

Sharpen your pricing I.Q.



Greetings!

With the recent good weather I've been inspired to begin making plans for the summer holidays, and it's got me thinking about entrance prices.

The UK tourism industry generated over £125bn in 2014, yet there are sites and attractions that won't be optimising what they charge visitors, either missing out on potential increased revenues or scaring customers away.

Recently, we worked with an award-winning UK family attraction to help them improve their pricing structure. You can [read the Case Study here](#).

Whilst this work was done with a client in the tourism industry, the key takeaway is relevant to every organisation - know your customer!

Regards,
Tony

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New this Month:

Podcast by Greg Thomas, Vice President, Research & Analytics and Peter Winters, Senior Consultant - Healthcare
[Successfully Navigate Pharmaceutical Pricing Research Methodologies](#)

Blog by Paul Hunt, President, Pricing Solutions Ltd.

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Luxury Goods Pricing: Don't envy their high price tags and high margins

Blog by Kirk Jackisch, Vice President, Strategy & Management and David Schnetzer, Senior Consultant

Serve Don't Sell: How better pricing helps Associations and Non-Profits fulfill their missions

More from Pricing Solutions...

Visit pricingsolutions.com to browse our library of Case Studies & Articles covering a wide range of industries and pricing challenges. Read our latest in Medical Devices, Professional Associations and Alcohol Beverage:

"Negotiating price more effectively to improve margins globally"

Medical Devices

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PRICING SOLUTIONS

Negotiating price more effectively to improve margins globally

The fastest growing division of a Fortune 500 medical products company faced a global pricing challenge. Their selling in an international sales was often complicated by many factors including price government regulations, local purchasing groups, new client risks in data, long-term contracts and complex fulfillment programs. The organization also knew price negotiations were a long process often with 10+ counterpart decisions in your pricing cycle. Costs and processes were in place. Price negotiations depended heavily on the skill of individual sales reps.

However, the organization knew pricing had the power to accelerate product development, under-developed regions and boost profitability in others. The medical device company wanted pricing solutions to identify their pricing, increase capabilities and more effectively negotiate with their customers, providing value for their year.

The Challenge:

- Price negotiations were often a long and arduous process.
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Building a Solution that Fits:

Separation is the backbone of pricing strategy. To reduce their pricing cycle, the company used pricing solutions to identify their pricing cycle. Through analysis of transactional data from the past year, trends in customer demographics and buying behavior were identified. This data was used to create segments. When combined with further analysis and Price Optimization, the company identified pricing opportunities and established a 14-week customer pricing program consisting of key players.

Medical Devices

A range of profitable price points that Pricing Solutions could bring to market. The Target Price Framework (see Chart 1) was used to identify a range of profitable price points that Pricing Solutions could bring to market. The Target Price Framework was a systematic price negotiation tool that allowed sales representatives to identify a range of profitable price points that Pricing Solutions could bring to market. The Target Price Framework was a systematic price negotiation tool that allowed sales representatives to identify a range of profitable price points that Pricing Solutions could bring to market.

Case Study: Medical Devices

"Coordinating price across the product & service mix for revenue growth"

Professional Associations

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PRICING SOLUTIONS

Coordinating price across the product & service mix for revenue growth

In the Professional Association and Non-Profit world, pricing has typically evolved with limited strategy focus over the years. There often was a lack of coordination across the mix of revenue generating offers, such as publications and continuing education.

Today, pricing is a rapidly growing priority with both for profit and not-for-profit organizations. Associations are focused on developing a skill set for their pricing strategy and revenue growth. In one example, Pricing Solutions partnered with a large Professional Association to analyze and optimize a World Class Pricing™ strategy and a Capabilities Analysis, helping them more effectively grow revenue margins.

The Challenge:

- Like most Associations, the client was not able to effectively coordinate pricing across the product & service mix.
- Price negotiations were often a long and arduous process.
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Building a Solution that Fits:

Based on their needs, Pricing Solutions rolled out a 14-week customer pricing program consisting of key players.

Professional Associations

World Class Pricing Process: A systematic price negotiation tool that allowed sales representatives to identify a range of profitable price points that Pricing Solutions could bring to market.

Year	Revenue
2010	100
2011	120
2012	150
2013	180
2014	220

Case Study: Professional Associations

"Linking price & promotion to bottom-line improvements"

Alcohol Beverage

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PRICING SOLUTIONS

Linking Price & Promotion to Bottom-line Improvements

Traditional revenue management practices were no longer effective in the mature and saturated Alcohol Beverage industry. Manufacturers, faced with increasing costs and declining margins, were searching for new ways to drive profit.

One major global manufacturer had a strong vision for the future. With multiple brands and thousands of SKUs, they partnered with Pricing Solutions to measure their current management practices. Using a custom-built Pricing & Promotion Pricing Tool™, the data was transformed to more data driven revenue advanced pricing management capabilities for long-term success.

The Challenge:

- The Alcohol Beverage market is heavily competitive and the multi-brand and multi-SKU environment, product differentiation was low. Unlike many manufacturers, the client was struggling to overcome several key pricing challenges.
- The need to accurately respond to the rapid pace of price & promotion decisions.
- Difficulty processing what exactly was going on for example brand marketing, promotional advertising, pricing, etc.
- Manufacturer was unable to link data, they were relying on a "gut feel" with large amounts of manual SKU data. They had an effective management system.
- The top layer of the pricing team conceptually enabled solutions would not be in place. A custom-built Pricing Tool would be needed.

Building a Solution that Fits:

Pricing Solutions could build a data driven, custom-built Pricing & Promotion Pricing Tool™. The tool could also integrate future and "plug in" for price, product and brand combinations of interest, still taking into consideration the impact of promotional advertising, consumer preferences, brand loyalty etc. These factors could be integrated as needed.

The Pricing Tool™ allowed the client to identify pricing opportunities by analyzing sales data and more effectively link price and promotion. The tool also provided a comprehensive view of the current pricing and promotional landscape.

Alcohol Beverage

The client wanted to link their pricing and promotional strategy to their bottom-line results. Pricing Solutions could build a data driven, custom-built Pricing & Promotion Pricing Tool™. The tool could also integrate future and "plug in" for price, product and brand combinations of interest, still taking into consideration the impact of promotional advertising, consumer preferences, brand loyalty etc. These factors could be integrated as needed.

Case Study: Alcohol Beverage



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