

B2B Price Segmentation Self-Assessment

To help gauge the efficacy of your price segmentation model, simply answer the questions below as objectively as possible. Negative responses indicate room for improvement.

| OBJECTIVES & INTENT | YES | NO |
|---|--------------------------|--------------------------|
| Was the segmentation you are currently using specifically and deliberately designed for pricing purposes? (As opposed to merely adopting an existing product, sales, or marketing segmentation.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Is your price segmentation designed to highlight where members of the market are actually willing to pay higher or lower prices? (As opposed to just showing where you <i>want</i> to charge different prices.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Is your price segmentation intended to enable your company to charge different prices under different circumstances? (Rather than just being a way to report on price performance after the fact.) | <input type="checkbox"/> | <input type="checkbox"/> |
| QUALITY & ACCURACY | YES | NO |
| Were a significant number of potential attributes considered in the development of your segmentation model? (As opposed to defaulting to the most obvious and/or available attributes.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Is the dispersion of the realized prices in your defined price segments relatively tight and rational? (Significant dispersion within defined price segments can indicate inaccurate segment definitions.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Are your volume and quantity breaks based on changes in price sensitivity and willingness to pay? (As opposed to being based solely on cost efficiency points and arbitrary round-numbers.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Was regression analysis performed on potential segmentation attributes to determine and rank their true explanatory power? (Rather than relying on intuition or internal opinions about what matters.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Do less than 20% of your transactions go through exception request and approval processes? (Significant exception requests can indicate inaccurate prices, driven by an inaccurate segmentation.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you measure price elasticity within your segments to understand expected response to different prices? (As opposed to hope/guessing.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Does your price segmentation take customer loyalty and/or lifetime value into account? (Failing to consider different customers' value over time can result in unintended customer defections.) | <input type="checkbox"/> | <input type="checkbox"/> |

| GRANULARITY & SPECIFICITY | YES | NO |
|---|--------------------------|--------------------------|
| Does your price segmentation model include attributes about the deal itself---i.e. the circumstances of the transaction? (Rather than only using product- and customer-level attributes.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Is the dispersion of realized prices in your defined pricing segments relatively tight and rational? (Significant dispersion within defined price segments can indicate the presence of additional segments.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you use different price segmentation models for markets with different business and economic dynamics? (As opposed to attempting to use a single model to cover every situation and circumstance.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Can an individual customer fall into different price segments depending upon the specifics of the transaction? (As opposed to assigning customers to set pricing or discount levels.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Does the resulting number of segments in your model align to the size and scope of your market? (A model with 100 segments is too general for a multinational with thousands of customers/products.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Does your price segmentation include any sort of transactional volume or quantity breaks? (Rather than simply having a single unit price regardless of the quantity being purchased.) | <input type="checkbox"/> | <input type="checkbox"/> |
| DELIVERY & ADOPTION | YES | NO |
| Have all of the various stakeholders been educated as to the purpose, intent, and benefits of price segmentation? (Rather than assuming that everyone understands what it is and why it's important.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Was the ideal segmentation model developed <i>before</i> system- and organization-level tradeoffs were considered? (As opposed to starting with the constraints and letting them define the segmentation.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you provide your salespeople with a recommended price range they can negotiate within? (As opposed to providing them a single price that may or may not be precise enough for the given situation.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Can salespeople determine the appropriate price for a transaction using existing tools and processes? (Rather than having to use a separate set of tools or route through additional processes.) | <input type="checkbox"/> | <input type="checkbox"/> |
| Has the sales organization been involved in the development of the segmentation model? (As opposed to the sales team being expected to comply with something they've had no involvement in.) | <input type="checkbox"/> | <input type="checkbox"/> |