

# ***Pricing to Win in a Chaotic Economy***

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The economy has been thrown into a chaotic state. Whether you sell goods, services, assets, or financing, you face new pricing challenges. How should you respond?

'Pricing to win' means using price to hold your customers and win new business.

Market turmoil upsets every trade-off to set sales targets, to acquire or extend credit, to anticipate both sudden surges in your costs and plunges in prices. Use this table to weigh your response to the challenges that apply to you:

<b>PRICE TRADE-OFF</b>	<b>CHALLENGE</b>	<b>RESPONSE</b>
<b>RISK vs. REWARD</b>	Every pricing decision faces swings in known risk and surprises where profit opportunities change or disappear.	Refocus on identifying and managing the risk elements of price rather than relying on profit targets and margins.
<b>CREDIT vs. CASH</b>	Financing dominates the market. Currency value, interest rates, credit, and liquidity limit your options.	Assess the impact of financing as a price lever. Use cash to buy low and credit terms to win business.
<b>KNOWLEDGE vs. TRUST</b>	A healthy market assumes a level-playing field of information. Fear of the unknown freezes decisions.	Pro-actively communicate challenges; apply the tools of crisis management to keep trust.
<b>PRICE vs. VALUE</b>	The perceived price to value ratio is tilted. Small differences in price outweigh big differences in value.	Identify price advantages where you compete on generic value; defend price where your value is special.
<b>FORECAST vs. FLEXIBILITY</b>	Buyers and sellers want predictability, but cannot agree on how to cap price, or commit to a floor.	Distinguish future commitments from current price and assure timely notice for price adjustments.
<b>LOYALTY vs. OPPORTUNITY</b>	Loyal customers become vulnerable under price and credit pressures. New wins may shop without commitment.	Segment the most valuable or 'at risk' customers to win or hold with special pricing and credit flexibility.

David Dell and Venugopal Chepur collaborate on strategy consulting engagements including pricing and sustainable profitability, and currently on a new executive guide to the 'Risks and opportunities in Pricing'. They welcome your comments and inquiries. Contact [david@daviddell.net](mailto:david@daviddell.net) [venuchepur@yahoo.com](mailto:venuchepur@yahoo.com)