

# OPTIMAL PRICING OF A SERVICE

## ABSTRACT

The pricing of services is a difficult and important task for companies. Using the price elasticity of demand to help determine the optimal price of products is well-documented in the literature. In this work, we use price elasticities as inputs to a mathematical model which is used to determine the optimal price of a service. The model is illustrated through the use of case studies, including a special case study which looks at the pricing of graduate academic programs. Now, through the use of this model, companies will know exactly what prices to charge for their services in order to maximize net revenue.

**Keywords:** pricing, service, elasticity of demand