

New Product Pricing
Executive Management Workshop
2009

INSTRUCTOR: Jerold Bernstein, Value Pricing Group (Price Improvement Team LLC)

CLASS TIME One day seminar

I. INTRODUCTION

One of the most challenging tasks a business organization will face involves setting the “right” price for a new product. New product pricing is complex and many managers are intimidated by the challenges involved. It is important to use a process that breaks down the task into manageable elements. The New Product Pricing Process provides managers a systematic structure to deal with this task, while promoting a customer based orientation toward product design, product value, market segment selection, and competition. Implementation of the process reduces the risk inherent in a new product introduction.

The learning objectives for this one-day workshop are:

- To develop an understanding and application of a new product pricing process.
- To learn the importance of customer oriented research methods.
- To understand and apply product portfolio management at the time of new product introduction
- To learn the principles and application of value analysis as a key part of any new product pricing process.
- To understand the issues and knowledge required for optimal competitive positioning.
- To understand and apply techniques for an accurate forecast of revenue and profitability
- To learn how to best present and defend pricing decisions to senior management

COURSE INDEX OVERVIEW

8:30 AM -10:00 AM (Session 1)	Introduction to new product pricing process & the workshop. 1 st workshop exercise: Product Price/Performance & Portfolio Management
10:15 AM – 12:00 PM (Session 2)	2 nd and 3 rd workshop exercises “Value Analysis” and “Competitive Positioning”
12:00 PM – 12:45 PM	Lunch
12:45 PM – 2:15 PM (Session 3)	4 th Exercise “The Numbers Story”: A more accurate and defensible forecast of revenue and profitability
2:30 PM – 4:00 PM (Session 4)	Presentation and discussion of qualitative and quantitative research methods for new product pricing. Becoming an educated consumer of research methods. Course Recap

SESSION 1

In this session we will provide an overview of the New Product Pricing Process and the Workshop exercises. Exercise 1 provides the opportunity to discuss and work in groups on issues such as:

- Determining how a new product influences the positioning and sales of existing products
- Identifying price/performance attributes and how they differ from customer based value attributes

SESSION 2

During this session we work with, and discuss the important issue of determining product value based on customer needs. Issues that we work with and discuss include:

- Tangible vs. intangible value attributes
- Developing products and product features that customers want.
- Understanding and implementation of effective competitive positioning

SESSION 3

During this session we perform the final workshop exercise “A numbers story to forecast product unit volume, revenues, and profits. Exercises and discussion include:

- Developing a units based forecast
- New product revenue and impact on product portfolio
- Managing cannabilization and product adoption rates

SESSION 4

During this session we discuss the criticality of customer oriented pricing research for determining the “right” price. We will discuss research methods and the benefits and pitfalls of each. We will use a case study to discuss the methods and reasonable expectations from several research methods. Discussion includes:

- Qualitative and quantitative research methods
- Developing an interview guide
- Recruiting respondents
- Conducting the interviews
- Interpreting the results