

**Pricing Strategies**

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Office Hours: Wed. 10 am-Noon  
Class Time: TR, 9:00 am-10:30 am (Section 002)  
10:30 am-Noon (Section 402 and MKTG 254)  
Classroom: Online

This course is designed to equip you with the concepts, techniques, and latest thinking bearing on pricing issues, with an emphasis on ways in which you can help a firm to improve its pricing. The first half of the course covers the fundamental analytical tools, theories and conceptual frameworks needed for understanding and formulating pricing strategies. From this part of the course, you will learn not only how to analyze costs, customers, and competitors in order to formulate proactive pricing strategies, but also specific ideas that you can use to help a firm to improve its pricing. The second half of the course focuses on how to design your pricing structure. This part of the course will help you to gain insights into successful pricing tactics in various industries and discuss how to improve a firm's pricing through a thoughtful, sophisticated pricing structure.

Upon successful completion of this course, you will (a) gain in-depth knowledge of current pricing practices in diverse industries, (b) learn the state-of-the-art analytical framework for making proactive pricing decisions, (c) master the basic quantitative techniques for analyzing and making profitable pricing decisions, and (d) improve your acumen for strategic thinking, so that you can excel in today's competitive, data rich business environment.

Required materials for the course include *Smart Pricing* by J. Raju and Z. John Zhang (NJ: Pearson Education and Wharton Publishing) available at the University bookstore and also at <http://www.amazon.com/Smart-Pricing-Businesses-Innovation-Profitability/dp/013149418X>. All cases are available through study.net and rest of the reading assignments are available in Canvas.

If you'd like more readings, you could check out *The Strategy and Tactics of Pricing: New International Edition*, 5th Edition, by Thomas T. Nagle, John Hogan, and Joseph Zale.

Your performance in the course will be evaluated on the basis of three individual assignments: a short case writeup (30%), one homework assignment (30%), and an assessment (30%).

**Assignments and Assessment**

There is an individual case writeup on *American Airlines' Value Pricing*, which accounts

for 30% of your final grade. Your writeup cannot exceed two double-spaced pages, all inclusive. One homework assignment, accounting for 30% of your final grade, will involve some technical analysis of pricing issues. Finally, the in-class assessment is designed to assess your learning in class and from assigned reading materials. This assessment will account for 40% of your final grade.

<b>Time</b>	<b>Subject</b>	<b>Assignments</b>
March 24	Current Pricing Practices and The Right Approach	Raju & Zhang, Introduction; <i>Basic Quantitative Analysis for Marketing</i> .
March 26	Monetizing Innovations: Four Steps Toward Smart Pricing	Raju & Zhang, Ch. 5 and Ch. 9; Distribute AA case questions.
March 31	Art of Price War	Raju & Zhang, Ch. 3.
April 2	Price Sensitivity Analysis: Why and How It Matters?	Raju & Zhang, Ch. 4.
April 7	Pricing Psychology	Raju & Zhang, Ch. 8; Thaler (1985); Homework Due in Class.
April 9	Pricing Luxury Goods	Dahlhoff and Zhang (2020).
April 14	<i>American Airlines' Value Pricing</i>	Case Writeup Due.
April 16	Choice of Pricing Structures and Product Line Pricing	Shapiro & Varian, 2001; Raju & Zhang, CH. 1-2 and Ch. 7.
April 21	Dynamic Pricing ( <i>Computron</i> )	Raju & Zhang, Ch. 6.
April 23	Price Engineering in the Age of Big Data and AI	Shaffer and Zhang (2002); Raju & Zhang, Ch. 10.
April 28	Assessment	Good Luck!

**Cases (available through study.net)**

- Basic Quantitative Analysis for Marketing (HBR 584-149)
- *American Airlines' Value Pricing* (HBS Case 9-594-001)
- *Computron* (HBS Case 9-597-063)