

B6926 Product and Pricing Management (TRIMESTER 2, 2002-2003)

COURSE INSTRUCTOR

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COURSE DESCRIPTION

This MBA course incorporates the discussion of the two important elements of the four Ps of marketing: product and pricing. The goal of the course is to prepare the managers to create an enduring advantage for their products in the marketplace. By the end of this course, the participants should be able to better understand the important issues of product and pricing management in today's business environment, and the issues pertaining to the execution of product and pricing strategies.

Throughout the course, the participants will be exposed to a comprehensive set of topics concerning product and pricing management, such as the strategic approaches to product management and pricing, product innovation and introduction, value pricing and other product and pricing strategies in product lifecycle, branding and brand strategies, customer relationship management, the major forces in the knowledge-based economic environment and the impact of these forces on product management as well as pricing policies.

The entire course consists of three modules. Module One centers the discussion around the fundamentals of product and pricing. Module Two focuses on the product strategies and pricing strategies in different stages of product lifecycle and, Module Three covers the major contemporary product and pricing issues in the ever-changing environment (refer to the Lecture Schedule for details).

Adopting the interactive and experiential approach, the focus of the course will be applied with many cases and class exercises that emphasize the actual management of product and pricing. For the same reason, many supplementary readings are purposely added to the pre-class readings for each of the lectures. Therefore the participants should not solely rely on the prescribed textbook for their studies.

PRESCRIBED TEXT

Donald Lehmann and Russell Winer, Product Management, 2002, McGraw Hill.

Thomas T. Nagle and Reed K. Holden, The Strategy and Tactics of Pricing, 2nd Edition, 1995, Prentice Hall.

REFERENCES

Urban, Glen, L., and John R. Hauser, Design and Marketing of New Products, 1993, Prentice Hall. HF5415.15.U72.

Monroe, Ket B., Pricing, Making Profitable Decisions, 2nd Edition, 1990, McGraw Hill. HHF5416.5M753.

Aaker, David A., Managing Brand Equity, 1991, The Free Press.

OTHER OFFLINE/ONLINE REFERENCES

Journal of Marketing	Journal Academy of Marketing Science
Marketing Science	Journal of Product & Brand Management
Journal of Consumer Research	Journal of International Business
Journal of Marketing Research	Sloan Management Review
Harvard Business Review	California Management Review
Business Horizons	Far Eastern Economic Review
Journal of Asian Marketing	Economist
Asian Wall Street Journal	Fortune
Business Week	Singapore Business
Asian Business	www.knowthis.com
www.productmarketing.com	www.apmforum.com
www.poolonline.com	www.brandingasia.com

www.pricingsociety.com

www.economist.com

www.interbrand.com

www.shouldexist.com

COURSE ASSESSMENT AND REQUIREMENTS

The weighting of the various course requirements are as follows:

Case Assignment	25%
Class Exercise	15%
Participation	10%
Final Examination	<u>50%</u>
Total	<u>100%</u>

LECTURES, TOPICS AND READINGS

WEEK NO	TOPICS	READINGS
1	<p style="text-align: center;"><u>MODULE ONE</u></p> <p>The Fundamentals of Product and Pricing</p> <p>INTRODUCTION</p> <ol style="list-style-type: none">1 Introduction: course objectives, scope, requirements and approach to learning2 Product and pricing management in an ever-changing business environment	<p>Lehmann and Winer: Ch: 1</p> <p>Nagle and Holden: Chs: 10, 14.</p> <p>Readings:</p> <ol style="list-style-type: none">1. Regis McKenna (1991), "Marketing Is Everything," <i>Harvard Business Review</i>, January-February.2. Regis McKenna (2002), <u>Total Access, Giving Customers What They Want in an Anytime, Anywhere World</u>, (Chapter 1), Harvard Business School Press.3. Philip Kotler, Dipak C. Jain, and Suvit Maesincee (2002), <u>Marketing Moves, A New Approach to Profits, Growth, and Renewal</u> (first Chapter), Harvard Business School Press. <p>(Refer to the <i>reading packet</i>).</p>

WEEK NO	TOPICS	READINGS
2	<p>THE FUNDAMENTALS OF PRODUCT</p> <ol style="list-style-type: none"> 1 Product as solution 2 Product management: purpose, objectives, and process 	<p>Lehmann and Winer: Ch: 2</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. Theodore Levitt (1960), "Marketing Myopia," <i>Harvard Business Review</i>, July-August. 2. C. K. Prahalad and Venkatram Ramaswamy (2000), "Co-opting Customer Competence," <i>Harvard Business Review</i>, January-February. 3. James Anderson and James Narus (1998), "Business Marketing: Understanding What Customers Value," <i>Harvard Business Review</i>, November-December. <p>(Refer to <i>the reading packet</i>).</p>
3	<p><u>THE FUNDAMENTALS OF PRICING</u></p> <ol style="list-style-type: none"> 1 The major elements of price 2 Different approaches to pricing 	<p>Nagle and Holden: Chs: 1, 2, 3.</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. Akshay R. Rao, Mark E. Bergen, and Scott Davis, (2000), "How to Fight A Price War," <i>Harvard Business Review</i>, September-October. 2. Walter L. Baker, Eric Lin, Michael V. Marn, and Craig C. Zawada (2001) "Getting Prices Right on the Web," <i>The McKinsey Quarterly</i>, No. 2. 3. Joel E. Urbany (2001), "Justifying Profitable Pricing," <i>Journal of Product & Brand Management</i>, Vol. 10, No. 3. <p>(Refer to <i>the reading packet</i>).</p>

WEEK NO	TOPICS	READINGS
4	<p><u>MODULE TWO</u></p> <p>Product and Pricing Strategies: The Battle for Customer's Mind</p> <p>UNDERSTANDING CUSTOMERS AND COMPETITORS</p> <p>1 Defining and anticipating the customer</p> <p>2 Defining and anticipating the competitor</p>	<p>Lehmann and Winer: Chs: 3, 5-6</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. Donald R. Lehmann (1999), "Consumer Behavior and Y2K," <i>Journal of Marketing</i>, Special Issue, Vol. 63. 2. C. K. Prahalad and Gary Hamel (1990), "The Core Competence of the Corporation," <i>Harvard Business Review</i>, May-June. <p>(Refer to the <i>reading packet</i>).</p>
5	<p>PRODUCT INNOVATION</p> <p>New product development: purpose and process</p>	<p>Lehmann and Winer: Ch: 9</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. A. Coskun Samli and Julie Ann E. Weber (2000), "A Theory of Successful Product Breakthrough Management: Learning from Success," <i>Journal of Product & Brand Management</i>, Vol. 9, No. 1. 2. Eric Von Hippel (1982), "Get New Products from Customers," <i>Harvard Business Review</i>, March-April. 3. Marco Iansiti and Alan MacCormack (1997), "Developing Products on Internet Time," <i>Harvard Business Review</i>, September-October. <p>(Refer to the <i>reading packet</i>).</p>

WEEK NO	TOPICS	READINGS
6	<p>PRODUCT INTRODUCTION</p> <ol style="list-style-type: none"> 1 Theories of diffusion of innovation 2 Strategies for effective product introduction 	<p>Lehmann and Wner: Chs: 11, 12</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. Eva Martinez and Yolanda Polo (1996), "Adopter Categories in the Acceptance Process for Consumer Durables," <i>Journal of Product & Brand Management</i>, Vol. 5, No. 3. 2. Scott Edgett and Kim snow (1997), "Benchmarking Measures of Customer Satisfaction, Quality and Performance for New Financial Service Products," <i>Journal of Product & Brand Management</i>, Vol. 6, No. 4. <p>(Refer to the reading packet).</p>
7	<p>VALUE PRICING</p> <ol style="list-style-type: none"> 1 Role of perceived value in pricing 2 Value pricing strategies 	<p>Nagle and Holden: Chs. 4, 12.</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. John Gourville and Dilip Soman (2002), "Pricing and the Psychology of Consumption," <i>Harvard Business Review</i>, September-October. 2. David V. Potter (2000), "Discovering Hidden Pricing Power," <i>Business Horizons</i>, November. <p>(Refer to the reading packet).</p>

WEEK NO	TOPICS	READINGS
8	<p>PRODUCT AND PRICING STRATEGIES IN COMPETITIVE MARKETS</p> <p>1 Product and pricing strategies for modifying, expanding and rejuvenating market demand</p>	<p>Lehmann and Winer: Ch: 8</p> <p>Nagle and Holden: Chs. 6, 7, 9.</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. Chuck Ryan and Walter E. Riggs (1996), "Redefining the Product Life Cycle: The Five-Element Product Wave," <i>Business Horizons</i>, September-October. 2. Raj Sethuraman and Catherine Cole (1999), "Factors Influencing the Price Premiums that Consumers Pay for National Brands over Store Brands," <i>Journal of Product & Brand Management</i>, Vol. 8, No. 4. 3. Ian C. MacMilan and Rita Gunther McGrath (1997), "Discovering New Points of Differentiation," <i>Harvard Business Review</i>, July-August. <p>(Refer to the <i>reading packet</i>).</p>
9	<p>BRANDING AND BRAND STRATEGIES</p> <p>1 Brand essence and identity</p> <p>2 Developing brand architecture</p>	<p>Readings:</p> <ol style="list-style-type: none"> 1. David A. Aaker and Erich Joachimsthaler (1999), "The Lure of Global Branding," <i>Harvard Business Review</i>, November-December. 2. Kevin L. Keller, Brian Sternthal, and Alice Tybout (2002), "Three Questions You Need to Ask About Your Brand," <i>Harvard Business Review</i>, September-October. 3. Mannie Jackson (2001), "Bringing A Dying Brand Back to Life," <i>Harvard Business Review</i>, May-June. <p>(Refer to the <i>reading packet</i>).</p>

WEEK NO	TOPICS	READINGS
10	<p>STRATEGIES FOR SERVICE OFFERINGS</p> <ol style="list-style-type: none"> 1 The role of service 2 Service quality and customer retention 3 Internal marketing 	<p>Lehmann and Winer: Ch: 14</p> <p>Readings:</p> <ol style="list-style-type: none"> 1. James Brian Quinn, Thomas L. Doorley, and Penny C. Paquette (1990), "Beyond Products: Services-Based Strategy," <i>Harvard Business Review</i>, March-April. 2. Christopher w. L. Hart, James L. Heskett, and W. Earl Sasser, Jr. (1990), "The Profitable Art of Service Recovery," <i>Harvard Business Review</i>, July-August. 3. Frederick F. Reichheld and W. Earl Sasser, Jr. (1990), "Zero Defections: Quality Comes to Services," <i>Harvard Business Review</i>, September-October. <p>(Refer to the <i>reading packet</i>).</p>
11	<p><u>MODULE THREE</u></p> <p>Managing Products in Knowledge-Based Economy</p> <p>CUSTOMER RELATIONSHIP MANAGEMENT</p> <ol style="list-style-type: none"> 1 The concept of CRM 2 Customer-based strategy 	<p>Readings:</p> <ol style="list-style-type: none"> 1. Russell S. Winer (2001), "A Framework for Customer Relationship Management," <i>CMR</i>, July. 2. Neeli Bendpudi and Leonard L. Berry (1997), "Customers' Motivations for Maintaining Relationships With Service Providers," <i>Journal of Retailing</i>, Vol. 73. <p>(Refer to the <i>reading packet</i>).</p>

WEEK NO	TOPICS	READINGS
12	<p>EMERGING TRENDS IN PRODUCT MANAGEMENT</p> <p>1 New trends in product management in knowledge-based economy</p>	<p>Readings:</p> <ol style="list-style-type: none"> 1. Peter F. Drucker, Esther Dyson, Charles Handy, Paul Saffo, and Peter M. Senge (1997), "Looking Ahead: Implications of the Present," <i>Harvard Business Review</i>, September-October. 2. "The Future of Commerce," <i>Harvard Business Review</i>, January-February 2000. 3. Stanley F. Slater and Eric M. Olson (1996), "A Value-Based Management System," <i>Business Horizons</i>, September-October. <p>(Refer to the <i>reading packet</i>).</p>
13	OPEN-BOOK EXAMINATION	

CLASS EXERCISE

PRODUCT AND PRICING MANAGEMENT PRACTICES ACROSS INDUSTRIES

Assignments

Class exercise is a group assignment.

Every other week since the 2nd till the 10th tutorial week, the student group that is assigned to do the class exercise will bring to the class some two or three real examples in the business world that are relevant to the topic of the lecture in the previous week, and lead the discussion on the issues concerned, using these real examples.

Sources of gathering such examples can be your own experience, or those that can be found in various trade journals or newspapers, such as the Business Week, Fortune, The Asian Wall Street Journal, Far East Economic Review, the Straits Times, etc. Online sources can also be used.

Write-up of the example(s) is not required. However, paper clippings, copies of journal articles, or CDs (if multimedia materials need to be presented for the discussion, such as

TV commercials, online promotions, etc.), in which the examples are recorded, should be submitted.

(Refer to *Weekly Assignments* table for details)

CASE ANALYSIS

Case analysis is a group assignment.

Assignments

All the five cases require oral presentations and written reports.

As in Class Exercise, the *sequence of the case oral presentations* will follow the order of the *group numbers*.

The oral presentations will be implemented every other week, beginning from the 3rd week. Written case reports will be due on the same date of the class presentation. The maximum length of the report shall not exceed 15 pages. The specific requirements as well as the format of the report will be discussed during the first class.

As in the class exercise, the group that presents its case is responsible to **lead the class discussion**. This means that the group presenting the case is responsible to successfully get the class involved in identifying/analyzing the problem(s) of the case. The group must also effectively respond to questions raised by other groups or participants of the class.

All the group members must fill out, sign, and submit their peer evaluation forms to the instructor when each written case analyses are completed (see Appendix 1). The peer evaluation form should be submitted together with the written case analysis on the due date.

(Refer to *Weekly Assignments* table for details)

WEEKLY ASSIGNMENTS

WEEK NO./ ASSIGNMENT	MAIN THEME, CONTENT OF EXERCISE/CASE TITLE
2 <u>Class Exercise</u>	<p><u>Main Theme:</u> <i>How companies manage products in an ever-changing business environment</i></p> <p>In groups of 3 people, perform a customer experience audit of a local grocery store. The audit should focus foremost on the physical store but should also include other channels – phone and web site. Observe and evaluate the following:</p> <ul style="list-style-type: none"> • Entry – was it clear how and where to enter the store? Were customers greeted? Was it evident how to proceed through the store? • Pathing –how did customers navigate the store? Were maps needed and provided? What types of transitions were provided between departments? • Exit – what was the checkout process like? Were you invited back? Were you able to provide feedback on the experience?
3 <u>Case Analysis</u>	Eastman Kodak Co: Funtime Film (9-594-111)
4 <u>Class Exercise</u>	<p><u>Main Theme:</u> <i>The Pros and Cons of Different approaches to pricing</i></p> <p>Identify three companies using the cost-plus, market-driven, and competition-driven approaches to pricing their products respectively. Evaluate the effectiveness of each of these different approaches.</p>
5 <u>Case Analysis</u>	The Black & Decker Corporation (A): Power Tools Division (9-595-057)
6 <u>Class Exercise</u>	<p><u>Main Theme:</u> <i>What is (are) the Right Approach (s) to develop new products</i></p> <p>(1) Introduce three failed (or successful) new products in the market products. Then, elaborate on the possible reasons which led to their failures (or success) in the marketplace.</p> <p>(2) Innovation Quiz (questions will be given in class)</p>
7 <u>Case Analysis</u>	Tweeter etc. (9-597-028)

WEEK NO./ ASSIGNMENT	MAIN THEME, CONTENT OF EXERCISE/CASE TITLE
8 <u>Class Exercise</u>	<p><u>Main Theme:</u> <i>How companies apply the concepts of value pricing or value proposition to retain their customers</i></p> <p>Collect 8-10 ads (print, TV, radio, internet) of any products. For each advertisement, make note of the following:</p> <ul style="list-style-type: none"> • The target customer segment – who are they and what are their needs? • The price given in the ad. • The value proposition – the benefits and value being promised. What does the brand stand for? • Evaluation of the ad/brand – does the ad do a good job building the brand and capturing customers –why or why not?
9 <u>Case Analysis</u>	Heineken N.V.: Global Branding and advertising (9-596-015)
10 <u>Class Exercise</u>	<p><u>Main Theme:</u> <i>Different approaches to building brand power</i></p> <p>Develop a brand name, logo, slogan, package (crude illustrations are fine), and, if appropriate, a character for a new man’s cologne. Discuss why you selected these elements.</p>
11 <u>Case Analysis</u>	Customer Profitability and Customer Relationship Management at RBC Financial Group (Abridged) (9-102-072)

SUPPLEMENTARY READING MATERIALS

For the purpose of facilitating the participants’ self-study, a list of supplementary readings (other than those pre-class readings shown in the above lecture schedule) from various journals and business magazines are provided (see Appendix 2).