

# 2024 Executive Pricing Survey

May 2024



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# From our Managing Partners

We are pleased to release the much-anticipated Executive Pricing Survey. This second annual installment brings an expanded viewpoint, covering a larger geographic area and additional industries over the previous year. We reached out to over 500 executives in more than nine industries, and now have added the European market. The contributions and interest are a testament to the growing importance of pricing in today's competitive landscape.

The survey covered key 2023 benchmarks, revealing the pricing strategies that successful companies employed to drive performance. We also provide a 2024 outlook and benchmarks, providing a rare glimpse of how other companies are strategizing. The business insights ensure you are well-prepared for the challenges and opportunities that lie ahead.

We are happy to announce that this will be just the first in a series of reports we issue in the coming months. Industry-specific packages will soon be available, tailored to meet the needs of your sector with data-driven insights that will empower you to make informed pricing decisions.



**AVY PUNWASEE**  
Managing Partner



**MICHAEL STANISZ**  
Managing Partner

# Demographics

520

9+

## Participant Titles

Chief Executive Officer    Chief Operation Officer  
Chief Financial Officer    VP of Marketing  
Chief Revenue Officer    Finance Director

## Industries

Consumer Goods    Manufacturing  
Business Services    Distribution  
Medical Technology    Software  
Pharmaceutical    Technology  
Healthcare Services



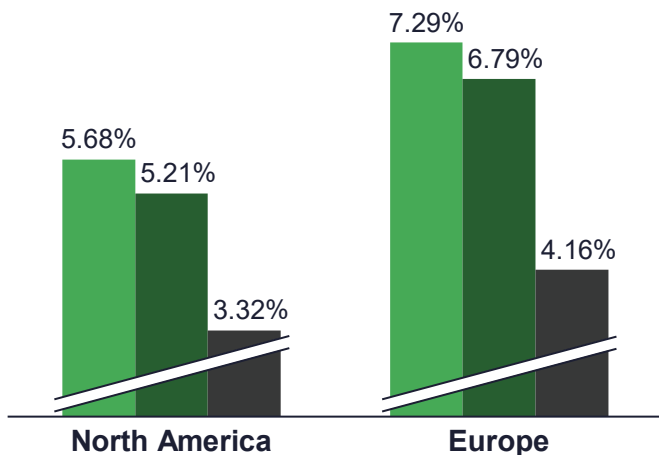
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# Pricing Benchmarks

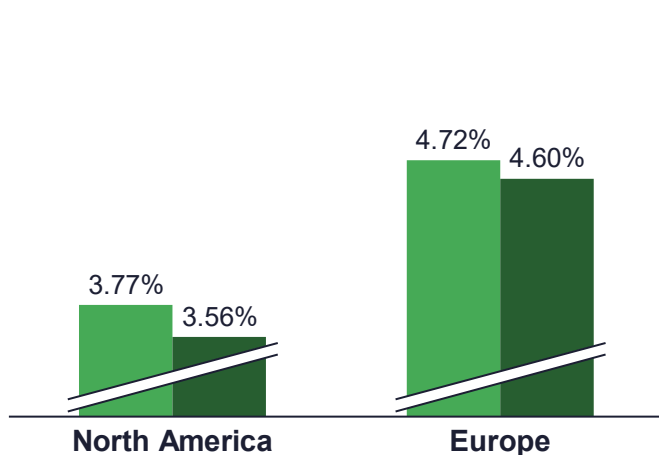


# Region

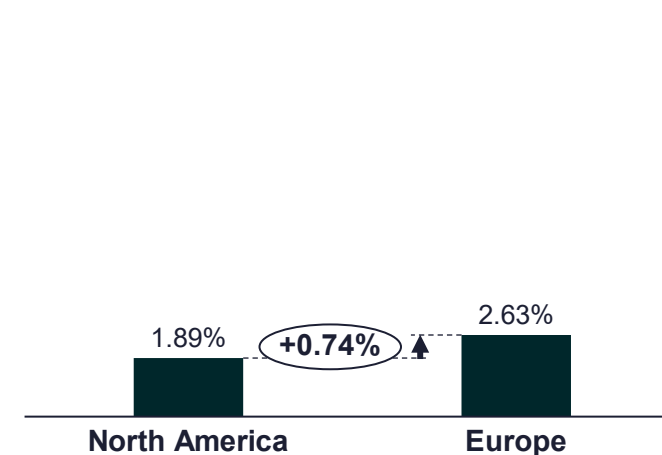
Price Increase



Revenue Growth



Discount Change



■ 2023E: 2023 Expected Performance 
 ■ 2023A: 2023 Actual Performance 
 ■ 2023A Net: 2023A less Discount Change

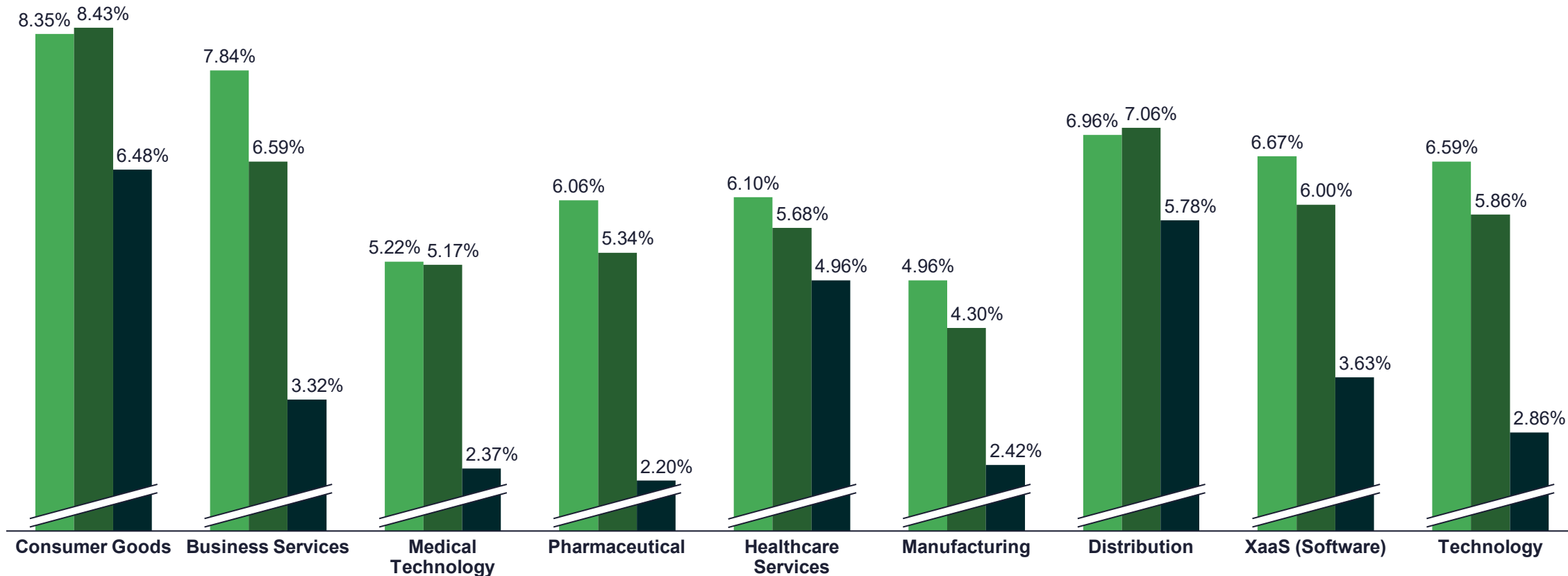
- » Despite lingering inflation and steeper discounting, **Europe drove higher net price realization and revenue growth**
- » **Europe was more aggressive with their planning** and were able to **realize greater growth**
- » Both regions **missed price and revenue growth expectations**
- » **Increased discounting** stemming from rising **customer sentiment for concessions** combined with turbulent macroeconomic conditions

2023 Inflation – [NA](#): 3.4% ; [EU](#): 3.4%

# Industry (1/2)

## Price Increase

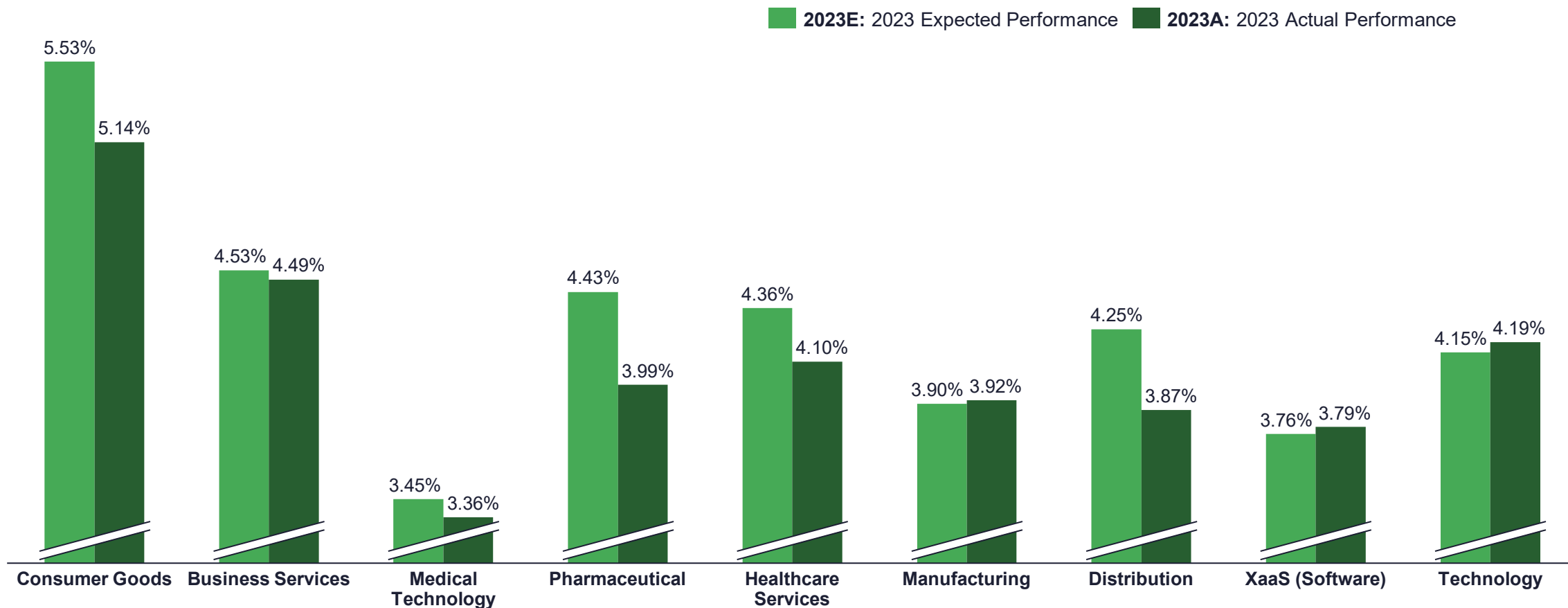
2023E: 2023 Expected Performance    2023A: 2023 Actual Performance    2023A Net



2023 Inflation – [NA](#): 3.4% ; [EU](#): 3.4%

# Industry (2/2)

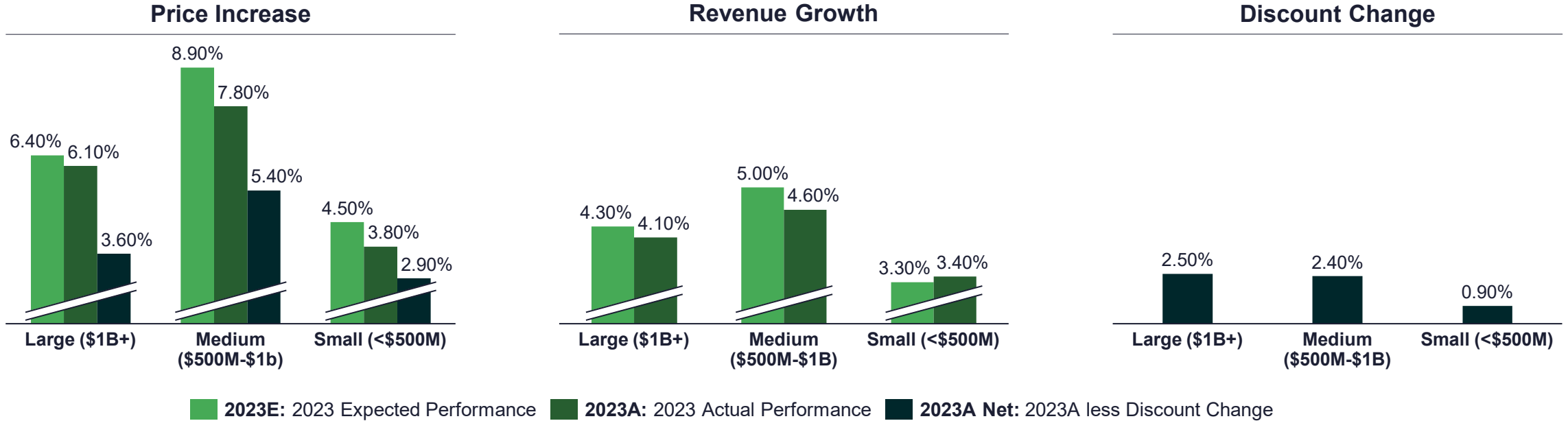
## Revenue Growth



2023 Inflation – [NA](#): 3.4% ; [EU](#): 3.4%



# Revenue Size



- » **Medium sized companies realized greater growth** (price, net price, and revenue) however, they missed their targets by the greatest amount
- » Interestingly, Medium sized companies' 2023 revenue growth is less than the achieved net price increase indicating that **volume was lost**
  - Large and Small companies both had **revenue growth greater than net price growth** indicating **volume increases**

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# Six Pillars for Pricing Success in 2024



# High performing organizations drive results by adopting **six** best-in-class pricing practices



**C-Suite Engagement In Pricing Decisions**



**Review & Monitor Pricing Decisions On A Monthly Basis**



**Instill Trust In Sales Team Through Greater Responsibilities**



**Invest In Artificial Intelligence & Machine Learning**



**Have A Dedicated Pricing Team**



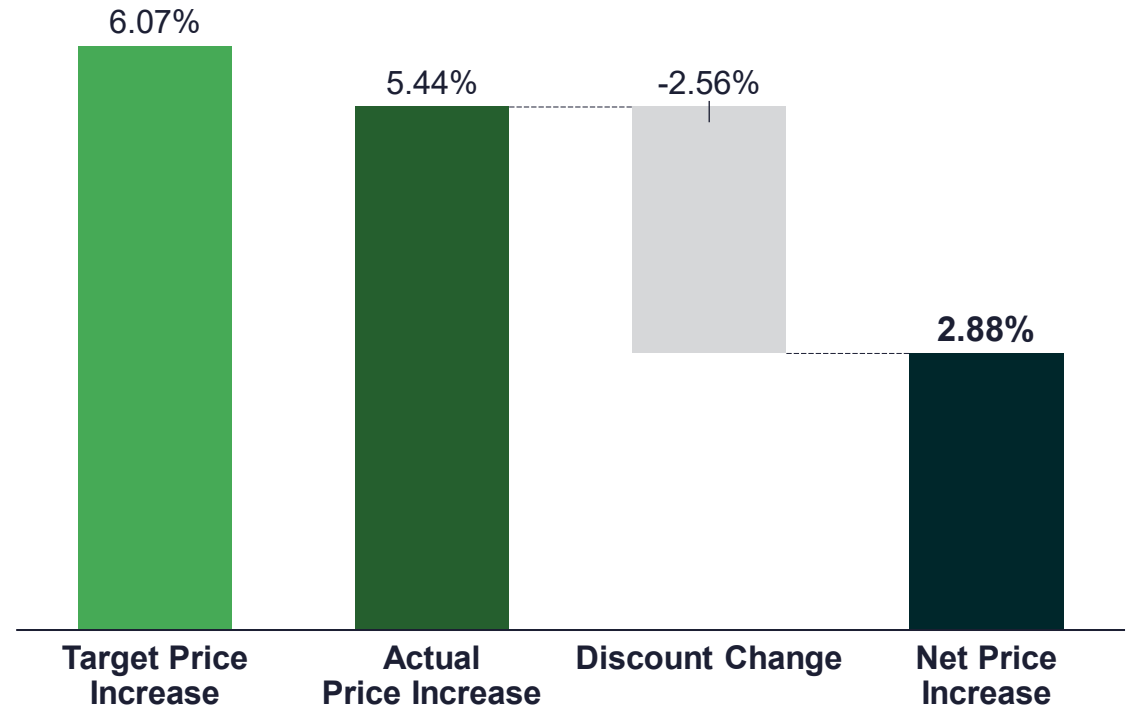
**Have A Balanced Approach To Pricing Decisions**

# When the C-Suite is involved in pricing, targets are set higher, realized more frequently with less discounting and an increased net price realization of 67%

'23 Net Price *With* C-Suite Pricing Involvement

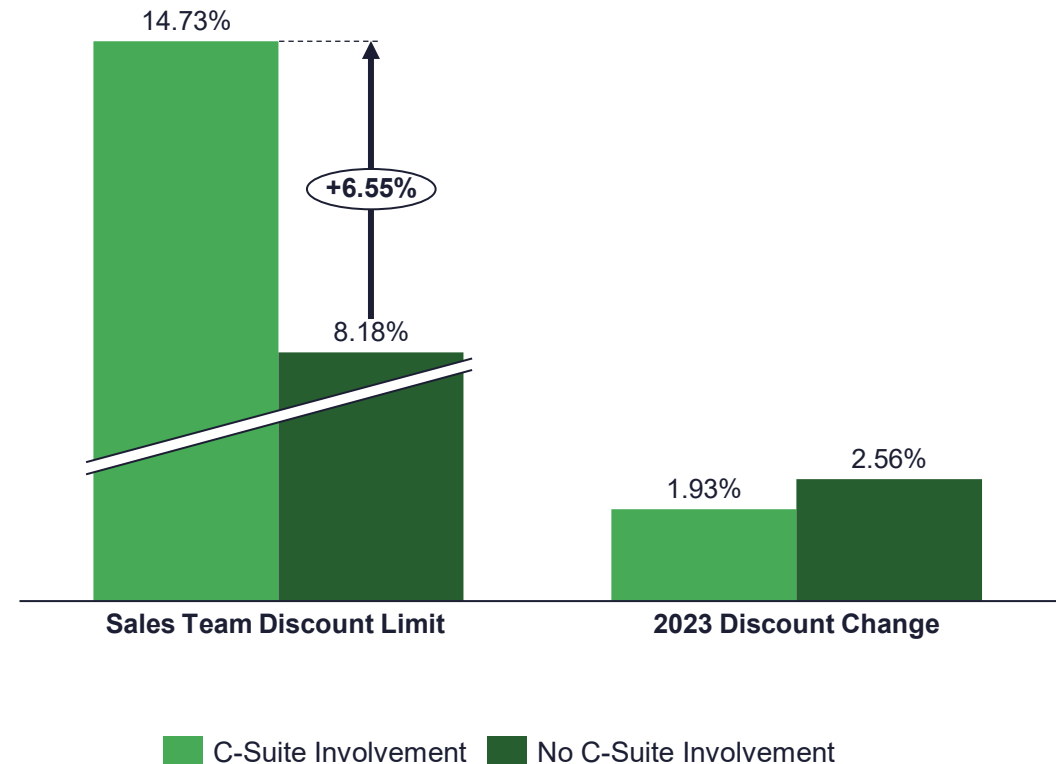


'23 Net Price *Without* C-Suite Pricing Involvement



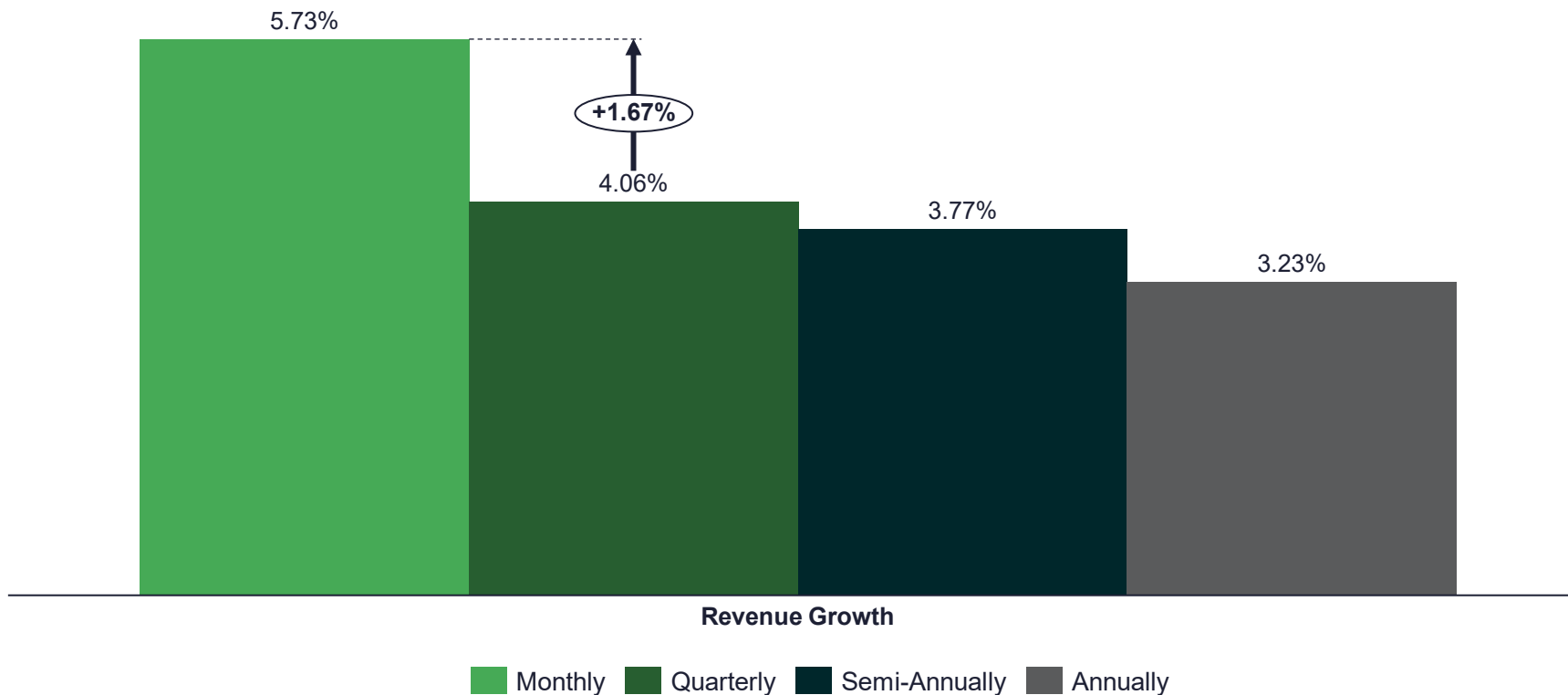
# When the C-Suite is involved in pricing decisions the discount increases year-over-year were smaller

- Senior leadership encourages a more cohesive pricing strategy and a larger approach to standardization
- In addition, the **sales team has much more leeway to provide discounts** without management approval, leading to:
  - Quicker sales cycles
  - Controlled discounting



# Companies that reviewed pricing more frequently drove significantly higher revenue growth

2023 Revenue Growth





# Monthly pricing review drive the highest realization of gross and net price with superior control of discounting increases

2023 Price Increase, Discount Change, & Net Price Change

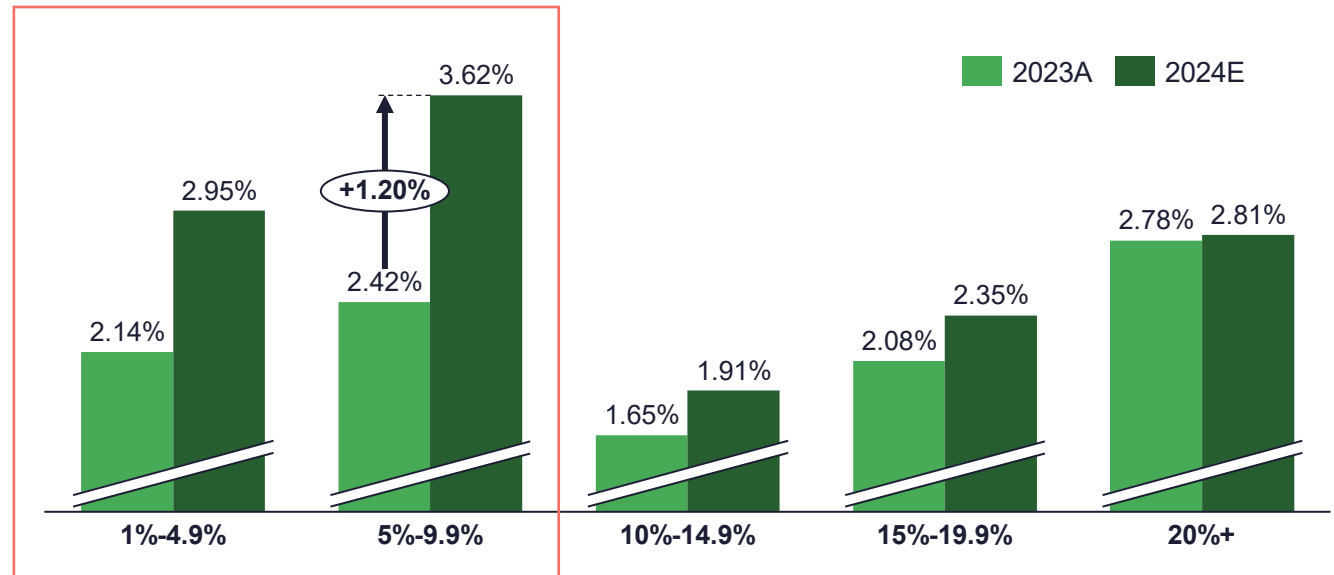


# Companies with a more flexible discounting structure can expect smaller increases in discretionary sales team discounting

Continued pressure and professionalism of procurement teams are a significant driver to price concessions becoming the norm

Companies *that limit sales team discounting to less than 10%* are seeing **significantly higher discount increases**

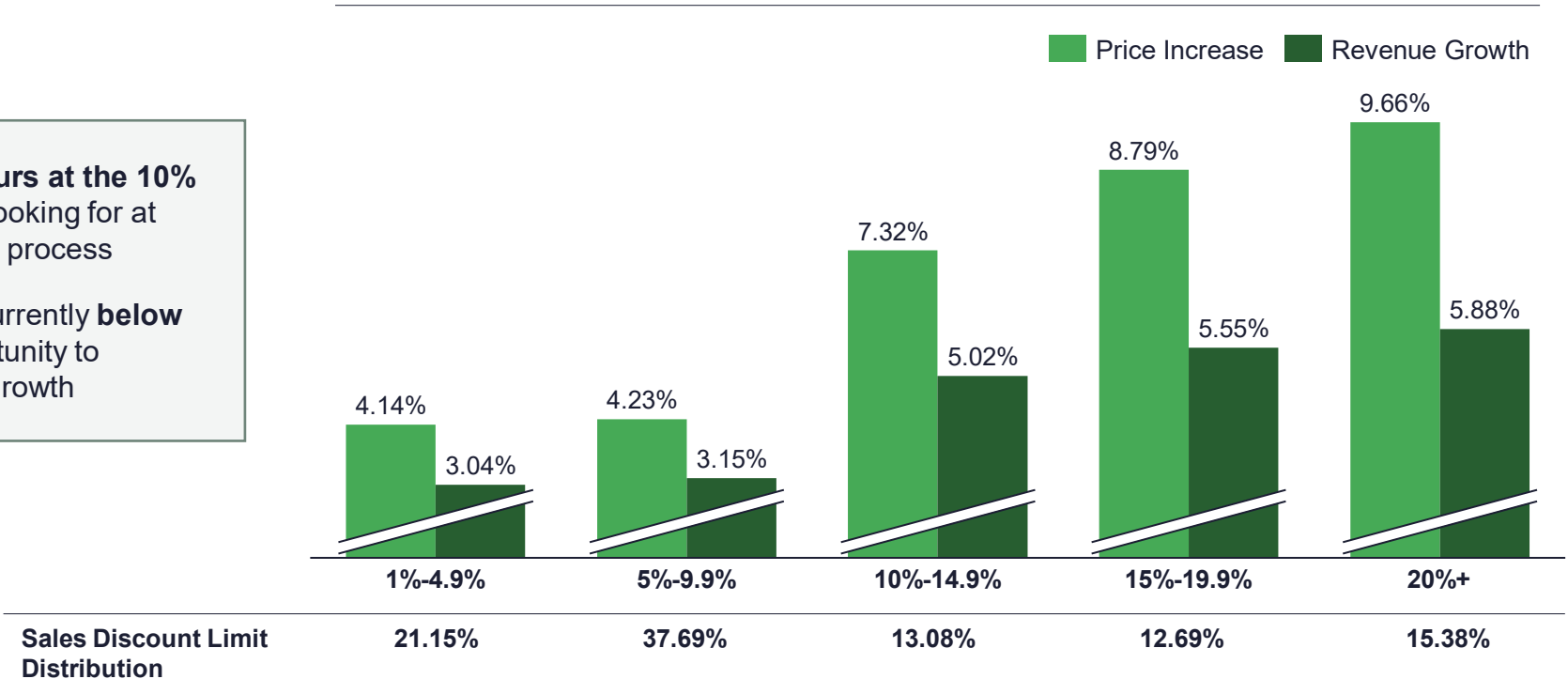
Discount Increase By Sales Team Discount Limit



# Companies with higher discount limits are anticipating spend back and taking higher price increases realizing significant revenue growth

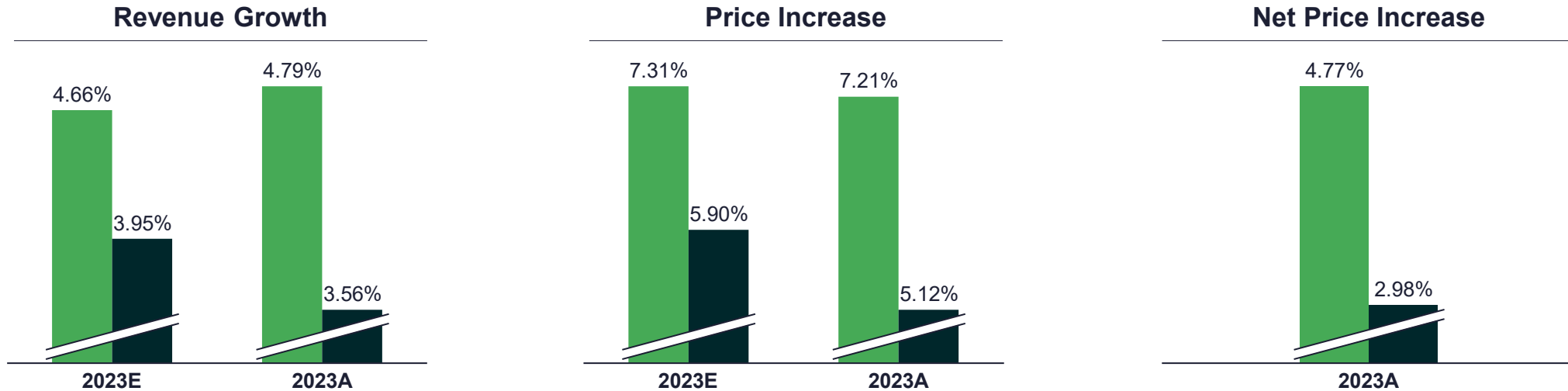
- Interestingly, the **largest jump occurs at the 10% threshold**, suggesting buyers are looking for at least a 10% cut and a quicker sales process
- Almost **60% of respondents** are currently **below the 10% threshold** have the opportunity to enhance discounting and revenue growth

2023 Price Increase & Revenue Growth



# Investing in artificial intelligence and machine learning pricing capabilities is the only category that drives significant business results

Investing In AI/ML Not Investing In AI/ML



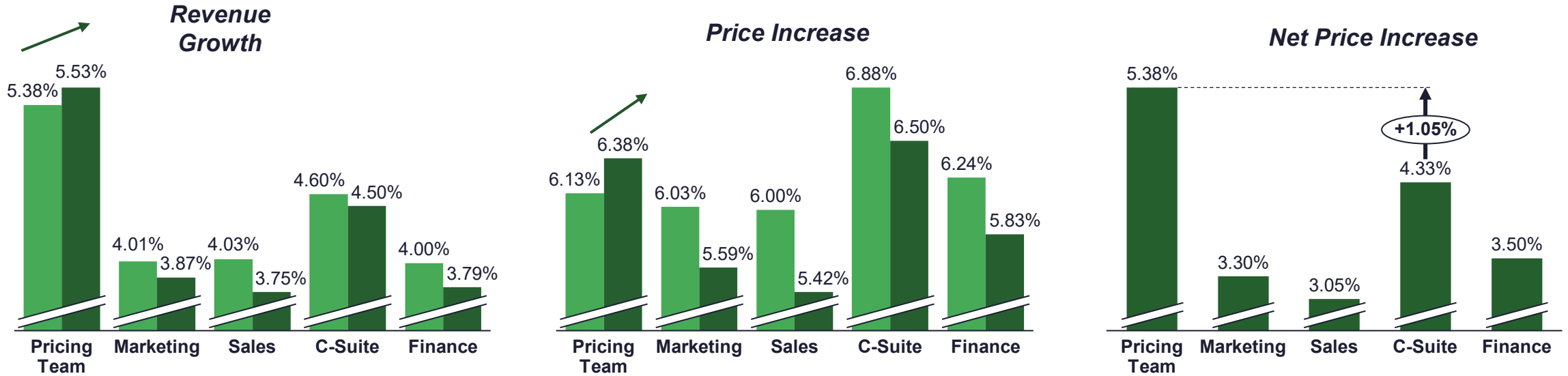
Upon analyzing the pricing efficacy of investing in AI and machine learning, data and systems, training, increasing headcount, research and consulting, AI and machine learning versus not investing in the innovation had the greatest trade-off

- Those not investing in AI and machine learning target their pricing investments towards data and systems, training, and research and consulting to assist with laying the pricing foundation capabilities

Typically, companies investing in innovative pricing solutions **already have the infrastructure and a dedicated pricing team** enabling them to continue sourcing **proactive pricing solutions**

# Companies with a dedicated pricing team consistently beat their targets

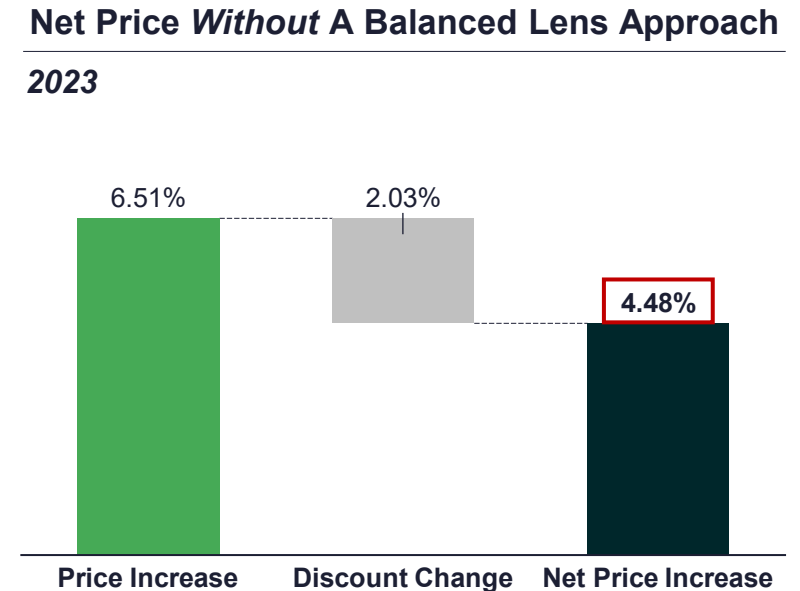
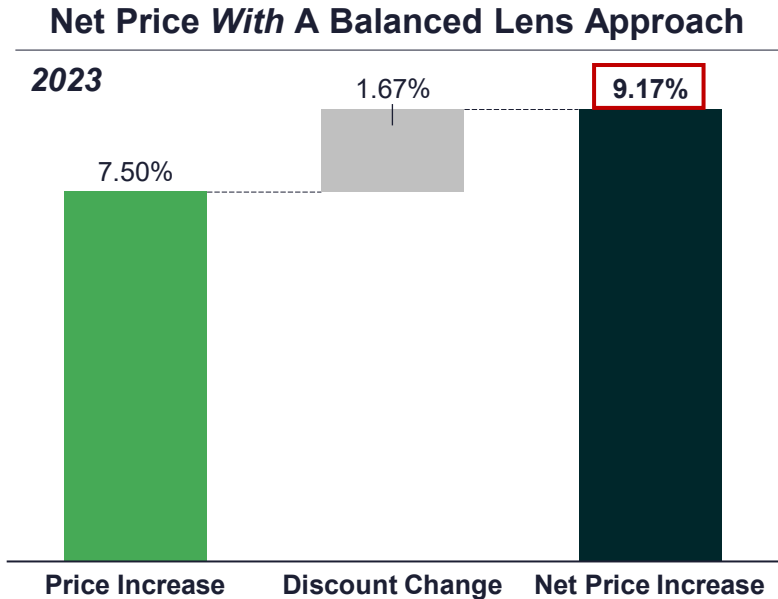
2023E 2023A



- All dedicate pricing team financial metrics **exceeded 2023 estimates**
  - Only pricing function ownership group to outperform targets

***Empowering a standalone pricing team has proven to outperform other organizational functions***

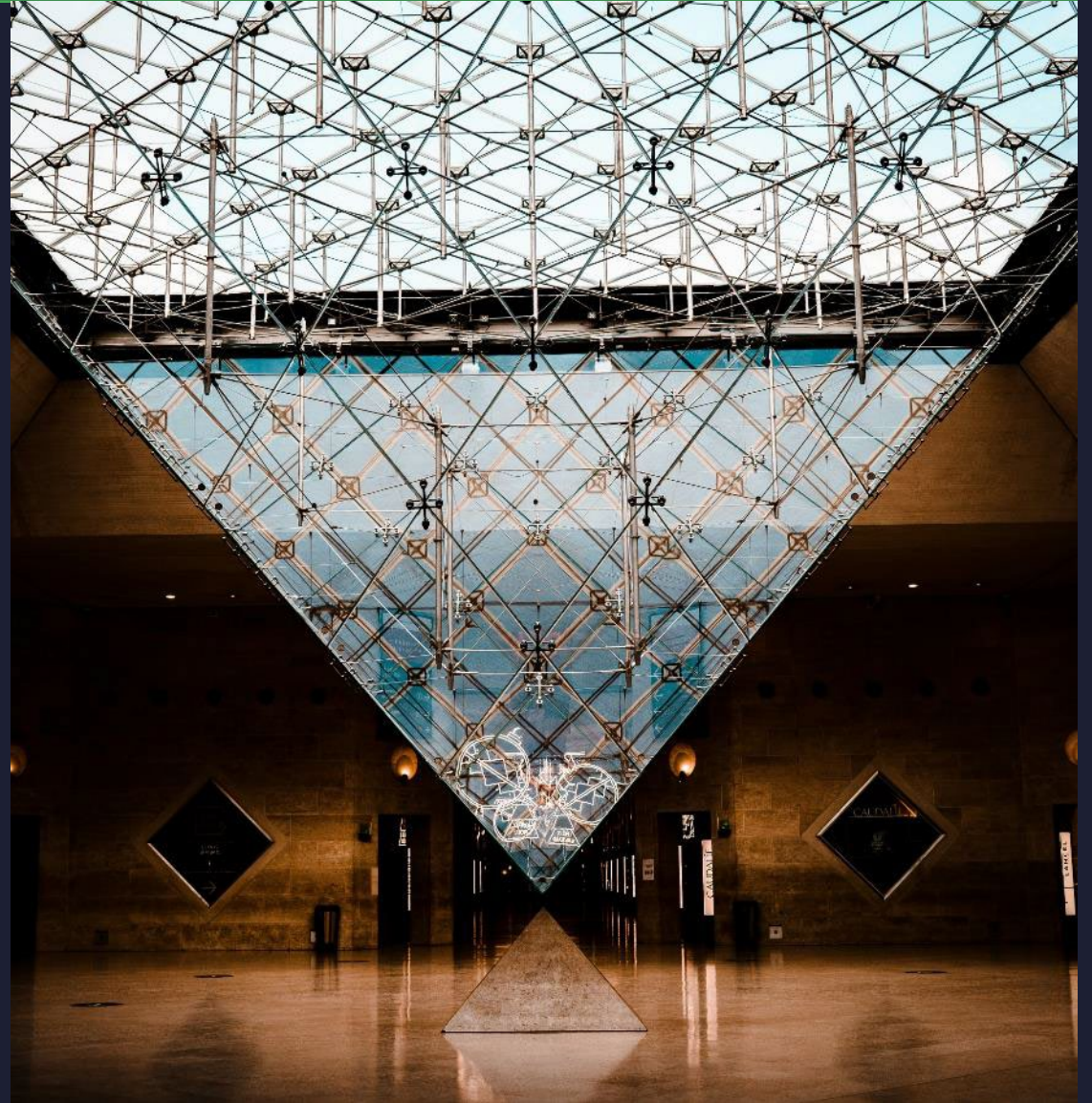
# Taking a balanced pricing approach to understand customer value, internal costs, and the competitive landscape drives better performance



Able to reduce discounts through discount optimization (-2.03%) resulting in the ability to capture over 2x the net price increase



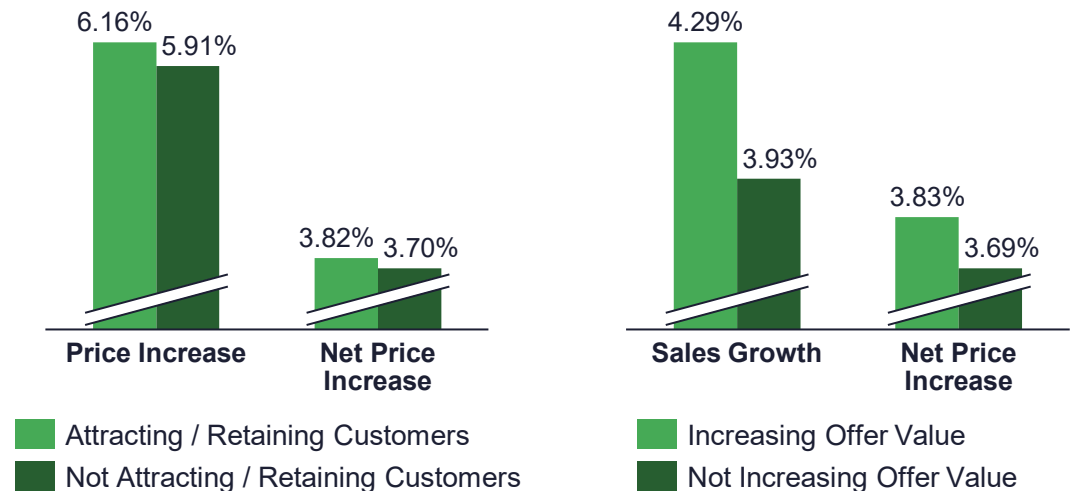
# 2024 Pricing Trends



# Two main factors explaining aggressive price increases in 2024: retaining and attracting customers, and increasing offer value

Factors Explaining 2024 Price Increases: Customer Retention and Attraction, and Increasing Offer Value

- Respondents considering attracting / retaining customers as a key factor took higher prices and achieved higher net price realization compared to those who did not
- Similarly, those who are making efforts to increase their offer's value attained higher sales growth and net price increases compared to those who do not

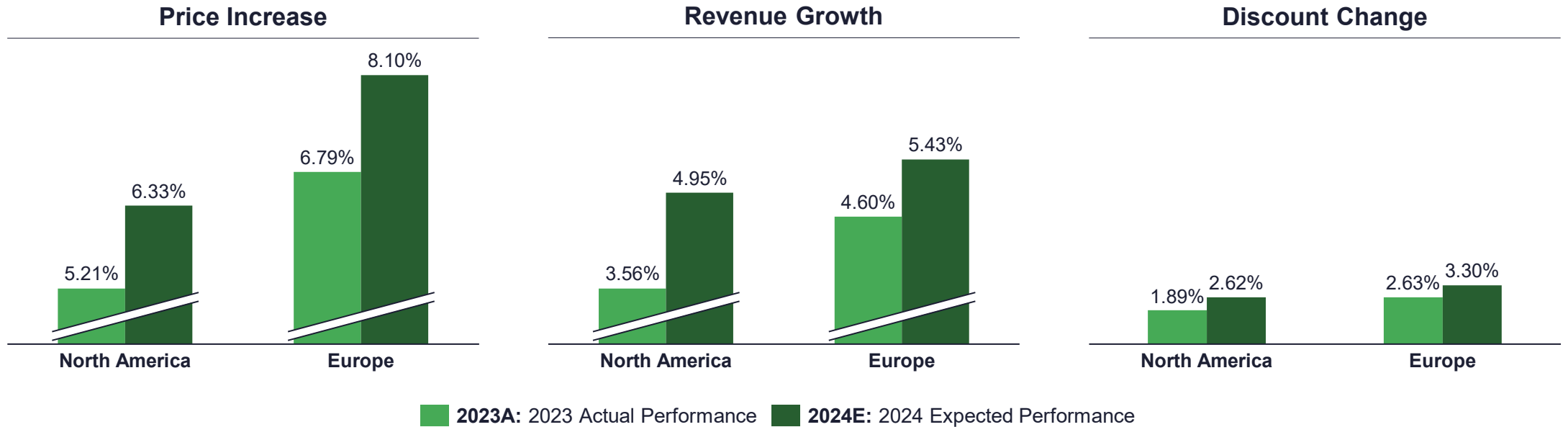


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# 2024 Pricing Benchmarks



# 2024 Pricing Benchmark – Region

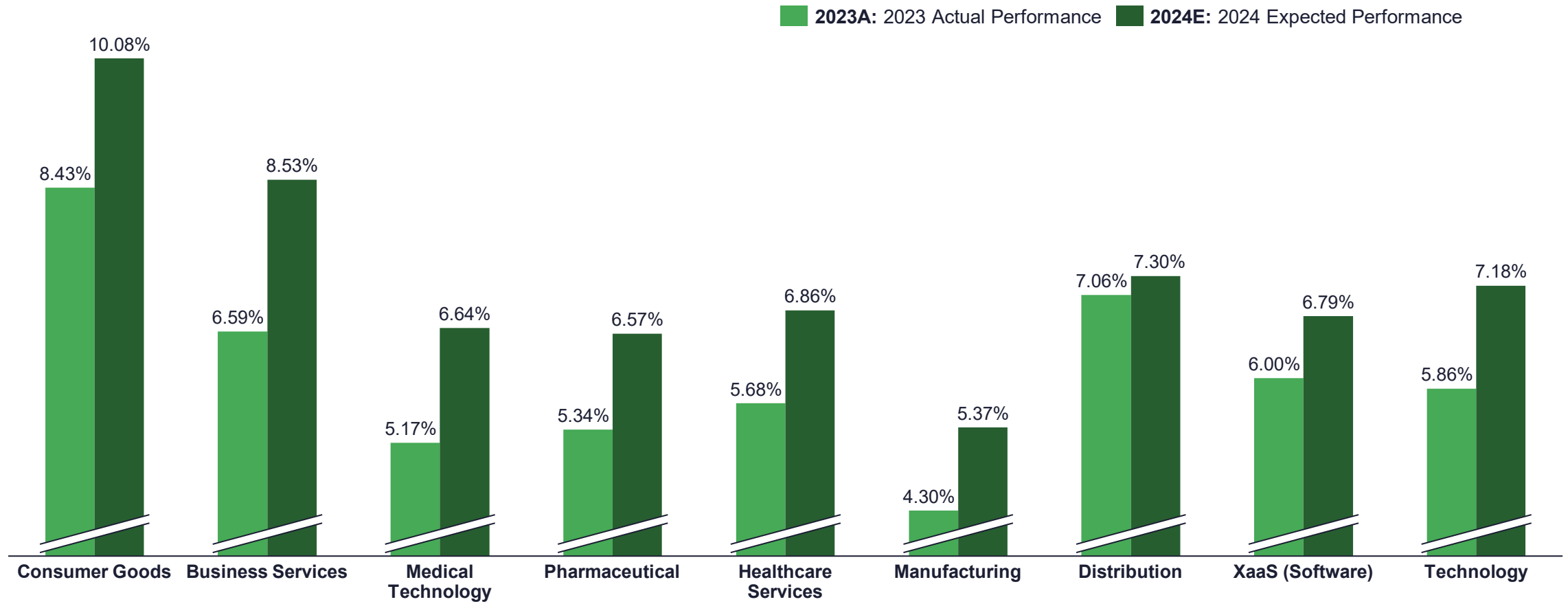


- » **Europe** continues with **more aggressive targets**
- » Both regions anticipate 2024 to be a healthy year of growth
- » **Discounting increases continue** stemming from a rising need for **concessions** combined with macroeconomic uncertainty

2023 Inflation – [NA](#): 3.4% ; [EU](#): 3.4%. 2024 Inflation – [NA](#): 2.4% ; [EU](#): 2.7%

# 2024 Pricing Benchmark – Industry (1/2)

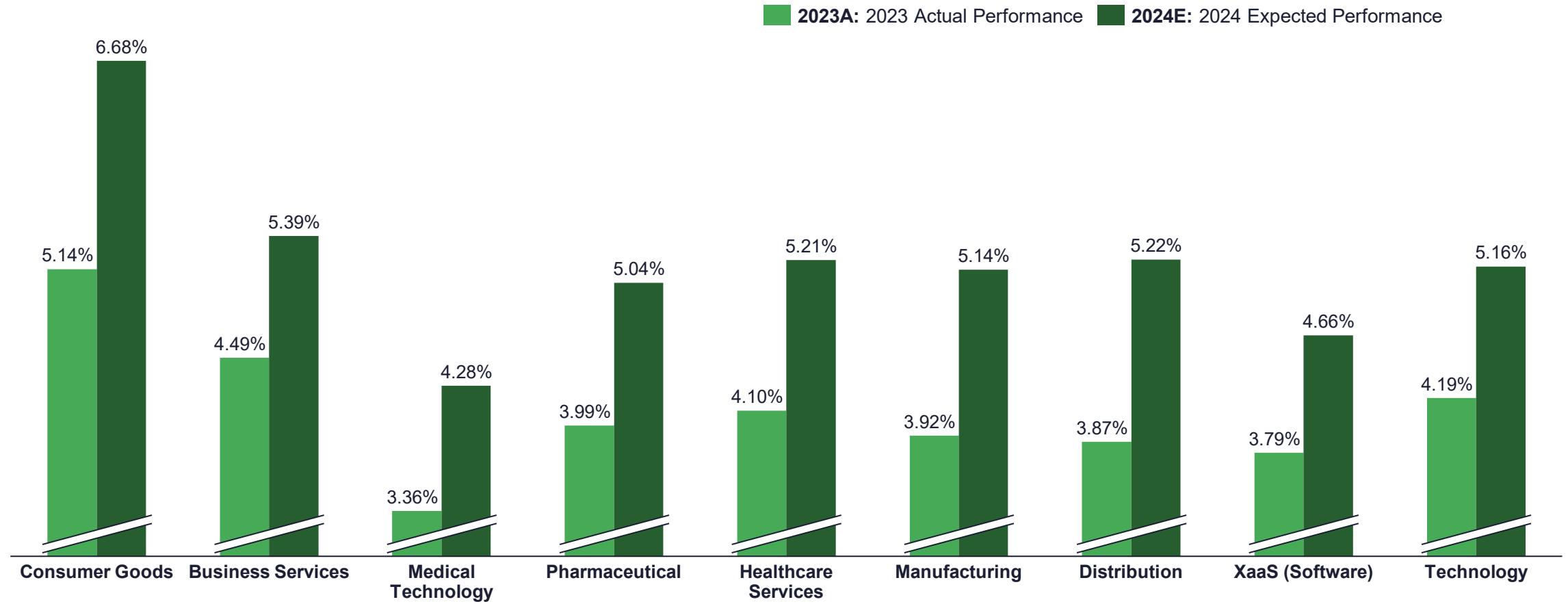
## Price Increase



2023 Inflation – [NA](#): 3.4% ; [EU](#): 3.4%. 2024 Inflation – [NA](#): 2.4% ; [EU](#): 2.7%

# 2024 Pricing Benchmark – Industry (2/2)

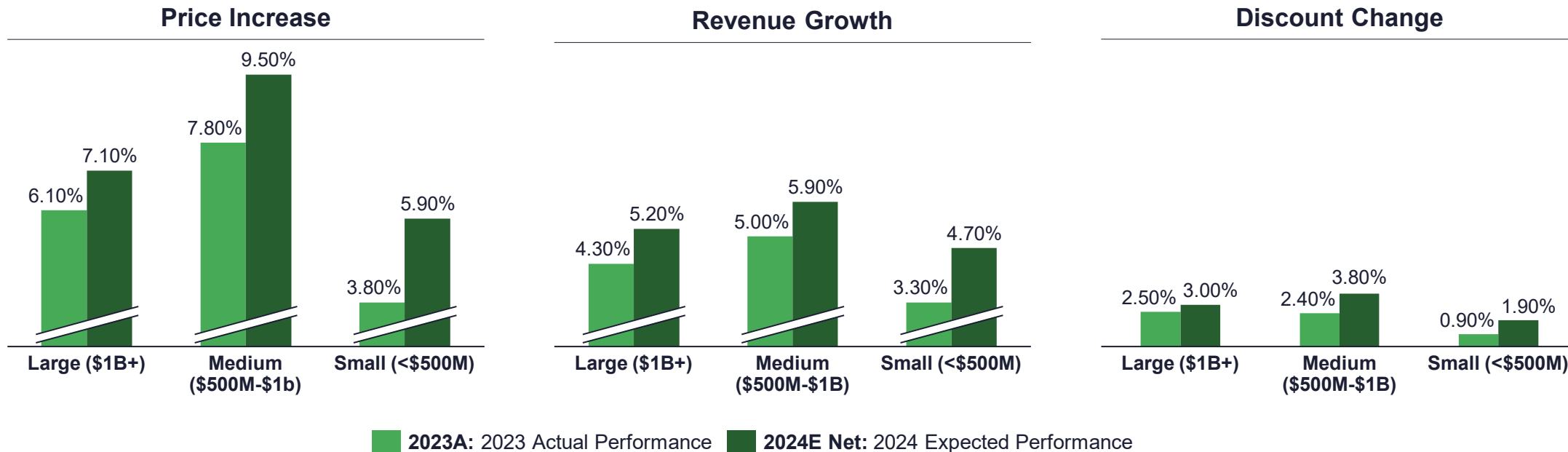
## Revenue Growth



2023 Inflation – [NA](#): 3.4% ; [EU](#): 3.4%. 2024 Inflation – [NA](#): 2.4% ; [EU](#): 2.7%



# 2024 Pricing Benchmark – Revenue Size



- » **Medium sized companies anticipate the greatest growth** (price, net price, and revenue) however, they missed their 2023 targets by the greatest amount
- » Medium sized companies anticipate 2024 net price increases to be greater than 2024 revenue growth representing volume loss
  - Large and Small companies both have expected **revenue growth greater than net price growth** indicating **volume increases**

2023 Inflation – [NA](#): 3.4% ; [EU](#): 3.4%. 2024 Inflation – [NA](#): 2.4% ; [EU](#): 2.7%

# Connect with Us

*Get actionable pricing strategy and transformative insights to meet your business targets. Our pricing experts enable better decisions and drive revenue growth.*

*If you would like to discuss the data or become a client, please contact us:*

[contact@revenueml.com](mailto:contact@revenueml.com)

**Learn more about Revenue Management Labs**

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