<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Day</th>
<th>Module</th>
<th>Session</th>
<th>Deadline</th>
<th>Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7-Sep</td>
<td>Thurs</td>
<td>Architecture</td>
<td>3cs</td>
<td></td>
<td>The Taxi-Meter Effect.¹</td>
</tr>
<tr>
<td>2</td>
<td>12-Sep</td>
<td>Tues</td>
<td>Architecture</td>
<td>Value</td>
<td></td>
<td>Prices Cues and Customer Price Knowledge.²</td>
</tr>
<tr>
<td>3</td>
<td>14-Sep</td>
<td>Thurs</td>
<td>Architecture</td>
<td>Choice</td>
<td></td>
<td>A Value-based Pricing Perspective on Value Communication.³</td>
</tr>
<tr>
<td>4</td>
<td>19-Sep</td>
<td>Tues</td>
<td>Analytics</td>
<td>EVC</td>
<td></td>
<td>The price is right (or is it) - David W. Lyon Marketing research and 'Are you sure the price is right? - David G. Bakken, Marketing Power'⁴</td>
</tr>
<tr>
<td>5</td>
<td>21-Sep</td>
<td>Thurs</td>
<td>Analytics</td>
<td>Pre-launch Pricing: Conjoint and Conjoint</td>
<td>EVC Homework in</td>
<td>Review Spreadsheets after Class</td>
</tr>
<tr>
<td>6</td>
<td>26-Sep</td>
<td>Tues</td>
<td>Analytics</td>
<td>Post-launch Pricing: Elasticities and Break even</td>
<td>Conjoint and Monadic Homework in</td>
<td>'Should You Test Prices Online'?⁵ and 'Online Shopping makes Suckers of us all'⁶</td>
</tr>
<tr>
<td>7</td>
<td>28-Sep</td>
<td>Thurs</td>
<td>Analytics</td>
<td>Ensuring Data Variation: Regression and Field Experiments</td>
<td>Elasticities Homework in</td>
<td>'When a Groupon Promotion Went Wrong'?⁸</td>
</tr>
<tr>
<td>8</td>
<td>3-Oct</td>
<td>Tues</td>
<td>Analytics</td>
<td>Segmentation</td>
<td></td>
<td>No, Tinder's Pricing is Not Ageist. It's Capitalist.⁷</td>
</tr>
<tr>
<td>9</td>
<td>6-Oct</td>
<td>Thurs</td>
<td>Alignment</td>
<td>Capacity (Simulation)</td>
<td>Play one round of simulation prior to class</td>
<td>'Is Your Fighter Brand Strong Enough to Win the Battle'?⁹</td>
</tr>
<tr>
<td>10</td>
<td>10-Oct</td>
<td>Tues</td>
<td>Columbus Day</td>
<td>(No Class)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>12-Oct</td>
<td>Thurs</td>
<td>Alignment</td>
<td>Complements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>17-Oct</td>
<td>Tues</td>
<td>Alignment</td>
<td>Competition</td>
<td>Group Project In</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>18-Oct</td>
<td>Thurs</td>
<td>Alignment</td>
<td>Finale</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹http://www.slate.com/articles/news_and_politics/the_enlightened_manager/2013/12/the_taxi_meter_effect_why_do_consumers_hate_paying_by_the_mile_or_the_minute.html

²Handbook of Pricing Research. Link on class website.

³https://www2.bc.edu/~smithgg/VBP_%26_Value_Comm.pdf

⁴Access via MIT Library reserves. Link on class website.

⁵http://www.getelastic.com/should-you-test-prices-online/

⁶https://www.theatlantic.com/magazine/archive/2017/05/how-online-shopping-makes-suckers-of-us-all/521448/

⁷http://www.wired.com/2015/03/tinder-is-ageist/ and http://www.wired.com/2015/03/tinder-is-capitalist/

⁸https://www.entrepreneur.com/article/219257

⁹http://adage.com/article/cmo-strategy/fighter-brand-strong-win/139642/
1. Place and Time

Tuesday, Thursday

- Section A: 1pm-2:30pm, E51-315
- Section B: 2:30pm-4pm, E51-315

2. Grading

(1) 50%: Individual Exercises

- 3 individual exercises. These cover EVC, Survey data analytics, and Elasticity Analysis. They are timed so you do them immediately after the class concerned so you ingest the material.
- Each exercise will be worth 25%.
- The writing should be 1-page, but you are allowed a data appendix if you need one.
- We will take the top two grades, and ignore the bottom grade.

(2) 10%: Class Investment

- This is subtracted from if you egregiously choose to not attend class. Though you should try and attend each class, I realize that in the Fall you may have interviews which mean you need to be absent. Just email the TAs (and cc myself) to request permission to be absent.
- This is also subtracted from if you attend class in a manner which detracts from the learning of other students (e.g. bringing puppies that you are selling to class\(^\text{10}\), sleeping, constantly using your device for non-class purposes, arriving late repeatedly)
- In order to get 10% you must also complete the first round of the pricing simulation successfully as a team of two. Your score does not matter. All that matters is you did it.

(3) 40%: Group Pricing Project

- Identify a business that could profit from an overhaul of their pricing strategy.
  - Form teams of four students to prepare a group pricing project. You should all be excited by a similar product area and want to do a team pricing project on it. You can form teams across the two sections.
  - The ideal topic would be a real-world company who would like your help. The Entrepreneurship Center is full of students with such companies. Relatives, relations, friends, partners are all great sources of projects too. The key thing is that the company concerned will listen to you.
  - There is also a database of companies who have contacted me during the year for your help. https://goo.gl/Wnpcby
  - Email me if you are unsure about whether your chosen topic is a good one. I can be give you some feedback about what type of questions have allowed students to be successful in the past and which haven’t.

\(^\text{10}\) True story from 2016.
- Enter your team names and proposed topic at https://goo.gl/jaH6TE. If you can’t find a team, email the TA and they will do random matching.

• Demonstrate (with numbers and real-world data) how you would improve pricing for your specific topic. Quantitative methods include:
  - EVC analysis
  - Historical data on sales and prices.
  - Hypothetical price surveys (For example, a monadic pricing survey or a conjoint).
    Our TAs will coordinate the distribution of these to help people get responses.

• Prepare a four-page memo targeted at the audience of people in the firm who will listen to your suggestions.
  - Upload your presentation to Learning Modules. You can include a two-page technical appendix. The idea of this technical appendix is to impress me by outlining the steps you took and the data you used to reach your conclusions. It does not have to be beautifully formatted or anything.
  - If you are doing an EVC analysis a nice framework for your 4-page memo is:
    (a) Explain what you are pricing and why you are doing EVC. Identify the segment you are targeting
    (b) Explain what the reference price is and whether this will vary by segment.
    (c) Explain what the sources of differentiation value are and how you calibrated them. The technical details of this should go in your appendix.
    (d) Explain how much you propose they should discount from EVC and why
  - If you are doing a monadic analysis a nice framework for your 4-page memo is:
    (a) Explain what you are pricing and why you are doing a monadic. Explain what segmentation questions you asked.
    (b) Calculate the price elasticities for each of the segments.
    (c) Highlight what segments had low and high price elasticities and why you think this is
    (d) Do what if break-even analysis using your simulated demand curve to come up with pricing suggestions. Outline what future survey or research needs to be done to solidify your recommendations.
  - If you are doing a conjoint analysis a nice framework for your 4-page memo is:
    (a) Explain what you are pricing and why you are doing a Conjoint. Explain what segmentation questions you asked and why you focused on those features to price.
    (b) Calculate the price (based on the utility values) of each feature.
    (c) Calculate the price (based on the utility values) of each feature for each segment.
    (d) Explain how you would use these feature prices to segment the market between those who are price sensitive and those who are not.
- If you are doing historical price elasticity analysis (based on natural variation or a field experiment) a nice framework for your 4-page memo is:
  (a) Explain what you are pricing. Explain where the variation in price in your historical data comes from and why (or why you don’t) believe that it is plausibly exogenous (or random)
  (b) Present your initial price elasticity estimates.
  (c) Present your price elasticity estimates by segment. The technical details of this should go in your appendix.
  (d) Use break-even analysis to determine whether you should increase prices or leave them alone for each of the segments you analyzed.

This is the universal grading plan. No makeup are allowed. If an assignment is late we deduct increments of 20% of the grade for every 24-hour period it is late. So for example, if you hand in a case report that usually would have got \( \frac{25}{25} \) and it is 1 hour late, your final grade will be \( \frac{20}{25} \).
3. Course Materials

Each lecture has accompanying notes. The lecture notes act as the textbook for the course. I post links in the notes to practical examples of calculations using Google sheets. The slides I use in class are designed to be evocative, so they are not worth printing out. Read presentation zen if you want more about the theory behind this. All class materials can be found on the class website.

http://stellar.mit.edu/S/course/15/fa17/15.818/

4. Pricing Simulation

Towards the end of class, we do the Universal Rental Car simulation. We will email you with the details about how to register prior to the event and we ask you to play (at least) one round before coming to class of the easy version. We do this in teams of two and each pair should bring a laptop which is fully charged to class.

5. Course Policies

Contacting the Professor. The best way to contact the Professor is by email (cetucker@mit.edu). For quick questions, feel free to speak with me at the end of class. I hold regular office hours on Tuesday at 12-12:45pm and 4-4:45pm during H1 in E62-536. To try and be efficient I allow students to book an appointment through http://meetme.so/catherinetucker though you can chance it.

Teaching Assistants. The TAs this year are Tejasvi Srvangipuram <tejasvis@mit.edu> and Antonin Bacot <abacot@mit.edu>

The Teaching Assistants are responsible for grading and most aspects of class organization such as the waitlist and teams. So you should contact the Professor about course content and the Teaching Assistants about administration.

Waitlist, Listeners, Auditors. We aim to clear the waitlist by the second week of term. The good news is that I should be teaching this class next year.

I do not allow students to be ‘Listeners’ for 15.818. However, if you want to learn about pricing but prefer not to register, I am very happy to give you access to all the materials on our class website. The notes are comprehensive in order to allow you to understand the material covered by 15.818 without attending the class.

Professional Standards. This class subscribes to the MIT Sloan Professional Standards and to MIT’s Standards of Academic Integrity. Please maintain a professional atmosphere. This includes silencing wireless devices, keeping computing devices in bags, and avoiding side conversations.

Please see https://sloanpoint.mit.edu/depts/deans/profstandards/Pages/default.aspx

**Student Support Services.** If you are dealing with a personal or medical issue that is affecting your ability to attend class, complete work, or take an exam, please discuss this with Student Support Services (S3). The deans in S3 will verify your situation, and then discuss with you how to address the missed work. Students will not be excused from coursework without verification from Student Support Services. You may consult with Student Support Services in 5-104 or at 617-253-4861. Also, S3 has walk-in hours Monday-Friday 9:00-10:00am.

**Student Disability Services.** MIT is committed to the principle of equal access. Students who need disability accommodations are encouraged to speak with Kathleen Monagle, Associate Dean, prior to or early in the semester so that accommodation requests can be evaluated and addressed in a timely fashion. You may also consult with Student Disability Services in 5-104 or at 617-253-1674. If you have already been approved for accommodations, please contact me early in the semester so that we can work together to get your accommodation logistics in place.