

**C. T. Bauer College of Business
University of Houston**

MARK 4368: Pricing (Spring 2017)

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Office Hours: Tuesdays 2:30-3:30 pm or by appointment

Coursepack Students **must** acquire the coursepack (cases) after the 1st class at:
<http://cb.hbsp.harvard.edu/cbmp/access/58718673>

Pricing decisions are affected by economic, marketing, organizational, and psychological factors, and must be made within a prescribed legal framework. Each of these presents an interesting aspect of the pricing problem. The course focuses on how to make effective pricing decisions.

ASSESSMENT AND GRADES

Your final grade in the course will depend on the total points (out of **95 points**) you earn. There is no grade curve. The total points you earn is based on the following assessment method:

- | | |
|-------------------------------------|-----------|
| A. Class Participation & Attendance | 10 points |
| B. Individual Assignments | 15 points |
| C. Group Assignment | 15 points |
| D. Exam I | 25 points |
| E. Exam II | 30 points |

All assignments must be submitted electronically through Blackboard **before** the beginning of the classes on the due days. No late submissions will be accepted by Blackboard. The exams are close-book, close-notes. The point-to-grade conversion for the course will be as follows:

Points	Grade
88 ≤ Score	A
85 ≤ Score < 88	A-
80 ≤ Score < 85	B+
75 ≤ Score < 80	B
70 ≤ Score < 75	B-
65 ≤ Score < 70	C
55 ≤ Score < 65	D
Score < 55	F

EVALUATION OF CLASS PARTICIPATION

Class discussion is an integrated part of this course in every session. Students are expected to be prepared to comment at all times. To reinforce this expectation, I will “cold call” throughout the discussion, whether or not the class member’s hand is raised.

Participation points will be deducted for not attending class sessions. **Missing four or more class sessions unexcused will automatically result in an instructor initiated drop from the class.** Attendance by itself, however, does not automatically warrant participation points. Grading class

participation is necessarily subjective. The following criteria give you a guideline for evaluating effective class participation:

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, you will be evaluated 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. Leave your mobile phones in your bags or pockets. **Use of mobile phones in class will automatically lead to deductions of class participation points.**

PRICING PUZZLE (Group)

Each group is required to present a "pricing puzzle" as the course project. The "pricing puzzle" can be any pricing phenomenon or practice that puzzles you and you think others (your classmates and I) might be puzzled about. The topic must be first approved by the instructor. The "pricing puzzle" presentation is expected to be 20 minutes followed by class discussions.

Peer evaluation of group members will be collected at the end of the semester. Usually, all members in the same group will get the same grades unless there is a serious free-riding problem.

ACADEMIC HONESTY

Please refer to UH student handbook for policies. We have a zero tolerance policy for cheating in this course. The most common form of cheating is plagiarism. All written assignments will be checked by Turnitin – it is not a good idea to copy things from somewhere else. Searching online for "answers" to case discussion questions is a form of cheating.

LEARNING GOALS

Goal	Achieved through
Working Knowledge of Ethics and Legal Compliance	Legal and ethics aspects of pricing
Disciplinary Competence	Cutting edge pricing models in various aspects of business practice
Communication Skills	Presentations
Critical Thinking	Class discussions and assignments

ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES

The C.T. Bauer College Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Center for Students with Disabilities (CSD) (telephone 713-743-5400), and present approved accommodation documentation to their instructors in a timely manner.

CASE PREPARATION QUESTIONS

Cases

- Netflix: pricing Decision 2011 (B5766)
- Cumberland Industries (580104)
- Federated Industries (585104)
- Cambridge Software (191072)

Netflix

- 1) Why did investors bid up Netflix's shares so dramatically in early 2011? (A different way to ask the question: at the time of the case, how would you value Netflix's stock?)
- 2) How did Netflix's cost structure change as the company moved from movies to disk-through-the-mail to streaming? How should that influence Netflix's pricing decisions and why?

Cumberland Industries

- 1) How much do you think one of these metal pads is worth to a customer (EVC)?
- 2) What is your price and marketing strategy for the curled metal pads?

Federated Industries

- 1) What have been the primary causes of the price erosion in the capacitor market?
- 2) Evaluate Federated's pricing policy as described in the consultant report.
- 3) Should Federated withdraw from the market? If so, how?
- 4) If Federated stays, what action should it take on the SVA bid due August 6? What should its long-run objectives for the market?

Cambridge Software

- 1) If CSC offers only 1 version of Modeler, which version should it offer? At what price?
- 2) Should the firm offer more than 1 version of Modeler? If so, which versions should it offer? At what prices?

TENTATIVE SCHEDULE OF CLASSES (Subject to change)

Week	Date	Topic	Deadlines
1	Jan 17 Jan 19	Course introduction Incremental breakeven analysis	
2	Jan 24 Jan 26	Case: Netflix Economic value to customers	Due: Netflix case write-up Group signup
3	Jan 31 Feb 2	Case: Cumberland Industries Willingness to pay	Due: Cumberland case write-up
4	Feb 7 Feb 9	Competition-driven pricing Case: Federated	Due: Federated case write-up
5	Feb 14 Feb 16	Segmentation pricing 1 Segmentation pricing 2	
6	Feb 21 Feb 23	Psychological aspect of pricing Review for exam I	
7	Feb 28 Mar 2	In-class exam I Time customized pricing	Due: Pricing puzzle idea (group)
8	Mar 7 Mar 9	Puzzle idea consultation (group meeting) [Online] Using Excel for pricing analysis	
Spring Break – No Class			
10	Mar 21 Mar 23	Nonlinear pricing: quantity discount Nonlinear pricing: 2-part tariffs	Due: Excel exercise
11	Mar 28 Mar 30	Pricing in a channel Bundling	
12	Apr 4 Apr 6	Product line pricing Case: Cambridge Software	Due: Cambridge case write-up
13	Apr 11 Apr 12	Review for exam II In-class exam II	
14	Apr 18 Apr 20	Puzzle consultation (group meeting) Pricing puzzle presentation 1	Due: Puzzle report (group)
15	Apr 25 Apr 27	Pricing puzzle presentation 2 Open in case of class cancellation	

**MARK 4368 Pricing
Confidential Group Member Evaluation Form**

Your evaluation is confidential and known only by the instructor. Please distribute 100 points among your group members (yourself is not included). Generally, if there is no serious free-riding in the group, each member shall receive equal points. In case when a member does not participate in the work, you may deduct points from that member(s) and add to the others. The sum **must** be 100.

Keep in mind, this evaluation should reflect the person's contributions to your group; it is not a beauty contest. Please be objective and fair. If you think a member of your group is doing poorly, don't surprise them. Keep them informed and ask them to improve their performance.

At the end of the semester, complete your form, fold it, and submit it to me in person.

Your name (PRINT): _____

Group: _____

Your Signature: _____

DO NOT INCLUDE YOURSELF IN THE LIST BELOW.

Name of Group Member	Points
1.	
2.	
3.	
4.	
5.	
Sum of your points	100

Please add comments (especially for justification of very low group member evaluations):