



## Balancing Price With Customer Strategy

From a traditional pricing perspective, the relationship between sales organizations and customers often is predictable: the organization may want to get the maximum profitability from the price and the customer usually wants the lowest price possible.

But this view can limit the growth of the customer relationship. By taking into consideration what customers value and aligning that knowledge with pricing, organizations will create greater pricing optimization.

Sarvajna Kazi, vice president of strategy and solutions at Vistaar, says that pricing essentially should include a combination of customer value levers. "Customers may value low price, but they may also value delivery, flexibility, technical competence, support in services, and a single point of contact," he says.

A common challenge, he explains, is insufficient access to an organization's data to determine those customer preferences. He says that putting transactional information, customer history, and customer intelligence into the hands of sales reps will be beneficial to both parties. "If you're a field person, you want to look at things like, 'What has this customer bought before?' and 'Should we provide special financial assistance?'"

According to Kazi, many companies can't answer these questions. They're hampered by a

lack of sophisticated analysis to help them understand the current selling environment and customer objectives. "Most companies have made good progress from a historical perspective. We're starting to reach that next level of sophistication and are now beginning to have a forward-looking view rather than a backward one," Kazi says.

Jon Petrucelli, director of CRM, Microsoft Dynamics National Practice at Hitachi Consulting, says another common obstacle that prevents companies from optimizing prices is legacy systems that can't produce dynamic pricing. But he's seeing increasing modernization geared toward maintaining pricing logic, with more companies evolving by wrapping a new CRM system around an old legacy system to make pricing more dynamic. "We're also seeing a lot of companies providing sales teams with their own system that is flexible on the front end, but integrates with the back end," he says. These deployments will give reps greater information access and accurate customer information necessary to optimize pricing.

Dana Henriksen, vice president of solutions and delivery at FPX, says that many companies are still using spreadsheets and different applications to try to cobble together the data. Additionally, prices in complex selling environments are always changing. Being able to move that information expeditiously to the distributors in the field remains a struggle. "They're using antiquated applications and they don't have the technology," he says.

He says that, ideally, organizations need a balanced selling approach—aligning what the customer is looking for with the focus of the organization. This approach is more common in complex selling environments like discreet manufacturing and medical equipment. "It's about simplifying [pricing] for the customer and balancing that with what's best for the company," he says.

Although many organizations are impeded by archaic systems, Henricksen says that he's noticing a maturation occurring in pricing. More organizations, he says, are analyzing a defined data set, and while the sales rep is creating the proposal, they're pulling the right product, pricing it correctly, and bundling tailored solutions. "That's where I think [dynamic pricing] is going," he says.

Leads360 Founder Jeff Solomon adds that higher conversion rates come down to providing a good experience to the customer and being relevant and accurate with the messaging around the sale. The consumers who will remain loyal are the ones who organizations tell very clearly what they're getting into with the sale. He says, "The more the consumer is educated on specifically what they're getting...the more comfortable they will be opening their [wallets]."