

# Course Outline

<b>Course Code</b>	RSM 455 H1F
<b>Course Name</b>	Pricing
<b>Term, Year</b>	Fall, 2024
<b>Course Meets</b>	L0101 Tuesday 3-5pm, WO 25 L5101 Tuesday 5-7pm, WO 25
<b>Web page URL</b>	<a href="https://q.utoronto.ca">https://q.utoronto.ca</a>

## Instructor Details

<b>Name</b>	<b>Email</b>	<b>Phone</b>	<b>Office Hours</b>
Zachary Zhong	<a href="mailto:zachary.zhong@rotman.utoronto.ca">zachary.zhong@rotman.utoronto.ca</a>	416-946-3124	Tuesday 10am-noon or by appointment

## Course Description

Price setting is probably the most crucial of all marketing mix decisions. It involves understanding both supply side factors (e.g. costs) and demand side factors (e.g. consumer willingness to pay). While traditional approaches to pricing theory have revolved around an economic and financial framework, a broader and more pragmatic view entails a comprehensive understanding of the demand side; both at the level of individual customer values, and the more aggregate level of price sensitivities of the market. In this course, we will approach the pricing decision as an intersection of economic, strategic, and behavioral considerations. Using product categories as diverse as healthcare, SaaS and consumer packaged goods, we will study economic and behavioral approaches to pricing, value pricing, price competition, price discrimination, dynamic pricing, auctions, and the role of ethics in pricing.

## Learning Outcomes

By the end of this course, students will be able to:

1. Understand the importance of the demand curve and customer willingness-to-pay in pricing strategy,
2. Learn how to calculate profit-maximizing prices,
3. Calculate expected value to customers (EVC) and develop the concept of value based pricing,
4. Understand relevant costs in determining prices, and develop a cost-based framework for pricing decisions,
5. Understand the effect of non-price factors on price image and perceived value,
6. Be sensitive to consumer behavior factors that play a large role in pricing effectiveness,
7. Understand price competition under various scenarios,
8. Understand pricing strategies like bundling, price discrimination, dynamic pricing, non-linear pricing,
9. Have a basic understanding of auction theory
10. Apply the concepts in a variety of business contexts.

## Course Prerequisites

Completion of 9.0 credits; RSM250H1

## Course Materials

### Required Readings

- There is no textbook. All readings are from the electronic course package

### Electronic Course Materials

This course will be using the following electronic course materials:

- To access course package, (1) click on: <https://hbsp.harvard.edu/import/1209362> , (2) you may need to create an account, (3) purchase the readings required.
- If you have any technical difficulties, contact HBS directly at: 1-800-810-8858 or [techhelp@hbsp.harvard.edu](mailto:techhelp@hbsp.harvard.edu)

These materials will cost a total of US\$33.5 or about C\$45. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

## Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course.

Work	Percentage of grade	Due Date
Class Participation	15%	Ongoing
Case Write Up	35%	Nov 30
Simulation/Experiments	15%	Ongoing
Final Term Test	35%	TBD

## Course Format and Expectations

The course is composed of 12 sessions of up to 2 hours each. The course will be taught in an in-person format. The sessions will be a mixture of lectures, in class discussions, and simulation/experiments.

- In class, we will discuss the discussion questions raised in the required materials or in the slides and a number of comprehensive business cases.
- We will also run several sessions of simulations and in-class experiments. The performance in these simulations and experiments will count towards the grade. I will explain the takeaways of these simulations and experiments in subsequent classes.

### *Class Participation*

This is a discussion-based course, so class participation will be critical if you are to benefit fully. Participation is all about building a learning community and it will be your contribution to this community that counts. In the classes, we are less concerned with “right” or “wrong” answers than we are with thoughtful contributions which follow the discussion and either add to the debate or move it in a new direction. Furthermore, we don’t want to have a situation where everyone is competing for airtime: this works against building a learning community. So we propose to grade participation according to the following expectations:

- Participation points are mainly given for those classes in which we have case discussions and not for those classes in which we have lectures. Specifically, there are no participation points for asking clarification questions during the lectures.

- Everyone will be expected to show up and to be prepared for class. If you must miss a class, please advise me before the class why you will be missing the class. Students who repeatedly arrive late to lectures/case discussions or who miss lectures/case discussions without the professor's prior permission will have their class participation grade lowered.
- *Cold Calling*: Although everyone will be encouraged to participate, students *may* be called on randomly during the class discussion.
- You should generally speak up in class. Try to have something valuable to say in at least 3 sessions. You should be aware that good participation means quality of participation, as opposed to quantity. The following questions will be considered in grading participation:
  - Do comments interpret or integrate case facts using theories, concepts, and analytical tools presented in the readings and lectures?
  - Can the participant provide insights on why certain market phenomena (that are being discussed in class) are observed? Further can he/she add to the concepts being discussed in class with suitable examples?
  - Can the participant show the ability to challenge the concepts being discussed in class by giving counter examples/reasons?
  - Does the participant listen to other comments? Is the participant able to build on and evaluate other comments? Does the participant learn from and show respect for other speakers and their points of view?
  - Most importantly, participation points are not given for the 'right' answers. Instead, *participation points are given if a student comes up with any insight, right or wrong, as long as he/she can support it with reasons/examples*. In a similar vein, any comment, although correct, if not backed up by reasons will not be awarded any participation points.

In order to prepare you for class discussion, we will post the relevant discussion questions for each case on Quercus.

### *In-class Games and Simulations*

On certain weeks (see weekly schedule below), we will play pricing games using MobLab. Students will play these games as individuals. The details of the game will be explained in class. The grade (10%) will be determined by the individual's relative performance in terms of total profits at the end of the game.

On the 8th week, we will play the Bistro Pricing Game in class, in which the groups compete against each other. We will have the same groups for the group case write as well as for the Bistro pricing game. The game will last for around 6 rounds taking a total of 1 hour. The details of the game will be explained in class. The grade (5%) will be determined by the team's relative performance in terms of total profits at the end of the game.

### *Case Write-up*

The Case-writeup will require you to use the frameworks and concepts we discussed in class to analyze the AnswerDash case from HBS. The detailed guideline, expectations, and grading rubrics will be posted to Quercus. You will work in teams of around four students. The deliverable is a comprehensive report. Only a written document is required – a presentation is not needed. You need to submit an electronic copy of the group case write up at 5pm via Quercus on Saturday Nov 30. The case write-up will consist of responses to specific questions. The specific questions for the group case write up and the format for the write up will be posted on Quercus. Groups should be around 3-4 people. Please form your own groups on Quercus through self-signup. Further, we will have the same groups for the group case write as well as for the Bistro pricing game.

## Weekly Schedule (tentative)

Session	Date	Topic	Readings
1	Sep 3	Course Overview, Cost-Plus Pricing	Syllabus, Pricing Strategy Chapter 2.1
2	Sep 10	Value-Based Pricing	Pricing Strategy Chapter 2.3
3	Sep 17	Case 1: MinuteGrocer	MinuteGrocer Case Preparation Note
4	Sep 24	MobLab Experiment 1, Duopoly, Price Competition	
5	Oct 1	MobLab Experiment 2, Price Matching, Search	
6	Oct 8	MobLab Experiment 3, Price Discrimination I	Pricing Strategy Chapter 2.2
7	Oct 15	Case 2: BaseCamp	BaseCamp Case Preparation Note
8	Oct 22	Bistro Game	Bistro Game Guide
Reading Week Break			
9	Nov 5	Dynamic Pricing, Price Discrimination II	
10	Nov 12	MobLab Experiment 4, Auctions	
11	Nov 19	Psychological Pricing	Note on Behavioral Pricing
12	Nov 26	Case 3: Keurig at Home	Keurig at Home Case Preparation Note

**Please note that the last day you can drop this course without academic penalty is November 4, 2024.**

## Other Notes

### *Writing Assignments or Presentations*

The case write-up assignment is intended to help you develop your communication skills. How well you communicate your ideas, in writing or orally, will be considered in the evaluation of the assignment. In your written assignments, you should aim for clarity, strong organization, concision, professionalism, and correct grammar. Your presentations should reflect strong

planning and organization, clarity of speech, and an engaging demeanour. Sources, whether in written or presentation assignments, should always be correctly attributed.

Support is available through the RC Centre for Professional Skills (CPS) for students who would like help or feedback on their writing or speaking (presentations). CPS offers both individual and group appointments with trained writing instructors and presentation coaches who are familiar with the RC program and common types of business assignments. You can also access your college Writing Centres for help with written assignments.

You can book an appointment with a writing or presentation coach through the RC Centre for Professional Skills Writing Centre. For more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

### *Team or Group Assignments*

The case write-up assignment requires students to work in teams of 3-4 students. Learning to work together in teams is a crucial transferrable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

### *Missed Tests and Assignments*

Students who miss a term test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration **within 2 business days** of the missed midterm/test/assignment due date.

In such cases, students must:

1. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>
2. Provide documentation to support the request, eg. Absence Declaration from [ACORN](#), medical note etc.

**Please note:** As of September 2023, students may use the Absence Declaration on ACORN **\*one time per term\*** to report an absence and request consideration. **Any subsequent absence will require a [Verification of Illness form](#) or other similar relevant documentation.**

Students who do not submit their requests and documentation within 2 days may receive a grade of 0 (zero) on the missed course deliverable.

The instructor may grant extension to assignment upon receiving the request. In the case of the final-term assessment, the instructor will arrange for a make-up test.

**Final Exams:** If you miss the final exam in this course for a legitimate reason (illness, etc) you will need to contact your College Registrar to file a petition for a deferred exam. This deferred exam will be written at a later date as established by the Faculty of Arts & Science. Instructions can be found here: <https://www.artsci.utoronto.ca/current/faculty-registrar/petitions-appeals/preparing-petition>

### *Late Assignments*

All assignments are due on the date and at the time specified in Quercus. Late submissions will normally be penalized by 10% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day. Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

## Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

## Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or visit the [Accessibility Services website](#) for more information as soon as possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

## Plagiarism Detection

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the [University's Plagiarism Detection Tool FAQ](#) page from Centre for Teaching Support & Innovation.

## Generative AI / ChatGPT

Students may choose to use generative artificial intelligence tools as they work through the assignments in this course; this use must be documented in an appendix for each assignment. The documentation should include what tool(s) were used, how they were used, and how the results from the AI were incorporated into the submitted work.

## Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this

academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

#### In papers and assignments

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

#### On test and exams

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

#### Misrepresentation

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have any questions about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

## Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

## Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.



## Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)
- [Where to find teaching assistant opportunities](#)

## URL links for print

- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: [accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca)
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>
- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>