



MGT 234: Pricing

Spring 2020 Course Syllabus

Professor: Jesse Catlin
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Course webpage in Canvas: <https://login.canvas.ucdavis.edu/>

Class Time/Location:

- Davis (MGT): Mondays 9:00am-11:50am, Gallagher Hall 1302
 - Meeting Dates: 3/30, 4/6, 4/13, 4/20, 4/27, 5/4, 5/11, 5/18, 6/1, 6/8 (Final Exam)

Office Hours: By appointment. We can meet in-person or virtually (Zoom/phone). We can also meet before/after class or during breaks.

Required Materials:

1. **Harvard Coursepack:** Some of the course readings must be acquired by each student directly from Harvard Business Publishing (fee applies) using the following link:
<https://hbsp.harvard.edu/import/694262>
2. **Additional Articles:** Some of the course readings can be accessed electronically at no charge through the UC Davis library website. Separate instructions on how to access these articles will be posted to Canvas.
3. **Textbook:** Tim J. Smith, *Pricing Strategy: Setting Price Levels, Managing Price Discounts and Establishing Price Structures*, ISBN: 0538480882. Used versions of the textbook are fine.

Course Summary and Goals:

Pricing is a key component of a firm's marketing mix (i.e., 4Ps of Marketing). As such, it represents one of the most critical aspects of a firm's strategy and has a direct impact on the firm's profitability and long-term success. In this course, we will explore pricing from both a quantitative and qualitative perspective, using insights from economics and consumer psychology. Topics covered will include pricing strategies, methods used to set price, pricing tactics and promotions, pricing structures across industries, and current trends in pricing. The overall goal of this course is to arm students with the tools and skills necessary to analyze pricing situations, make pricing decisions, and implement them, in a systematic manner.

Basis for Final Grade:

Individual Short Case Write-Ups (3 @ 5% of grade each; 15% of grade total): Each student will write a single page (1.5 spacing, size 12 font) summary of each of three assigned cases. Instructions for these short case write-ups will be provided separately.

Group Case Write-Up (20% of grade): Each group will prepare a formal case write-up for the Metabical case. Full instructions will be provided separately on the course website. The case write-up should be no more than 6 pages of text (1.5 spacing, size 12 font required). Tables, figures, and other exhibits do not count toward this limit.

Pricing Project Presentation (30% of grade): Each group will deliver an approximately 15-20 minute presentation (exact length to be determined based on the number of groups) in which they propose and outline an innovative change to the pricing strategy of an existing company that you believe would improve its industry standing (i.e., profitability, market share, etc.). There is no written report required to accompany the presentation; thus, it is important that the presentation be well-executed and clear. Creativity is encouraged. Detailed instructions for this group project will be provided separately.

Final Exam (25% of grade): The final exam will consist primarily of short answer and essay questions, including some basic calculations. The goal of the final is to assess students' comprehension of and ability to apply basic course concepts. More details about the final will be provided in class.

In-Class Exercises and Participation (10% of grade): Participation in this course is assessed based on performance during in-class exercises and contributions to class discussions. Note that exercises not finished in class may be assigned as homework as needed. Contributions to in-class discussions are evaluated not only based on quantity, but also quality of comments and insights. Excessive absences (more than 1 session) can also have a negative impact on course grade.

Grading: Letter grades will be assigned based on the criteria outlined in the most current GSM policies and procedures (https://gsm.ucdavis.edu/sites/main/files/file-attachments/gsm_policies_and_procedures_0.pdf).

Instructional Approach and Classroom Atmosphere: As a graduate course, a significant portion of the class will be dedicated to discussing real-world business cases and scenarios. I pledge to do my part by facilitating a thought-provoking, interactive class environment with plenty opportunities for us to explore and apply course concepts together. These sessions are intended to allow us, as a group, to dive deeper into various scenarios and think critically about the issues while applying them to actual situations faced by companies. In order for these discussions to be productive, it is imperative that students complete the assigned readings in full prior to each class.

In addition to attending and preparing for class, students are asked to behave in a professional manner in the classroom. This includes treating others with respect and abiding by the UC Davis Principles of Community (<http://occr.ucdavis.edu/poc/>). Students are also asked to

refrain from other forms of disruptive behavior which includes the inappropriate use of technology (e.g., texting, instant messaging, email, web surfing), “side-talking” in class, lack of preparation or effort during class, frequently arriving late/leaving early, etc.

Academic Code of Conduct: Students are expected to be aware of and adhere to the UC Davis Academic Code of Conduct. Available at: <http://sja.ucdavis.edu/files/cac.pdf>

Feedback and Communication: It is my personal goal to make this an enjoyable and informative course. I strive to be as accessible to students as possible and to be a helpful resource. Please feel free to contact me directly at any time if you have any questions, comments, or concerns.

Note on Group Work: Some of the work required in this course will be completed in groups. The general policy is to give all members of a group the same score to reflect the collective nature of the assignment. However, it is acknowledged that situations do occur where group member(s) may not contribute adequately. Alternately, there are also situations in which group member(s) go above and beyond expectations in their contribution. Peer assessments will be collected after the completion of the last group assignment. At the professor’s discretion, individual grades may be adjusted to reflect level of contribution.

Course Schedule: The schedule and outline below provides complete overview of the course. The row for each week indicates the topic(s) to be covered, readings to be completed in preparation for the class meeting, and assignment(s) due.

Week	Topic(s)	Required Readings (prior to class)	Due (prior to class)
Session 1			
	<ul style="list-style-type: none"> • Introductions • Syllabus • The Importance of Price 	1. Article: <i>How Do You Know When the Price is Right?</i> 2. Text Chaps 1 & 2	
Session 2			
	<ul style="list-style-type: none"> • Pricing Methods • Breakeven Analysis • Class Exercise: Conjoint Analysis 	1. Case: <i>Biopure Corporation</i> 2. Text Chaps 3 & 4	Biopure Short Case Write-Up Due (Individual)
Session 3			
	<ul style="list-style-type: none"> • Metabical Case Review • Psychology of Pricing • Class Exercise: Price Fairness 	1. Case: <i>Metabical: Pricing, Packaging, and Demand Forecasting for a New Weight-Loss Drug</i> 2. Article: <i>Note on Behavioral Pricing</i> 3. Article: <i>Sometimes, We Want Prices to Fool Us</i> (NY Times) 4. Text Chap 5	Metabical Case Write-Up Due (Group)

Week	Topic(s)	Required Readings (prior to class)	Due (prior to class)
Session 4			
	<ul style="list-style-type: none"> Price Segmentation Class Exercise: Price Discrimination and Product Versioning (“Pink Tax”) 	<ol style="list-style-type: none"> Case: <i>Coca Cola’s New Vending Machine</i> Text Chap 6 	
Session 5			
	<ul style="list-style-type: none"> Price Promotions Class Exercise: Analysis of Price Promotions (Social Deal Exercise) 	<ol style="list-style-type: none"> Case: <i>Culinarian Cookware: Pondering Price Promotion</i> Text Chap 7 	Culinarian Cookware Short Case Write-Up Due (Individual)
Session 6			
	<ul style="list-style-type: none"> Price Structures Class Exercise: Price Structure Changes (Contractor Pricing) 	<ol style="list-style-type: none"> Text Chaps 9 & 10 	
Session 7			
	<ul style="list-style-type: none"> Add-ons, Versioning, & Bundling Subscriptions 	<ol style="list-style-type: none"> Case: <i>Keurig at Home</i> Article: <i>Versioning: The Smart Way to Sell Information</i> Text Chaps 11 & 12 	Keurig Short Case Write-Up Due (Individual)
Session 8			
	<ul style="list-style-type: none"> Yield Management Pricing Innovations and Dynamic Pricing Class Exercise: Hotel Room Pricing/Yield Management Exercise 	<ol style="list-style-type: none"> Article: <i>How to Reap Higher Profits with Dynamic Pricing</i> Text Chaps 13 & 14 	
Session 9			
	<ul style="list-style-type: none"> Memorial Day – No Class – Enjoy! 		
Session 10			
	<ul style="list-style-type: none"> Group Pricing Project Presentations 		Group Pricing Project Presentations
Final			
	<ul style="list-style-type: none"> Final Exam 		

Important Note: If necessary, the contents of this syllabus and the course schedule are subject to change. Please check Canvas regularly for course updates.