

to tariffs) can help maintain customer trust and prevent sales erosion.

- **Lock-in fuel contracts:** Companies with significant energy needs, such as those in transportation or manufacturing, should consider securing fixed-price contracts with energy suppliers early in 2025 to hedge against price volatility.
- **Negotiate forward contracts where possible:** To protect against fluctuations in input costs, agricultural companies may benefit from forward contracts for essential supplies like fertilizers, seeds, and equipment.
- **Shift energy to domestic markets:** With the risk of retaliatory tariffs looming, several sectors, including agricultural companies, may need to pivot to domestic markets if international demand weakens due to trade barriers. Developing local distribution networks and pricing strategies

to appeal to U.S. consumers can help offset reduced export volumes.

- **Emphasize Aftermarket and Maintenance Services:** Higher prices on high-ticket items and capital expenses may drive more customers to retain products longer, increasing demand for maintenance. Manufacturers should strengthen their aftermarket parts and services offerings, which can become profitable buffers to offset production cost increases.
- **Enhance Pricing Analytics and Forecasting:** Advanced pricing analytics, powered by market conditions and input costs data, will be crucial. Companies can invest in predictive analytics tools that enable data-driven decision-making and facilitate rapid adjustments in pricing to respond to cost fluctuations.

By taking proactive steps in these areas, companies can better manage the anticipated cost pressures and ensure they

are strategically positioned to adjust pricing as required for January 2025. These preparatory measures aim to provide resilience in pricing structures, protecting profitability amid potential volatility.

* *Research for this paper was done in collaboration with ChatGPT*

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The Future of Pricing as a Scientific Discipline

by: **Stephan M. Liozu, Ph.D.**

The future of pricing as a discipline is shifting beyond traditional strategies, embracing new technological and analytical approaches. In this article, the author reflects on the various possible avenues the pricing discipline could take to become much more mainstream than it is today. Stephan M. Liozu, Ph.D. is the Chief Value Officer of Zilliant (Stephan.liozu@zilliant.com). Stephan has 30 years of experience in the industrial sector with companies like Owens Corning, Saint-Gobain, Freudenberg, Ardex, and Thales. Stephan specializes in pricing transformations, pricing ROI, and value-based pricing. He has authored and edited 15 books on value and pricing management. Stephan sits on the Board of Advisors of Professional Pricing Society.



The future of pricing as a discipline is shifting beyond traditional strategies, embracing new technological and analytical approaches. As industries evolve, pricing must expand its scope to integrate with commercial excellence, revenue

management, revenue intelligence, business analytics, and artificial intelligence (AI). Each of these avenues offers distinct advantages for businesses seeking to optimize pricing and revenue strategies in increasingly complex and competitive markets. So, where

is pricing going? Will it be called pricing in the future? This essay is a reflection on the various possible avenues the pricing discipline could take to become much more mainstream than it is today.

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1. Commercial Intelligence

Commercial intelligence provides a comprehensive framework for businesses by combining pricing insights with broader commercial factors such as market conditions, competitive landscape, and customer behaviors. The key advantage of commercial intelligence is that it allows pricing professionals to understand not just how a product is priced, but how that price fits into the overall market ecosystem and commercial process.

This approach encourages businesses to look at pricing as part of a larger commercial strategy. By incorporating competitor analysis and market trends, companies can make data-driven decisions that align pricing with their overall market position. Furthermore, commercial intelligence helps bridge the gap between different departments, fostering collaboration across sales, marketing, and finance. Pricing, in this context, becomes an integrated part of broader commercial excellence efforts, which seek to improve customer outcomes, increase market share, and boost profitability.

2. Revenue Management

Revenue management is another avenue where pricing can drive significant value, especially in industries with fluctuating demand and variable costs. At its core, revenue management is about maximizing income by adjusting prices based on real-time demand, ensuring that businesses capture as much value and sales as possible during periods of high demand while also optimizing capacity during slower times.

The benefit of revenue management is its ability to balance supply and demand with

pricing strategies. For instance, in industries like manufacturing or distribution, companies can use this approach to adjust prices dynamically, ensuring they are always aligned with current market conditions. By adopting revenue management techniques, businesses can protect margins, avoid pricing inefficiencies, and ensure that capacity is used in the most profitable way.

AT ITS CORE, REVENUE MANAGEMENT IS ABOUT MAXIMIZING INCOME BY ADJUSTING PRICES BASED ON REAL-TIME DEMAND, ENSURING THAT BUSINESSES CAPTURE AS MUCH VALUE AND SALES AS POSSIBLE DURING PERIODS OF HIGH DEMAND WHILE ALSO OPTIMIZING CAPACITY DURING SLOWER TIMES.

3. Revenue Intelligence

Revenue intelligence goes beyond pricing to provide a holistic view of how companies generate and sustain revenue. This approach integrates data from sales, marketing, and customer interactions to create a comprehensive picture of the customer journey and its impact on revenue. By focusing on the entire revenue lifecycle, revenue intelligence enables businesses to optimize every touchpoint that affects pricing, from acquisition to retention.

For pricing professionals, revenue intelligence provides a deeper understanding of how pricing influences long-term customer value. This perspective helps companies make more informed pricing decisions, tailoring their strategies not just for immediate profits but also for long-term revenue growth. By aligning pricing with broader revenue

intelligence insights, businesses can implement more effective strategies that capture value across the customer lifecycle.

4. Business Analytics

Business analytics offers a powerful toolkit for pricing professionals by enabling data-driven decision-making. With descriptive, predictive, and prescriptive analytics, companies can assess past performance, anticipate future trends, and optimize pricing strategies based on empirical evidence.

Business analytics is particularly valuable in complex and high-volume industries where historical data can reveal important insights about customer behavior, pricing elasticity, and competitive dynamics. Through tools like price waterfalls and driver analysis, businesses can pinpoint the factors affecting their margins and make informed adjustments to their pricing models.

For example, companies can use descriptive analytics to analyze past pricing decisions and assess their impact on profitability. Predictive analytics allows businesses to forecast future outcomes based on past data, helping them stay ahead of market trends. Finally, prescriptive analytics provides actionable recommendations, ensuring that pricing strategies are aligned with business objectives and external conditions. This three-tiered approach to business analytics makes pricing more precise, adaptable, and ultimately profitable.

5. Artificial Intelligence

AI offers one of the most transformative opportunities

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for the future of pricing. With the ability to process vast amounts of data and generate real-time pricing insights, AI enables companies to implement dynamic pricing strategies that adjust prices based on demand, competitive pressures, and customer behavior.

The advantage of AI-driven pricing lies in its agility and precision. AI can automate complex pricing decisions, ensuring that companies remain competitive and profitable in rapidly changing markets. By analyzing customer preferences, purchase history, and external factors like market trends and competitor pricing, AI can recommend the optimal price at any given moment, maximizing revenue and margin potential.

In addition to dynamic pricing, AI can also assist with personalization. By leveraging machine learning algorithms, companies can tailor their pricing strategies to individual customers, offering discounts or premium pricing based on customer segmentation and purchasing behaviors. This level of customization not only improves customer satisfaction but also drives higher revenue by aligning pricing with customer willingness to pay.

How do we know which avenue is the most promising?

The future of pricing is likely to be shaped by a combination of market demands, technological advancements, and business strategies. Here are the key factors that will influence the path pricing takes among potential avenues:

1. Market Evolution and Customer Expectations

Customers are becoming more informed and expect prices to reflect the value they perceive.

As businesses aim to satisfy this demand, value-based pricing will gain prominence, with an emphasis on commercial intelligence. Companies that integrate market and competitive insights into their pricing strategies will be more likely to thrive. This trend will push pricing into a role closely aligned with commercial excellence, where cross-functional teams collaborate to optimize customer value. In B2B sectors, revenue management will continue to be vital, especially in industries with variable demand, where the need to balance price with supply is critical. This will be important in sectors like manufacturing and services, where capacity utilization and inventory management are key to profitability.

THE FUTURE OF PRICING IS LIKELY TO BE SHAPED BY A COMBINATION OF MARKET DEMANDS, TECHNOLOGICAL ADVANCEMENTS, AND BUSINESS STRATEGIES.

2. Technology and Automation

Technological advancements, especially in AI and business analytics, are revolutionizing pricing by enabling dynamic and personalized pricing strategies. The ability of AI to process massive data sets in real time allows for the rapid adjustment of prices based on demand, competition, and customer behaviors. AI will be particularly influential in e-commerce and industries where rapid responses to market changes are critical. AI-driven pricing models are becoming increasingly sophisticated, allowing for real-time pricing adjustments based on predictive analytics and demand forecasting. In industries like retail and consumer goods,

this level of agility will be crucial to maintaining competitiveness, especially in digital marketplaces where pricing transparency is high.

3. Data Integration and Revenue Intelligence

As businesses focus on revenue intelligence, they are looking for a holistic understanding of how pricing affects the entire customer lifecycle. By integrating data from sales, marketing, and finance, revenue intelligence provides insights that allow for better alignment of pricing with broader revenue goals. This shift is especially important in subscription-based models or industries where customer retention is key to profitability. Revenue intelligence will likely drive the adoption of more sophisticated pricing software, allowing businesses to understand and optimize pricing at every stage of the customer journey. This may also spur the development of new pricing roles, such as pricing analysts becoming more integrated with revenue operations and strategic planning.

4. Integration with Business Strategy

As companies focus more on achieving commercial excellence, pricing will be seen as a key lever for driving overall business performance. This will involve a closer alignment between pricing, sales, marketing, and product development teams, ensuring that pricing decisions are not made in isolation but as part of a broader strategy to enhance customer value. The future of pricing will also require pricing professionals to become more strategic, using pricing to differentiate products, drive profitability, and deliver

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long-term value. This strategic focus will likely make pricing an integral part of commercial intelligence systems, where decisions are data-driven and tailored to specific market conditions.

5. Customization and Personalization

Personalization is becoming a key trend across industries, and pricing is no exception. AI-powered personalization allows businesses to offer customized pricing based on individual customer preferences, behaviors, and willingness to pay. This trend is particularly evident in industries such as retail, where dynamic pricing models can be adapted to meet the needs of different customer segments in real time. Businesses that can leverage AI and machine learning to personalize pricing will have a significant competitive

advantage, especially as customer expectations for tailored experiences continue to rise.

Conclusion: Which Avenue Will Lead the Future?

I often worry about the future of pricing. Can we survive as a profession or a science? Will pricing get absorbed by another field with more attractiveness and better perception? I pay close attention to pricing scientists, software providers, and trend setters. I believe the future of pricing will not be decided by a single avenue but rather by how businesses integrate elements of all these approaches. It will certainly be different in B2C versus B2B. In B2C, AI and business analytics will be key enablers, providing the data and insights needed to drive dynamic, personalized pricing. In B2B, revenue management and commercial intelligence will

be essential in industries where price sensitivity and market conditions fluctuate frequently. Finally, revenue intelligence and commercial excellence will help ensure that pricing is aligned with broader business objectives, optimizing long-term revenue and customer satisfaction.

Ultimately, the avenue that dominates will depend on the industry and its specific needs. Businesses with a strong emphasis on technology and real-time pricing may lean heavily on AI and dynamic pricing models, while those in B2B sectors may focus more on value-based pricing, revenue management, and commercial excellence to maintain competitive advantage. In general, pricing professionals will need to be adaptable, incorporating tools and strategies from each avenue to meet the evolving demands of the market. Quite a complex equation to solve indeed!

Price Elasticity: Are Retailers Being Savvy With the Stretch?

by: **Andrea Bonato**

Andrea Bonato (abonato@alixpartners.com) works with corporate clients and portfolio companies of PE investors to drive revenue and profit growth through strategic change and commercial transformation. He applies customer insights and business analytics to enhance the value proposition and develops the capabilities to deliver sustainable results. His main experience is in consumer and Technology, Media, and Telecommunications (TMT) sectors, where he has worked as a consultant as well as in management roles both in the UK and internationally. Andrea holds an MBA from INSEAD (France) and a BA in Economics and Management from Bocconi University (Italy).



The apparent simplicity of a single product price for potential customers to consider belies the science behind the digits on display.

Consumer and business budgets have been severely tested in relation to recent inflation and interest rates increases and supply

chain challenges, bringing the construct of price elasticity into sharper focus.

So, when these macro, social, and industrial economic components collide, have organizations really understood how much stretch they have in what they are selling?

Pricing in retail businesses can be difficult. Usually, it entails setting price points for hundreds or thousands of products across many sites and different channels. Growing investment in Data Science capabilities has given greater hope to senior managers

▶ CONTINUED ON PAGE 8