

RUTGERS UNIVERSITY
School of Business - Camden

PRICING STRATEGIES

52:630:365:01, Spring 2018
Tuesday and Thursday, 2:00pm – 3:20pm, BSB 334
Course Website: <https://sakai.rutgers.edu/portal>

Instructor: Dr. Robert Schindler
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Office Hours: Tuesdays and
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COURSE SYLLABUS

COURSE OBJECTIVES:

The goal of this course is to provide a thorough grounding in the concepts and methods of the marketing approach to pricing. This involves the understanding of basic principles, awareness of issues and questions that must be dealt with, and familiarity with specific computational procedures useful in a variety of price-setting tasks.

Considerable attention will be devoted to methods for determining a product's value to the customer, taking relevant costs into account, and predicting the market's price-change response. There will be an emphasis on long-term profitability as the goal of pricing and on the consideration of customer needs as a key to the development of a profit-maximizing pricing strategy.

PREREQUISITE:

Principles of Marketing (52:630:201) is a prerequisite for this course.

REQUIRED TEXTBOOK

Schindler, Robert M. (2012), *Pricing Strategies: A Marketing Approach*, Thousand Oaks, CA: Sage Publications. (ISBN 978-1-4129-6474-6)

TEACHING METHODS:

This course will make use of the problem-set method of teaching. The in-class activities will usually alternate between the presentation of new material and the discussion of that material in the context of a set of application problems. This method is appropriate here because much of the course material is complex, and many of the later topics of the course build on earlier topics. Failing to keep up with the material can have severe negative consequences in this type of course. The requirement of completing weekly problem sets supports and provides a context for keeping up with the course material.

For this teaching approach to work, it is necessary that you attend class regularly and keep up with the required readings in the textbook. You are expected to have read the textbook reading material assigned for a class *before* coming to that class. Please note that terms and concepts from the required readings may well appear on the exams even if they are not also discussed in class.

This teaching method also requires that you thoroughly complete each problem set by the start of the class for which it is assigned. Please be aware that you will be called on in class to present and justify your answers to one or more of the problems in the problem set assigned for that class.

If you have questions or comments on any of the course material, you are encouraged to bring them up in class and/or discuss them individually with the instructor after class, during office hours, or by appointment.

COURSE REQUIREMENTS:

- 1. EXAMS:** There will be three exams – two exams during the semester and a final exam. Each exam will be in-class, closed-book, and will consist of a mixture of multiple-choice questions and problems that will be designed to test your understanding of the facts and concepts of the course and how they can be applied.

The first exam will be held during the class period on **Thursday, February 15**, and will cover the course material from Classes 1 through 9. The second exam will be held during the class period on **Thursday, March 29**. This exam will cover the course material from Classes 1 through 19, with a slightly greater weighting on material from Classes 11 through 19. The final exam will be given from 11:30am to 2:20pm on **Thursday, May 3**. The final exam will cover all of the course material from Classes 1 through 28, with a slightly greater weighting on material from Classes 21 through 28. Before each exam, there will be class discussion of review problems.

Cheating on exams or any other form of academic dishonesty hurts everybody and should never be condoned. Any suspicious observations should be reported to either the instructor or the dean of the School of Business.

- 2. QUIZZES:** There will be a number of unannounced in-class quizzes during the semester. Each quiz will consist of a problem on a topic that was dealt with by one or more of the problems in the problem set due for that class. The quiz will be given before the beginning of the class discussion of the problem set due for that class. Missed quizzes will be given the score of 0 (i.e., no make-ups). However, for each student, the lowest quiz score of the semester will be dropped.
- 3. CLASS PARTICIPATION:** You are expected to attend each class, arriving promptly and staying until the end. If you do not have a calculator on your phone, please bring one to class. It is expected that you will listen carefully during class and participate often in class discussions. You are encouraged to bring up relevant examples from both your work

experience and everyday life. It is expected that your comments will be thoughtful and well-reasoned, and will show consideration of the points made earlier in the discussion.

For classes when there is a problem set due. The problems in the weekly problem sets will be based on the lecture and textbook material from one or more of the classes prior to the class when the problem set is due. You are expected to have worked through each problem at the start of the class for which it is assigned and to come to class prepared with written answers to each of the assigned problems. You will frequently be asked to present to the class your solution to an assigned problem and to justify your solution during the class discussion of the problem. Your written answers will serve as notes to guide your presentations.

Although you are required to prepare individual written answers to each homework problem, you are encouraged to work together with other class members to develop these answers.

Extra credit. You can obtain extra credit toward the class participation component of your grade by handing in an advertisement or a news article that is relevant to a topic covered in the course. Submit by email a copy of the advertisement or news article along with a brief description of how you see it connected to a class topic. You may submit multiple ads/articles. However, each ad or article must be submitted within one week of the class during which the ad or article's topic was covered.

WEIGHTING OF COURSE REQUIREMENTS:

For the assignment of final grades, the course requirements will be weighted approximately as follows:

First exam.....	20%
Second exam.....	25%
Final exam.....	30%
Quizzes.....	10%
Class participation.....	15%

STUDENTS WITH DISABILITIES

Students who are seeking an accommodation because of a disability are directed to the website, <http://learn.camden.rutgers.edu/disability-services>, where they can contact the Camden campus Disability Coordinator, Mr. Tim Pure, at 856-225-6442, Armitage Hall, Room 240. The email address is tpure@camden.rutgers.edu. All contact will be considered confidential.

COURSE OUTLINE AND ASSIGNMENTS

Class 1 (Tues., Jan. 16)

Topics: Course organization. Pricing as an element in the marketing mix.

Setting of Initial Prices

Class 2 (Thurs., Jan. 18)

Topic: Cost-based versus customer-based pricing.

Reading due: Chapters 1 and 2

Class 3 (Tues., Jan. 23)

Problem sets due: Chapters 1 and 2 exercises

Class 4 (Thurs., Jan. 25)

Topic: Assessing value to the customer..

Reading due: Chapter 3

Class 5 (Tues., Jan. 30)

Topics: Basic pricing strategies and breakeven analysis.

Reading due: Chapter 4

Class 6 (Thurs., Feb. 1)

Problem sets due: Chapters 3 and 4 exercises

Modification of Existing Prices

Class 7 (Tues., Feb. 6)

Topic: Development and use of the generalized breakeven formula.

Reading due: Chapter 5

Class 8 (Thurs., Feb. 8)

Problem set due: Chapter 5 exercises

Class 9 (Tues., Feb. 13)

Problem set due: First-exam review problems

Class 10 (Thurs., Feb. 15)

FIRST EXAM

Class 11 (Tues., Feb. 20)

Topics: Economic and competitive factors in the prediction of price-change response.

Reading due: Chapter 6 (exclude the section, "Applying Game Theory ...," pp. 135-137)

Class 12 (Thurs., Feb. 22)
Problem set due: Chapter 6 exercises

Class 13 (Tues., Feb. 27)
Topics: Cognitive and emotional factors in the prediction of price-change response.
Reading due: Chapters 7 and 8

Class 14 (Thurs., Mar. 1)
Problem sets due: Chapters 7 and 8 exercises

Class 15 (Tues., Mar. 6)
Topic: Empirical measurement of price-change response.
Reading due: Chapter 9

Class 16 (Thurs., Mar. 8)
Problem set due: Chapter 9 exercises

≈ ≈ No class on Mar. 13 and Mar. 15 (Spring Break) ≈ ≈

Developing a Price Structure

Class 17 (Tues., Mar. 20)
Topic: The logic of price segmentation.
Reading due: Chapter 10

Class 18 (Thurs., Mar. 22)
Problem set due: Chapter 10 exercises

Class 19 (Tues., Mar. 27)
Problem set due: Second-exam review problems

Class 20 (Thurs., Mar. 29)
SECOND EXAM

Class 21 (Tues., Apr. 3)
Topic: Time as a price-segmentation fence.
Reading due: Chapter 11

Class 22 (Thurs., Apr. 5)
Problem set due: Chapter 11 exercises

Class 23 (Tues., Apr. 10)
Topic: Pricing of interrelated products.
Reading due: Chapter 13

Class 24 (Thurs., Apr. 12)

Problem set due: Chapter 13 exercises

Other Pricing Policy Issues

Class 25 (Tues., Apr. 17)

Topic: Interactive pricing.

Reading due: Chapter 14

Class 26 (Thurs., Apr. 19)

Problem set due: Chapter 14 exercises

Class 27 (Tues., Apr. 24)

Topics: Law, ethics, and social responsibility in pricing. Conclusions.

Reading due: Chapter 15 and “Be Your Own Price Consultant” (Chapter 16, pp. 354-356)

Class 28 (Thurs., Apr. 26)

Problem sets due: Chapter 15 exercises; final-exam review problems

FINAL EXAM – Thursday, May 3, 11:30am – 2:20pm