

# Pricing

concept cards<sup>©</sup>

FOR TEAMS, MANAGERS OR LEADERS

Pricing is the art of extracting the appropriate value for a specific set of customer benefits

## Pricing Objectives & Strategy

An optimal pricing approach aims at a sustainable and long-term profitability, via appropriate revenue streams and retention of customers.

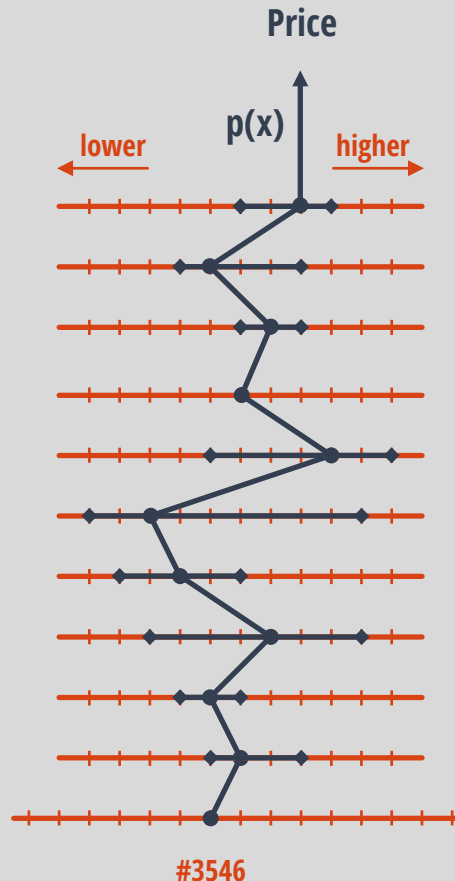
## Price Management

**Impact:** Price is an extremely effective profit driver. Unnecessary price cuts may bring market share, but may also destroy profit margins.

**Development:** Base the pricing model on overall factors, on benefit drivers, and on the customers' willingness to pay. Use differentiation. Test it.

**Implementation:** Prices should be in line with the pricing model and strategy. Enforce the prices and model.

## Pricing Model and its Components



Individual components are influencing the price independently from each other.

Brands

Marketing / Campaigns

Customer Segments

Customer Individual

Channels

Locations / Countries

Product Quantities

Product Features

Product Rights

Product Pricing Bases

Products

Product ID

Bundling, upselling, or upgrading may require adaptation of the pricing model.

$p(x)$  Price function

● Dependency

◆◆ Differentiation