



Pricing Questions to ask

All companies determine prices of their products and services. Many use complex approaches based on long-term knowledge of their market, clients and competitors, using dedicated tools and multi-dimensional analyses. Decisions made in all sales functions with regard to transactions and discounts are based on intuition and observed market practices, which often comply with good will and intent.

According to our long-term observations, project experiences and survey of pricing maturity in organizations, though, less than 3 percent of companies are leaders

in price management. What does this mean in terms of financial performance? The average profitability of pricing leaders is twice as high as of their less advanced competitors and almost five times as high as of companies just launching the process of implementing the professional price management approach.

Do you wonder about the place of your organization in the ranking? Make a quick diagnosis answering the following questions:

Would you like to learn more?
Please contact us

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1. Is there a managing director or management board member in charge of pricing in your organization?	YES	NO	DO NOT KNOW
2. Have you in the past two years conducted a market research, which allowed you to determine how your customers value your products and cooperation with your company in comparison to your competitors?	YES	NO	DO NOT KNOW
3. Does your customer segmentation include, in addition to the sales channel and the level of turnover, the parameters that determine customer willingness to pay?	YES	NO	DO NOT KNOW
4. Do you know how exactly will the sales volume of your fastest moving product or service grow if you reduce its price by 5 percent?	YES	NO	DO NOT KNOW
5. Do you know exactly how much the last launch of a new product cannibalized the sales volume of other similar products that you offer?	YES	NO	DO NOT KNOW
6. Do you know the pricing parity of your top product or service to that of your biggest competitor this year?	YES	NO	DO NOT KNOW
7. Do you know the exact figure by which the value and volume of your sales would drop if your market leader (or the closest competitor if you are the leader) reduces its price by 10 percent?	YES	NO	DO NOT KNOW
8. Do you know the actual (not accounting) and current cost per unit to serve your top ten clients?	YES	NO	DO NOT KNOW
9. Do you have today in your mailbox a report indicating daily deviations of invoiced prices from standard prices?	YES	NO	DO NOT KNOW
10. If so, can you see for which clients and on which basis such deviations have occurred?	YES	NO	DO NOT KNOW
11. Do you have a reference product assigned for each product or service whose competitive cross-price elasticity exceeds 1 and do you know its current price?	YES	NO	DO NOT KNOW
12. Do you know the net value of cannibalization and halo effect of the latest promotion?	YES	NO	DO NOT KNOW
13. The last time your client told you that your competition has lower prices, have you verified this information?	YES	NO	DO NOT KNOW

If you have ticked "NO" for at least three statements and you are unsure of their exact meaning, your organization may quickly and painlessly increase its profitability. And this is worth effort: improving your pricing policy just by one percent will translate on average into 12 percent increase in operating profit. Usually, investments in professional pricing approach generate a 300 percent return over less than a year.

Deloitte's Pricing Practice

Deloitte is routinely ranked as the top pricing practice in the world. We were rated number one among Top Pricing Consulting Practices by Kennedy Consulting Research & Advisory in the report *Customer Strategy and Interaction Consulting Marketplace (2009 -2012)*.

We offer an end-to-end approach to implement the entire spectrum of pricing capabilities, not just bits and pieces along the way. Strategy. Price optimization. Process improvement. Organization design. Transaction analysis. Technology selection and implementation. Change management. We put it all to work together, building on transaction-level insights to help some of the world's most successful companies to become even more competitive through improvements in pricing strategies, processes and capabilities. And when it is time to put technology to work in support of your plans, we have close alliances with the top solutions vendors to help you get more value in less time.