

PRICE MANAGEMENT

Course Syllabus

1. General Information

Course name: Price management

Course code: MAR

Number of credits: 2

Faculty: Marketing

Instructors:

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2. Objectives

This course provides students with basic knowledge and skills on valuation, value management, pricing strategy, economic issues, psychology, and applications in valuation. The course also aims to update the theories and practices of enterprise value management in the current competitive and volatile context.

3. Abstract

Global competition means that companies around the world are confronted with similar price management challenges so Price Management is a subject which needs both grounded in theory and relevant in practice with practical examples from around the world.

It is easy to see price management as a basic discipline, similar to accounting or controlling and generally applicable across all sectors. However, the ways of framing and solving pricing problems are often industry-specific. Consumer goods, for example, are sold primarily through intermediaries (retailers), while industrial products are predominantly sold directly. The resulting pricing issues, strategies, and tactics in these sectors are very different so in this subject, we devote separate chapters to the respective price management issues in the consumer goods, industrial goods, service, and retail sectors.

4. Teaching and learning methods

Lectures: 24h

In class discussion & practice: 6h

Individual reading:

5. Prerequisites

Principles of marketing, Managerial accounting for decision making

6. Learning outcomes

On successful completion of this unit a learner will:

LO1. Understand fundamentals of price management.

LO2. Understand main contents of price strategy.

LO3. Understand value management functions.

LO4. Understand innovations in price management.

7. Assessment criteria

Outcomes	Learning outcomes On successful completion of this unit a learner will:	Assessment criteria for pass The learner can:
LO1	Understand fundamentals of price management	<ul style="list-style-type: none">• Describe and explain fundamentals of price management.
LO2	Understand main contents of price strategy	<ul style="list-style-type: none">• Explain price strategy;• Explain the economics of price;• Explain the psychology of price;• Understand how to analyse decisions about one-dimensional prices; multidimensional prices; long-term price optimization.
LO3	Understand value management functions	<ul style="list-style-type: none">• Describe and understand price management and institutional context;• Explain how to implement price management;• Understand price management for consumer goods; industrial goods; services; retailers.
LO4	Understand innovations in price management	<ul style="list-style-type: none">• Describe and explain innovations in price management.

8. Outlines

Chapter 1. Fundamentals of price management

- 1.1. Profit and price
- 1.2. Definition of price
- 1.3. Price and management
- 1.4. Knowledge sources for price management
- 1.5. The legal framework of price management
- 1.6. Current trends in price management

Chapter 2. Price strategy

- 2.1. Goals

- 2.2. Price management and shareholder value
- 2.3. Value and price
- 2.4. Positioning
- 2.5. Approach
- 2.6. Price positions

Chapter 3. Analysis: The economics of price

- 3.1. Analysis of price-relevant information
- 3.2. The price-response function
- 3.3. Empirical determination of the price-response function

Chapter 4. Analysis: The psychology of price

- 4.1. Traditional psychology of price
- 4.2. Behavioral pricing

Chapter 5. Decision: One-dimensional prices

- 5.1. Categorization of one-dimensional pricing processes
- 5.2. Rigid pricing processes
- 5.3. Comprehensive pricing process
- 5.4. Background information

Chapter 6. Decision: Multidimensional prices

- 6.1. Introduction theoretical basis of price
- 6.2. Price decisions across products
- 6.3. Background information

Chapter 7. Decision: Long-term price optimization

- 7.1. Determinants of long-term optimal prices
- 7.2. Long-term price optimization
- 7.3. Background information

Chapter 8. Price management and institutional context

- 8.1. Price and inflation
- 8.2. International price management

Chapter 9. Implementation

- 9.1. Responsibilities in price management
- 9.2. The role of the sales force
- 9.3. Price communication
- 9.4. Price controlling

Chapter 10. Price management for consumer goods

- 10.1. Vertical price management
- 10.2. Multichannel price management

Chapter 11. Price management for industrial goods

- 11.1. Analysis
- 11.2. Implementation

Chapter 12. Price management for services

- 12.1. Analysis
- 12.2. Decision

12.3. Implementation

Chapter 13. Price management for retailers

13.1. Strategy

13.2. Analysis

13.3. Decision

13.4. Implementation

Chapter 14. Innovations in price management

14.1. Pricing innovations: A historical overview

14.2. Changes in the price-response function due to increased transparency

14.3. Innovative pricing models

9. Required Textbooks

Simon, H. and Fassnacht, M. (2019), Price Management: Strategy, Analysis, Decision, Implementation, Springer

10. Suggested Textbooks

Cateora, P., Graham, J. and Gilly, M. (2016), International Marketing, 18th Edition, McGraw-Hill Education;

Mark C. Green, Warren J. Keegan (2020), Global marketing (10th Edition), Pearson.

11. Schedule

Slot	Main contents	Specific contents and activities	Student's tasks before and after class
1	Introduction Chapter 1: Fundamentals of price management	<ul style="list-style-type: none">• Introduce about lecturer• Course introduction: <i>outline and schedule, assessment overview, course materials and guide on assignments, assessment criteria</i>• Profit and price• Definition of price• Price and management• Knowledge sources for price management• The legal framework of price management• Current trends in price management <p><u>Activity</u></p> <ul style="list-style-type: none">- Discussing the concepts- Discuss the differences between old and newest price marketing	<p>Before class:</p> <ul style="list-style-type: none">• Reading Chapter 1 of required textbooks <p>After class:</p> <ul style="list-style-type: none">• Reading the course's syllabus• Subgroups• Choose the topic of the group exercise

Slot	Main contents	Specific contents and activities	Student's tasks before and after class
		concepts - Give examples, discussion and critical thinking	
2	Chapter 2: Price strategy	<ul style="list-style-type: none"> Goals Price management and shareholder value Value and price Positioning Approach Price positions <u>Activity</u> <ul style="list-style-type: none"> Discussing the concepts Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> Reading Chapter 2 of required textbooks After class: <ul style="list-style-type: none"> Do tasks of the assignment
	Assignment coaching	<ul style="list-style-type: none"> Review of contents of assignment Answer students' questions on assignment 	
3.	Chapter 3: Analysis: The economics of price	<ul style="list-style-type: none"> Analysis of price-relevant information The price-response function Empirical determination of the price-response function <u>Activity</u> <ul style="list-style-type: none"> Discussing the concepts Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> Reading Chapter 3 of required textbooks After class: <ul style="list-style-type: none"> Do tasks of the assignment
4	Chapter 4: Analysis: The psychology of price	<ul style="list-style-type: none"> Traditional psychology of price Behavioral pricing <u>Activity</u> <ul style="list-style-type: none"> Discussing the concepts Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> Reading Chapter 4 of required textbooks After class: <ul style="list-style-type: none"> Do tasks of the assignment
5	Chapter 5: Decision: One-dimensional prices	<ul style="list-style-type: none"> Categorization of one-dimensional pricing processes Rigid pricing processes Comprehensive pricing process Background Information 	Before class: <ul style="list-style-type: none"> Reading Chapter 5 of required textbooks After class:

Slot	Main contents	Specific contents and activities	Student's tasks before and after class
		<u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Discussion and critical thinking 	<ul style="list-style-type: none"> • Do tasks of the assignment
6	Chapter 6: Decision: multidimensional prices	<ul style="list-style-type: none"> • Introduction theoretical basis of price • Price differentiation • Price decisions across products • Background information <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> • Reading Chapter 6 of required textbooks After class: <ul style="list-style-type: none"> • Do tasks of the assignment
	Tasks' assignments tutorial	<ul style="list-style-type: none"> • Review of contents of requirements of tasks of the assignment • Answer students' questions related to tasks in theirs 	
7	Chapter 7: Decision: long-term price optimization	<ul style="list-style-type: none"> • Determinants of long-term optimal prices • Long-term price optimization • Long-term price decisions and relationship marketing • Background information <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> • Reading Chapter 7 of required textbooks After class: <ul style="list-style-type: none"> • Do tasks of the assignment
8	Chapter 8: Price management and institutional context	<ul style="list-style-type: none"> • Price and Inflation • International price management <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> • Reading Chapter 1-8 of required textbooks After class: <ul style="list-style-type: none"> • Do tasks of the assignment
	Middle term exam	<ul style="list-style-type: none"> - Do middle term exam with 2-4 essay questions. 	
9	Chapter 9: Implementation	<ul style="list-style-type: none"> • Responsibilities in price management • The role of the sales force 	Before class: <ul style="list-style-type: none"> • Reading Chapter 9 of required

Slot	Main contents	Specific contents and activities	Student's tasks before and after class
		<ul style="list-style-type: none"> Price communication Price controlling <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Give examples, discussion and critical thinking 	textbooks After class: <ul style="list-style-type: none"> • Do tasks of the assignment
10	Chapter 10: Price management for consumer goods	<ul style="list-style-type: none"> Vertical price management Multichannel price management <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> • Reading Chapter 10 of required textbooks After class: <ul style="list-style-type: none"> • Do tasks of the assignment
11	Chapter 11: Price management for industrial goods	<ul style="list-style-type: none"> Analysis Decision Implementation <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> • Reading Chapter 11 of required textbooks After class: <ul style="list-style-type: none"> • Do tasks of the assignment
12	Chapter 12: Price management for services	<ul style="list-style-type: none"> Analysis Decision Implementation <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts - Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> • Reading Chapter 12 of required textbooks After class: <ul style="list-style-type: none"> • Do tasks of the assignment
	Tasks' assignments tutorial	<ul style="list-style-type: none"> Review of contents of requirements of tasks of the assignment Answer students' questions related to tasks in theirs 	
13	Chapter 13: Price management for retailers	<ul style="list-style-type: none"> Strategy Analysis Decision Implementation <u>Activity</u> <ul style="list-style-type: none"> - Discussing the concepts 	Before class: <ul style="list-style-type: none"> • Reading Chapter 13 of required textbooks After class: <ul style="list-style-type: none"> • Do tasks of the

Slot	Main contents	Specific contents and activities	Student's tasks before and after class
		- Give examples, discussion and critical thinking	assignment
14	Chapter 14: Innovations in price management	<ul style="list-style-type: none"> Pricing innovations: A historical overview Changes in the price-response function due to Increased Innovative pricing models <u>Activity</u> <ul style="list-style-type: none"> Discussing the concepts Give examples, discussion and critical thinking 	Before class: <ul style="list-style-type: none"> Reading Chapter 14 of required textbooks After class: <ul style="list-style-type: none"> Do tasks of the assignment
15	Feedback on the assignment	<ul style="list-style-type: none"> Presentations' teams Give comments on the assignment results 	Give questions and discuss each other.
	General review and discussion	<ul style="list-style-type: none"> Give a general review of the course's contents and discussion 	

12. Grading policy

	Assignment	Importance
1	Class participation/In class activities	20%
2	Midterm exam (individual)	10%
3	Group assignment	20%
4	Final exam (individual)	50%

Class participation

Note: Punctual and regular attendance is a minimum expectation for this course. The students must not be absent more than 20% of total scheduled learning slots. In addition, the students are encouraged to actively participate in discussion of case studies and discussion questions to further increase the component score.

Midterm exam

In the 8th slot, students will be given a case study/a scenario with some relevance to the Price management topics being discussed, and be asked to discuss or explain their point of view in a limited amount of class time.

Group Assignment

The group research assignment requires student to work with other members in

some **case studies** or encourages students to apply knowledge and analyze aspects of contents of price strategy in a **real case** in order to become familiar with the reality of price management activities and then present a report. For examples:

- Analyze and compare price strategy of a certain product in the current market in 3-5 business cycles.
- Analyze and compare price strategy of some certain products in the current market in a business period.
- Analyze correlation between price policy and the marketing mix policies left of a certain product in the current market.

Learners will choose or be assigned a case study and a group (4-5 members). As a result of the group project, each group must deliver a research report and present it. The oral presentation of each group must be no longer than 15 minutes.

Final exam

The final exam consists of from two to three essay questions that might be related to any topic related to price management in the course.