

COURSE INFORMATION

Course title:	Pricing Analytics	Credits:	1.5
Course code:	BAMA 511	Class location:	HA 337
Session, term, period:	2020W2, Period 5	Class times:	MW 8:00-10:00AM
Section(s):	BA1	Pre-requisites:	n/a
Course duration:	Apr 20 to May 20, 2020]	Co-requisites:	n/a
Division:	Marketing		
Program:	MBAN		

INSTRUCTOR INFORMATION

Instructor:	So-Eun Park	Office location:	HA 565
Phone:	604-822-8384	Office hours:	Monday 12pm-2pm
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Teaching assistant:	Hongyi Qi
Office hours:	TBA
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COURSE DESCRIPTION

Pricing is one of the most important and least understood marketing decisions. This course aims to equip participants with proven concepts, techniques, and frameworks for assessing and formulating pricing strategies. We will learn the process of making pricing decisions and explore innovative approaches for setting prices.

COURSE FORMAT

We will be using the "Collaborate Ultra" tool on Canvas to have our classes during the scheduled class times. The typical use of class time will be a lecture mixed with case discussions, presentation and classroom activities.

LEARNING OBJECTIVES

This course consists of three modules. The first module develops the economic and behavioral foundations of pricing. The second module discusses several innovative pricing concepts including price customization, nonlinear pricing, price matching, and product line pricing. The third module analyzes the strengths and weaknesses of internet-based pricing models and their revenue model design.

Upon completion of this course, students will:

- Gain a solid understanding of current pricing practices in both manufacturing and service industries
- Learn state-of-the-art frameworks for analyzing pricing decisions
- Master strategies for revenue model migration and growing more profitability

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Class participation	15%
Individual case write-up	15%
Group project	30%
Final exam	40%
Total	<u>100%</u>

Details of Assessments

A. Class Participation/Preparation (15%)

Every session of the course will involve interaction in the form of class discussion. We expect each class member to be prepared at all times to comment in any class session.

Some class sessions in this course follow a case discussion format. The case method is not always an efficient learning vehicle, but it is one of the most effective means of sharpening your decision-making abilities, requiring you to be an active participant in resolving a marketing problem. Further, the case method provides a vehicle by which to apply the theories and concepts discussed in a class or in the reading materials. Finally, the discussion forum provides an opportunity to argue your position and to learn from others by listening to their comments and criticisms.

Evaluating class participation:

Grading class participation is necessarily subjective. Some of the criteria for evaluating effective class participation include:

1. Is the participant prepared? Do comments show evidence of analysis of the case? Do comments add to our understanding of the situation? Does the participant go beyond simple repetition of case facts without analysis and conclusions? Do comments show an understanding of theories, concepts presented in class lectures or reading materials?
2. Is the participant a good listener? Are the points made relevant to the discussion? Are they linked to the comments of others? Is the participant willing to interact with other class members?
3. Is the participant an effective communicator? Are concepts presented in a concise and convincing fashion?

Keep in mind that your grade for class participation is not simply a function of the amount of "air time" you take up. In general, we will evaluate you on how well you respond to questions and on how effectively you take into account the comments and analyses of your classmates. In order to obtain a grade for class participation you must attend the class sessions.

Case preparation:

In preparing for cases prior to class, we recommend that you read the case more than once. Many

people like to underline or otherwise mark up their cases to pick out important points relating to the business and the situation; e.g., customer behavior and trends, marketing decision problem, business models used, etc. Be sure to pay attention to the exhibits in the case; these often contain information that will be useful in analyzing the situation.

B. Individual Case Write-up (15%)

The case write-up assignment must be completed on your own and it is due for submission to the course site by **May 12 (Tue) 7pm**. Please print out your assignment in a single-sided hard copy and submit in class as well. **IMPORTANT:** There is a strict upper limit of seven double-spaced pages of text (assuming 12-point font size, Times New Roman font and 1-inch margins) and three pages of exhibits. If you submit a lengthier write-up, it will likely be counted against you. Keep in mind that exhibits should not be used simply as an extension of textual material (furthermore, they should be tied to the report write-up in some meaningful way).

Some general guidelines for preparing an effective write-up are:

1. Provide a coherent, well-organized analysis, not simply a set of notes pieced together from sections written by different people. Redraft and proofread the report.
2. Be concise. Keep the Problem and Recommendations sections short, and provide a strong, logical flow in the Analysis section. Above all, do not spend time rehashing or paraphrasing the details of the case.
3. Focus your specific recommendations on the important issues in the case. Make your assumptions explicit whenever necessary.
4. Recommendations should be practical, cost-effective, and appropriate to the timing (short-term or long-term) of the problem at hand. The supporting analysis should be thorough, carried out correctly, and should draw whenever relevant on material presented in class or assigned in readings.
5. Tie your exhibits (if any) to the text of the report.

The cases will be graded and returned one week after submission in order to give you feedback that might prove useful in preparing for your final exam.

Important Note: A strict and clear line has to be drawn between co-work and plagiarism. You may discuss with others but all write-ups must be written independently and by yourself alone. All submissions will be checked on turnitin.com for any similarities. Penalties subject to academic misconduct are noted under “Academic Misconduct” at the end of this course outline.

C. Group Project (30%)

The group project will give you an opportunity to survey prices of a product category and collect relevant customer and competitive information to help determine optimal prices for a firm competing in the category. Details will be provided in class. Since the group project will involve a significant amount of time and effort, it is vitally important that you work on a project that you find interesting.

Project groups will be assigned randomly by the instructor by **April 20 (Monday) 7pm**. Each group will

consist of 4 to 5 students. Each group is responsible for managing the division of labor within the group. By **April 22 (Wednesday) 7pm**, each group is required to send to the instructor one email per group carbon copying everyone in your group specifying (1) your group name (1-2 words; feel free to be creative!) and (2) the names of all group members.

The outline of group project is the following: 1) Take an existing company/product/service. For too large of a company, be sure to narrow down to the level of a product line which is manageable within the time scope of this class. 2) Critically evaluate the current pricing model using the tools and concepts learnt in the course. 3) Propose a superior pricing model and provide justifications. This new pricing model can be part of a new marketing strategy, i.e., there can be concomitant changes to product, promotion, channel strategies and customer segments served. 4) Deliver a final presentation to the class and communicate the new pricing model to your target customers.

One-Page Project Summary (2%): By **April 28 (Tue) 7pm**, you will be expected to turn in a one-page project definition of your topic, which will be the focus of your study. In this summary, you should 1) clearly identify the existing company/product/service you chose to work on for the project (again, for too large of a company, be sure to narrow down to the level of a product line which is manageable within the time scope of this class) and 2) make a case for the importance of studying and improving its pricing strategy, and 3) translate this problem into a set of clear deliverables which you will provide in your final project (such as price increase/decrease, product addition/delition, etc.) 4) Also make sure you provide a brief sketch of its industry and the competition it is situated in because competition is key to a succesful pricing strategy! As the crucial jumpstart point of your group project, this project summary will set the context for the next two components of the project described below. Please submit this on the course site in the PDF format. NOTE: this summary is a proposal at this stage and may be modified as you move down the road.

Pricing Analysis Video (8%): Your team will produce a 1-minute video that describes the company (e.g. the company's current product/product line of your interest, its current pricing and relevant customer segments) and its pricing context (e.g. competitors, substitute products, competitors' prices, and macroenvironmental factors in, for example, economics, politics and culture). Your analysis may not be limited to these suggestions. Video making tips and resources will be provided. IMPORTANT NOTE: this is an information-focused video, so please focus on the content rather than the aesthetics.

This ad will be shown to entire class on May 6 Wed (Submission Due **May 5 (Tue) 7pm**) along with a short 2-minute in-class verbal introduction that sets the stage immediately prior to your video showing. This verbal introduction can be led by one or multiple people in your group.

By the submission deadline, please upload (1) the video on the course site and (2) an optional PDF document containing any extra materials you deem important such as appendices, bibliography, and exhibits. (5 pages max, single spaced, 12 point font size, Times New Roman font). File Naming Convention: your files must be named in the "BAMA511-Video-GroupName" format for both submissions.

Group Project Presentation (20%):

All teams should prepare and make their 7-minute final project presentation on their final pricing strategy recommendations in the last class on May 20 (Submission Due **May 19 (Tue) 7pm**). Please read

the outline of group project described in the earlier part of this section for the expected deliverables. On average, groups have typically performed 2-4 types of analyses to support their strategy suggestions.

Your submission should consist of the following two items: (1) PowerPoint slides (should you use formats other than PPT, please submit PDF-converted files instead) and (2) an optional PDF document containing any extra materials you deem important such as appendices, bibliography, and exhibits. (5 pages max, single spaced, 12 point font size, Times New Roman font). File Naming Convention: your files must be named in the "BAMA511-Presentation-GroupName" format for both submissions

Presentation: set the stage in the first 1-2 slides by summarizing the content in your pricing video. Then suggest and justify your superior pricing strategy for the remainder of your presentation time. Important Note: Not everyone needs to verbally present at the presentation. Please dress business casual or more formal for the presentation.

Team Member Evaluation:

At the end of the teaching period, you will complete a mandatory evaluation of your team members' contribution to your group project (excluding your own.) One's group project grade may be subject to deduction based on this team evaluation, which can be significant if one has contributed very little. Generally speaking, the lower contribution, the larger deduction. Rest assured that you need not have a perfect evaluation score to avoid a deduction; a reasonably high enough score will not result in any deduction. Important Note: any serious conflicts within a team must be brought to the instructor's attention immediately.

D. Final Exam (40%)

A final exam will be used to test your understanding of the key concepts taught in the class. The exam will be closed-book, 3-hour long, and will take place in the exam week. Specific time and location is to be announced by RHL.

LEARNING MATERIALS

Required: Course pack

Estimated cost of required materials: \$26.25

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Late submissions will not be accepted and will receive a grade of zero.

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#) <https://webforms.sauder.ubc.ca/academic-concession-rhlee>. If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

Other Course Policies and Resources

Code Plagiarism

Code plagiarism falls under the UBC policy for [Academic Misconduct](#). Students must correctly cite any code that has been authored by someone else or by the student themselves for other assignments.

Cases of "reuse" may include, but are not limited to:

- the reproduction (copying and pasting) of code with none or minimal reformatting (e.g., changing the name of the variables)
- the translation of an algorithm or a script from a language to another
- the generation of code by automatic code-generations software

An "adequate acknowledgement" requires a detailed identification of the (parts of the) code reused and a full citation of the original source code that has been reused.

Students are responsible for ensuring that any work submitted does not constitute plagiarism. Students who are in any doubt as to what constitutes plagiarism should consult their instructor before handing in any assignments.

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic

community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President’s Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

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All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline. Audio or video recording of classes are not permitted without the prior approval of the Instructor.]

ACKNOWLEDGEMENT

UBC’s Point Grey Campus is located on the traditional, ancestral, and unceded territory of the xwməθkwəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change with class consultation)

Class	Date	Topic	Readings or Activities	Assessments due
1	Apr 20	Overview Customers: Understanding and Influencing Purchase Decisions		Random group assignment announced by April 20 (Mon) 7pm
2	Apr 22	Costs: How Should They Affect Prices Measuring Price Response Function		Email group info by April 22 (Wed) 7pm

3	Apr 27	Psychology of Pricing	<u>Case: Cumberland Industries (HBS 9-580-104)</u>	Submit one-page project summary by April 28 (Tue) 7pm. Read case for class discussion
4	Apr 29	Price Customization: Segmentation Pricing Product Line Pricing		
5	May 4	Software Versioning	<u>Case: Cambridge Software (HBS 9-191-072)</u>	Read case for class discussion
6	May 6	Video Ad Presentation Factors Influencing WTP	<u>Case: Tweeter etc. (HBS 9-597-028)</u>	Pricing Video Presentation in class. Submission Due May 5 (Tue) 7pm.
7	May 11	Nonlinear Pricing		
8	May 13	Product Line Pricing and Bundling	<u>Case: Biopure Corporation (HBS 9-598-150)</u>	Case write-up assignment. Will discuss in class. Submission Due May 12 (Tue) 7pm.
9	May 18	Internet-Based Pricing Models Revenue Model Design	<u>Case: FreeMarkets OnLine (HBS-9-598-109)</u>	Read case for class discussion
10	May 20	Project Presentation		Submit presentation slides and notes. Due May 19 (Tue) 7pm.