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## **Pricing Digital Content Product Lines: A Model and Application for the National Academies Press**

Abstract:

We examine the problem of how a content provider, specifically the National Academies Press (NAP), can optimally price the different forms of their product – print and PDF – that it sells online. While products in the traditional product line generally tend to be substitutes, the different content product forms could range from being substitutes to being complements across customers. Thus the content provider can possibly sell bundles of the product forms leading to additional revenue. We first discuss NAP's decision context and describe the model we proposed for developing NAP's optimal pricing policies for its different forms. We describe the choice experiment we conducted at the publisher's Web site that maximally uses the online interface to collect relevant data needed to estimate our model. We show how NAP embraced the results from the model for developing a new business model and how they used the insights derived from the study to set pricing policies and monitor sales performance as a function of pricing. Finally, we perform validation of the model and the implemented policies using dynamic modeling of sales data from NAP's Web site. The paper illustrates how e-commerce technologies can lead to the development of optimal policies using marketing models.