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#### Five Signs It's Time to Change Your Company's Pricing Strategy

##### *Insulate Profits During the Market Downturn*

CONCORD, MASS (PRWeb) – January 24, 2008 – Dr. Reed Holden, Founder of Holden Advisors, released today five signs that it's time to change your company's pricing strategy. The warning signs and how to change a pricing strategy are described in detail in *Pricing with Confidence: 10 Ways to Stop Leaving Money on the Table*, Holden's new book, co-written with Mark Burton.

Holden outlines the following indicators that a company's market has changed:

- Unit sales volume growth slows down
- Discounts fail to drive incremental volume
- Competitors introduce new offerings
- Lower-cost competitors enter the market
- Competitors start missing their numbers

"With the recent news of the recession, moves by the Federal Reserve, and global markets on a downslide, most companies are going to be too slow to act. The mistake most companies make is that they believe that a pricing strategy is static," states Mark Burton, co-author of *Pricing with Confidence* and co-founder of Holden Advisors. "The real challenge is to recognize when the market is changing and to change your strategy accordingly."

"With the heat of a recession upon us, a company should focus on rethinking their financial goals, rather than use price, because production levels are not aligned with market demand," warns Holden. "For example, Ford Motors recently announced a reduction in their production. During a downturn, they have traditionally kept building cars and pushing them out to dealers who would rely on massive price discounts to chase a shrinking base of consumers who wanted new cars. For the first time in a long time, they have decided to reduce production to match the shrinking demand. It's been reported in the press that they are the only one of the six biggest carmakers that did not increase price incentives in December. This is the right kind of thinking for financial health in the long run."

"If you have answered yes to one or more of the five indicators mentioned above," continues Holden, "there are several points you need to consider in choosing the right path for your company." These include:

*Hold off on increasing the discounting of your best and most differentiated offerings.* That action often results in destructive price erosion when demand is slowing. Instead:

*Consider offering flanking products* – Flanking products, or lower-value versions of products, help create a competitive offering, while insulating your most differentiated offering and thus the price.

*Invest in niche marketing* – Gaining knowledge of the needs of various customer types helps you go after the most profitable customers with the right solutions.

*Understand Competitive dynamics* – Make sure you understand how your competitors will respond to the changes you make in your customer pricing and be ready.

#### About Pricing with Confidence

*Pricing with Confidence: Ten Ways to Stop Leaving Money on the Table* published by Wiley & Sons, describes easy-to-understand steps companies can take to design and implement pricing approaches that are profitable, even in challenging times. For more information on what pricing strategies your companies can adopt when markets change, to learn more about the book, order a copy, or to view upcoming seminars see: [www.pricingwithconfidencebook.com](http://www.pricingwithconfidencebook.com).

#### About Holden Advisors Authors

Reed Holden and Mark Burton are co-founders of Holden Advisors [www.holdenadvisors.com](http://www.holdenadvisors.com), a pricing consultancy and education firm that specializes in working across product, marketing, pricing, and selling functions to improve pricing performance. Dr. Holden is an Adjunct Associate Professor at Columbia University. Dr. Holden and Mr. Burton have a long history of developing leading-edge, yet practical, pricing processes for companies in a wide range of industries. They can be reached at [www.holdenadvisors.com](http://www.holdenadvisors.com) or through Reed's blog [www.reedholden.wordpress.com](http://www.reedholden.wordpress.com).