



Economy Forces 85% of Marketing Professionals To Change Pricing Strategies

Of the more than 120 senior marketing professionals surveyed in April, a full 85 percent reported they had made changes to their pricing strategies due to the current economic downturn.

Greater Pricing Concerns, a Range of Responses

David Dell & Venu Chepur, the authors of the study, explain that while pricing properly is always near the top of the agenda for corporate executives, three-quarters of the respondents said pricing was of even greater concern this year. However, companies are reacting to the situation in a range of ways:

- Nearly 40% reported increasing their emphasis on **gaining customers**;
- One-third increased their effort to use pricing strategy for **holding customers**;
- 30% gave more attention to **passing on cost increases**;
- Only about 20% put more emphasis on **matching competitors' prices**.

(Note: some respondents reported increase in more than one area)

Flexibility May be Best Strategy

Companies are coming up with winning strategies to navigate these turbulent times by paying more attention to tactical responses and flexibility, as opposed to holding onto a fixed structure.

Survey results suggest that temporary measures work better than structural changes.

- Two thirds have decreased prices in response, and only one in 8 reported negative impacts;
- 60 percent tried temporary discounts while holding price schedules, with less than 5% negative impact;
- Of those who tried general price increases, almost 80 percent have reported negative impacts, but only 20 percent reported negative impacts from passing on temporary surcharges

Adding features & benefits to hold or increase prices worked much better than removing features to hold prices or lower prices.

- 60% reported they had upgraded their offering to avoid discounts and less than 5% found it hurt them;
- 30% of respondents tried cutting costs by removing features & benefits in order to hold margins and more than 60 percent of them reported this had negative impact.

Economic Uncertainty Breeds Caution in Pricing

Uncertainty in the economy has made companies more likely to extend price terms and match competitors than to guarantee future pricing.

- 40% have extended price terms and only one company has found it hurt them;
- 35% Offered to match competitor discounts, less than 10% negative;
- 25% provided future price guarantees

Our flash survey indicates there are many approaches that marketing professionals are making work in a chaotic economy. Balancing flexibility with a knowledge-based strategic framework enables businesses to use pricing as a powerful tool to achieve overall goals.

Dell Chepur Associates is an alliance of experts with deep experience in advising some of the best managed companies in the world to deal with the changing assumptions, accelerated response times, and subtle errors that cause conventional strategies to fail. Dell Chepur Associates has launched Intelligent Pricing™ focused on leveraging knowledge correctly to avoid risks and capture profit through better pricing.

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David Dell, PhD, has a unique background combining research, management consulting, and executive leadership. Through publications, conference presentations and news citations, he has been recognized as a thought leader in Sustainability, Outsourcing, M&A integration, HR, Corporate IT strategy, and other areas. As Research Director for the Conference Board, he transformed research from a cost center into a multi million dollar revenue stream and managed eighteen researchers on various management research projects. In the course of his business research experience he has authored or led some 200 research reports on Business best practices and trends. In his personal practice Dr. Dell serves on the boards of growth companies and non profit organizations, and is a trusted adviser to senior business leaders.

Venugopal Chepur (Venu) brings 20 years of Business Development & Strategy Consulting to the task of establishing & running businesses for phenomenal growth. He has honed his skills while working for a broad spectrum of start-ups, world-class organizations, Fortune 500, Big 4 - both as an Executive and Consultant. Through these experiences he has gained insights where to focus efforts and resources for competitive advantages to earn attractive profits. His assignments have included over \$1B in deals, 2 profitable Start-ups, creation and development of new market growth opportunities, business & revenue models for organic growth and M&A; strategic pricing, risk & cross-border operational efficiencies in B2C & B2B Services firms. In addition to his diverse education in Bio Sciences, Economics, Marketing & Finance (MS, MBA), research work in pricing and buying behaviors in emerging markets, courses in International Business and Information Technologies, he took global Leadership programs, and is committed to continuing learning.

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