



PROS Global Headquarters, Houston, Texas

# Pricing – An Evolving Discipline

## Trends in B2B Pricing

**Josh Bardell**  
*Principal Strategic Consultant*

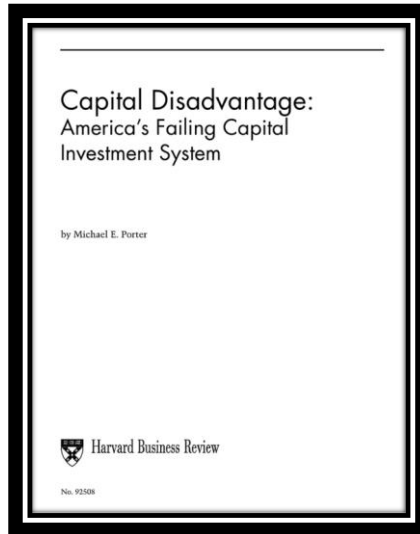
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# Big Pricing Ideas

## The Start of a Pricing Evolution

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## Fall 1992: One of the most download HBR articles



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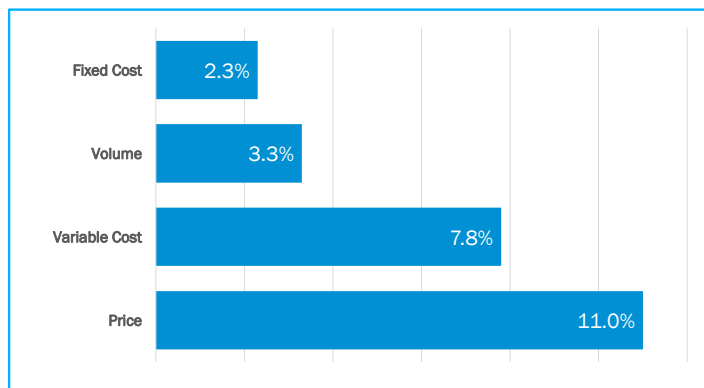
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## Big Idea #1: Price is the Most Powerful Profit Lever



**1% Improvement  
in...**

**...Creates operating  
Profits Improvement of**



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\*Based on average economics of 2,463 companies in Compu stat aggregate. Source: The Price Advantage

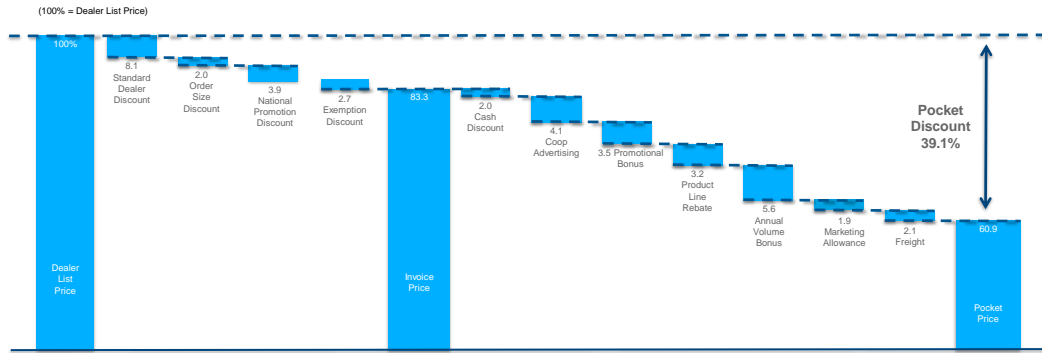
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## Big Idea #2: Measure the Right Price



### Tech-Craft Gave a Pocket Discount of 39.1% After Waterfall Elements



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Source: The Price Advantage 5

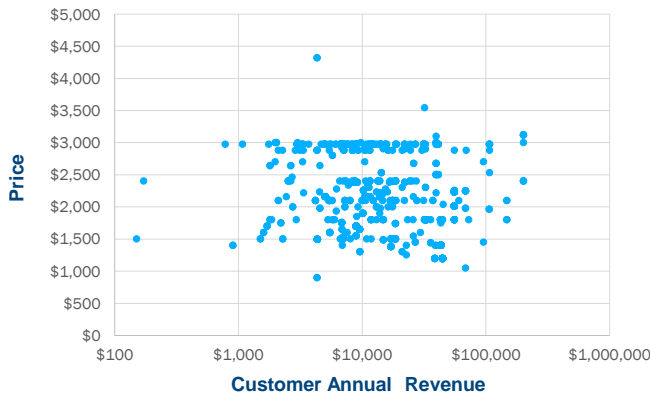
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## Big Idea #3: Variation without Rationality Circa 2000-2010



### Rental Equipment: Deploy Best Practices to Address Variability

Item #123



#### Typical reaction:

- Apply analytics to the problem
- Reduce authority levels
- Control with organizational structure (centralized pricing)
- Apply 6 Sigma

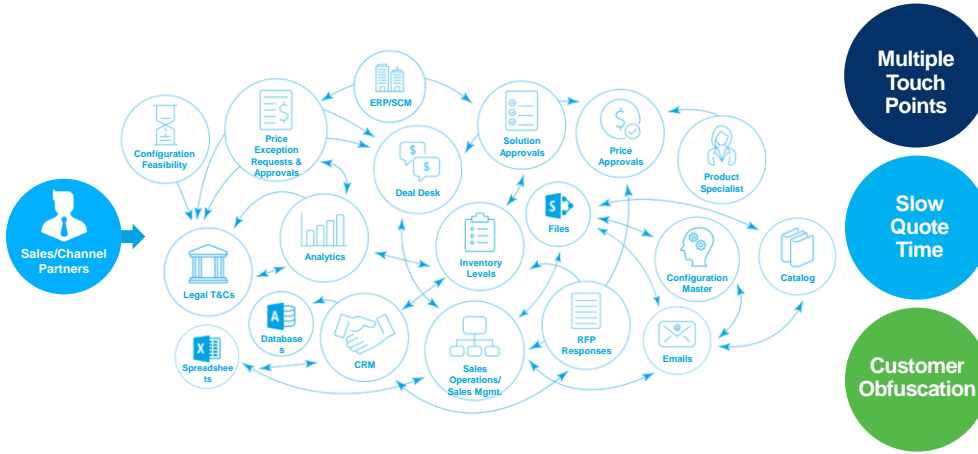
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# Typical Response to Big Idea #3

Circa 2016

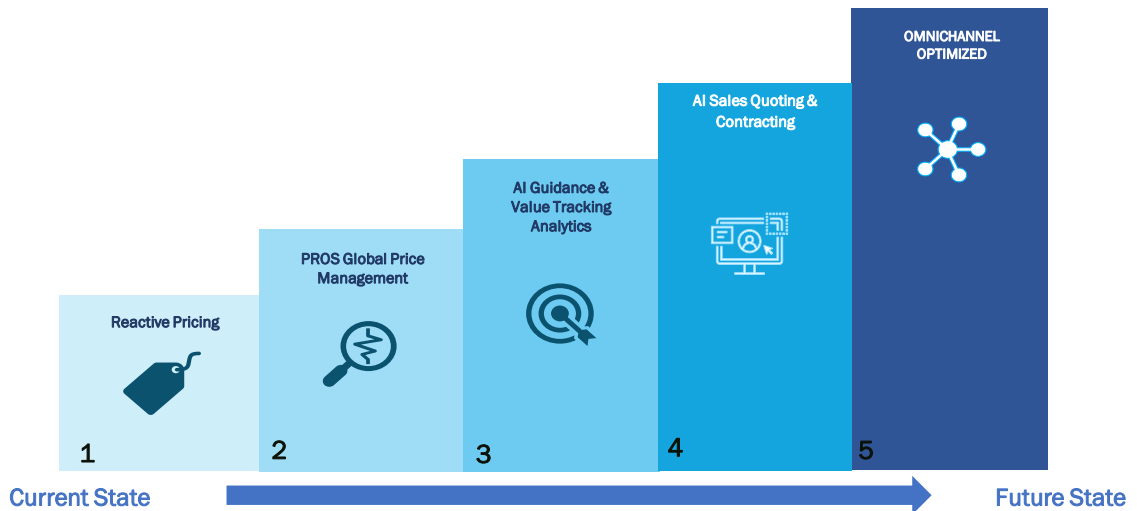


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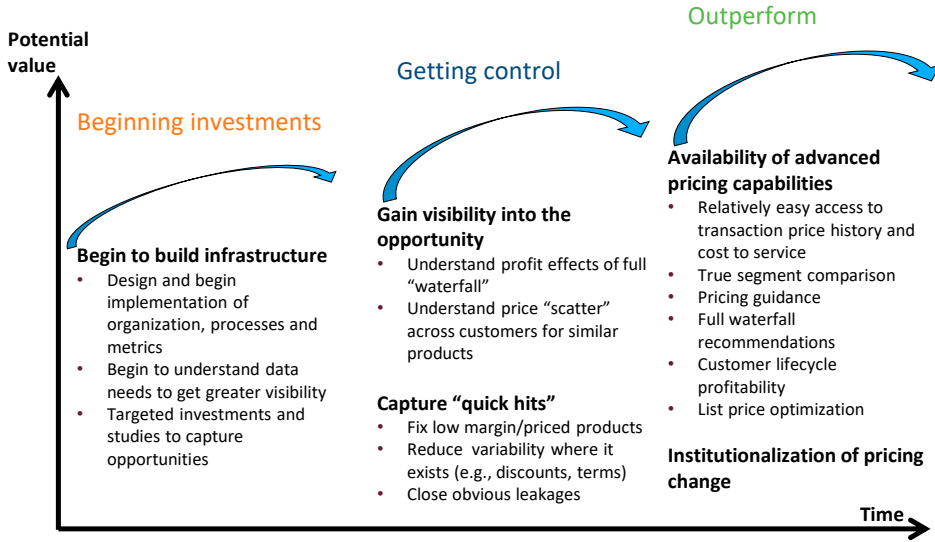
# Pricing Evolution in 2024



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# Typical Pricing Maturity Evolution

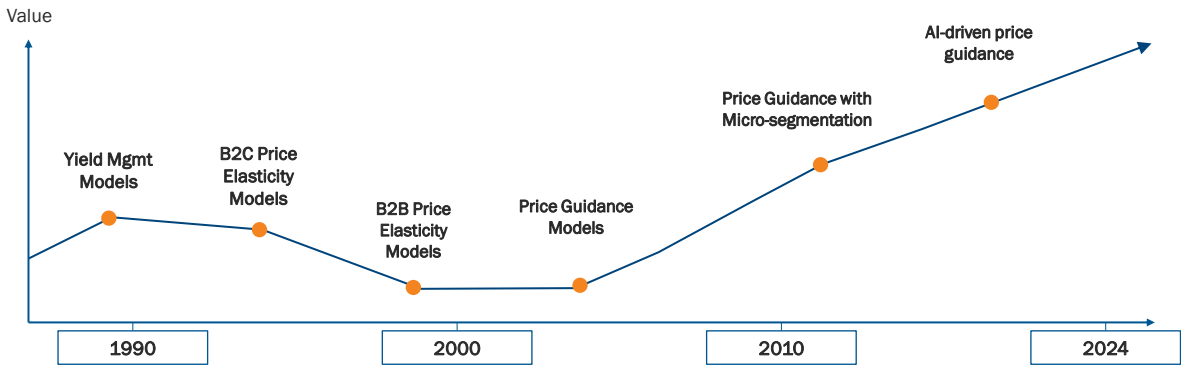


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# Big Idea #4: Apply Science to Optimize Pricing



- Focus on short-term margins, sometimes at the expense of future sales
- Pricing as an independent silo
- Focus on sales growth, loyalty, and retention for long-term profitability
- Pricing as an integrated part of sales & marketing

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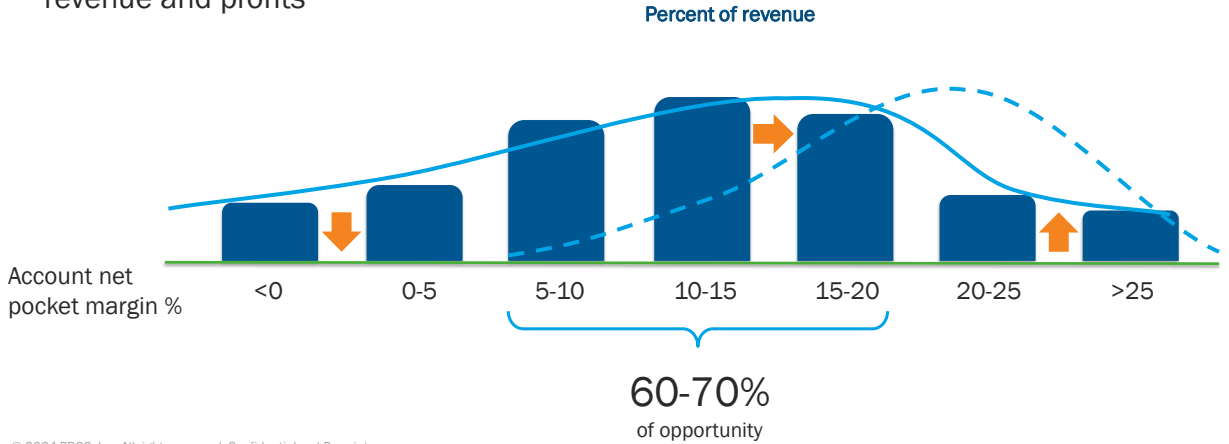
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# Why was Big Idea #4 – “Super Big”?



**Overall goal:**  
Move the curve and increase revenue and profits

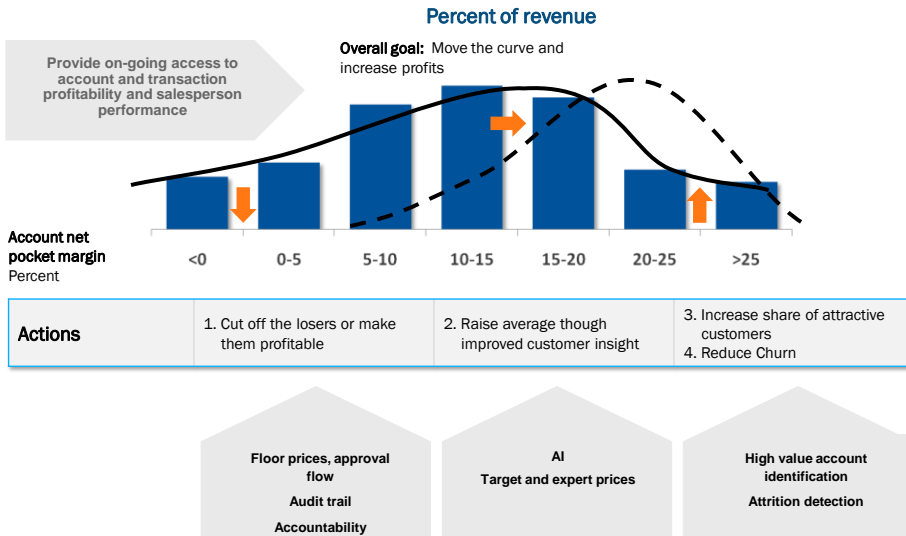


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# Pricing Tools are Key



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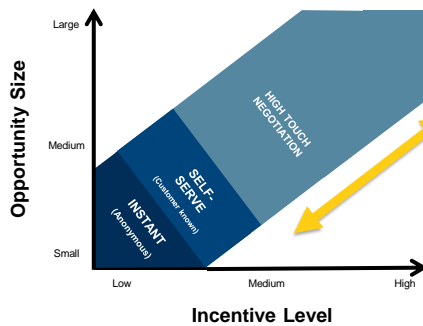
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# The New Buyer

## Implications for pricing

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## Existing Companies Make Frictionless Buying Difficult



Over-reliance on "high touch"



Complicated and Long

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## Companies and Buyers Lens Differs



Of companies believe they deliver “super experiences”

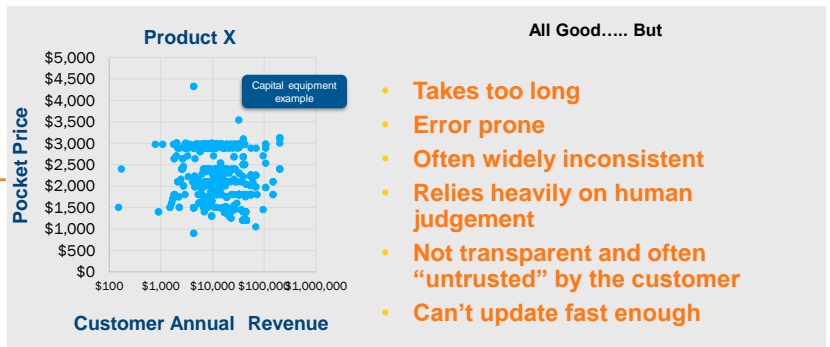


Of customers agree

## Traditional Pursuit of Market-relevant Pricing Takes Too Long

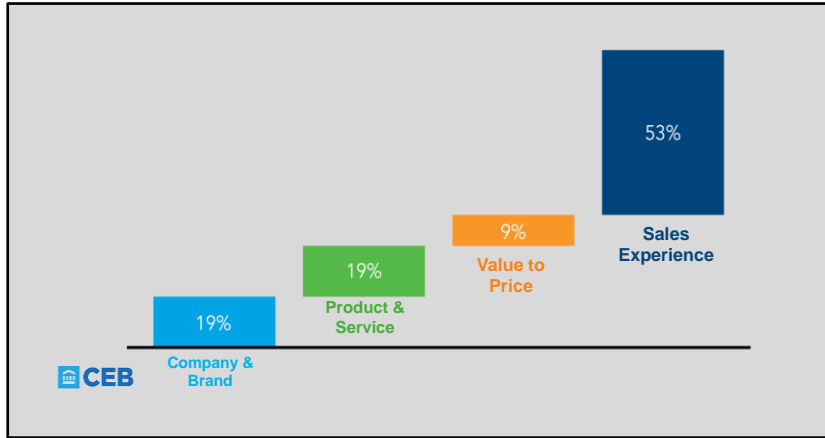


- Finance**
  - Company financial performance
- Marketing**
  - Competitive positioning
  - Customer trends
  - Value / Technology
- Sales**
  - Local customer knowledge
  - Experience, negotiation skills
  - Incentives
- Pricing**
  - Price/ASP targets
  - Visibility (tools/metrics)
  - Process Integrity
  - Synthesized knowledge





## Buyer Change #1: Sales Experience is the New Key to Revenue Growth

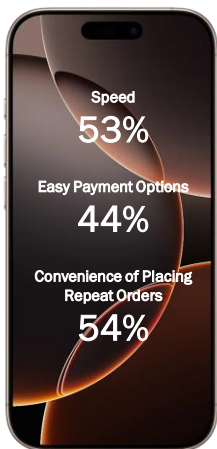


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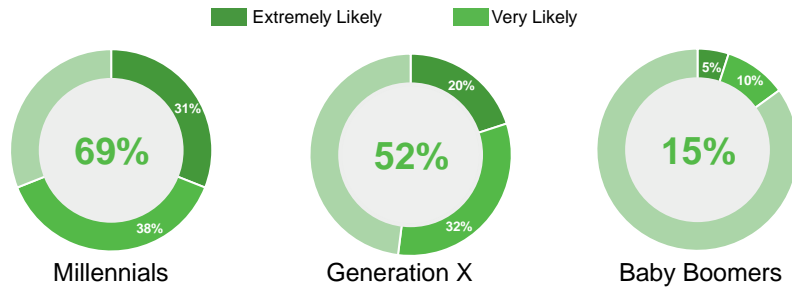
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## Buyer Change #2: Convenience is a Competitive Differentiator



How likely would you be to move your business if you could order via a mobile app?



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Source: UPS Industrial Buying Dynamics Study, 2017

Source: Gartner

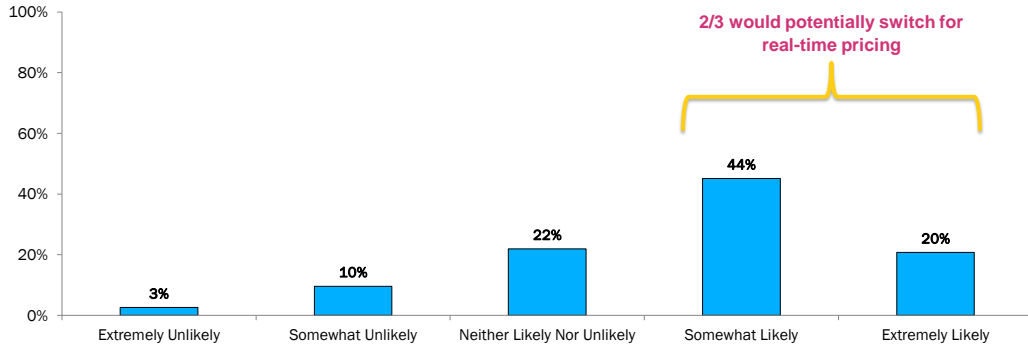
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## Buyer Change #3: Sellers Who Do Not Provide Real-time, Personalized Pricing, They Face Challenges



How likely would you be to switch to another vendor that incorporated real-time, personalized pricing based on your buying history? N=1053

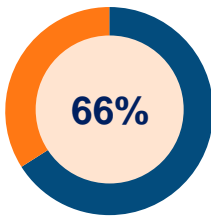


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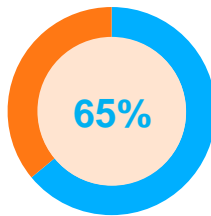
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## Buyer Change #4: Buyers Trust Algorithms



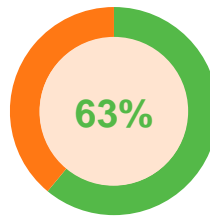
of buyers describe data science driven pricing as

**FAIR**



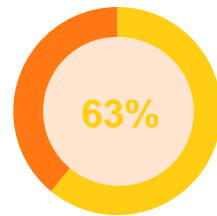
of buyers describe data science driven pricing as

**BENEFICIAL**



of buyers describe data science driven pricing as

**TRUSTWORTHY**



of buyers describe data science driven pricing as

**PREFERRED**

• *Sophisticated vendors sometimes use data science to price quotes to ensure that they have optimized your offer by accounting for current market conditions, inventory levels, your purchase history, and cost changes. Please rate your feelings toward a vendor's use of this approach to price your desired products and services. (N=1053)*

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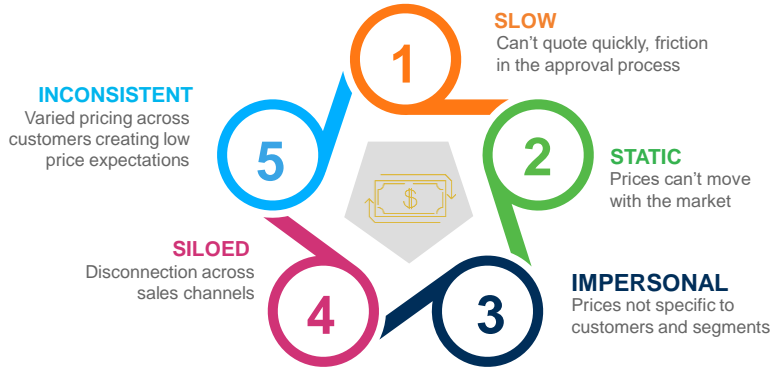
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# The Risk to Your Business of Traditional Processes



Money left on the table, reduction in win-rate and downward price pressures.



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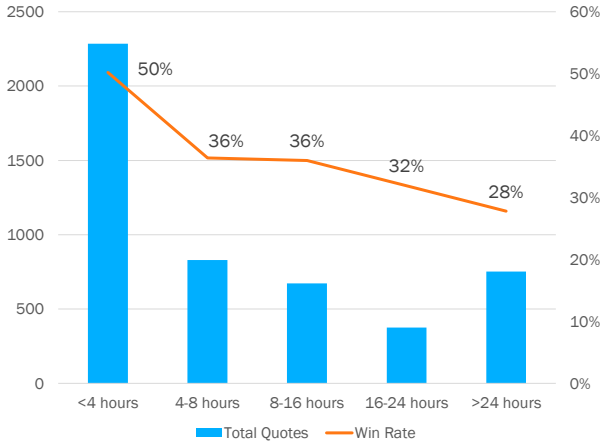


# Win at Pricing

## New Pricing Capabilities Required to Win

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## Faster Quote Turnaround Times Drive Higher Win-Rates



High Tech Manufacturing Example

>40% reduction in win-rate for quotes over 24hours

“ ” 50% of buyers choose the vendor that responds first.

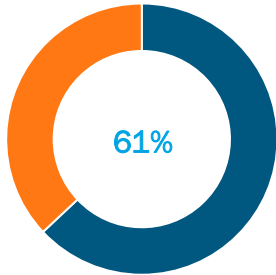
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## New Requirements to Win at Pricing

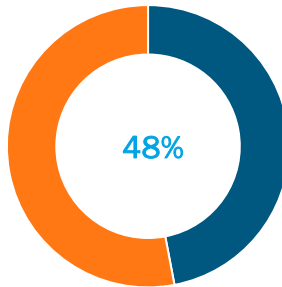


- Focus on speed
- Segment processes for no-touch, low-touch and high-touch
- Build trust in the AI
- Embrace variable pricing
- Build the right pricing organization

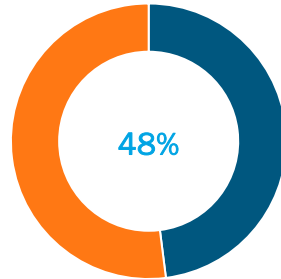
## Action #1: Focus on Speed



Would pay **1% more** for instant pricing information



Would pay **3% more** for instant pricing information

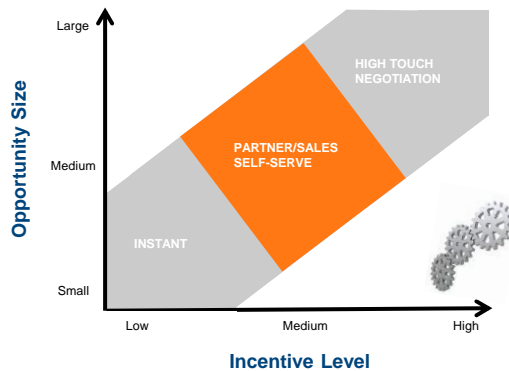


Would pay **5% more** for instant pricing information

## Action #2: Segment your pricing process



Enabling Better Allocation of Deal Review Resources

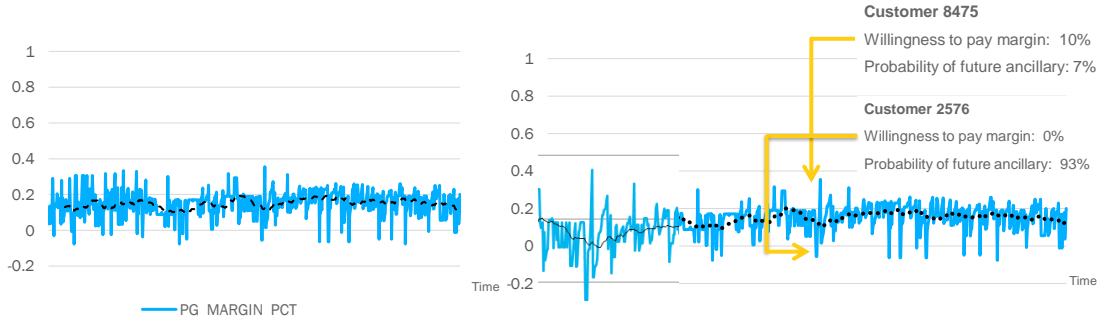


### Action #3: Build trust in the AI



AI-driven Price Guidance over time appears to be random

However, AI captures willingness to pay, and probabilities for getting ancillary business

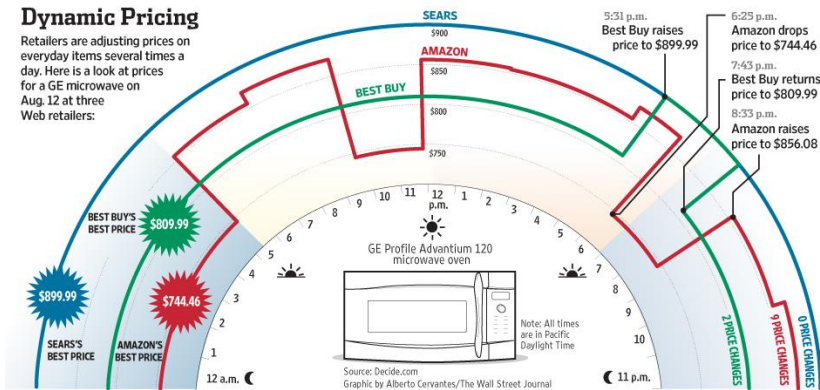


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### Action #4: Embrace Variable Pricing



Maintaining Competitive Pricing is #1 Concern for Buyers Shifting to Digital



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## Action #5: Build the Right Pricing Organization



### Traditional

- Protects pricing/margin
- Creates controls to manage, monitor and execute pricing
- Creates pricing models to match price to value
- 80% price execution, 20% strategy

### Digital Commerce

- Enables nimble market pricing
- Helps transition to no-touch pricing
- Implements repeatable, largely self-running dynamic pricing model
- Continuous ideation and testing of pricing strategy

## Winning B2B Selling Model – Ideal State for Pricing’s Role



Price Consistency



IN-PERSON



PHONE



WEB / MOBILE



DISTRIBUTION

Price Experience



SIMPLE/QUICK



CONFIGURABLE



RELEVANT

Digital Infrastructure Required



USER EXPERIENCE



SOPHISTICATION



SCALE

Sub-second response

## The Brave New World



- Pricing is **central** to an organization's ability to thrive
- Buyers demand more – **faster, easier**, more **personalized**
- But – They are **willing to pay** for it
- Things are going to move faster, but the **technology** and **practices** are evolving
- As **AI** is part of your **future**, just like everyone else

Contact: [jbardell@pros.com](mailto:jbardell@pros.com)

**AI WILL NOT REPLACE YOU.  
A PERSON USING AI WILL**

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