1. **Course Description**

This course introduces graduate students to some pricing models. Students will learn about pricing strategically in competitive markets, pricing with conjoint analysis, anticipating competitive responses, pricing products in the presence of diffusion effects and pricing perishable products and services. Topics covered also include price promotion and structural models of pricing.

By the end of the course, students will acquire modeling skills and possess pricing tools that fully integrate the 3Cs of pricing (Customers, Competitors, and Costs) into the best price for the product. Students therefore will have the opportunity to get acquainted with many topics and hopefully will develop an interest in doing research in one or more of them.

The course should be of interest to marketing doctoral students (with a quantitative orientation), operations management students with an interest in optimization and competitive pricing strategies, and management science students having an interest in applications of optimization, statistical and game theory tools in marketing.

2. **Pedagogical Approach**

The course combines lectures and discussion of articles.

3. **Evaluation**

- Presentations: 20%
- Two Assignments: 40%
- Final exam: 40%
4. Course Sessions

Session 1: General Introduction

Topics:
Main determinants of pricing;
Economics, accounting and marketing of pricing;
Price discrimination;
Generic pricing strategies;
Useful tools for optimal and competitive pricing.

Readings:


Sessions 2-3: Price Promotion

Topics:
Rationale for price promotion;
Short- and long-term effects of price promotion;
Descriptive vs. prescriptive models;
Retailer’s promotion models;
Trade promotion models;
Coupon models.

Readings:


**Sessions 4-5:** Pricing with conjoint analysis

**Topics:**
- Brief introduction to multi-attribute models;
- Introduction to conjoint analysis;
- Map of applications of conjoint analysis in pricing;
- Measuring reservation price;
- Multipart tariffs.

**Readings:**


**Sessions 6-7:** Pricing in the presence of Diffusion effects  
**Topics:**  
Demand learning (imitation and saturation effects);  
Cost learning;  
Forecasting models;  
Optimal control models;  
Competitive models.

**Readings:**


**Sessions 8-9:** Structural Models of Pricing  
**Topics:**  
Why structural models;  
Survey of structural pricing articles (issues, models, main findings);  
Specifying a structural pricing model;  
Estimating and testing a pricing structural model;  
Policy analysis.
Readings:


**Sessions 10-11:** Pricing Perishable Products and Services

Topics: Main issues involved in pricing of perishable products; Characteristics of services; Newsvendor problem and extensions; Advance selling; Revenue management.

Readings:


**Session 12-13: Pricing in Marketing Channels**

**Topics:**
- Double marginalization;
- Bilateral monopoly and competitive marketing channels;
- Dual marketing channels (online vs. offline);
- Price contracts (single-part tariff, two-part tariff, quantity discount, slotting allowances);
- Review of coordination mechanisms in marketing channels;
- Pricing in franchising systems.

**Readings:**


**Session 14:** Exam