

Consumer Strategy, Pricing & Loyalty

Insights from The Barton Partnership's roundtable discussion in December 2022 with senior leaders across the consumer landscape, hosted in partnership with pricing specialists, Pearson Ham.

Consumer Strategy, Pricing & Loyalty Roundtable

On 6th December 2022, The Barton Partnership hosted a round table event in partnership with pricing specialists, Pearson Ham, with senior leaders across the consumer landscape.

The discussion - Consumer Strategy, Pricing & Loyalty - explored best-practice when tackling the effects of the Covid Pandemic, Inflation, and Cost-of-Living Crisis without a “playbook”. The discussion highlighted the benefits of customer loyalty schemes over discounting and the imperative for category leaders to translate brand power into pricing power.

What follows is a summary of the key points discussed during the session.



#1

Maximising customer value

Retailers need to offer high-quality products and services with a focus on value, not just price, to attract customers willing to pay more.



#2

Balancing business and customer needs

A fair and transparent pricing strategy that balances the needs of both the business and the customer is crucial for success.



#3

Customised pricing strategies

With the inflationary effects playing out differently across sectors, there is no one-size-fits-all approach.



#4

Retail price optimisation in a data-driven era

Retail price optimisation can help identify the most price sensitive products and categories, and the cognitive biases that influence pricing decisions.



#5

The power of personalised pricing and loyalty programs

Well-executed loyalty programs can be powerful, particularly when they align to the company's commercial model and value proposition.



#6

A longer-term view

Companies are constantly trying to balance short-term gains with the need to invest in the long-term health of their business.

#1 Maximising customer value

- Retailers need to focus on value - not just price - by offering high-quality products and services that customers are willing to pay more for.
- Promotions, range, and brand quality are critical factors in consumer purchasing decisions. Businesses with strong brands have more pricing power and can be more successful in passing on cost increases to consumers. The importance of providing an efficient and reliable service was also highlighted.
- Whilst companies often opt for discounts and other tactics to manage price margins, these strategies may not be necessary if they can effectively communicate the value of their products to customers. Excessive use of discounts or promotions can also lead to problems further down the line. It is also important to consider how to maximize the customer journey and ensure consistent positioning as a high-value brand.

#2 Balancing business and customer needs

- A pricing strategy that balances the needs of the business with the needs of the customer is essential for success.
- Retailers are exploring ways to increase productivity to reduce the impact of inflation and supply chain disruptions on pricing.
- Consumers are savvy and will recognise and reward businesses who are fair, transparent, and providing value. Attendees expressed the importance of earning consumer trust in addition to maximising the customer journey.

#3 Customised pricing strategies

- With the inflationary effects playing out differently across sectors, there is no one-size-fits-all approach.
- It's important to consider the target market and their willingness to pay for the product, the availability of alternatives and likely competitor behaviour.
- Pricing is not a one-time event. Businesses need to be flexible and responsive to changes in the market and be ready to adjust their pricing strategy as needed.

#4 Retail price optimisation in a data-driven era

- Retail price optimisation can help identify the most price sensitive products and categories, and the cognitive biases that influence pricing decisions.
- Attendees addressed the ongoing challenges of using analytics in pricing decisions, where companies struggle to find sophisticated pricing tools that are well-suited to their sector. Additionally, driving adoption amongst commercial teams can prove challenging. There are many different software options available and not all are equal – getting the selection process right is key for successful implementation and use.
- In some cases, buyers make autonomous decisions without relying on analytics, while in other cases, centralising the pricing function and taking a more data-driven approach to pricing is beneficial.
- Attendees discussed the importance of taking a global approach to pricing, and the increasingly influential role of Chief Customer, Chief Digital, Data & Analytics, and Chief Transformation Officers. Investing in analytical capabilities can be a significant investment and companies are weighing the decision of whether or not to make that investment, especially in times of crisis. Utilising independent consultants was proposed as a good alternative for some companies.

#5 The power of personalised pricing and loyalty programs

- Well-executed loyalty programs can be powerful, particularly when they align to the company's commercial model and value proposition.
- Loyalty programmes have become a popular tool for businesses to incentivise customers to make repeat purchases by rewarding them for their loyalty. However, with so many programmes available, it can be difficult for businesses to determine which approach is most effective.
- Personalised pricing is becoming more important, especially in the grocery market, but companies need to be careful with their promotional strategies to avoid confusion for consumers.

#6 A longer-term view

- Companies are constantly trying to balance the need for short-term gains with the need to invest in the long-term health of their business.
- Effective market research presents an opportunity to better understand the more price-sensitive products and categories in order to make informed pricing decisions.
- There is a lot of speculation about the economic outlook in the how inflation will continue to rise in the coming year, with factors like energy prices, labour shortages and the ongoing war in Ukraine all playing a part. As a result, businesses need to be aware of the potential risks, plan for different scenarios and be prepared to adapt to the changing economic landscape.
- Overall, the discussion highlighted the complex and challenging nature of pricing in the consumer goods and retail industries, and the need for careful consideration of all factors in order to make informed and strategic decisions. The group acknowledged that the current economic climate is uncertain but expressed optimism that the consumer market may start to see some light at the end of the tunnel in the coming year.

About The Barton Partnership

The Barton Partnership is an award-winning executive recruitment and consulting services firm providing permanent search and independent consulting services across all aspects of Strategy & M&A, Digital, Data & Analytics, ESG & Sustainability, and Transformation & Change. We have offices in London, New York, Paris, Singapore, Hong Kong, and Sydney. Our clients include FTSE listed and Fortune 500 companies across all sectors/industries; SMEs, Strategic, Innovation & Management Consulting firms (large and boutique), Public Sector, Global Financial Services, Private Equity and Venture Capital organisations.

About Pearson Ham

Pearson Ham is a specialist pricing consultancy. With a highly experienced team with real industry knowledge, Pearson Ham is focused on delivering successful outcomes for clients with pricing, commercial model, value creation or revenue management challenges. Founded by CEO Tim Ham, Pearson Ham has been working with clients across many different sectors for over 10 years. Based in London and with offices in Paris and Barcelona, the team are creating real value for clients throughout Europe. To find out more visit www.pearsonham.com



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