

Part 1

1. [Watch this video on Price Theory](#)
2. [Watch this video on Price Strategy](#). Summarize each of the pricing strategies outlined in the video and provide a link to an example as well as a discussion of the example. Use the web and search the term if you need more help identifying an example. We will review this table after everyone is completed.

Strategy	Definition/Explanation	Discuss An Example	Post a link to a real life product/service to backup your definition. A link might be to a specific product or service or might be a link to some type of ad.
Premium			
Penetration			
Economy			
Skimming			
Psychological			
Product Line			
Optional Product			
Captive Product			
Product Bundle			
Promotional			
Geographical			
Value			

Part 2

2. [Read the assigned reading](#) and then provide the answer/definition to the following:

Question	Definition/Answer
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Define and explain the 4 pricing objectives.	
What is cost based pricing?	
What is breakeven analysis?	
Explain the strategy of “Everyday Low Pricing” and “Discount Pricing.”	

3. [Review answers](#)

Complete Thursday Second Half of Class

4. I will assign your group one of the following readings. **If you sit on the door side of the room, you will be covering the first article. If you sit on the window side of the room, you will be covering the second article.** Read, discuss, and answer the questions as a group. Assign one person to be the note taker and assign a different person to be the spokesperson for when we discuss on Tuesday.

Read and discuss: [What is Surge Pricing - and is it appropriate for my business?](#)

- a. Although Uber’s app allows a customer to either accept or reject a ride based upon the stated percentage price increase, does this transparency make it ethical? Why or why not?
- b. Surge pricing has caused Uber unexpected damage to its reputation, particularly among its user base on social media. If Uber were to rethink its surge pricing, would it be a matter of ethics or a strategy to save itself from lost business. Explain

OR

Read and discuss: [What Is Showrooming and What Should You Do About It?](#)

- a. How do you think “showrooming” can affect pricing strategies for a company?
- b. Provide examples of retailers and brands for whom Snapchat’s advertising influence would be effective. Consider Snapchat’s user base and income levels in your response.
- c. According to Snapchat’s founder, the company’s ad philosophy is to avoid being “creepy” with ad targeting. Explain what you think is meant by this comment.

Complete on Friday

4. Pricing Strategies Activity

- a. This activity is encouraging you to think about pricing strategies and the factors influencing how firms decide on setting prices for their products and services

Case 1: Nintendo Wii

Nintendo recently released its new console, Nintendo Switch. Do you remember when Nintendo Wii was launched in 2006? Below is a table that summarizes a snapshot of time from March 2009 to March 2010 and the prices Nintendo Wii were selling at.

Retailer	Price – March 2009	Price – March 2010
Amazon.com	\$269.99	\$239.90
Best Buy	\$249.99	\$199.99
GameStop	\$249.99	\$199.99
Target	\$249.99	\$199.99
Shopping.com	\$269.95	\$229.95
eBay	\$269.99	\$229.99

- Describe the type of pricing strategy that seems to exist in this market and comment on the strategies that may be adopted by the various retailers above.
- What factors might have affected the decision by the retailers in the examples above in setting their price?

Case 2: Airlines

Another example, this time a service. Conduct some shopping online for an airline trip. Let's travel from Boston to Aruba. We are going to take a look at two different weeks. Search from April 1st-April 7th and then a few weeks later, April 18th-25th. Record non-stop flights only. Choose at least 3 airlines.

Carrier (Airline)	Price (including all taxes)

Carrier (Airline)	Price (including all taxes)

- Describe the likely pricing strategy for an airline offering flights in this scenario.
- What explanation can you offer for the differences in the prices quoted, both within the two tables and between them?

5. ~~Choose a product that you have purchased recently or are interested in purchasing in the near future.~~

~~a. First, identify the product or service and then conduct some research online and determine what pricing strategy you think its manufacturer used.~~

~~b. Do you think the price is fair? Why or why not?~~

~~c. Choose a different strategy and develop a new price for the product based on your strategy. Why do you think this will help sell it better?~~

- ~~d. Be prepared to give your pitch to the class.~~
- ~~6. A “freemium” pricing model like Pandora, Dropbox, Match.com, or LinkedIn offers a basic service free of charge with the option to upgrade at a cost. It’s common pricing strategy among web start-up companies to get users onto the site and then later to convince them to subscribe to a premium or enhanced version of the service. Come up with a few examples of companies you use or are familiar with that use this model. What are some of the benefits of a freemium pricing model to a company? To consumers? Can you think of a situation when freemium pricing wouldn’t work? What’s an example?~~
- ~~7. Case Study: Zipcar Informs, Persuades, and Reminds
 - ~~a. Discuss and provide examples of the different types of marketing channels and promotional activities Zipcar uses to target each of its three user segments. As a marketing manager at Zipcar, discuss additional strategies you would employ for each of the market segments.~~
 - ~~b. Discuss how Zipcar is more of a lifestyle brand than a travel brand, and what this means. How does this impact the company’s promotional efforts? What solutions does Zipcar provide, and how does this make it a lifestyle brand?~~
 - ~~c. Who are Zipcar’s competitors, and how do their promotional and advertising efforts compare? Do competitors vary for each of Zipcar’s distinct market segments? What transportation options are there for each of the three segments?~~
 - ~~d. Go online and perform additional research to learn more about Zipcar’s pricing structure in your local market. Using pricing objectives discussed in the chapter (profitability, volume, meeting competition, and prestige), what do you believe are Zipcar’s pricing objectives? Provide examples.~~~~
- ~~8. Watch: The Naked Brand
 - ~~a. How have corporations needed to change their advertising and promotional approach to consumers?~~~~

Complete on Friday- Finish for HW by end of weekend

9. Complete your weekly writing assignment for Price Strategy. Assignment needs to be finished by the end of **Week 14**. Your writing assignment should cover:
 - a. How supply/demand could affect the price of your product
 - b. Describe price strategy with regards to competition
 - i. Where is your product priced compared to other similar products? What pricing strategies are at play?