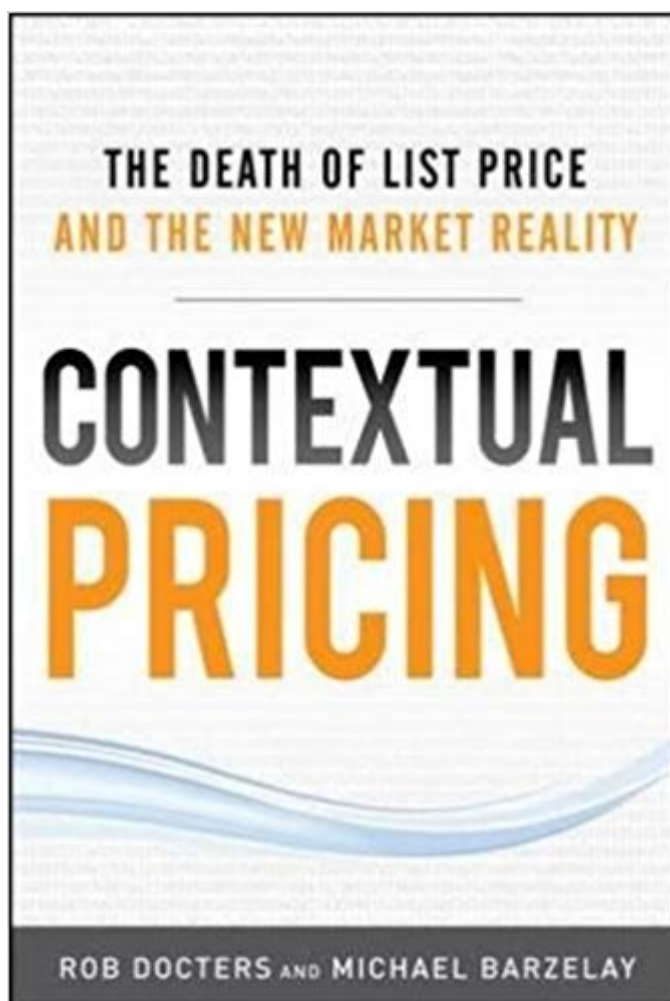


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# Contextual Pricing: The Death Of List Price And The New Market Reality (Business Books)



## Synopsis

A REVOLUTIONARY NEW PERSPECTIVE ON HOW PRICING REALLY WORKS • Contextual Pricing delivers a knock-out punch to complacent and low-return pricing approaches. . . . This book is full of intriguing, fresh insights which will expand your perspective on what is possible in maximizing revenue from your company's products and services.

• Mark Greatrex, Chief Marketing Officer, Cox Communications, and former SVP, Global Still Beverages, The Coca Cola Company • To effectively price, managers must understand market context • the frame of reference for buyers. Context is far more important than the usual measures of price variation. I strongly recommend this readable and useful book to any business leader who suspects his or her company is falling short of achievable revenues.

• Dave Calhoun, Chairman and CEO, Nielsen Company, and former Vice Chairman, General Electric Company About the Book: A few leading companies have jettisoned ideas about pricing that other companies believe are indispensable. The result has been superior performance against competitors who persist in a simplistic 1990s belief in • value. • Contextual Pricing describes how buyers are influenced by comparison points and contextual messages more than by actual price levels. Identical products can sell at radically different prices to the same target customer • if context is strategically managed. This fact is how Procter & Gamble, GE, Coca-Cola Company, , Google, Microsoft, and others make sure they get the best possible price. The use of context is changing the way companies price and sell in the new global economy. This readable and market-tested book describes the contextual pricing perspective, how it is being used in B2B and B2C markets, and how you can make the shift to contextual pricing in your own business. Whether you're a CEO, P&L manager marketing director, sales manager, or entrepreneur, Contextual Pricing shows you how to: Understand how your customer will make buying decisions and the role of pricing in those decisions Establish better, more intuitive prices using context Develop contextual pricing strategies that defeat competitor pricing • how contextual pricing can be the antidote to destructive price wars Harmonize your pricing with branding, product development and channel strategies Increase your profits with proven pricing tools, such as scientific bundling, tiering, branding, upsell • hooks • and more Through its illuminating case-by-case studies, Contextual Pricing delivers a wide range of pricing techniques and customer insights that you won't find anywhere else. You'll learn how to avoid common pitfalls when raising or lowering prices and discover how you can compete in traditional or emerging digital marketplaces • and beat the competition through superior tactics, not through lower margins. When you know the secrets of Contextual Pricing, you can name your price, drive your sales, increase your profits, and own your success.

## Book Information

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## Customer Reviews

Robert Docters is the managing partner for Abbey Road, LLC, a consulting firm specializing in pricing strategy. He previously served as a senior vice president of strategy and pricing at LexisNexis, and before that was an SVP at Ernst & Young. John Hanson is a partner at Accenture, where he leads the North American Pricing and Profit Optimization strategy practice. Cecilia Nguyen is a senior manager with Accenture's Pricing and Profit Optimization strategy practice. Michael Barzelay holds the London School of Economics's first professorial chair in public management. He codirects the Department of Management's new MsC Public Management and Governance, and serves as the founding executive director of the Center for Transformation and Strategic Initiatives, a Washington, D.C.-based nonprofit.

The author did a nice job of taking a typically complicated and mundane topic like pricing and made the topic very engaging and easy to understand. This book should be required reading for anyone responsible for creating, approving and selling "price". Although not typically a topic entrepreneurs like to, or even understand how to tackle, contextual pricing is a must read for any business owner tired of anemic profits.

Great book to start knowing about pricing, make less managerial mistakes.

Pricing is one of the most important decisions companies face. It is also one that is often reduced to a simple set of list prices, predefined bundles and reactionary policies. It does not need to be that way as the authors of Contextual Pricing share in their book. Rob Doctors, John G. Hanson, Cecilia Nguyen and Michael Barzelay have collaborated to create a highly informative, accessible and book that provides actionable advice and examples. They have created a book that is much more than the normal business book and more accessible than an academic look at the complex issue of pricing. Highly recommended as a comprehensive, business focused and readily accessible discussion of this critical decision. The authors point out the importance of pricing when they discuss the observation that less than half of customer defections are price driven, yet when customers threaten to leave. They also point out that the idea of price elasticity is fundamentally flawed and how to reform this through a combination of segmentation and elasticity. The authors point out that pricing decisions need to be driven by customer context rather than simple list prices. Pricing is more than just an issue of margin and production costs, but rather a complex set of contextually heavy factors. The authors go on in 17 chapters to explain exactly what this means. The chapters are listed at the end of this review. This book is highly recommended to every manager and executive who is interested in driving greater success from more successful pricing decisions and programs. CMOs and CIOs should pay particular attention as Contextual Pricing covers the interaction and interdependencies between Pricing, Segmentation and Information.

**Strengths** The book is comprehensive in its treatment of the issues of pricing as it covers the impact of marketing, segmentation, bundling and other pricing strategies. Each topic is covered from the central ideas to illustrative case studies. The book covers emerging and new issues, reflecting advances in ideas around digital pricing, revised bundling strategies, and managing prices in tough economic times. All of these topics lead this book to go beyond just simple notions of price elasticity. The case study examples cover a diverse range of industries from manufacturers to service companies from long established players to relatively new technology companies. The range of case studies reflects the full range of situations most companies will face.

**Challenges** The book is not for the faint of heart. It deeply discusses topics in a significant way that makes the book one that needs to be read, reflected upon, and thought through to see how they apply to your situation. There are few books that have as much underlining and comments in the margins as this one. The book covers significant ground related to pricing which limits the depth at which it can go into any one topic. Read this book to get a strong understanding of pricing and its role in management. Use that understanding to investigate specific pricing issues. Here is the list of chapters that give you an idea of the books contents without giving those contents away.

**Part 1: The Journey from Product to Context**

**Chapter 1**

- Context and the Death of List Price  
 Chapter 2 - Why Value Matters Less than Competition  
 Chapter 3 - Which Context Matter to You?  
 Chapter 4 - Living in the Digital World  
 Chapter 5 - Antidotes to Prices Pressure  
 Part 2: Pricing for Poets and Profit Mazimizers  
 Chapter 6 - Price Structure  
 Chapter 7 - Scientific Bundling and Tiering  
 Chapter 8 - Dangerous Ways to Reduce or Increase Price  
 Part 3: Pricing Programs and the Marketing Mix  
 Chapter 9 - Segmentation, Context at Time  
 Chapter 10 - The Hinge of Fate: Pricing Strategy  
 Chapter 11 - Higher Return: Introductory Pricing Strategies  
 Chapter 12 - Brand, Messaging, and Competition  
 Part 4: Tools for Management  
 Chapter 13 - First Steps and Missteps  
 Chapter 14 - Cheap and Cheerful Pricing Tools  
 Chapter 15 - Key Contextual Data is Not in Your Company's Database  
 Chapter 16 - An Enabling Systems Architecture  
 Chapter 17 - Creative Pricing

There are plenty of books that can tell you how to market products and services, but few give much attention to the art and science of pricing, even though price is often a critical factor in a buyer's decision-making process. Contextual Pricing fills that gap with detailed explanations of the multitude of variables that go into creating effective and profitable price strategy and tactics. Using research and case studies the authors illustrate how varying circumstances influence buyer mentality and behavior toward a price or set of prices, such as bundles and tiers. The overall tone is much like a textbook, however the many real-life examples add an entertaining quality to the academic content, as do chapter footnotes, which are often humorous (so be sure to read them). You'll learn the how's and why's of price sensitivity that enable you to successfully charge higher prices in certain circumstances, as well as find out how to avoid common pricing mistakes that can cost you big bucks. There's also good advice on how to overcome internal obstacles within a company's operational structure that can impede your ability set optimum prices. A revealing read, this book covers the gamut on pricing and is worth its own cost many times over.

New, exciting , easy to read and useful but not trivial. This is a resource for anyone working with pricing in any industry. I have been working with value pricing for a year now and was wondering about a hybrid response to pricing. This book has given me a big chunk of the answer. If you are finding that cost based or competition based pricing does not give you the tools to get out from under discounting, than value pricing is one step. Now coupled with contextual pricing you can take some great big steps. Value pricing shows your sales guys how to explain to customers how all your products values/attributes/benefits add up to more than the price asked. Contextual pricing helps you gain understanding of buyer context. This allows marketing/sales to develop pricing scenarios

for common market situations (rush, size, market power, geography, competition, trade show). These become part of a salesperson's toolkit, reducing complexity while speeding responsiveness. And, I love it, increasing prices while increasing speed, shortening cycles, thus reducing sales costs! A must buy for sales and marketing leaders. You will thank the author( the case studies are worth the book) - but it will take some work to get this going.

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