

Developing Pricing Strategy and a Value-Based Pricing Process

As an established market leader in printed and digital content, this client's internal expectations had developed to ensure market share was maintained. However, with no formal pricing strategy in place there was a lack of clarity between whether they should be pricing to maximise market share or maximise profit.

Upon partnering with the client, Pricing Solutions helped develop their pricing strategy and price setting processes centred on value based pricing principles. The project focused on capabilities transfer and ensuring product managers were equipped to evaluate pricing challenges internally in the future.

Successful Increase

of Real-World Selling Prices

The Challenge

Historically, the company had relied on printed products delivering a high proportion of revenues but – like with many other information companies – customers now wanted this information digitally, leading to a perceived decrease in willingness to pay.

This was also creating an opening for competitors to significantly grow their market share. A pricing strategy was required to ensure the long-term profitability of the business.

Building a Solution That Fits

In order to help combat this challenge, the company wanted to ensure that their product managers had the ability to fully evaluate the situation and set prices to achieve company objectives.

Pricing Solutions provided customised pricing training to a large group of business stakeholders, giving the company a clear idea of what stages needed to be built into their pricing process, while also providing a common language for objectively evaluating pricing challenges.

We then facilitated a series of workshops where we helped the senior management team produce a corporate pricing strategy to sit within the overall business strategy.

Pricing Solutions then produced an initial straw-man draft which went through several rounds of iteration to ensure buy-in from all relevant business functions, such as Sales, Product Management, Marketing, Finance, etc.

This was then signed and approved by the CEO and included in the business strategy document.

Pricing Solutions then worked with the product management team to incorporate a number of the tools from the training into their standard price approval processes. This focused on giving the client the direction and skills they needed to use value-based pricing principles on their products.

One key to the success of this process was forcing Product Managers to evaluate different pricing options, presenting the pros, cons, risks and rewards rather than just presenting a price and showing the justification, which is easy to manipulate.

The fact that Senior Management were trained in the same techniques was crucial to ensure they are able to critically evaluate the results and ensure these met the newly defined pricing strategy.



The Result?

Pricing Solutions worked with four Product Managers during their next pricing review to ensure they were able to use the tools and processes practically, and not just in training.

The Product Managers have now embedded pricing consideration into their product development and price review process.

The results of these were then presented to the Senior Management in the pricing review and have since influenced the real world selling prices of numerous products.

What's the Pricing Solutions Difference?

Pricing Solutions focuses on pricing and only pricing, and hence were able to provide specialist knowledge of requirements for an effective pricing strategy and process.

Our senior team of consultants were able to work in a collaborative workshop style with Senior Management, Finance and Product Managers to establish alignment on what business objectives the pricing strategy needed to achieve.

The client appreciated our implementation focus and continuing work with Product Managers as they look to use the new process for the first and second time.

Our Firm

Our mission is to dramatically improve clients' profitability and market share through improved pricing. Pricing Solutions' four core services include Pricing Strategy, Pricing Analytics, Pricing Research and Pricing Training. Known for our World Class Pricing™ methodology, we have grown to become one of the world's leading pricing consultancies with offices in North America, Europe, Asia Pacific and Latin America. Our global team of researchers, consultants and partners are recognized thought-leaders.

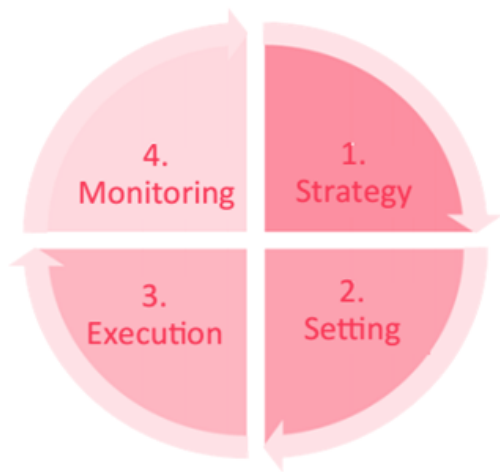
We deliver customized cross-functional solutions, helping our clients achieve a typical payback of 10:1 on their investment.

Global Headquarters

106 Front St. East, Suite 300
Toronto, ON Canada M5A 1E1
Tel: 1.416.943.0505
Fax: 1.416.943.0507

UK Headquarters

10 Queen St Place
London EC4R 1BE United Kingdom
Tel: +44.7323.5059



Left: The client-specific pricing process was designed around Pricing Solutions' 4 Core Pricing Processes Framework