

10 Components of a Successful Pricing Strategy

Pricing your product or service is an important part of a successful pricing strategy, but it is only one part of several components which must work in concert to achieve success. Here are ten things to consider in designing a well coordinated pricing strategy.

1. The company mission statement guides the overall strategy, which in turn guides product or service attributes, price point and marketing strategy.
2. You have chosen a value proposition (e.g. value, low price, service or quality) and your price and marketing strategy is aligned with it.
3. You have a clear understanding of your cost structure.
4. Know your competition, including their strategy, market power, strengths, weaknesses, price point and quality.
5. Allow some room for creativity in your pricing methods; be flexible in how pricing is structured so that you can meet the client where they are at.
6. Know your customers – give them what they want.
7. Keep close tabs on your sales force. Are their incentives in line with yours? How far apart is the list price vs. final price?
8. Ensure that your star clients aren't costing you more than they are worth. Discounts, time and extras all add up and serve to reduce profitability on a client by client basis.
9. Follow through. Do what you say you will do, be it quality, low price or customer service to differentiate your product or service from your competition.
10. Constantly evaluate.

