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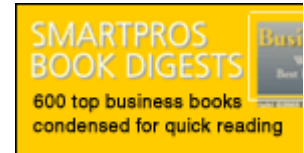
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More Companies Thinking About Strategic Pricing, But Most Lack Pricing Department

July 20, 2005 (SmartPros) — Strategic pricing, a method of achieving profitability, is gaining in priority among some U.S. businesses, according to a conference poll by strategic pricing application provider Zilliant.

"Companies will do everything in their power to cut costs, from outsourcing IT departments to limiting employee travel. But there's another side to the profitability equation that often goes unexplored -- pricing," said Greg Peters, chief executive officer, Zilliant. "Pricing is the last bastion of guesswork in American business, but research shows companies that make pricing a priority, and implement solutions from a specialized pricing vendor like Zilliant, can see a profit improvement, sometimes as high as 20 percent."

Pricing has existed in one form or another for centuries, yet it is rare to find a company with a solid pricing strategy backed by scientific data. According to the PriceX survey, 56 percent of companies polled have some sort of pricing strategy in place while only 44 percent have a dedicated pricing department or even an individual with pricing responsibility.

"Pricing is generally accepted as a core business practice, but the process some companies go through in determining a price is often archaic and arbitrary," said Pete Epple, senior director of product management, Zilliant. "Some businesses take the cost of a product and add margin on top of that price, while others simply match or better their competitor's offering. Another common practice is what we call 'Out of Thin Air' or guessing."

Other key trends uncovered in the survey include the following:

- 35 percent of companies consider pricing to be a top priority
- 61 percent of companies use a spreadsheet such as Microsoft Excel to determine price, rather than specialized pricing applications from a vendor
- Data cleansing was cited as the main obstacle to improving pricing policies, followed by ineffective customer segmentation

"An Excel spreadsheet can't solve a large company's pricing problems," added Epele. "A solid price management solution must take each individual customer into account and sense, set and enforce the price according to that segment. That's how you find margin."

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