

31E11100 - Microeconomics: Pricing

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Course overview and practicalities

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Objectives of the course

- Understand and learn to analyze different pricing strategies
 - ▶ For different types of products
 - ▶ In different market situations
- Learn to utilize formal modeling in economic analysis and argumentation more generally
 - ▶ Typical lecture introduces one model framework and draws conclusions using that
 - ▶ Solving exercises to develop modeling skills
- Learn how the tools of modern microeconomic theory are applied
 - ▶ Game theory
 - ▶ Information economics
- Learn to connect theory to applications
 - ▶ Reading assignments, case assignment

Topics to be covered in the course

- Part 1: Prices in competitive markets
 - ▶ Partial equilibrium and welfare analysis
 - ▶ Search frictions and price dispersion
- Part 2: Pricing strategies of a monopoly
 - ▶ Price discrimination
 - ▶ Bundling
 - ▶ Price signalling
- Part 3: Dynamic pricing strategies
 - ▶ Durable goods monopoly
 - ▶ Pricing experience goods
 - ▶ Peak-load pricing, advance booking
- Part 4: Market design and auctions
 - ▶ Different auction formats
 - ▶ Auction design: reserve prices, collusion, set asides
 - ▶ Price formation in large auctions

Requirements and grading

- Reading assignments (20% of the grade)
- Exercises (20% of the grade)
- Case assignment (20% of the grade)
- Exam (40% of the grade)

Reading assignments (20% of the grade)

- One small assignment for each week
- Submit to the return box before Wednesday lecture
- Out of 6 assignments, 5 is enough for full points

Exercises (20% of the grade)

- The course has three exercise sessions (Friday of the 2nd, 4th, 6th week)
- For each session, there is a problem set
- Submit your answers before the session
- TA Riku Buri will discuss the problems and solutions in the session

Case assignment (20% of the grade)

- Group work: teams max 4 students
- Analyze some real pricing application
- Return your report by October 23
- A chance to present and get feedback before submission (on lecture October 3?)

Exam (40% of the grade)

- Based on the material of the lectures and exercise sessions
- October 19

- Questions?