

4 Key Tactics Pricing Professionals Can't Ignore

by: Brooke Falbo

After two years of disruption, organizations need to adapt an agile mindset to be flexible and dynamic to grow margin and revenue. What are pricing teams and revenue managers doing to stay ahead? Below are the four key pricing tactics you cannot afford to ignore. Brooke Falbo, Product Marketing Manager at PROS, leads the go-to-market strategy for PROS Smart Price Optimization and Management solution. Brooke has a passion for technology and learning and is a results driven marketer with more than 10 years of experience across the B2B software industry. She can be reached at bfalbo@pros.com.



After two years of disruption, organizations need to adapt an agile mindset to be flexible and dynamic to grow margin and revenue. Pricing is the top factor impacting the bottom line of your business. What are pricing teams and revenue managers doing to stay ahead? Below are the four key pricing tactics you cannot afford to ignore.

Harness Data to Drive Sound Business Decisions

Data is the key ingredient to fueling the revenue engine of your organization. Every two years, more data is created than existed before in all human history up to that point — powerful historical information that must be managed with AI-based technology. The kind of data you can use to determine pricing include:

- Market demand
- Supply chain
- Cost changes
- Customer segment

- Product combinations
- Buyer history
- Rebates and warranties
- Purchase timing, volume, and frequency

Automate the Sales Value Chain

The Sales Value Chain represents the connectivity between pricing and selling. Only 30% of sales processes are automated, meaning that there is huge potential for sales automation now and in the future (McKinsey and Company).



Sales Value Chain

While price optimization and management software enhance the calculation of prices, CPQ or Configure Price Quote technologies include mechanisms to automate the display of these strategically crafted prices. Many companies are still using Microsoft Excel and other home-grown

systems with issues in control, speed, and lack of consistency (McKinsey and Company). As the CPQ landscape continues to grow, your sales team needs to get away from doing things manually or human error, poor response time, and lack of capability to manage all the relevant data will prevail. Your competitors are automating their selling motions,

and without a system that allows you to react quickly, you will lose business and your margins will suffer. When speed is the new requirement, you need to equip your sellers with automated pricing and selling so that they can provide the right offer, with the right price, at the right time.

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Diversify Revenue Models

Many Fortune 500 companies are moving away from business models that are based completely on sales that are one-time transactions. For example, companies are estimating that 20-30% or more of their total annual sales will come from recurring revenue. So, companies are moving toward the “anything as-a service” model to differentiate themselves as service providers in areas where their direct competition can’t compete. This indicates that more and more companies are transitioning to a portfolio business model where each item requires an advanced pricing or monetization strategy.

Develop Omnichannel Pricing Capabilities

In the past two years, many companies had to quickly evaluate their pricing models because they did not have AI-powered selling and pricing software that gave them the capability to distribute prices in new selling channels

such as eCommerce sites. For example, a seafood restaurant that didn’t display menu prices on their paper menus pre-Covid-19 because of the fluctuation of fish prices at market, would have faced challenges to create a dynamic pricing strategy that would automatically update and distribute the new price to the website or eCommerce platform based on market conditions.

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With digital transformation, there are many different channels where a price could be displayed such as agents, distributors, websites, and eCommerce platforms. To be successful in eCommerce, companies must harmonize and structure their pricing to avoid

creating channel conflict. With AI-driven pricing and selling motions that connect to various platforms, organizations ensure channel fluidity and deliver a unique and consistent customer experience, regardless of channel use.

The Bottom Line

As our economy continues to change and evolve, companies must focus on the data that fuels their revenue growth, get information to be easily accessible to enable sellers to have rapid return rates, diversify revenue models to differentiate themselves from competitors, and develop omnichannel pricing capabilities. To have success related to all four pricing tactics, companies must have dynamic pricing technology that is working hard behind the scenes to drive powerful business KPIs. Digital transformation is not a trivial effort, but the rewards will be revenue growth, margin improvement, and increased customer loyalty for the companies who step up.