



A Strategic Approach for Value-Based Pricing



Indrajit Sahoo

I am here on a mission to align pricing with customer needs

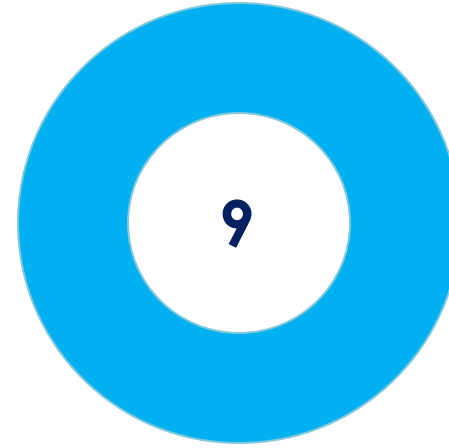


LinkedIn Indrajit Sahoo

Top management voice & Top
1% Sales professional in
healthcare industry



Experience

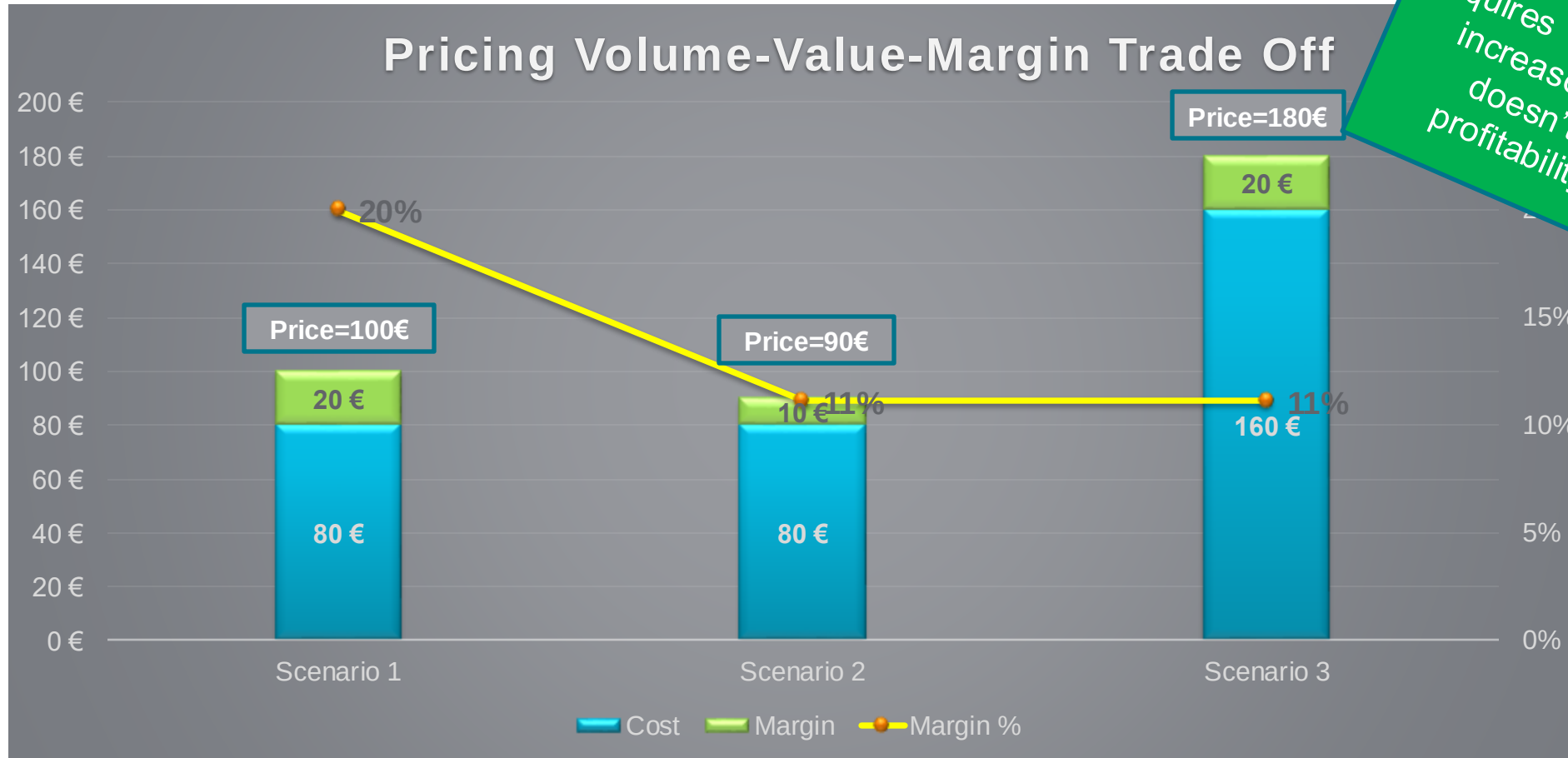


Countries



Degrees

Importance of Pricing Strategy & Future Growth



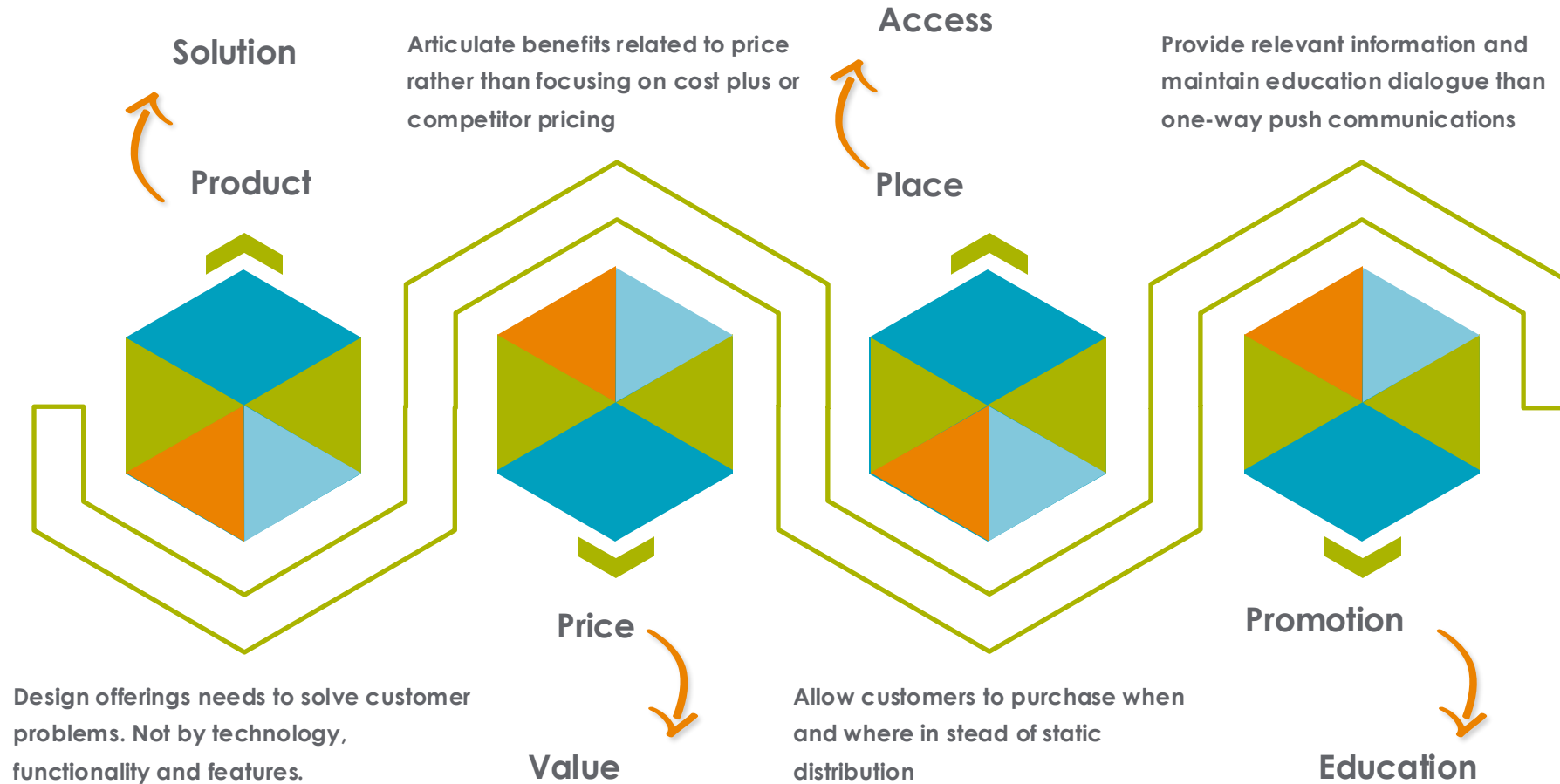
10% price decrease
requires 100% volume
increase; But still
doesn't solve
profitability topic

Profit = $1 \times 20\text{€} = 20\text{€}$

Profit = $1 \times 10\text{€} = 10\text{€}$

Profit = $2 \times 10\text{€} = 20\text{€}$

Be a Pain Killer in Pricing, not a Vitamin



Strategic pricing is setting product's price based on the product's value to the customer, or on competitive strategy

1. Value creator

- Directly captures customer value and turns that value into shareholder value (revenue & market)
- Helps to mitigate revenue leaks internally and external touch points
- 1% price improvement results in an 11.1% increase in operating profit*
- 10% price discount requires 100% of sales volume appreciation to maintain same profit revenue



2. Value communicator

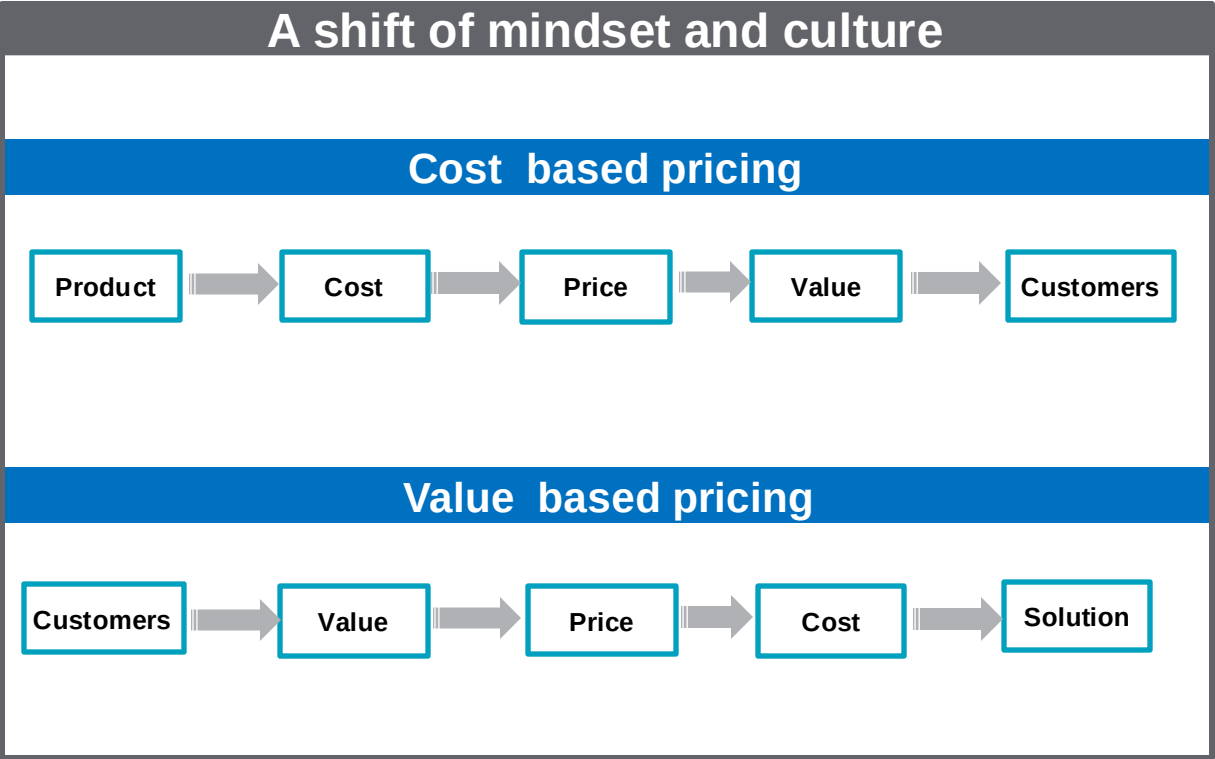
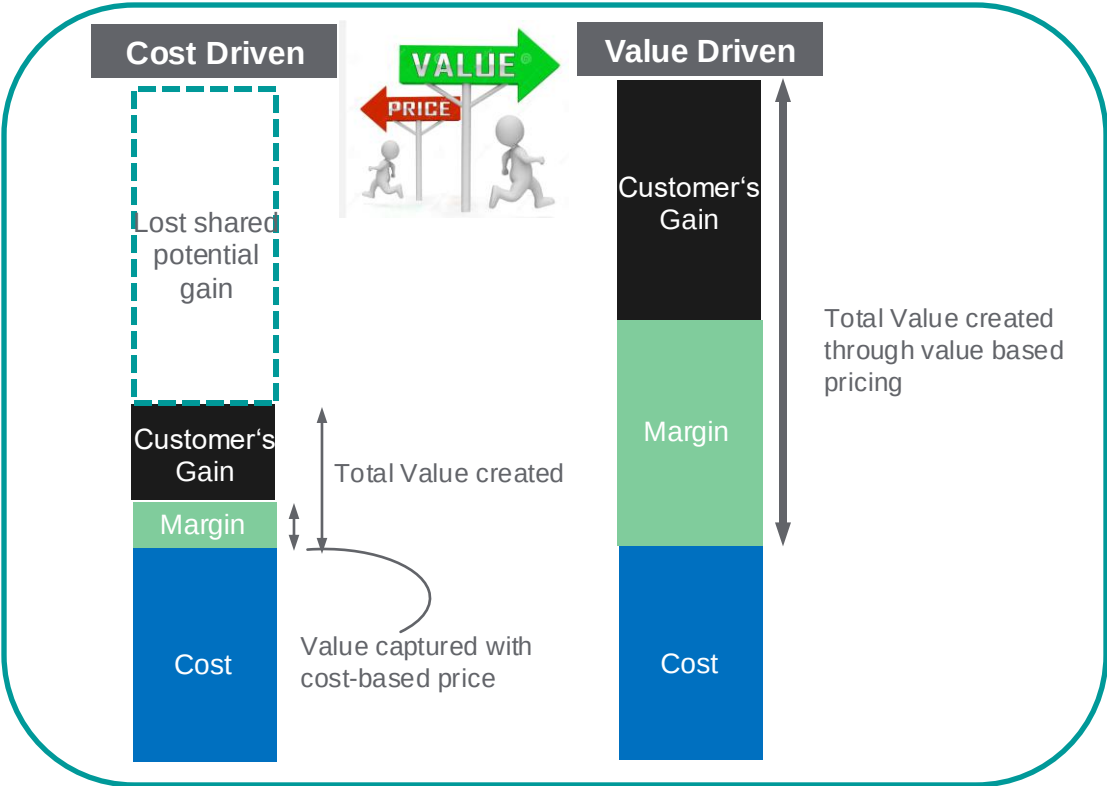
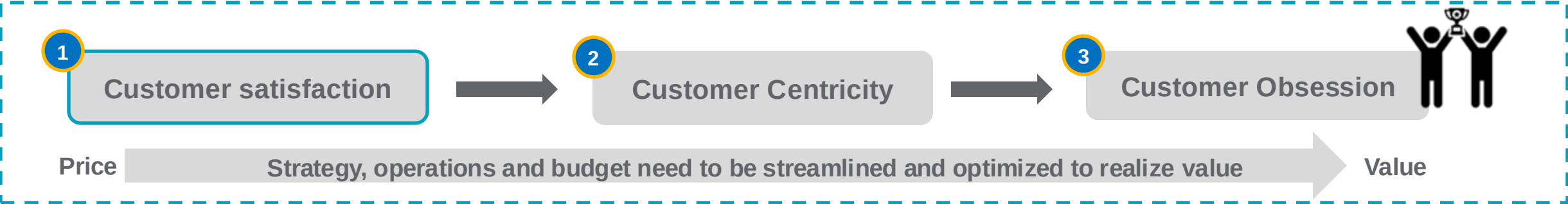
- Prices are easy to communicate and creates customers' value perception
- People often make purchasing decisions based more on psychology than on logic
- Positive co-relation between prices and consumer buying behavior

3. Competitive tool

- Price determines the future of the product, acceptability of the product to the customers and return and profitability from the product
- A tool to react and induce drastic market reactions

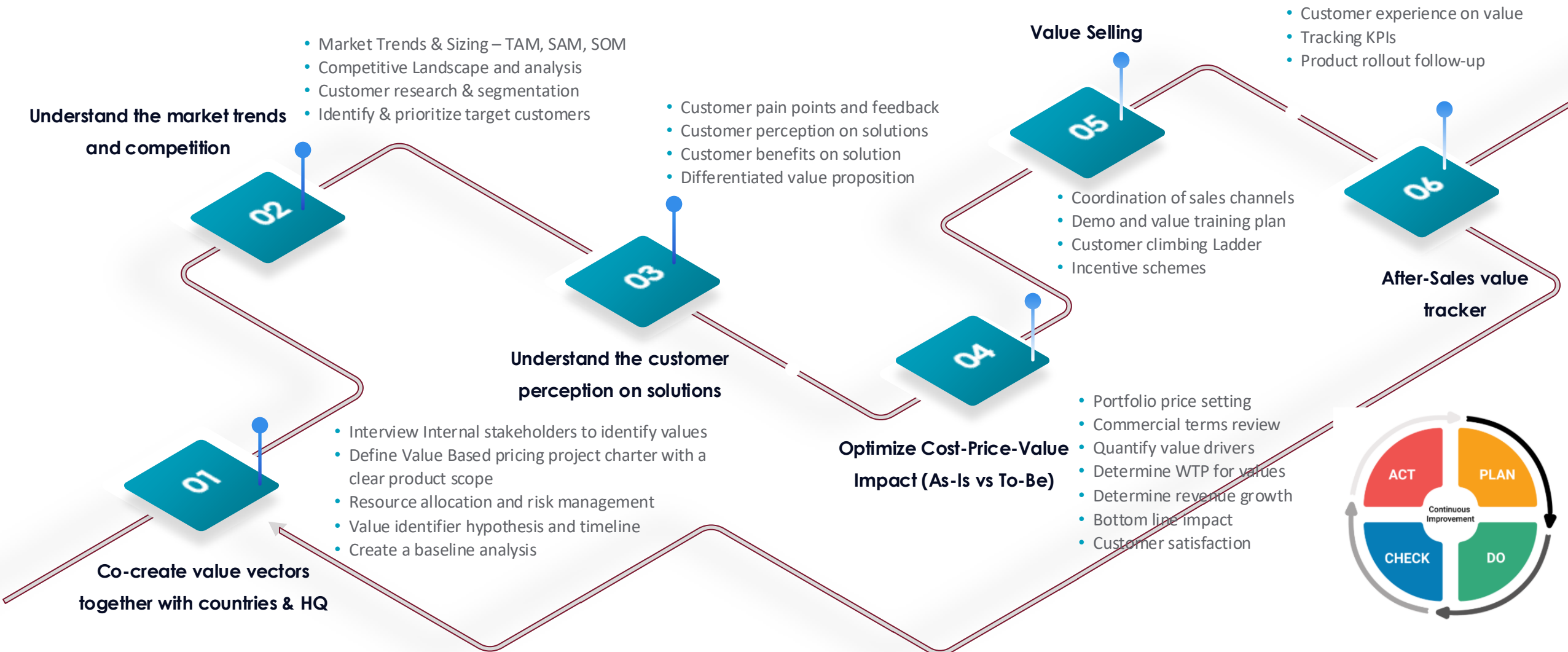
*<https://hbr.org/1992/09/managing-price-gaining-profit>

Price Follows Value: Redefining Customer Satisfaction



Approach: Value based Pricing Strategy

It's all about connecting the dots, orchestration and alignment

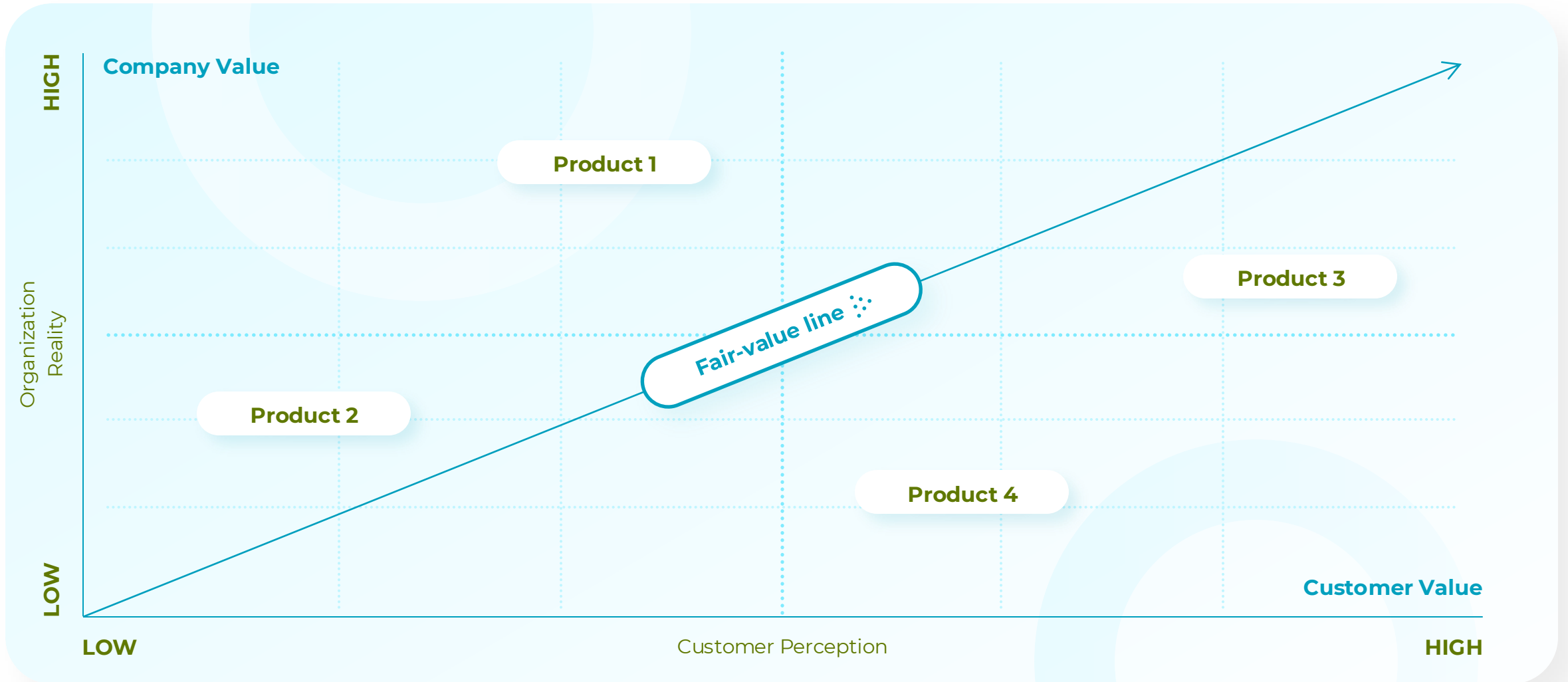


Pricing @ Portfolio Optimization : A step towards simplification

How to balance between Value perception of customers and organization



Customer Value Mapping



Note: Illustration purpose only

Solution segmentation based on the price radar ladder position can provide a strong structure for performance



Note: Illustration purpose only

Strategic Pricing Framework

Start your journey with a structured approach

Pricing Agenda

Sets pricing goals & priorities for country (Consultative Engagement)

- Visibly connect strategy and plans to pricing
- Key operational practices documented
- Top pain-points and opportunities scheduled

Portfolio Pricing

Sets Product
Gate target, List and floor Net
price

- Think like a customer: Gate Price anchor
- Responsive, market driven generic pricing
- Extract value from products consistently

Commercial Terms Strategy

Manages channel incentives
to drive desired performance

- Segment customers to align terms with ability and willingness to support organizational goals
- Increased emphasis on drivers-of-and pay-for-performance
- Manage price dispersion between and within segments
- Ensure effective seasonal offers

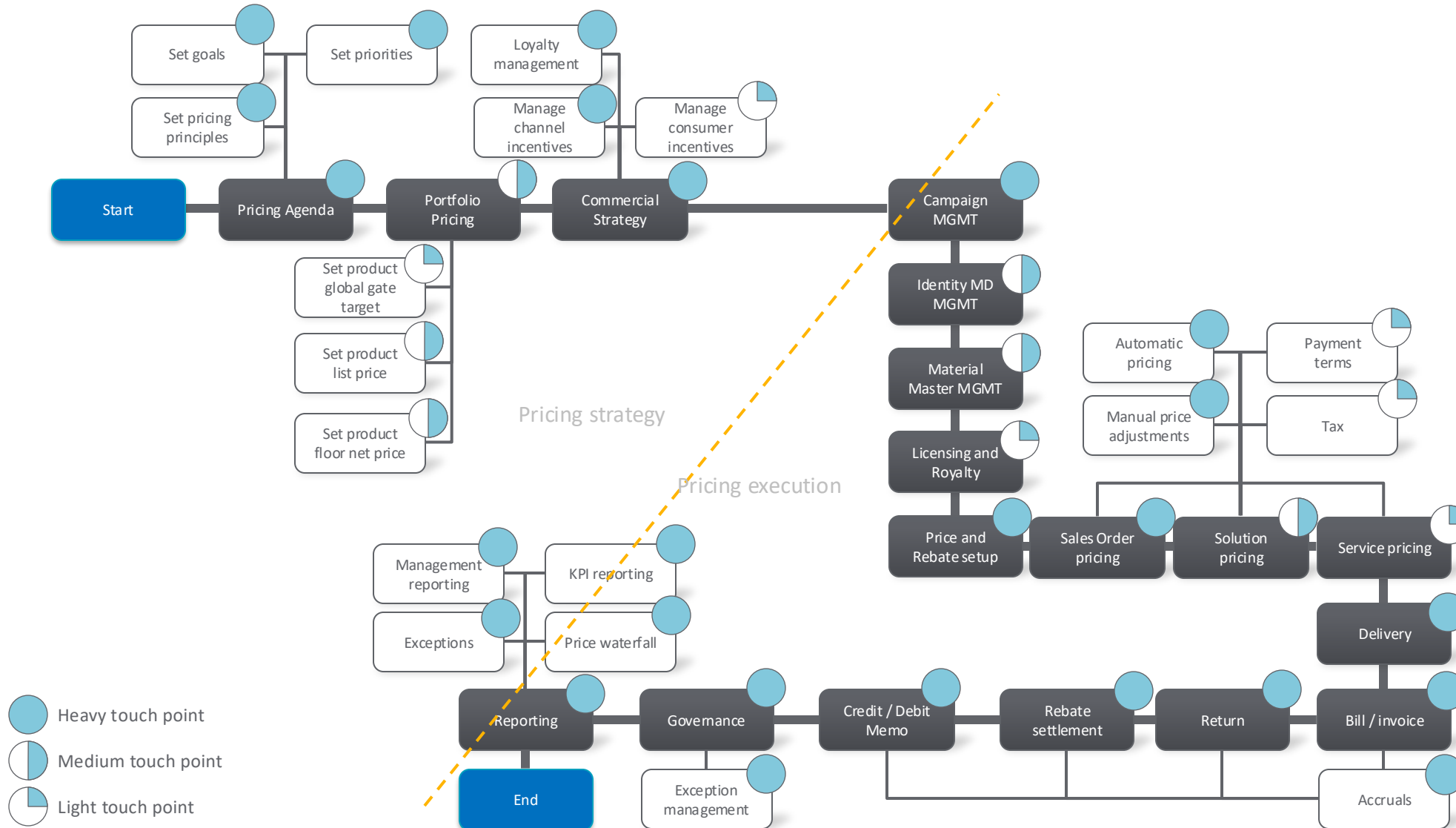
Pricing Execution

Executes, manages exceptions
and monitors

- Clear standards, guardrail & exception management
- Efficient, consistent, quality pricing execution
- Key metrics consistently tracked

Value Streams of Pricing Strategy

Innovate with Confidence, Price with Purpose: Your Journey and Your Priority



Note: Illustration purpose only

Price is what you pay, Value is what you get.

— Warren Buffett