
Price Management

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Price Management

Strategy, Analysis, Decision,
Implementation

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Testimonials

“This book is truly state of the art and the most comprehensive work in price management.”

—Prof. Philip Kotler

Kellogg School of Management, Northwestern University

“This very important book builds an outstanding bridge between science and practice.”

—Kasper Rorsted

CEO, Adidas

“This book provides practical guidelines on value creation, communication and management, which is an imperative for businesses to survive in the coming era of uncertainty.”

—Dr. Chang-Gyu Hwang

Chairman and CEO, KT Corporation (Korea Telecom)

Preface

The title *Price Management* expresses our ambition to produce a book which is both grounded in theory and relevant in practice. The author team—an academic (Fassnacht) and a practitioner (Simon)—guarantees the desired integration of theory and practice.

State of the Art

This book is state of the art yet also looks into the future. Digitalization is penetrating all phases of the pricing process, from strategy and analysis to decision-making and implementation. The Internet and other new technologies (sensors, measurement, etc.) have led to a wealth of price management innovations which this book explores in detail. These include flat rates, freemium, pay-per-use, pay-what-you-want, new price metrics, two-sided price systems, negative prices, sharing economy, Big Data, artificial intelligence, and machine learning. Innovative payment systems and even cryptocurrencies are also having effects on price management.

The Integration of Theory and Practice Using Case Examples

We use real-world cases throughout the book to ensure the link between theoretical rigor and practical relevance. That is possible because we could draw on the vast and diverse experience of Simon-Kucher and Partners, the global market leader in price consulting. We have anonymized these examples whenever necessary to protect confidentiality.

Industry Orientation

It is easy to see price management as a basic discipline, similar to accounting or controlling and generally applicable across all sectors. But our decades of involvement in price management have taught us that the ways of framing and solving pricing problems are often industry-specific. Consumer goods, for example, are sold primarily through intermediaries (retailers), while industrial products are predominantly sold directly. The resulting pricing issues, strategies, and tactics in these sectors are very different. For this reason, we devote separate chapters to the respective price management issues in the consumer goods, industrial goods, service, and retail sectors.

Global Approach

This is *the* global book on pricing! We committed ourselves to a global approach throughout the book. Global competition means that companies around the world are confronted with similar price management challenges. In line with this global approach, we selected representative case studies and practical examples from around the world.

Target Audience

The integration of theory and practice makes this book equally relevant for students and academics as for entrepreneurs and managers. Price management is becoming more and more professionalized in companies around the world, with stronger engagement from senior management, all the way up to the CEO. We not only cover the role of price as a short-term profit driver but also show how companies can use price as a means to drive sustained increases in shareholder value.

Price management is taking up a larger portion of business studies. This is due in part to the Internet, which has massively increased price transparency, intensified price competition, and triggered more price wars. But at the same time, the Internet also increases value transparency. This dichotomy results in some surprising and highly asymmetric effects for the marketing instrument “price.”

We have many people to thank for their contributions to this book, and we call attention to them individually in the acknowledgments. But we are especially thankful to Anna-Karina Schmitz for her outstanding work as our project leader and to the associates of Simon-Kucher and Partners for their valuable support.

The preoccupation with price management dates all the way back to Ancient Rome. The Latin language uses the identical word for “price” and “value,” namely, the word “pretium.”

Pretium = Price = Value

That is the core equation of price management!



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Contents

1	Fundamentals of Price Management	1
1.1	Profit and Price	1
1.2	Definition of Price	5
1.3	Price and Management	6
1.3.1	Price as a Marketing Instrument	6
1.3.2	Understanding the Role of Price	10
1.3.3	Price Management as a Process	14
1.4	Knowledge Sources for Price Management	16
1.4.1	Macroeconomic Price Theory	16
1.4.2	Microeconomics	16
1.4.3	Marketing Science	16
1.4.4	Behavioral Economics	17
1.4.5	Brain Research	17
1.4.6	Price Consulting	17
1.4.7	Software for Price Management	18
1.4.8	Pricing Innovators	18
1.4.9	Popular Literature	18
1.5	The Legal Framework of Price Management	19
1.5.1	United States	19
1.5.2	European Union	19
1.5.3	Worldwide	20
1.5.4	Activities of the Antitrust Agencies	20
1.6	Current Trends in Price Management	21
1.6.1	Prices Are Penetrating Management Thinking	21
1.6.2	Price and Power	23
1.6.3	Price and Top Management	24
	References	26
2	Price Strategy	29
2.1	Goals	29
2.2	Price Management and Shareholder Value	35
2.3	Value and Price	40
2.4	Positioning	41

2.5	Approach	44
2.6	Price Positions	46
2.6.1	Luxury Price Position	46
2.6.2	Premium Price Position	53
2.6.3	Medium-Price Position	59
2.6.4	Low-Price Position	64
2.6.5	Ultra-Low Price Position	70
2.6.6	The Dynamics of Price Positioning	75
	References	81
3	Analysis: The Economics of Price	85
3.1	Introduction	85
3.2	Analysis of Price-Relevant Information	86
3.2.1	Cost-Plus Pricing	87
3.2.2	Customers	88
3.2.3	Competition	90
3.3	The Price-Response Function	92
3.3.1	Classification of Price-Response Functions	92
3.3.2	Price-Response Functions and Price Elasticity	93
3.3.3	Additional Forms of the Price-Response Function	99
3.3.4	Empirical Findings on Price Elasticity	102
3.4	Empirical Determination of the Price-Response Function	108
3.4.1	Surveys	108
3.4.2	Observations	128
3.4.3	Synopsis of Instruments	136
	References	139
4	Analysis: The Psychology of Price	143
4.1	Introduction	143
4.2	Traditional Psychology of Price	145
4.2.1	Prestige Effects of Price	145
4.2.2	Giffen Paradox	146
4.2.3	The Price as a Quality Indicator	146
4.2.4	Special Cases	149
4.3	Behavioral Pricing	150
4.3.1	Theoretical Basis	151
4.3.2	Behavioral Pricing Effects	157
4.3.3	Neuro-Pricing	166
4.3.4	Overall Assessment	167
	References	169
5	Decision: One-Dimensional Prices	173
5.1	Introduction	173
5.2	Categorization of One-Dimensional Pricing Processes	174
5.3	Rigid Pricing Processes	175

5.3.1	Cost-Plus Pricing	175
5.3.2	Competition-Oriented Pricing	176
5.4	Comprehensive Pricing Process	178
5.4.1	Break-Even Analysis	178
5.4.2	Decision-Support Systems	183
5.4.3	Mathematical Price Optimization	185
5.4.4	Price Optimization in Oligopoly	192
5.4.5	Reaction Hypotheses in an Oligopoly	198
5.5	Background Information	206
	References	207
6	Decision: Multidimensional Prices	209
6.1	Introduction	209
6.2	Price Differentiation	210
6.2.1	Market Segmentation as the Foundation for Price Differentiation	211
6.2.2	Theoretical Basis of Price Differentiation	214
6.2.3	Implementation of Price Differentiation	219
6.3	Price Decisions Across Products	238
6.3.1	Price Decisions for Product Lines	238
6.3.2	Price Bundling	246
6.4	Background Information	255
	References	255
7	Decision: Long-Term Price Optimization	259
7.1	Determinants of Long-Term Optimal Prices	259
7.1.1	Long-Term Objective Function	260
7.1.2	Long-Term Price-Response Function	260
7.1.3	Long-Term Cost Function	268
7.2	Long-Term Price Optimization	272
7.2.1	Rules of Thumb for Long-Term Price Decisions	273
7.2.2	Quantitative Optimization of Long-Term Prices	279
7.3	Long-Term Price Decisions and Relationship Marketing	286
7.3.1	Long-Term Price Decisions and Customer Acquisition	288
7.3.2	Long-Term Price Decisions and Customer Retention	289
7.3.3	Long-Term Price Decisions and Winning Back Customers	291
7.4	Background Information	294
	References	296

8	Price Management and Institutional Context	299
8.1	Price and Inflation	299
8.1.1	Varying Inflation Rates and Net Market Position	300
8.1.2	Inflation-Neutral Trend	301
8.1.3	Non-Inflation-Neutral Trend	301
8.1.4	Tactical Considerations on Price and Inflation	303
8.2	International Price Management	304
8.2.1	Problems and Practices	304
8.2.2	Price and Exchange Rates	308
8.2.3	Parallel Imports	314
8.2.4	Price and Government Intervention	321
8.2.5	Implementation in an International Context	324
	References	326
9	Implementation	329
9.1	Introduction	329
9.2	Responsibilities in Price Management	330
9.2.1	Definition of the Tasks	331
9.2.2	Allocation of Price Decision Authority	333
9.2.3	Price-Related Organization	336
9.2.4	The Role of the CEO	344
9.3	The Role of the Sales Force	348
9.3.1	Price Decision Authority of the Sales Force	348
9.3.2	Price-Oriented Incentive Systems	354
9.4	Price Communication	362
9.4.1	External Price Communication	363
9.4.2	Internal Price Communication	373
9.5	Price Controlling	374
9.5.1	The Price Controlling Function	375
9.5.2	IT Requirements	375
9.5.3	Tools for Price Controlling	376
	References	385
10	Price Management for Consumer Goods	389
10.1	Introduction	389
10.2	Vertical Price Management	390
10.2.1	The Manufacturer Sets Both Its Selling Price and the End Consumer Price	392
10.2.2	The Manufacturer Sets Only the Manufacturer's Selling Price	398
10.2.3	Manufacturer and Trade Partner Pursue Joint Profit Maximization	404
10.2.4	Distribution of Profit	406
10.3	Multichannel Price Management	410
	References	415

11	Price Management for Industrial Goods	417
11.1	Introduction	417
11.2	Analysis	419
11.3	Decision	421
11.3.1	Value-Based Pricing	421
11.3.2	Cost-Oriented Pricing	424
11.3.3	Auctions	426
11.4	Implementation	430
11.4.1	Price Negotiation	430
11.4.2	Price Contracts and Price Hedging	436
	References	440
12	Price Management for Services	443
12.1	Introduction	443
12.2	Analysis	447
12.2.1	Company Information	448
12.2.2	Customer Information	449
12.2.3	Competitor Information	452
12.3	Decision	452
12.3.1	Decision-Support Methods	452
12.3.2	Price Differentiation for Services	454
12.3.3	Yield Management	458
12.4	Implementation	464
12.4.1	Implementation of Differentiated Prices	464
12.4.2	Fixed Prices or Case-Specific Prices	465
12.4.3	Price Communication	466
	References	468
13	Price Management for Retailers	471
13.1	Introduction	471
13.2	Strategy	473
13.2.1	Price Positioning	473
13.2.2	Price Image	478
13.3	Analysis	483
13.3.1	Company Information	483
13.3.2	Consumer Information	484
13.3.3	Competitor Information	489
13.4	Decision	490
13.4.1	Setting Price Ranges	490
13.4.2	Price Decisions for Individual Items	491
13.4.3	Price Decisions and Assortment Effects	494
13.4.4	Decisions on Price Promotions	496

13.5	Implementation	501
13.5.1	Organizational Aspects	501
13.5.2	Controlling	503
13.5.3	Price Communication	504
	References	508
14	Innovations in Price Management	513
14.1	Pricing Innovations: A Historical Overview	513
14.2	Changes in the Price-Response Function Due to Increased Transparency	518
14.2.1	Price Transparency	518
14.2.2	Value Transparency	520
14.3	Innovative Pricing Models	522
14.3.1	Flat Rates	522
14.3.2	Freemium	525
14.3.3	Interactive Pricing Models	529
14.3.4	Pay-Per-Use	532
14.3.5	New Price Metrics	535
14.3.6	Two-Sided Price Systems	538
14.3.7	Negative Prices	539
14.3.8	Marginal Costs of Zero and the Sharing Economy	544
14.3.9	Innovative Payment Systems	546
	References	552
	Acknowledgments	557

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