



APPLIES TO ACADEMIC YEAR 2005/2006

## MRK 2502 Pricestrategy

### Program

Bachelor in Retail Management (2. year)

### Responsible for the course

Ragnhild Silkoset

### Department

Marketing

### Term

According to study plan

### ECTS Credits

6

Price has become an important decision factor in retailing. The market has changed recently, and “hard discount” chains such as Lidel and Hypermarkets, such as Smart Club, emphasises price in their marketing. It has also become easier to compare prices through using search engines at the Internet, e.g. [www.mysinmon.com](http://www.mysinmon.com). Different auction systems like ebay or priceline.com is also based on price as decision criteria. Another example is that branding uses price premium as one of their core arguments, even that it is difficult to decide the size of this increase in price. At the same time we know that very small price changes can result in large changes in sale. Price strategies have a large effect on earning in the trade and retail management.

### Objective

This pricing course has a marketing focus. This means that the main goal with this course is to learn the students' basic understanding on how the consumers in a market react on different prices and numbers. The course will also give an introduction to different price strategies for companies, in addition to some basic principles on how small price changes can affect a companies sales and earnings.

### Prerequisites

Marketing management or similar.

### Compulsory literature

#### Books:

Nagle, Thomas T. og Reed K. Holden. 2002. The strategy and tactics of pricing : a guide of profitable decision making. 3rd ed.. Upper Saddle River, N.J. : Prentice Hall.

### Recommended literature

#### Course outline

##### Part 1 - Psychological pricing

- Strategic management of price decisions
- Consumers psychological perceptions of prices
- Measuring perceived prices and price sensitivity

##### Part 2 - Price strategies

- The role of price in the marketing mix
- Price strategies
- Principles and rules for segmented pricing
- Price in channels
- Competitors and price wars
- Price under bidding and negotiations
- Internet and prices

##### Part 3 - Economic consequences

- The role of price for a company's competitive advantage
- The role of costs when deciding prices
- Basic cost-benefit analysis for different price alternatives

### Computer-based tools

None

### Course structure

The course consists of 36 lecturing hours, combined by lectures, and casework in small groups.

**Evaluation**

A four- hour individual written exam.

**Evaluation code(s)**

MRK 25021 Pricestrategy – written exam, counts 100% for grading in the course MRK 2502, 6 credits.

**Aids at the examination**

Simple calculator.

**Makeup exam**

The next time the course is offered.