# Buynomics

# Pricing Strategy -ramework

A corporate strategy can be defined as the process of making targeted decisions and actions to achieve sustainable, persistent performance. But what role does pricing play in all this? Pricing has to be an integral part of the overall corporate strategy and has to support it in order to achieve the main objectives of value creation and value capture.

As a practicable roadmap, we use our Pricing Strategy Framework, which comprehensively and consistently demonstrates how pricing can support the overall corporate strategy.

# 1. Objectives

#### Corporate strategy implications:

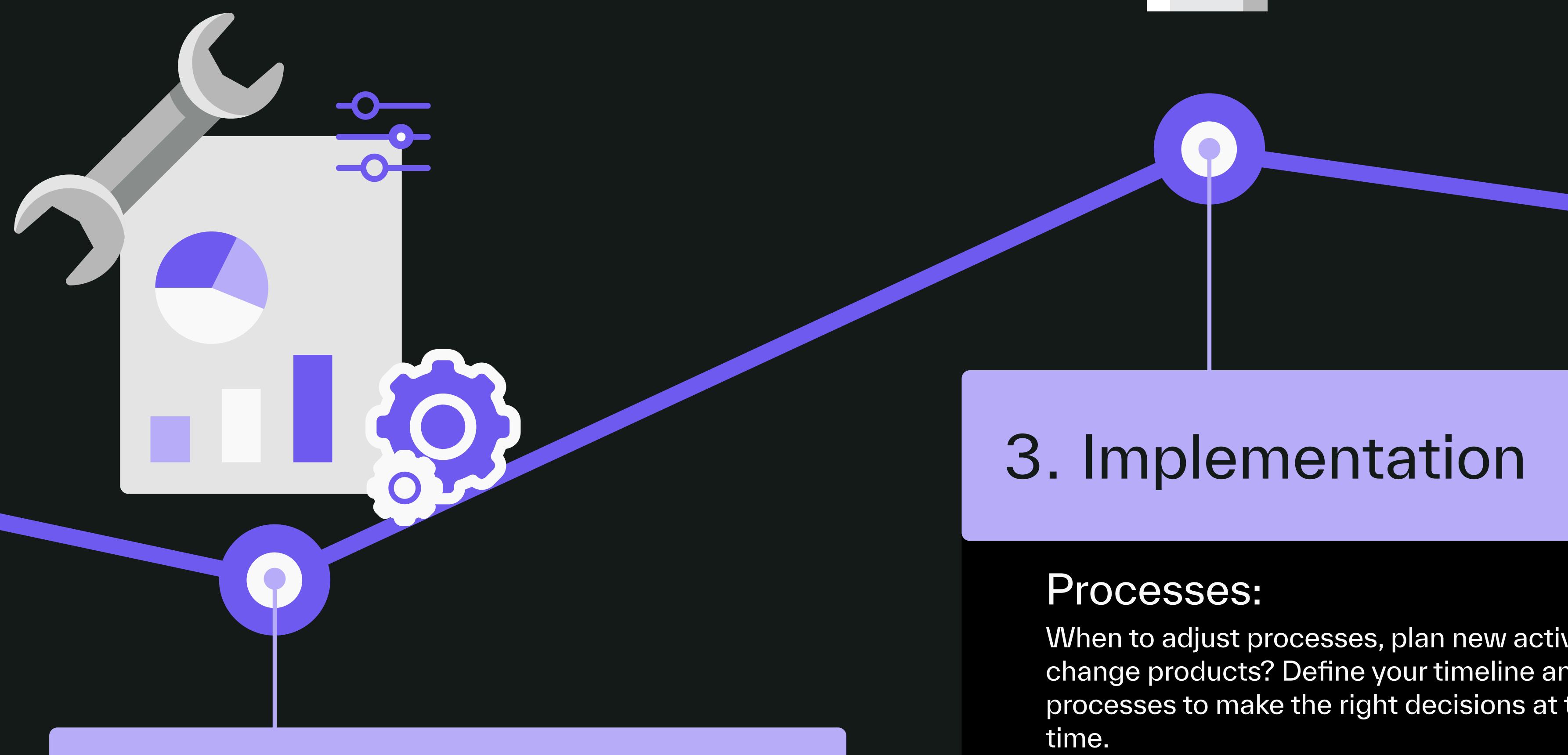
What is the overall strategy of the firm and how can pricing support it? Derive pricing objectives!

#### Pricing boundaries:

Where do the opportunities of pricing reach their limits? Are there maximum international retailer price differences or price image challenges?

#### Pricing objectives:

Define and assign clear pricing objectives for each category, retailers and target countries.



# 2. Guidelines

### Roles:

Set and define clear roles to structure your pricing strategy for each category, product, brand and channel.

#### Use of instruments:

To make transparent decisions, it is important to use the right tools to optimize your prices, products, promotions and trade terms.

#### Trade-off between objectives:

Where are your priorities? Sales, revenue or profit? Define the trade-offs between the objectives to support the corporate strategy.

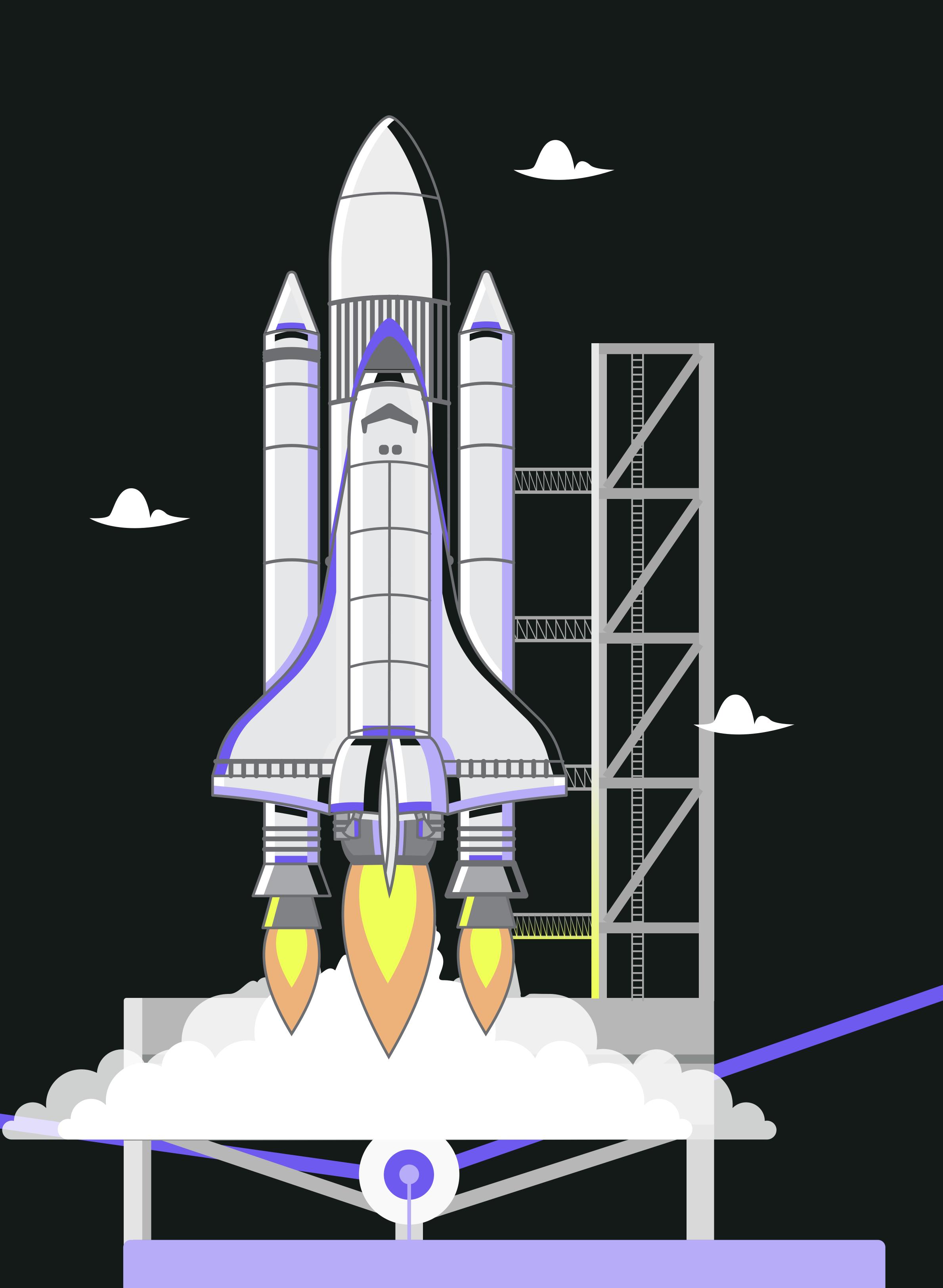
When to adjust processes, plan new activities or change products? Define your timeline and processes to make the right decisions at the right

#### Decisions:

Use the previous steps, defined processes and collected insights to make informed and data-driven decisions.

#### Monitoring:

To ensure the long-term success of the corporate strategy, it is necessary to monitor, review and, if necessary, adjust the decisions taken on a permanent basis.



## Infrastructure

#### Organization:

The pricing organization structures the entire strategy optimization process. You need transperency about your level of centralization, your customer focus and the pricing tasks.

#### Tools:

It takes a good set of tools to make informed datadriven decisions. Heuristics or long-winded Excel calculations delay and obfuscate an efficient decisionmaking process.

#### Data:

Data is the key for decisions! Collect and use your data (sales, studies, expert judgement) effectively and do not make decisions based on gut feeling.

# Curious to find out more?

