



# Price

## Total Hours: 7.5

Lecture: 3.5

Lab: 1.0

Group Discussion: 1.0

Breaks: 1.5

Course Exam: 0.5

Course Prerequisite:  
*Foundations*



## COURSE DESCRIPTION

This course teaches students effective pricing strategies. It emphasizes how to determine what your market is willing to pay and how to align pricing to corporate strategy. Students gain a deep understanding of the concept of using segmentation to optimize pricing and revenue. Other topics include: understanding value-based pricing; using pricing to create market differentiation; evaluating pricing relative to the competition and costs; price sensitivity; how to implement effective pricing strategies and measure pricing program effectiveness.



## RATIONALE

The purpose of this 7.5-hour course is to provide students with an in-depth understanding of the topic of pricing within the overall Pragmatic Institute curriculum. Through a lecture, group discussion and lab format, students will learn the key components of how to determine what a market is willing to pay for products and how to build and execute effective pricing strategies. Core concepts include: connecting pricing to corporate strategy; creating alignment between the market environment and pricing tactics; how to establish value-based pricing; price segmentation; how behaviors influence price; portfolio pricing; implementing and measuring pricing effectiveness.



## COURSE OBJECTIVES

At the successful completion of this course, each student will be able to:

- 1 Connect business strategy to pricing execution.
- 2 Understand value-based pricing.
- 3 Evaluate the competitive and market environment and its impact on pricing.
- 4 Quantify the market's willingness to pay as it relates to market differentiation.
- 5 Create price segmentation strategies based on product, customer and transaction information.
- 6 Develop effective portfolio pricing and bundling strategies.
- 7 Implement, track and measure pricing strategies and total cost of ownership.



## TEXTBOOK and/or MATERIALS

**Student Book:** *Price*

**Author:** *Pragmatic Institute*

### Student Supplemental Materials:

- *Environment Definition Worksheet*
- *Value-Based Pricing Worksheet*
- *Pricing Segmentation Worksheet*
- *Product Portfolio Worksheet*
- *Isoprofit Table*
- *Value Matrix Worksheet*
- *Total Cost of Ownership Worksheet*
- *Pricing Ownership Worksheet*

## TOPICAL UNIT OUTLINE

### I. Environment

- A. Pricing structure and strategy
- B. Defining value
- C. Pricing influencers
  - i. Competition
  - ii. Costs
  - iii. Supply constraints

### II. Measuring Value

- A. Willingness to pay
  - i. Price sensitivity
  - ii. Value-based pricing
  - iii. Quantifying value of differentiation

### III. Strategy

- A. Price segmentation
  - i. Customer characteristics
  - ii. Transaction information
  - iii. Behaviors
  - iv. Products

### IV. Execution

- A. Break-even analysis of price changes
- B. Impacting profits with price changes
- C. Total cost of ownership
- D. Discounting

### V. Implementation

- A. Who should own pricing



## UNIT OBJECTIVES

### I. Environment

- A. Understand the relationship between pricing structure and corporate strategy
- B. Define and establish value-based pricing
- C. Establish and incorporate key influencers into pricing methodologies
  - i. Incorporate competitive information into pricing models
  - ii. Understand the role costs play in pricing
  - iii. Evaluate supply constraints

### II. Measuring Value

- A. Evaluate the market's willingness to pay
  - i. Understand the role of price sensitivity
  - ii. Perform value-based pricing modeling
  - iii. Establish value relative to market differentiation

### III. Strategy

- A. Differentiate pricing by segmentation
  - i. Understand the role customer characteristics play in pricing
  - ii. Establish pricing transaction type and applicability
  - iii. Incorporate buyer behaviors into pricing
  - iv. Segment pricing based on product type

### IV. Execution

- A. Conduct break-even analysis of price changes
- B. Understand the impact of pricing changes on profitability
- C. Learn total cost of ownership modeling
- D. Learn how to work with your salesforce when they ask for discounts

### V. Implementation

- A. Establish who should own pricing within an organization



## COURSE REQUIREMENTS/EVALUATION

Upon successful completion of this course, students will have moved from the knowledge of course materials to cognition and application relative to the subject of understanding how to determine what a market is willing to pay and how to align pricing to corporate strategy. Students are also required to participate in a lab exercise, group discussion and successfully complete the certification exam associated with the course.

COURSE OBJECTIVES	ASSESSMENT MEASURES
Connect business strategy to pricing execution.	Course exam, group discussion and class participation.
Understand value-based pricing.	Course exam and class participation.
Evaluate the competitive and market environment and its impact on pricing.	Course exam, lab exercise and class participation.
Quantify the market's willingness to pay as it relates to market differentiation.	Class participation, lab exercise and course exam.
Create price segmentation strategies based on product, customer and transaction information.	Course exam, lab exercise and class participation.
Develop effective portfolio pricing and bundling strategies.	Course exam, group discussion and class participation.
Implement, track and measure pricing strategies and total cost of ownership	Course exam, group discussion and class participation.