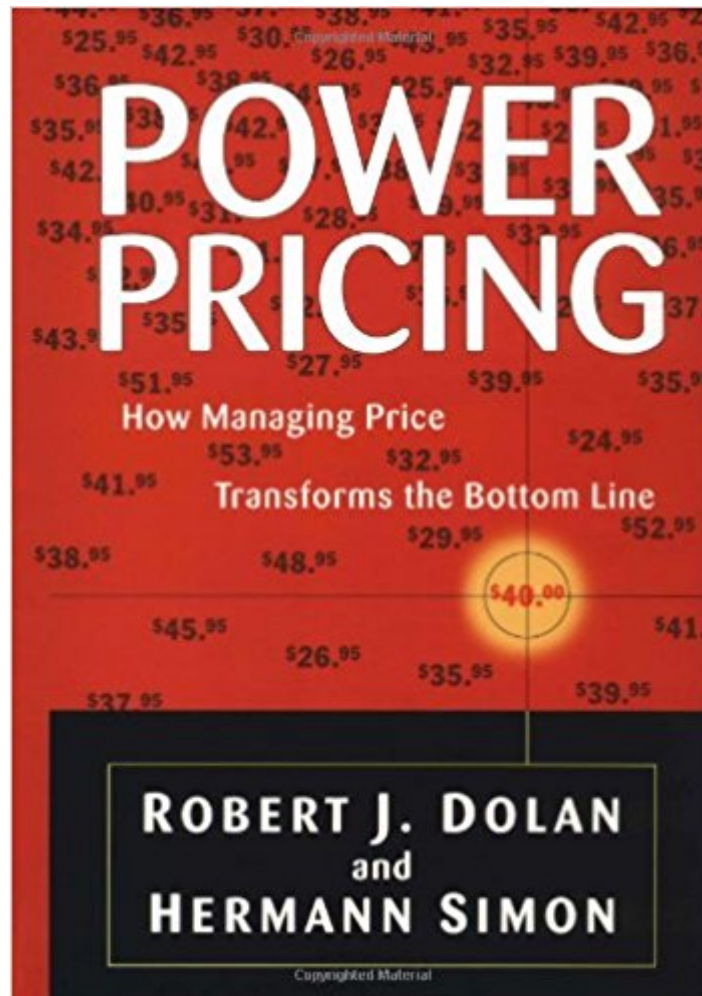




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# Power Pricing: How Managing Price Transforms The Bottom Line



## Synopsis

In this long-awaited book, the world's two leading price experts Robert J. Dolan and Hermann Simon take managers beyond conventional thinking to show how their breakthrough system of "power pricing" will improve the bottom line by an order of magnitude. In today's hypercompetitive global marketplace, a company's pricing policy can make or break the bottom line. Yet a surprising number of firms attempt to increase profits without the aid of a carefully and creatively designed pricing strategy. They destroy popular but not necessarily financially savvy ideas on pricing, such as relying on a standard markup on cost rule. They expose as passive the "strategy" of letting the market or a competitor "set the price." But the key is in what they provide: the tools by which the pedestrian pricer can become a "power pricer" who achieves quantum leaps in financial performance by aggressively implementing sophisticated pricing strategies. Dolan and Simon combine their international expertise and know-how to reveal the latest breakthroughs in pricing tactics. Drawing on their firsthand experience with firms throughout the world, they make available for the first time the logic behind the actual practices of "power pricers" engaged in fierce global competition. Market segmentation, promotional pricing, competitive strategic pricing, international pricing, nonlinear pricing, interrelated product line pricing, and time-customized pricing are just a few of the crucial concepts which the authors explore and explain when and how to implement. The authors' approach to creating "power pricers" is twofold. They specify the practices of the strategic pricers among the world's most successful firms and then lay out a four-dimensional system to attain this level of pricing sophistication and resulting profit improvement. Dolan and Simon draw their portrait of the power pricer in four critical dimensions: viewpoint on pricing, fact file support pricing, tools and scope of analysis, and determination and implementation. The authors argue that firms must view pricing as a key and highly manageable element in the profit equation, worthy of attention equal to that accorded to sales volume and costs. Companies must have data at their finger tips which are more accurate, timely, relevant, and disaggregated than their competitors'. Using these data to create a systematic analysis of customers and competitors, companies will be able to create and assess pricing scenarios to achieve long-term profitability. This targeted, quadrupled approach to transforming the bottom line by managing price leaves no strategy or option unturned. *Power Pricing* is a highly detailed yet practically focused book which will become required reading for business leaders; general managers; marketing, product, and brand managers; accountants, financial managers, and marketing students, world-wide.

## Book Information

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## Customer Reviews

Basic texts on marketing often refer to the "four P's" of the marketing mix: product, place, promotion, and price. In popular marketing literature, the importance of setting the "right" price is usually acknowledged, but little advice is given on how to determine that price. Harvard business professor Dolan is author of *Managing the New Product Development Process* (1993), and Simon is the German business consultant who wrote *Hidden Champions: Lessons from 500 of the World's Best Unknown Companies* (1996). Both have written numerous journal articles about price strategy. Here they team up to explain current pricing concepts and trends. They cover the mathematical foundations and relationships of price, cost, and profit and follow with discussions of international, nonlinear, and product pricing and price customization and bundling. They also consider the role of organizational and managerial structures on price setting. Although some of the information provided in this book will be of use to small businesses, its primary audience is managers in large organizations and students in business programs. David Rouse

Gary T. Dicamillo Chairman and CEO, Polaroid Corporation Pricing is one of the most talked about but least understood of all the key marketing levers. *Power Pricing* creatively and thoroughly analyzes the pricing variable and helps both the top and bottom lines. This is a valuable learning tool that I have made required reading for our senior operating managers at Polaroid. Helge H. Wehmeier President and CEO, Bayer Corporation Priceless insights for the challenges of today and tomorrow. Jürgen Hubbert Member of the Board of Management, Passenger Car Division,

Mercedes-Benz AG This book shows that value is at the core of pricing. HemjÃfÂ¶ Klein Member of the Executive Board, Chief Executive Passenger Division, Lufthansa German Airlines This book shows that sophisticated pricing offers opportunities for extreme profit improvements.

Good book although older book so case studies are dated.

Good

If you want to get an idea about the different ways and aspects of pricing you can analyze in a/your company in order to increase profits, this book gives you a good overview.

Pricing is a key topic for modern marketing practitioners, especially with the generalization of data collection and simplification of transactions. This book gives a good overview of the general methods used by pricing managers to adjust prices. However the treatment is outdated and a bit superficial - bringing a deluge of examples and few fundamental principles. In the end it makes for a good casual read but can hardly be recommended as a guidebook to pricing. For a more in-depth analysis, see instead The Strategy and Tactics of Pricing (Nagle, Thomas).

Need 1. and MBA and 2. knowing how many units will sell at what price. If I knew I wouldn't need the boo.

As a pricing expert and author ofÃ Â Strategic Pricing for Medical Technologies: A Practical Guide to Pricing Medical Devices & Diagnostics, I found many parts of this book helpful, but it is incomplete if you are looking for a business-to-business (B2B) pricing book. First the good parts:Chapter 6 - International Pricing is a helpful guide that discusses the issues, implications, and fixes for dealing with international pricing. With globalization, the internet, and price transparency, firms of all types have to be careful about how pricing is managed around the world. This chapter provide a nice overview that is not found in many other pricing books.Chapter 12 - Organizing for Power Pricing provides some good concepts and an overview for organizing the company for becoming better at pricing. When I first started out in pricing in a large company years ago, I found this to be a useful reference.Chapter 13 Becoming a Power Pricing is a helpful reference for thinking about the various organization elements that need to be addressed to improve pricing. These include the company mindset, processes, and the scope of understanding. It also includes a simple

diagnostic. The other parts of the book around price customization and product-line pricing are interesting. They are heavily B2C oriented. Now the areas for improvement: From a B2B pricing perspective, the book really doesn't address a number of critical issues such as: (1) Quantifying customer value: the book discusses market research and other techniques for estimating customer perceived value, but does not address how to actually estimate the real economic value of a product or solution. (2) Value communication: The book doesn't address how to use value communications to influence and shape customer value perceptions, particularly in a B2B selling environment. (3) Offering strategy: chapter 8 on product line pricing is interesting, but doesn't address the issues B2B companies face in needing to adapt their product line strategy to target and serve different buyer types. (4) Rise of the economic buyer: the past decade has brought on the rise of the economic buyer in many B2B purchases. There is little in the book to help with this. I went back and forth on how many stars to give it. In the end, I gave the book 4-stars. It's a worthwhile purchase and read, but wouldn't be the first pricing book I would buy.

This book is like a classic car. It's a bit old, and parts seem outdated. However, it has a lot of redeeming qualities that make it worth buying. First the good parts:- it has a nice chapter on organizing for power pricing which covers some of the organizational issues and has a helpful diagnostic- The chapter on international pricing is informative- The chapter on time customization and pricing bundling are interesting and helpful. The parts that need more depth or could be explained better are:- discussion on price-response estimation; it seems high level, but does not get into the mechanics of doing it- The chapter on price and costs seems fairly high-level and basic. Overall, it's a good book that makes a nice complement to other marketing or pricing books you might use.

Why does there exist such a variety of pricing schemes for different products and why do we see different prices for the same product, depending on who buys it when, where, and how? This is a branch of microeconomics called price discrimination. Price discrimination questions are among the most directly observable ones for students, particularly those who are unlikely to study more economics or business. I therefore focus on these questions in teaching managerial economics in an organizational management graduate program. Dolan's and Simon's book is therefore of some interest to me. These two management consultants have written an extremely practical and non-academic book which explores the actual practice of business pricing with greater sophistication than found in most standard applied microeconomics texts or many business

marketing texts. The main markets for this book, I suspect, are students, having graduated but still dissatisfied with the overly theoretical approach in their microeconomics classes, and business managers, especially in medium to large companies, for whom pricing is a very dynamic and strategic issue. I doubt this book is used as a main teaching text, nor would I recommend it. Its basic concepts are hardly novel and are found in any microeconomics or marketing text. The presentation of the basic concept of price elasticity is somewhat long and tedious (it is usually done in less than a page in a standard microeconomics text). However, the application of this concept - and illustrations of how businesses can use it practically - makes for a very rich discussion. What is useful in their book is the variety of examples of actual business settings where practical pricing decisions have to be made which can apply several different concepts. How globalization affects pricing decisions is given considerable attention in this book. I did not find the final section on implementation of pricing strategy in organizations as insightful as the middle chapter which is more analytical. For teaching and learning purposes, this could be a useful back-up resource, if used judiciously with a more standard text.

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