chapter 9
	+ Assignment 3 Posted

**Day 13 22-Oct-18**

 **Empirical price prediction and price change response II**

* + Chapter 9

**Day 14 24-Oct-18**

 **Midterm**

**Day 15 29-Oct-18**

 **Price segmentation I**

* + Chapter 10
	+ Assignment 3 Due

**Day 16 31-Oct-18**

 **Price segmentation II**

* + Chapter 11

**Day 17 5-Nov-18**

 **Price segmentation III**

* + Chapter 12
	+ Assignment 4 Posted

**Day 18 7-Nov-18**

 **Pricing of interrelated products**

* + Chapter 13

**Day 19 12-Nov-18**

 **Price negotiation**

* + Chapter 14
	+ Assignment 4 Due

**Day 20 14-Nov-18**

 **Law, public policy and pricing**

* + Chapter 15

**Day 21 19-Nov-18**

 **Pricing for non-profit organizations and social services**

* + Chapter 16
	+ Assignment 5 Posted

**Day 22 21-Nov-18**

 **Retailing and Pricing Presentation**

* + Presentation 1: “Can you win back online shoppers” T.S. Teixeira and S. Gupta (Harvard Business Review, September 2015)
	+ Presentation 2: “Second Thoughts about a Strategy Shift” E. Ofeke and J. Avery (Harvard Business Review, December 2014)

**Day 23 26-Nov-18**

 **Price War and Pricing at zero Presentation**

* + Presentation 3: “How to fight a price war” A.R. Rao, M.E. Bergen and S. Davis (Harvard Business Review, March-April 2000)
	+ Presentation 4: “What is a free Customer Worth?” S. Gupta and C.F. Mela (Harvard Business Review, November 2008)

**Day 24 28-Nov-18**

 **Behavioral Pricing Presentation**

* + Presentation 5: “Pricing and the psychology of consumption” J. Gourville and D. Soman (Harvard Business Review, September 2002)
	+ Presentation 6: “Your loyalty program is betraying you” J.C. Nunes and X. Dreze (Harvard Business Review, April 2006)

**Day 25 30-Nov-18**

 **Pricing and Platform Presentation**

* Presentation 7: “Strategies for two sided markets” T. Eisenmann, G. Parker, and M.W. Van Alstyne (Harvard Business Review, October 2006)
* Presentation 8: Hall, J., Kendrick, C., & Nosko, C. (2015). The effects of Uber’s surge pricing: A case study. *The University of Chicago Booth School of Business*. (Available at Courselink)

DISCLAIMER: The contents of this syllabus is tentative and is subject to change based on the needs of the class, the interest of the students and any other reason that may arise during the semester. Should any part of this syllabus be changed, due notice will be given to all the students. Such changes will be discussed in class and posted on Courselink.

**Policies and Regulations**

All students are expected to abide by the University’s academic regulations in the completion of their academic work, as set out in the undergraduate calendar (see <http://www.uoguelph.ca/registrar/calendars/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 – faculty, staff, and students – 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>

**University Grading Scheme:**

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

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| --- | --- | --- |
| A+ | 90-100% | **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. |
| A | 85-89 |
| A- | 80-84 |
| B+ | 77-79 | **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. |
| B | 73-76 |
| B- | 70-72 |
| C+ | 67-69 | **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. |
| C | 63-66 |
| C- | 60-62 |
| D+ | 57-59 | **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. |
| D | 53-56 |
| D- | 50-52 |
| 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 ground-breaking 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 – 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 to leave class early, alert the faculty member in advance.
4. If you know in advance that you are going to miss a class, send an email to the faculty member letting him/her know that you will 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).