Pricing for Profitability in the Information Age Learning Objectives

Key Takeaways
- Possess a solid understanding of classic pricing strategies, and inventive approaches that take full advantage of the rapid changes brought about by the information age
- Understand when and how to apply state-of-the-art frameworks for optimizing pricing decisions
- Master the essential techniques for making profitable pricing decisions

Session Objectives

Economic Value to Customers (EVC)
- Identify the flaws in cost-plus and market-share based pricing
- Understand the benefits, uses and steps for using EVC analysis to identify a maximum price for a market segment
- Explore effective techniques for influencing price sensitivity
- Identify the problems with a single price strategy and explore a variety price customization strategies -- by customer, location, time of purchase, quantity, and product design

How Cost Affects Price
- Explore the benefits, drawbacks and mechanisms of three pricing strategies -- cost-driven, revenue-driven and profit-driven
- Recognize the importance of evaluating pricing changes in terms of overall impact on firm profitability, which requires a deep understanding of both your customer and your cost structure

EVC Peer Exercise
- Calculate the EVC of one of your products or services for a specific customer segment
- Share perspectives and learn from peers

Price Discrimination and Dynamic Pricing
- Understand the value of price discrimination
- Explore case studies on a wide variety of practical price differentiation techniques
- Describe the value and methods used in dynamic pricing

Daily Take Homes
- Each day, synthesize the day's content, share insights and identify ways to apply new techniques in your business

Price War Case Study
- Identify how to coordinate to avoid ruinous price competition
- Explore a variety of principles and strategies the can occur when two entities compete over many periods
- Discover how to use the future to affect the outcome in the present
- Understand that effective pricing depends on an accurate understanding of the relative importance of your decisions, your competitors and your customers

*subject to change
Creating a Pricing Framework
- Develop creative pricing approaches that create value
- Understand how industry characteristics shape what kinds of approaches create value
- View creative pricing as a lever for value creation, rather than taking pricing structures as a given

Revenue Management Simulation
- Understand, through simulation experience, how price sensitivity varies by customer segment
- Understand how to segment customers by differentiating the product/service offering and pricing in a way that reflects the targeted segments

An Analytical Framework for Strategic Pricing: Service Pricing Case Study
- Learn how to think strategically in pricing
- Understand and use a variety of metrics for optimizing pricing

Pricing Case Studies
- Explore real business cases that illustrate the role and best practices of pricing strategy in supporting business and customer strategies

Price Contract Negotiation Exercise
- Learn how to analyze and prepare for a negotiation
- Understand how to negotiate price in a high-stake B2B transaction
- Practice and improve your negotiation skills
- Evaluate the long-term effects of negotiated outcomes

Value Creation in Business to Business Pricing
- Understand that value creation and capture depend crucially on price setting up and down the supply chain
- Experience a simulation to discover a framework for creating/capturing value in supply chains

Pricing Experiments and Willingness to Pay
- Compare the benefits and limitations of a variety of pricing experimentation techniques to obtain precise, incentivized customer valuations—crucial for pricing new products
- Discover the value of the willingness to pay (WTP) discovery technique as a backbone for obtaining the data necessary for optimal pricing strategies
- Learn how to implement powerful truth-telling techniques both to pinpoint the overall WTP and obtain precise estimates of the value of a product’s positive and negative differentiators
- Describe the role WTP can play in discovering consumer segments and their relevant willingness to pay for product attributes—data crucial for effective bundling, versioning, or other price discrimination strategies

Answers to Your Questions
- Engage with expert faculty to gain answers to the most challenging pricing questions that affect your business

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