

Pricing in Uncertain Times

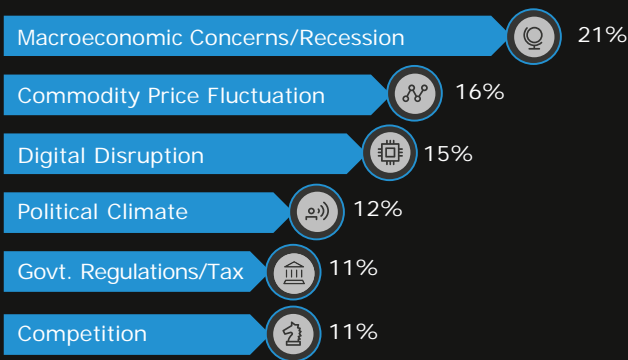
Effective price management is critical to unlocking profitable growth in these uncertain times

The US economy has gained significant strength over the last few years; however, macroeconomic and other external factors continue to drive uncertainty. As businesses look for ways to grow profitably in such times, pricing can be leveraged as one of the most effective tools.

Companies continue to look for profitable sales growth in these uncertain times

What is driving uncertainty in business?

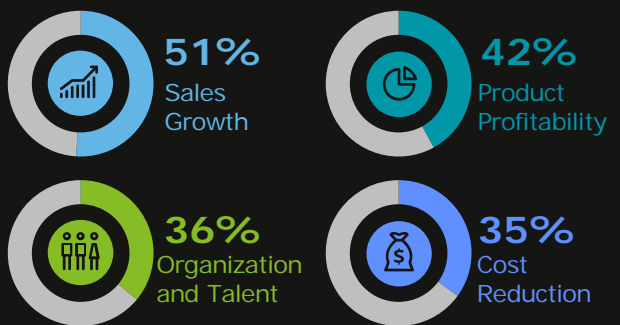
Uncertainty about the global economy and risk of a global recession continue to weigh heavily on the minds of executives



Note: Percentage of respondents indicating the risk to be amongst the top risks
Source: Deloitte Survey 2016, 210 executives from across Fortune 1000 companies

What are the top strategic priorities for companies?

Sales Growth and Product Profitability emerged as the top two strategic priorities for companies over the next 24 months

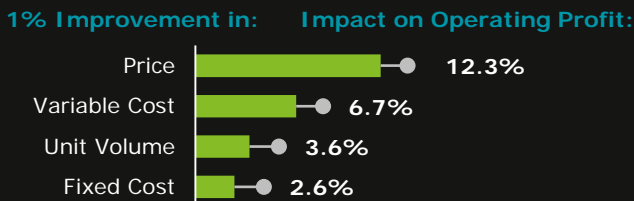


Note: Percentage of respondents indicating the area to be top strategic priority for their company
Source: Deloitte Survey 2016, 210 executives from across Fortune 1000 companies

Pricing is one of the most important levers to drive growth and profitability

What should companies do?

Among improvement actions companies may leverage in a downturn, pricing and profitability management can improve revenue quality and ensure that growth is profitable



Note: Impact estimate is based on the average Fortune 1000 company
Source: Compustat, Deloitte analysis

How should a B2B company react to this uncertainty?

Three considerations to keep in mind

- Customer Segmentation**
Understand the true value of each customer, and review/revise segmentation to increase sales with the "right" customers
- Price Structures**
Tweak the structure but don't lower it. Understand trade-offs in relation to price cuts and likely responses from competition
- Channel Strategy**
Maintain consistency in pricing across channels and continuously monitor profitability of channel partnerships