



IPF 2019 PARIS

INTERNATIONAL PRICING FORUM

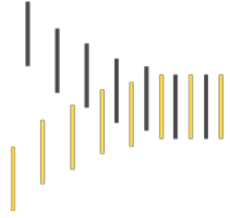
HIGH IMPACT QUICK WINS:

recipes to increase your margin by 20%

LOON SPIELMANN
SENIOR PRICING MANAGER

PHILIPS

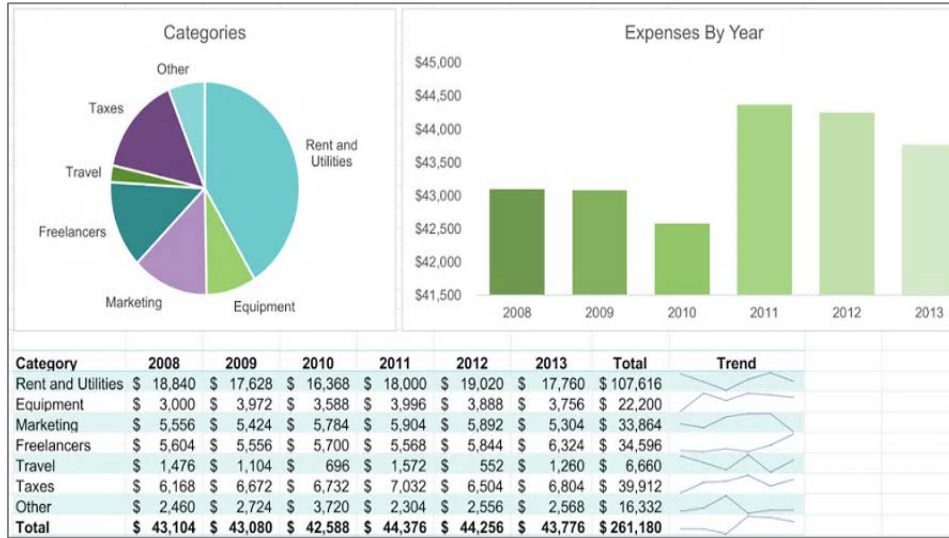
LAY THE FOUNDATION



POWER OF ANALYTICS

- Data need not be perfect, but should be accurate enough
- Leverage on data and analytics to generate **actionable** insights

POWER OF VISUALS



Sum of Total Value		Date Sold					
SalesPerson	Item Number	Feb	Jul	Aug	Sep	Oct	Grand Total
SalesPerson1	ITEM1	\$0.00	\$191,537.29	\$567,477.24	\$178,914.49	\$0.00	\$937,929.02
	ITEM2	\$0.00	\$240,220.60	\$0.00	\$409,748.66	\$0.00	\$649,969.26
	ITEM8	\$0.00	\$148,215.20	\$0.00	\$373,945.26	\$0.00	\$522,160.46
	ITEM6	\$0.00	\$486,481.51	\$0.00	\$0.00	\$0.00	\$486,481.51
	ITEM4	\$0.00	\$0.00	\$0.00	\$257,558.49	\$0.00	\$257,558.49
	ITEM5	\$0.00	\$0.00	\$11,106.27	\$63,121.94	\$21,014.01	\$95,242.23
	ITEM7	\$0.00	\$92,224.24	\$0.00	\$0.00	\$0.00	\$92,224.24
SalesPerson1 Total		\$0.00	\$1,158,678.84	\$578,583.51	\$1,283,288.84	\$21,014.01	\$3,041,565.21
SalesPerson2	ITEM6	\$0.00	\$1,205,733.14	\$249,684.22	\$538,029.22	\$256,933.11	\$2,250,379.70
	ITEM8	\$334,761.93	\$0.00	\$1,060,505.34	\$0.00	\$0.00	\$1,395,267.26
	ITEM1	\$0.00	\$0.00	\$597,113.39	\$352,340.80	\$0.00	\$949,454.19
	ITEM2	\$0.00	\$0.00	\$0.00	\$547,448.33	\$0.00	\$547,448.33
	ITEM4	\$0.00	\$0.00	\$481,423.08	\$0.00	\$0.00	\$481,423.08
	ITEM7	\$0.00	\$216,099.41	\$0.00	\$81,037.28	\$0.00	\$297,136.68
	ITEM5	\$0.00	\$0.00	\$94,203.51	\$0.00	\$0.00	\$94,203.51
SalesPerson2 Total		\$334,761.93	\$1,421,832.55	\$2,482,929.54	\$1,518,855.63	\$256,933.11	\$6,015,312.76
Grand Total		\$334,761.93	\$2,580,511.39	\$3,061,513.05	\$2,802,144.48	\$277,947.13	\$9,056,877.97

1.

Price rise

Investment Flow

Elasticity

Sensitivity Indexation

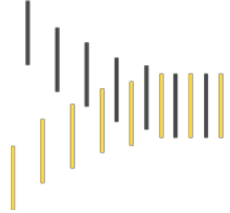
Communication

Churn

Business Margin

Price

Impact

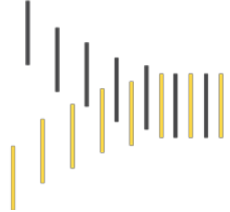


DISCUSSION

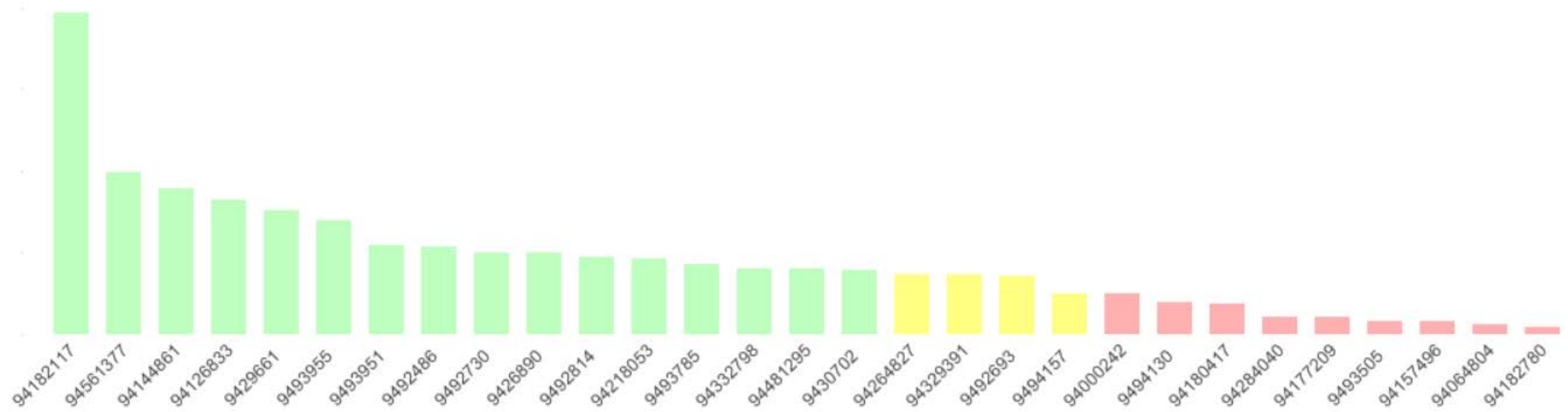
- **Do you implement regular price increases?**
- **How did you do it?**
- **What challenges did you face?**

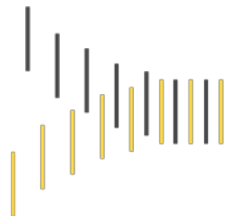
2.

Trim the tail



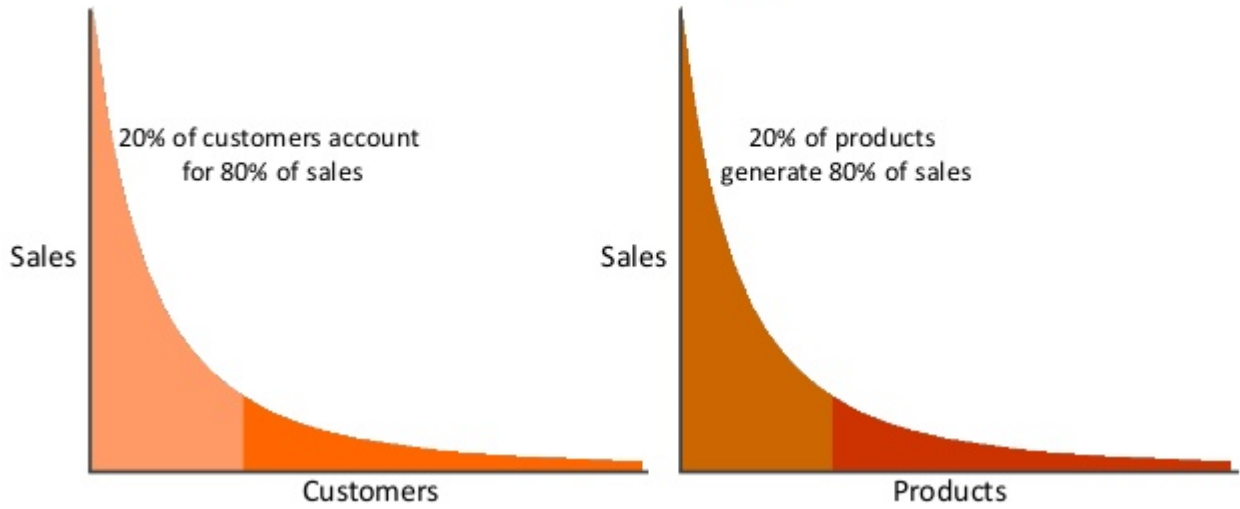
LONG TAIL

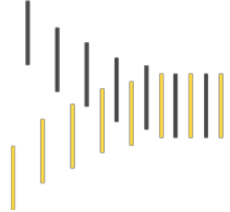




PARETO 1 & 2

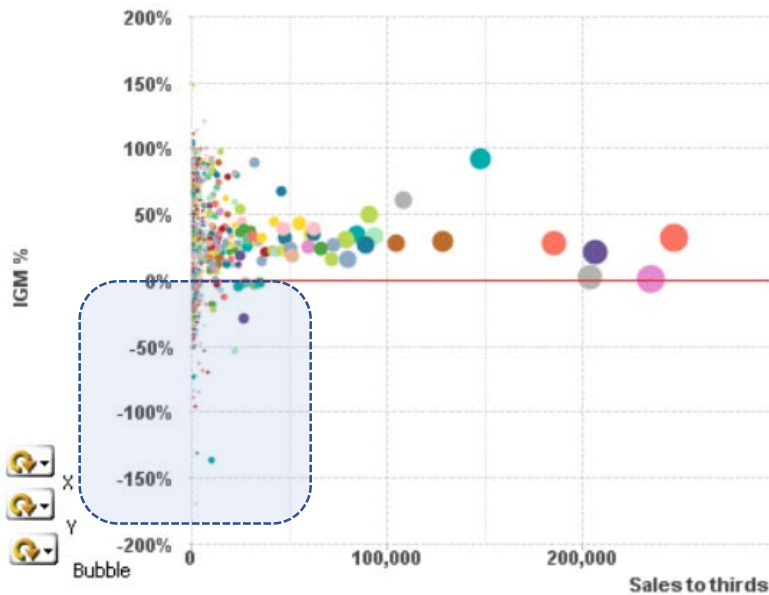
The Pareto Curve – Long Tail



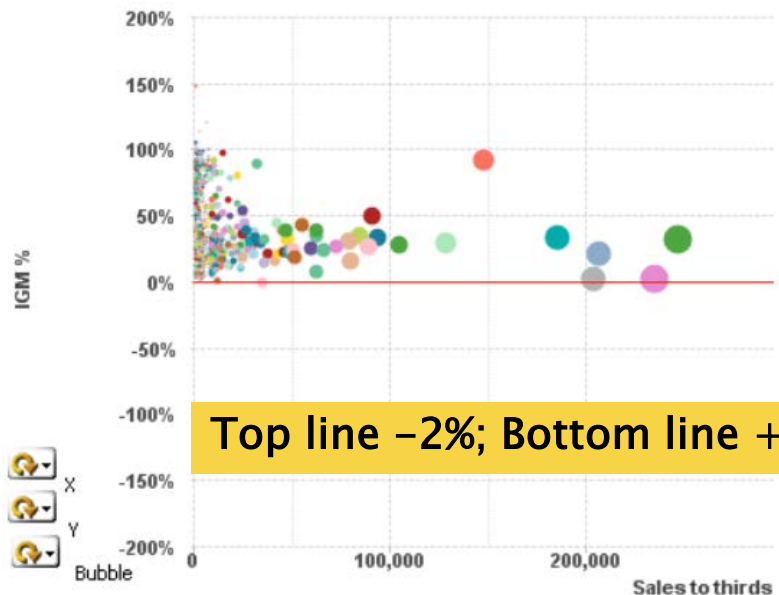


Impact on a 7mio € business

Scatter



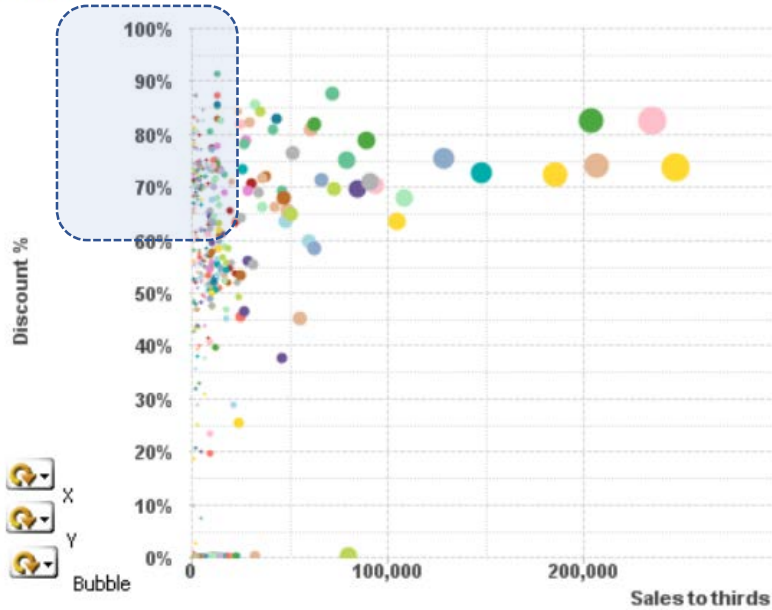
Scatter



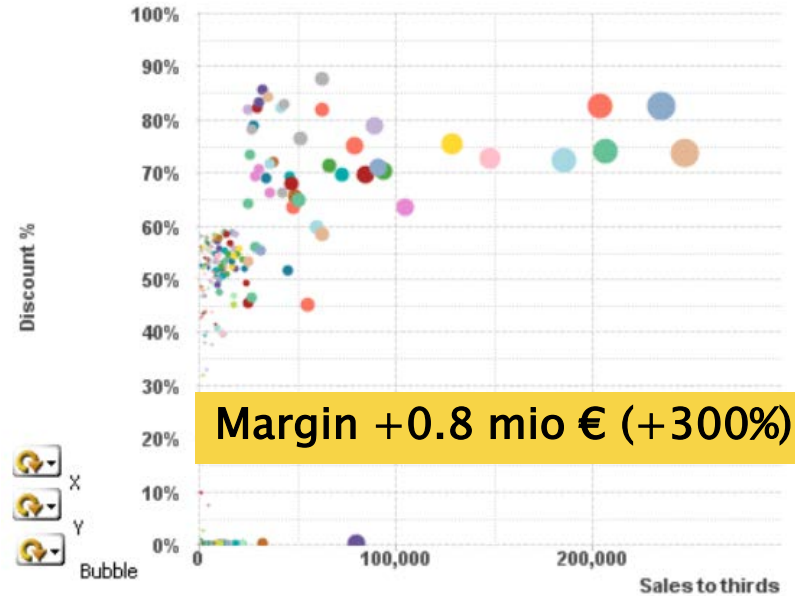
Top line -2%; Bottom line +11%

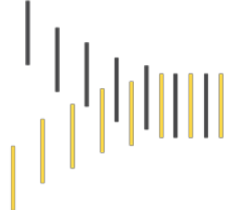
Impact of commercial policy

Scatter



Scatter





DISCUSSION

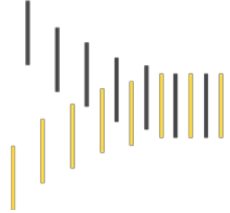
- **How do you recognize the long tail in your business?**
- **What is the reason for the long tail?**
- **What challenges will you face when trimming the tail?**

3.

Shift the mix

SHIFT THE MIX





PRODUCT-PRICE MIX

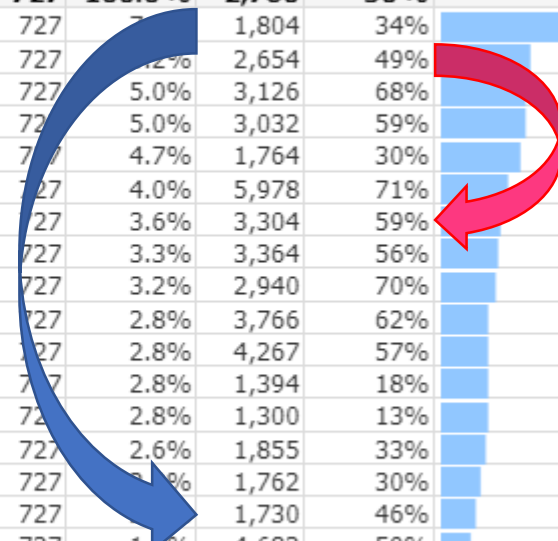
Product	A	B
Price	100	120
Quantity	50	10
Cost	60	60
Margin	2000	600

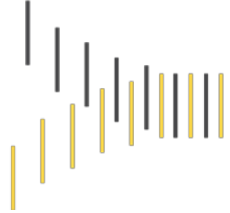
Product	A	B
Price	100	120
Quantity	10	50
Cost	60	60
Margin	400	3000

+10% margin improvement with the right mix

Option Combination

OptionString	Quantity	Sales Orders	Total	Total	ASP	IGM%	Quantity
	727	174	727	100.0%	2,780	50%	
A03,C15,E22,E24,H01	51	1	727	7.2%	1,804	34%	
A04,E22,E24,H42	38	5	727	5.2%	2,654	49%	
A04,E22,E24,H11	36	8	727	5.0%	3,126	68%	
A04,E22,E24,H12	36	8	727	5.0%	3,032	59%	
A06,E24,H12	34	3	727	4.7%	1,764	30%	
A04,E22,E24,H11,J25,M05	29	1	727	4.0%	5,978	71%	
A04,E22,E24,H41	26	5	727	3.6%	3,304	59%	
A06,E22,E24,H12,M05	24	2	727	3.3%	3,364	56%	
A04,E22,H11	23	4	727	3.2%	2,940	70%	
A04,E21,E22,E24,H11	20	1	727	2.8%	3,766	62%	
A06,E24,H12,M05	20	2	727	2.8%	4,267	57%	
A06,E24,H21	20	1	727	2.8%	1,394	18%	
A06,E24,H02	20	1	727	2.8%	1,300	13%	
A06,E24,H12,M12	19	2	727	2.6%	1,855	33%	
A06,E24,H12,M05,M12	17	1	727	2.3%	1,762	30%	
A04,E22,H01	15	3	727	2.1%	1,730	46%	
A04,E24,H12,M12,P01	13	1	727	1.8%	4,682	59%	
A04,E05,E24,H01	13	2	727	1.8%	2,018	41%	
A04,E05,E22,E24,H42	13	7	727	1.8%	4,460	57%	
A04,E05,E22,E24,H01	13	4	727	1.8%	1,811	15%	

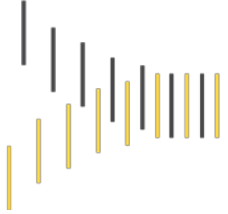




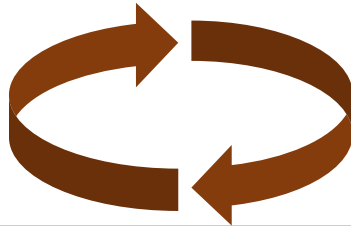
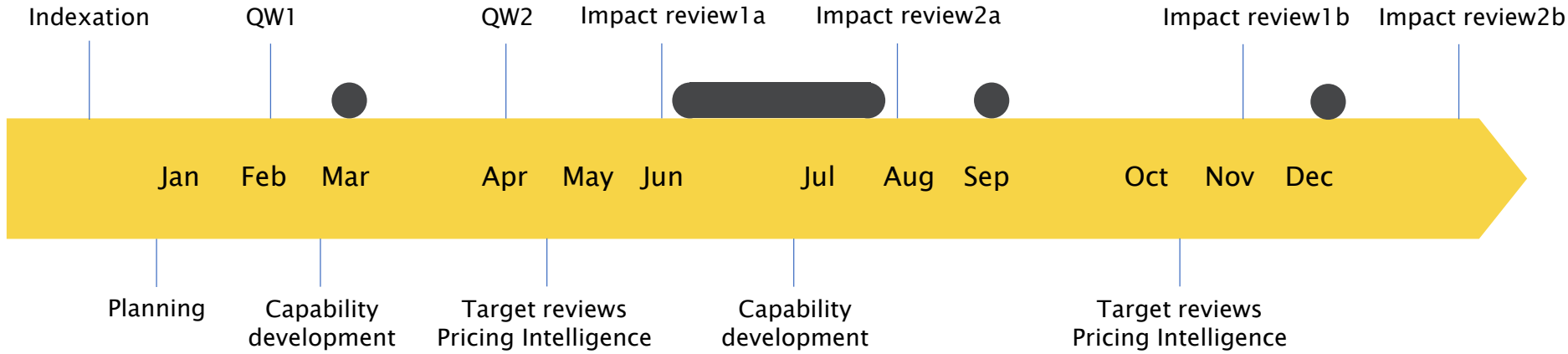
DISCUSSION

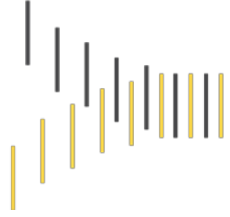
- **How relevant is mix in your business?**
- **How do you determine the optimal mix?**
- **What is needed to effectively execute the mix?**

KEY LEARNINGS



SUSTAIN THE IMPACT





KEY LEARNINGS

- **Keep it simple**
- **Choose your battles wisely**
- **Speak the same language**
- **Your role as a business partner: consult vs audit**



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