



MGMT 43800
Pricing Strategies

Instructor and Course Information

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Course Schedule: TBA

Course Description

In the era of Big Data, where extensive information is available at the customer level, managers benefit from an increased ability to learn from their customers' behavior. In this scenario pricing becomes a crucial lever for increasing the relationship with the customer and maximizing profits and shareholder value. In this course, students will learn how to systematically approach pricing decisions, taking the perspective of the marketing manager. The course will use a combination of lectures, case discussions and in-class exercises to leverage micro-level transaction data for pricing decisions.

Prerequisites (if needed)

MGMT 32400 Marketing Management (C- or higher)

Course Website

Blackboard Learn is our course management system. You can access the course [here](#).

Learning Outcomes

My objectives for this course are:

1. To familiarize students with the concepts, theory, and latest thinking bearing on the key issues in pricing, taking the perspective of the marketing manager. This will be done primarily through lectures and assigned readings.

2. To provide students with an opportunity to apply concepts and theory to the solution of real pricing problems in marketing settings. This will be done through the application of marketing techniques for the analysis of real transaction data.
3. To provide students with a forum in which you may further develop your business communication skills and receive feedback from your peers and the instructor. This will be done through in-class discussions and presentations.

Learning Resources, Technology, & Texts

A course pack with business case studies, articles, and notes.

Lecture notes, homework assignments, and any additional course material will be posted on Blackboard. Occasionally, some additional reading materials may be distributed in class.

There is no required formal textbook for this course.

Grading Philosophy and Scale

Grading will be on a curve. The distribution of points for the final grading is as follows:

- Two Exams (Midterm and Final) = 40% (2*20%)
- Team Project + Peer Evaluation = 30%
- Lab write-ups (three) = 15% (3*5%)
- Class Participation = 15%

Two exams

There are two in-class exams (midterm and final) during the course. They are both closed book. Each exam will consist of short questions or problems designed to test your ability to apply the concepts covered during the course.

Pricing mini-project

Each team will prepare an analysis of a pricing problem faced by a real organization. Students can decide a topic of their choice or refer to the examples of suggested project ideas in the Appendix below. The goal is to apply the concepts from the course to a real pricing problem. Teams will present their work on the last week (see class schedule below). There is no formal project write-up: all your analysis must be included in the presentation slides. More details on the pricing mini-project are provided in the Appendix below.

Lab write-ups

During the course there are three labs. During each lab students come in class with their laptop and work in teams on a pricing problem using a dataset provided by the instructor. The work is mainly numerical analysis conducted on Excel. Students are expected to work together with their

team members. A short write-up (one per team) must be submitted at the beginning of the next Tuesday class (see due dates in class schedule below).

Class participation

Class participation is crucial for the success of this course. In this course you are not just learning tools; you are learning how to generate, defend, and constructively criticize your thoughts and those of others around pricing issues. Because of that, most learning occurs during class discussions, when you are actively engaged in critically thinking about marketing decisions rather than passively listening and absorbing the material. Class attendance is mandatory. If you cannot come to class, you must send me an email to get approval in advance.

Course Schedule and Due Assignments (tentative)

Week	Tuesdays	Thursdays
Week 1	Jan 14 Introduction: Key Principles in Pricing DUE: read Syllabus	Jan 16 Cost Analysis DUE: none
Week 2	Jan 21 Economic Value Analysis DUE: read "Pricing, Profits, and Customer Value"	Jan 23 Case Discussion: Universal Press Pricing Dilemma DUE: none
Week 3	Jan 28 Psychological Aspects of Pricing DUE: read "Pricing and the Psychology..."	Jan 30 Price Fairness and Dynamic Pricing DUE: read "Taxi Supply and Demand"
Week 4	Feb 4 Measuring Price Response with Experiments and Surveys DUE: none	Feb 6 Conjoint Application DUE: "Understanding Conjoint Analysis..."
Week 5	Feb 11 Lab 1 (part A) DUE: none	Feb 13 Lab 1 (part B) DUE: none
Week 6	Feb 18 Project Work Session DUE: Lab 1 Report	Feb 20 Review of material for midterm exam DUE: review material read so far
Week 7	Feb 25 Midterm exam DUE: none	Feb 27 Measuring Price Response with Aggregate Market Data DUE: none
Week 8	Mar 03 Measuring Price Response with Individual Market Data DUE: none	Mar 05 Market Data Application DUE: none
Week 9	Mar 10 Lab 2 (part A) DUE: none	Mar 12 Lab 2 (part B) DUE: none
Mar 16 – Mar 21 Spring Break		

Week 10	Mar 24 Segmented Pricing and Revenue Management DUE: Lab 2 Report, read “Why are Waiters Rude?” and “Amazon Pays a Price...”	Mar 26 Case discussion: Springfield Nor’easters DUE: read case
Week 11	Mar 31 Strategic Responses (part I) DUE: read “How to Fight a Price War”	Apr 02 Strategic Responses (part II) DUE: read “Priced to Go”
Week 12	Apr 07 Price Promotions DUE: read “If Brands Are Built Over Years...”	Apr 09 Price Bundling DUE: read “Bundles of Cable”, bring in a good and a bad example of price bundling
Week 13	Apr 14 Lab 3 DUE: none	Apr 16 Project Work Session DUE: Lab 3 Report
Week 14	Apr 21 CRM and Revenue Management DUE: none	Apr 23 Project Work Session DUE: none
Week 15	Apr 28 Pricing and Loyalty Programs DUE: none	Apr 30 Team Presentations DUE: Presentation slides

* Schedule and assignments subject to change. Any changes will be posted in the learning management system.

Emergency Statement

In the event of a major campus emergency, course requirements, deadlines and grading percentages are subject to changes that may be necessitated by a revised semester calendar or other circumstances beyond the instructor's control. Relevant changes to this course will be posted onto the course website or can be obtained by contacting the instructors or TAs via email or phone. *You are expected to read your @purdue.edu email on a frequent basis. Please see emergency instructions attached to this syllabus.*

Accessibility and Accommodations

Purdue University strives to make learning experiences as accessible as possible. If you anticipate or experience physical or academic barriers based on disability, you are welcome to let me know so that we can discuss options. You are also encouraged to contact the Disability Resource Center via [email](#) or by phone: 765-494-1247.

Nondiscrimination Statement

Purdue University is committed to maintaining a community which recognizes and values the inherent worth and dignity of every person; fosters tolerance, sensitivity, understanding, and mutual respect among its members; and encourages each individual to strive to reach his or her own potential. In pursuit of its goal of academic excellence, the University seeks to develop and nurture diversity. The University believes that diversity among its many members strengthens the institution, stimulates creativity, promotes the exchange of ideas, and enriches campus life.

Purdue University views, evaluates, and treats all persons in any University related activity or circumstance in which they may be involved, solely as individuals on the basis of their own personal abilities, qualifications, and other relevant characteristics.

Purdue University prohibits discrimination against any member of the University community on the basis of race, religion, color, sex, age, national origin or ancestry, genetic information, marital status, parental status, sexual orientation, gender identity and expression, disability, or status as a veteran. The University will conduct its programs, services and activities consistent with applicable federal, state and local laws, regulations and orders and in conformance with the procedures and limitations as set forth in Purdue's Equal Opportunity, Equal Access and Affirmative Action policy which provides specific contractual rights and remedies. Additionally, the University promotes the full realization of equal employment opportunity for women, minorities, persons with disabilities and veterans through its affirmative action program.

Any question of interpretation regarding this Nondiscrimination Policy Statement shall be referred to the Vice President for Ethics and Compliance for final determination. [Purdue's nondiscrimination statement](#).

Other Policies

Use of laptops and other electronic devices in class

Laptops and other electronic devices detract from the effectiveness of class discussion and distract students. Their use is not allowed in class unless specifically permitted by the instructor. If you have an open laptop during regular class, the instructor will ask you to shut it down.

Student teams

At the beginning of the course students will be asked to form teams of 5 students to work during the lab classes, the case write-up, and the mini-project. Specifically, I will send by email an electronic spreadsheet that you can use to enroll in a team of your preference. Note: I will be available to mediate eventual team conflict, but final responsibility for making sure everyone does his/her share of the work rests with team members only. In order to minimize free-riding, group members will grade each other's participation in the team effort, using the group evaluation form that the instructor will provide at the end of class.

Name cards

Please put up your name cards on your desks during each class, so that the instructor can properly identify you.

Late assignments

Please note that late assignments will not be accepted. Each assignment is due at the beginning of the class on the due date. Remember that computer or printing problems happen but, like in the "real world", they are not valid excuses. You should give extra time to make sure you meet your deadline.

Academic integrity

Academic integrity is one of the highest values that Purdue University holds. Individuals are encouraged to alert university officials to potential breaches of this value by either emailing integrity@purdue.edu or by calling 765-494-8778. While information may be submitted anonymously, the more information that is submitted provides the greatest opportunity for the university to investigate the concern.

You are expected to abide by the University's Code of Academic Integrity. Any violations will be strictly dealt with according to University rules. For more details about the University's Code of Academic Integrity, please visit the following website: <http://www.purdue.edu/odos/osrr/academic-integrity/>

Disclaimer

This syllabus is subject to change. An updated copy will be distributed on the first day of class by the instructor.



EMERGENCY NOTIFICATION PROCEDURES are based on a simple concept – if you hear a fire alarm inside, proceed outside. If you hear a siren outside, proceed inside.

- **Indoor Fire Alarms** mean to stop class or research and immediately **evacuate** the building.
- Proceed to your Emergency Assembly Area away from building doors. **Remain outside** until police, fire, or other emergency response personnel provide additional guidance or tell you it is safe to leave.
- **All Hazards Outdoor Emergency Warning Sirens** mean to immediately seek shelter (**Shelter in Place**) in a safe location within the closest building.
 - “Shelter in place” means seeking immediate shelter inside a building or University residence. This course of action may need to be taken during a tornado, an active threat including a shooting or a release of hazardous materials in the outside air. Once safely inside, find out more details about the emergency*. **Remain in place** until police, fire, or other emergency response personnel provide additional guidance or tell you it is safe to leave.

**In both cases, you should seek additional clarifying information by all means possible...Purdue Emergency Status page, text message, Twitter, Desktop Alert, Albertus Beacon, digital signs, email alert, TV, radio, etc....review the Purdue Emergency Warning Notification System multi-communication layers at http://www.purdue.edu/ehps/emergency_preparedness/warning-system.html*

EMERGENCY RESPONSE PROCEDURES:

- Review the **Emergency Procedures Guidelines**
https://www.purdue.edu/emergency_preparedness/flipchart/index.html
- Review the **Building Emergency Plan** (available on the Emergency Preparedness website or from the building deputy) for:
 - evacuation routes, exit points, and emergency assembly area
 - when and how to evacuate the building.
 - shelter in place procedures and locations
 - additional building specific procedures and requirements.

EMERGENCY PREPAREDNESS AWARENESS VIDEOS

- **"Run. Hide. Fight.®"** is a 6-minute active shooter awareness video that illustrates what to look for and how to prepare and react to this type of incident. See:
https://www.youtube.com/watch?v=5mzl_5aj4Vs (Link is also located on the EP website)

MORE INFORMATION

Reference the Emergency Preparedness web site for additional information:
https://www.purdue.edu/ehps/emergency_preparedness/