



PRICING POLICIES

FIRST TRIMESTER. ACADEMIC YEAR 2006-2007

PRESENTATION

This course will cover the analysis of pricing policies and related topics in consumer behavior. It will provide the tools to develop an effective pricing strategy and a deep understanding of the microeconomic theory behind that strategy. What is expected? Class participation is highly encouraged.

COURSE OUTLINE

PART 1. PRICING DECISIONS

- a. Introduction. Pricing and Value
- b. Pricing, Costs and Profitability. Monopoly Pricing.
Pashigian, chapter 9
Nagle, chapters 2 & 3.
- c. Demand Estimation

Tellis, "The Price Elasticity of Selective Demand: A Meta-Analysis of Econometric Models of Sales," Journal of Marketing Research, 25-4, 1988.

Case: G.D. Searle: Equal Low-Calorie Sweetener (A) HBS 9-585-010

Dolan & Simon, chapter 3

Nagle, chapter 13

d. Strategic Pricing

Dolan & Simon, chapter 4

Pashigian, chapter 10

Nagle & Holden, chapter 6

e. Behavior, Social Influences and Pricing

Nagle & Holden, chapter 4

Anderson, E. and D. Simester "Mind your Pricing Cues" HBR Sept. 2003

Becker "A Note on Restaurant Pricing" JPE, 5 (1991): 1109-1116.

Becker " More on the Social Influences on Pricing," Mimeo.

PART 2. PRICING TECHNIQUES

a. Price Discrimination and Non-linear Pricing

Dolan & Simon, chapter 7.

Pashigian, chapter 12

Wilson (technical material!), chapters 3-5

b. Bundling.

Dolan & Simon, chapter 9

Pashigian, chapter 12

Case: American Repertory Theater HBS 9-580-133

c. Pricing, Quality and the Product Line

Dolan & Simon, chapter 8

Pashigian, chapter 14

d. Time Customization: Pricing: Perishable and Durable Assets. Seasonal Sales

Dolan & Simon, chapters 10-11

Pashigian, chapter 15

Case: ZARA HBS case

e. Promotion and Pricing in the Channel

Nagle & Holden, chapters 10 & 11

Pashigian, chapter 13

f. Auctions

Besanko and Breautigam, chapter 15.

REFERENCES

1. Dolan, R. and H. Simon, Power Pricing, The Free Press, New York, 1996.
2. Nagle, T. and R. Holden, The Strategy and Tactics of Pricing, 3rd Edition, Prentice Hall, New Jersey, 1995.
3. Pashigian, B. P., Price Theory and Applications, 2nd Edition, McGraw Hill, New York 1998.
4. Besanko, D. A. and R. B. Beautigan, Microeconomics, An Integrated Approach, John Wiley and Sons, inc., New York 2002.
5. Wilson, Robert B., Nonlinear Pricing, Oxford University Press, 1993.

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To pass the course, you need to attend and pass a final exam. If you do not attend the final exam, your grade will be "Not Presented." In case of passing the final exam (i.e. with a grade of five or higher), the final grade mix will be based on the following criteria:

- Final exam grade 50%
- Midterm exam grade 20%
- Problem sets/written case preparations 30%.

If you attend but fail the final exam, the final grade will be the same grade of your final exam (i.e. the final will count 100%).

The same grading rules apply to the extraordinary September exam. A "pricing project" can be presented, only to improve the grade of the midterm exam