



**Global Pricing Study 2021: Will the winners of 2020 prevail this year?**

Summary Report

April 2021

[www.simon-kucher.com](http://www.simon-kucher.com)

## Note to the Reader

2020 was a unique and challenging year for many.

In developing the 7<sup>th</sup> edition of our Global Pricing Study, we expected to see this reflected in the responses. Contrary to our expectations, **we found that many companies emerged from 2020 with improved profit margins versus 2019.**

Digging deeper though, the survey showed that the majority of these 2020 profit wins were driven by demand increases and/or strong cost decreases.

### **So what does this mean for the future?**

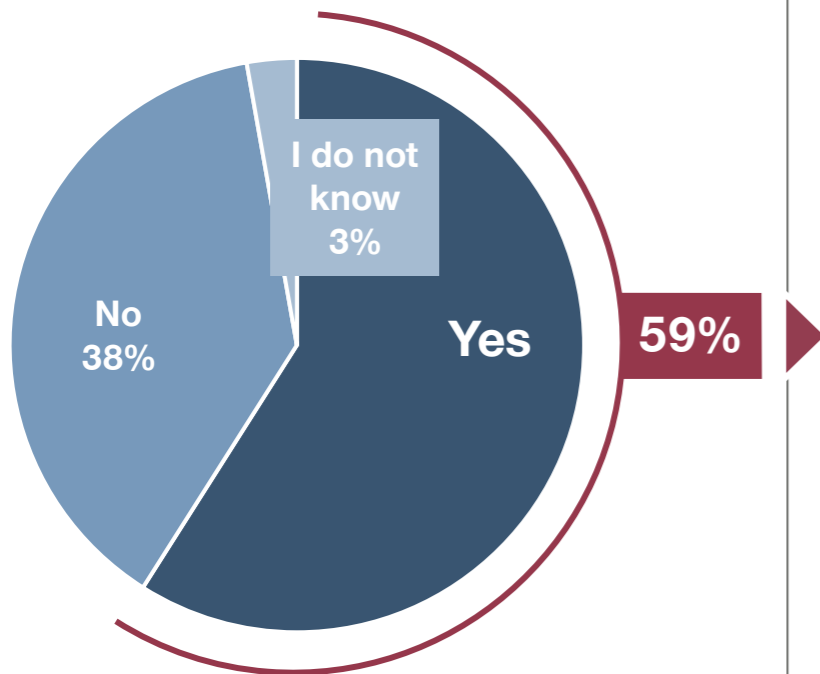
Looking forward, Simon-Kucher sees risks looming for many. Changing economic conditions and a rise in inflation could easily reverse the wins of 2020. Companies must reset for the future, maximize the opportunities of pricing as a lever, and adjust quickly to new market conditions and demands.

How future-proof is your companies' commercial strategy? We hope you gain valuable insights from the following report.

Simon-Kucher & Partners  
April 2021

# From over 2,200 companies surveyed\*, almost 60% improved profits in 2020

**?** Overall, did your company improve its profit margins in 2020?



## % of companies with improved 2020 profit margins by industry

Trailblazers <sup>1</sup>		Leaders <sup>2</sup>		Stragglers <sup>3</sup>	
Software	82%	Utilities	65%	Media	33%
Aerospace & Defense	79%	MedTech	64%	Travel & Tourism	19%
Construction	72%	Pharma & Cons. Health	63%	Restaurants	18%
Wholesale & Distrib	69%	Insurance	63%		
Logistics	68%	Telecommunications	62%		
Chemicals	67%	Consumer & Retail	60%		
Internet	67%	Industrials	58%		
Materials	67%	Oil & Gas	58%		
		Banking & Financial S.	56%		
		Business Services	54%		
		Automotive	51%		
		Other	54%		

## Did your business develop in line with your industry in 2020?

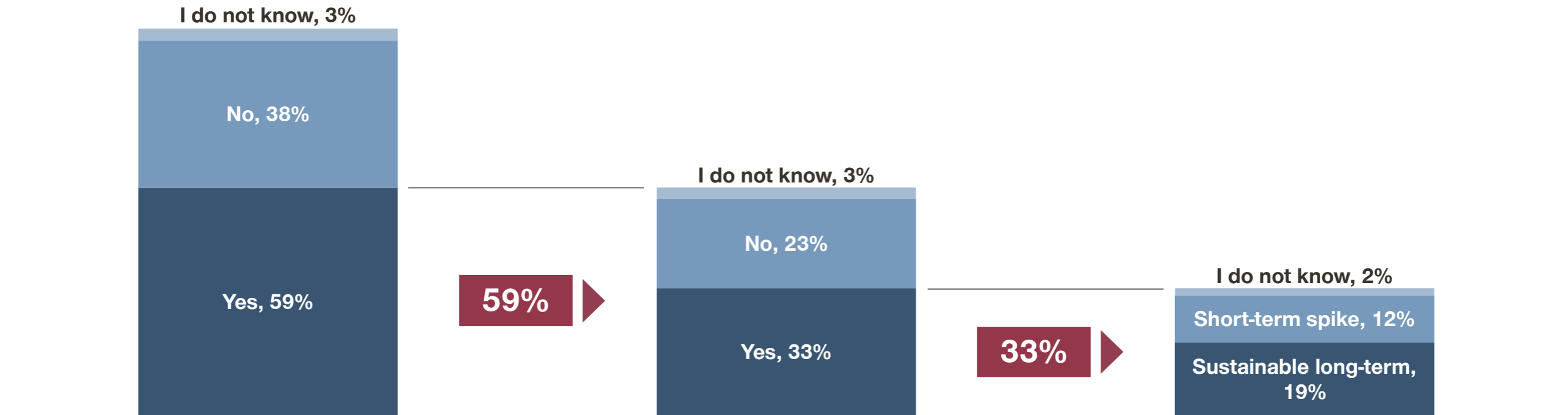
Source: Trend Radar / Global Pricing Survey March 2021 (n = 2,210); Q1: Overall, did your company improve its profit margins in 2020? (n=2,210), 1. Trailblazers: industries where more than 2/3 % of companies improved their profit margins in 2020; 2. Leaders: industries where 34%-65% of companies improved their profit margins in 2020; 3. Stragglers: industries where less than 1/3 of companies improved their profit margins in 2020  
\* See details: appendix

# However, far fewer companies viewed these improvements as sustainable long-term

? Overall, did your company improve its profit margins in 2020?

? Was your company's margin improvement due to the impact of Covid-19?

? Is the margin improvement sustainable long-term, or a short-term spike?

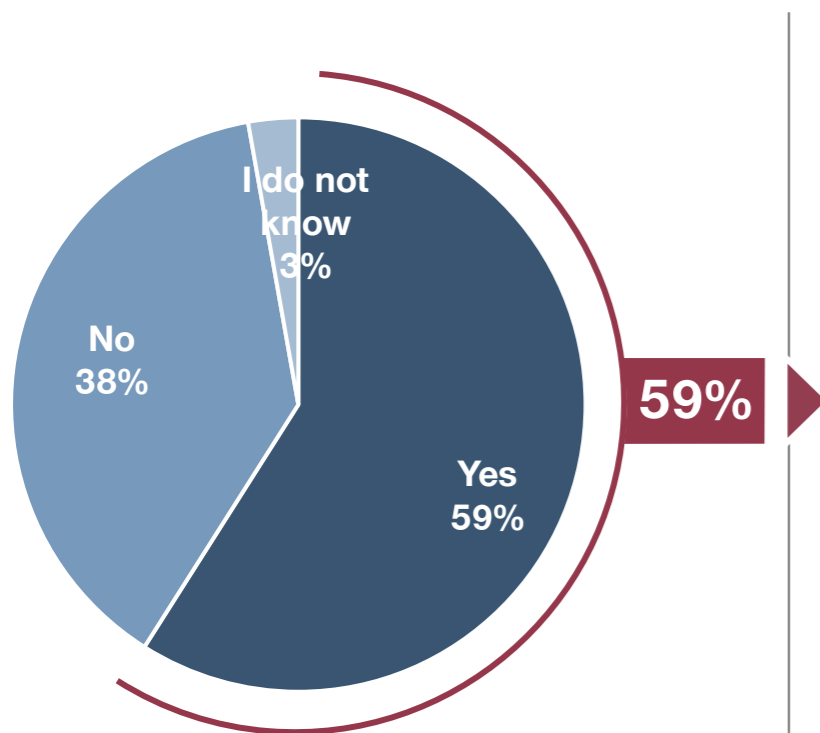


**A third of surveyed companies attributed margin improvements to COVID-19, with only 19% predicting these improvements will be sustainable long-term**

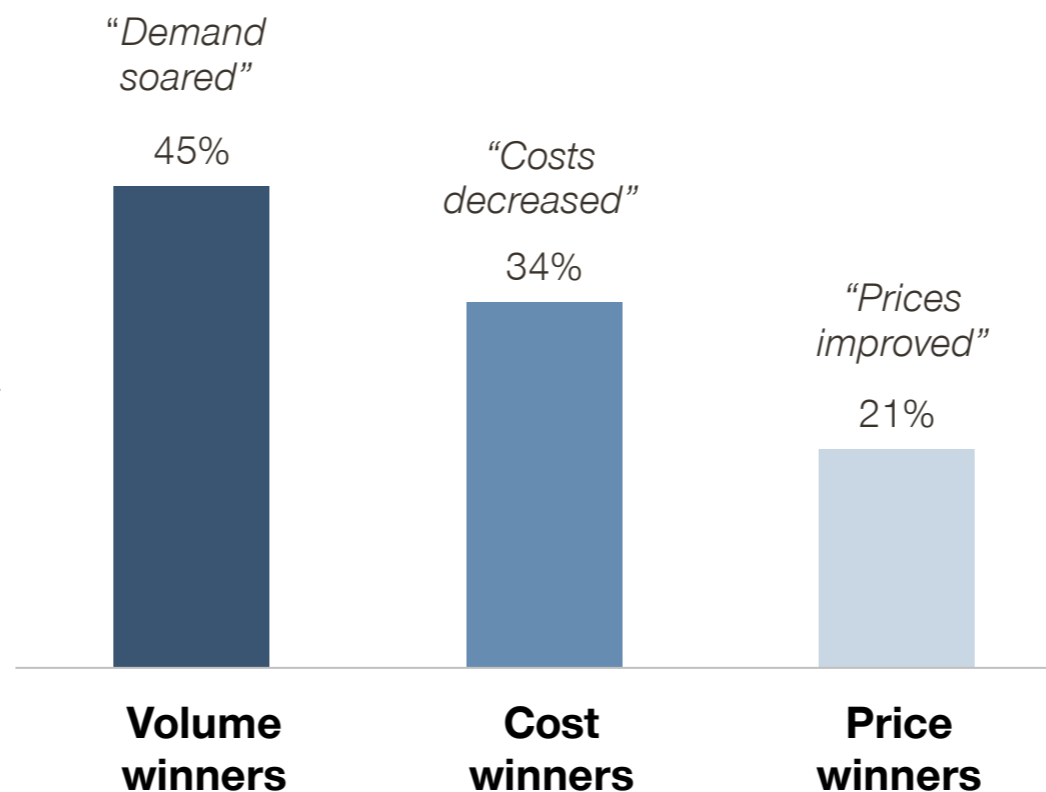
Source: Trend Radar / Global Pricing Survey March 2021 (n = 2,210); Q1: Overall, did your company improve its profit margins in 2020? (n=2,210); Q2: Was your company's margin improvement due to the impact of Covid-19? (n=1,304), Q3: Is the margin improvement sustainable long-term, or a short-term spike? (n=728)

# Margin improvements were largely driven by favorable volume and cost developments

? Overall, did your company improve its profit margins in 2020?



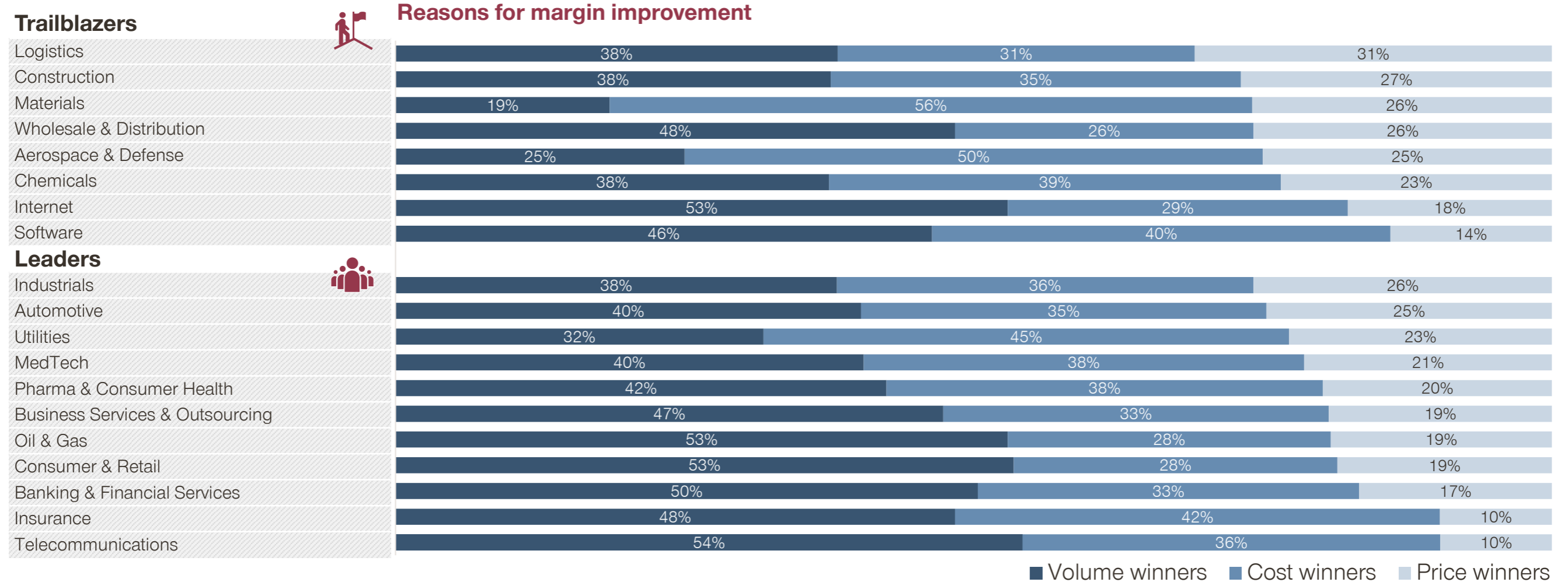
? What were the primary reason(s) margins improved?



So what does this mean?

- Demand increases and cost decreases were the key profit drivers for many in 2020
- However, changing economic conditions and a rise in inflation could easily reverse these effects
- **Pricing represents a clear and undervalued opportunity for companies looking to maximize margin improvements and ride out the changing inflationary or economic conditions**

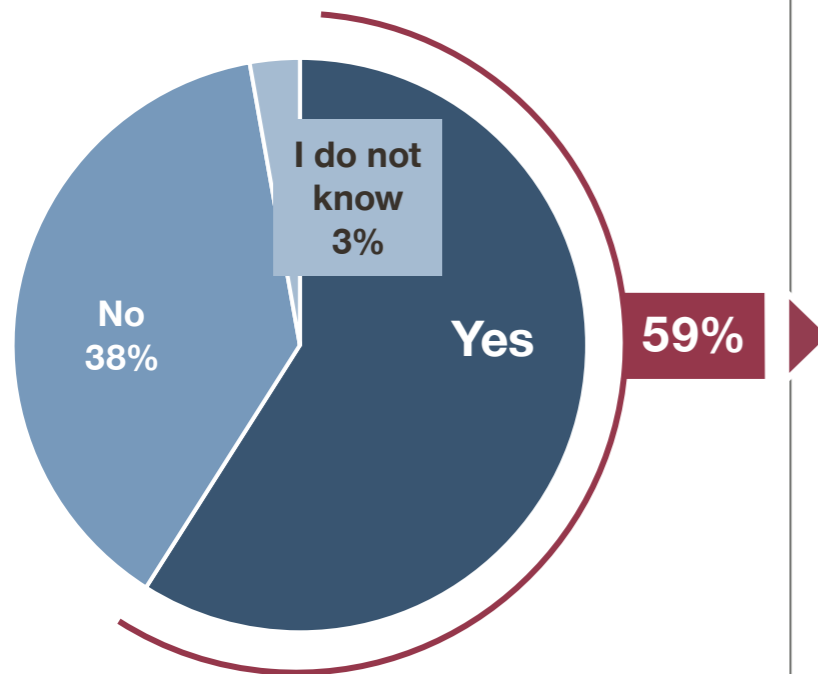
# Few industries, even amongst the ‘Trailblazers’, gained significantly through pricing factors



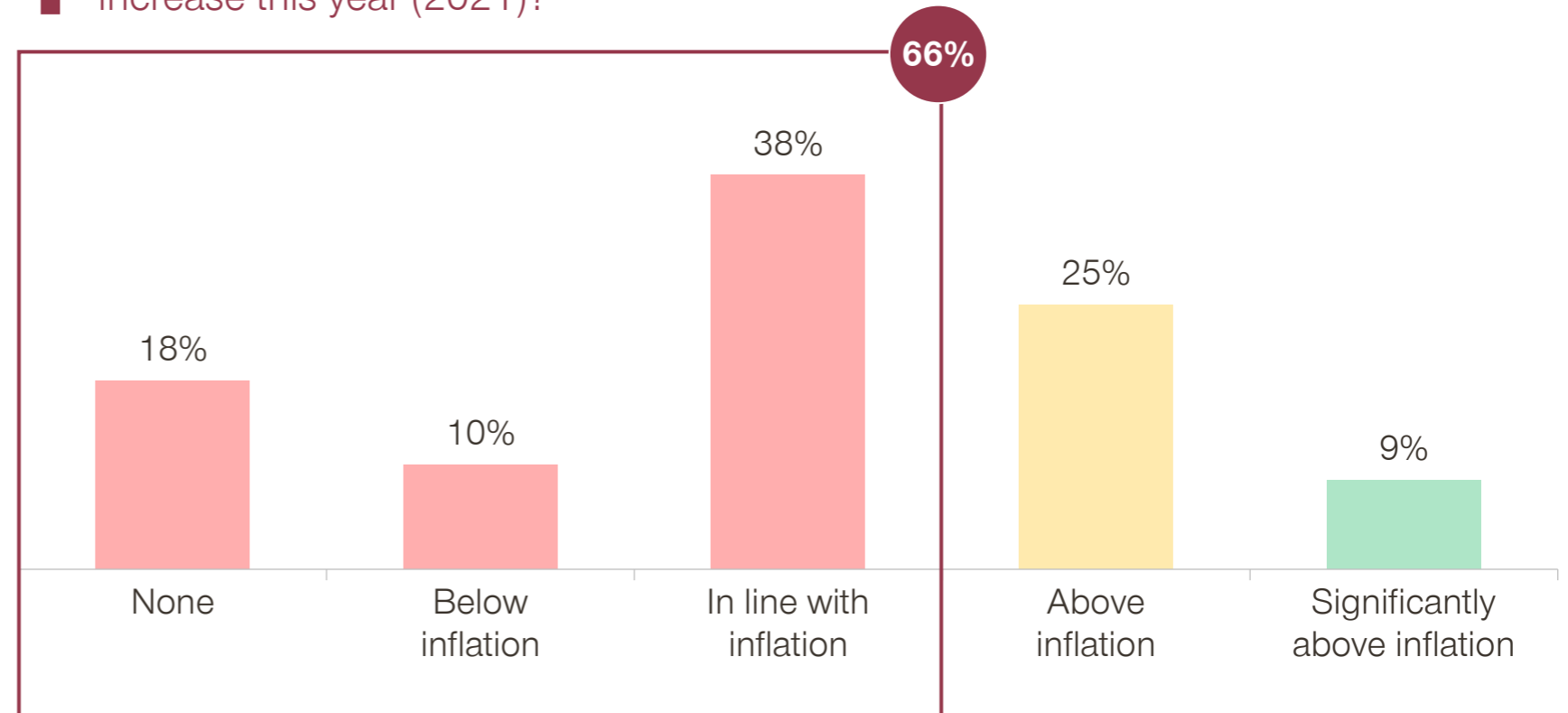
**For many companies, this means increased exposure to changing inflationary and economic conditions**

# Looking forward, 2/3 of all planned price increases by Covid winners are only in line with inflation levels or lower

? Overall, did your company improve its profit margins in 2020?



? Do you plan to implement a price increase this year (2021)?



**Danger ahead: The need to react decisively to inflation is largely underdeveloped amongst yesterdays winners**

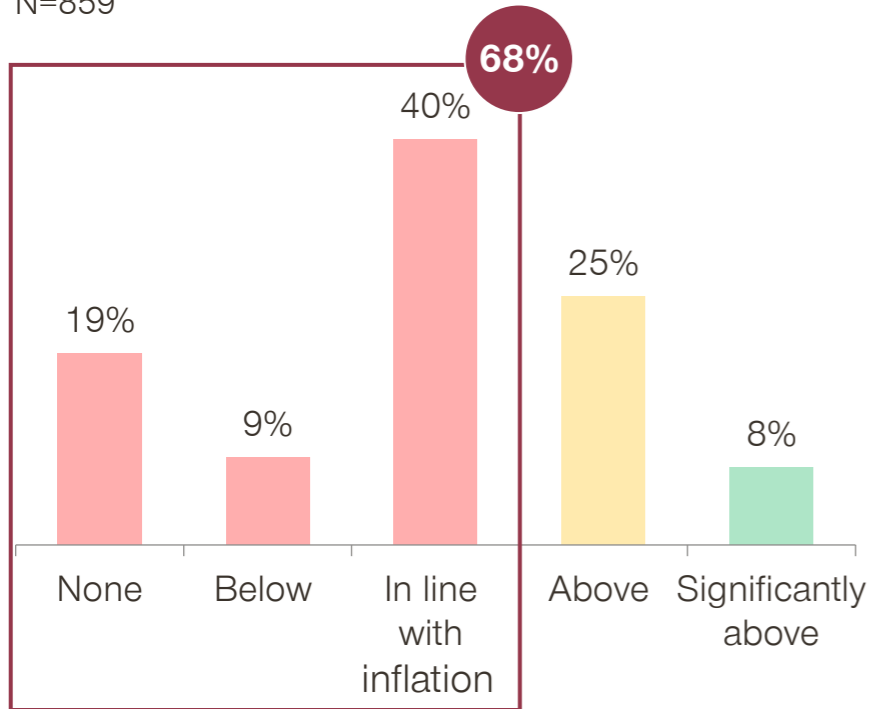
# Only yesterday's price winners plan to decisively tackle the upcoming inflation in 2021

? Do you plan to implement a price increase this year (2021)?

## 2020 Volume winners



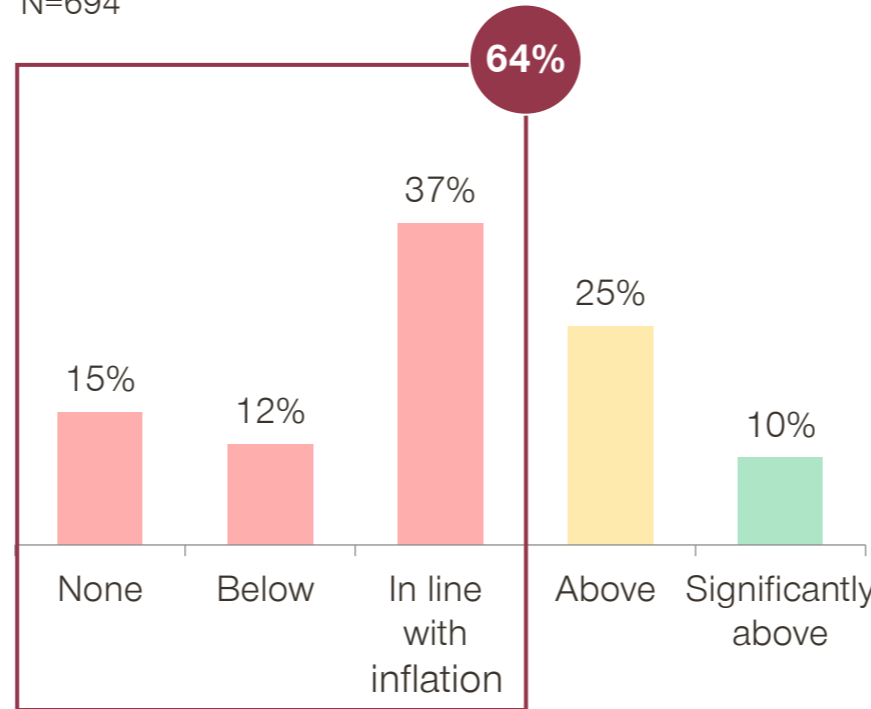
N=859



## 2020 Cost winners



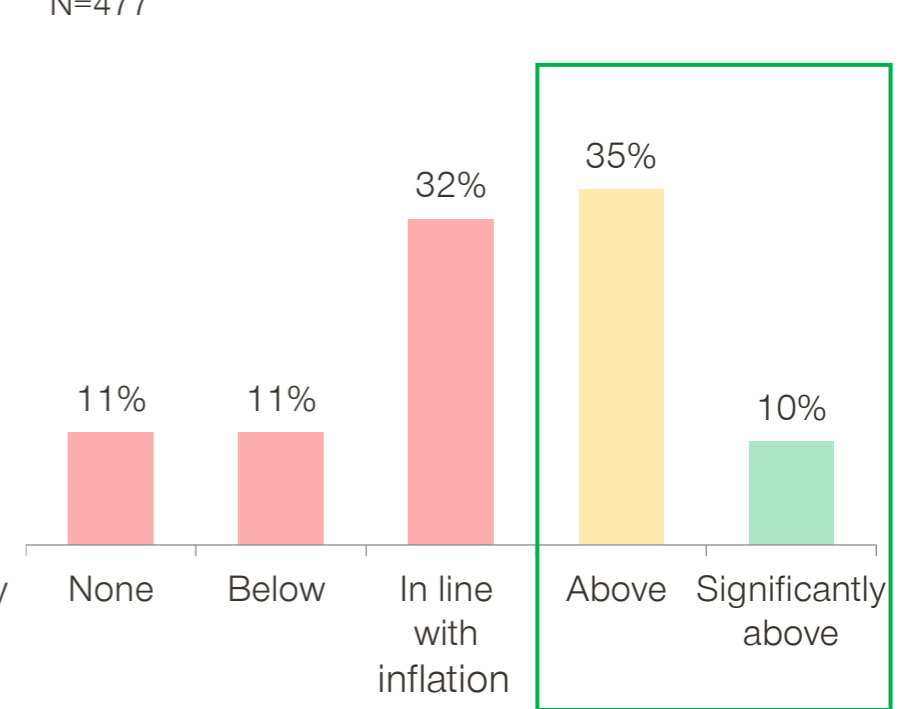
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## 2020 Price winners



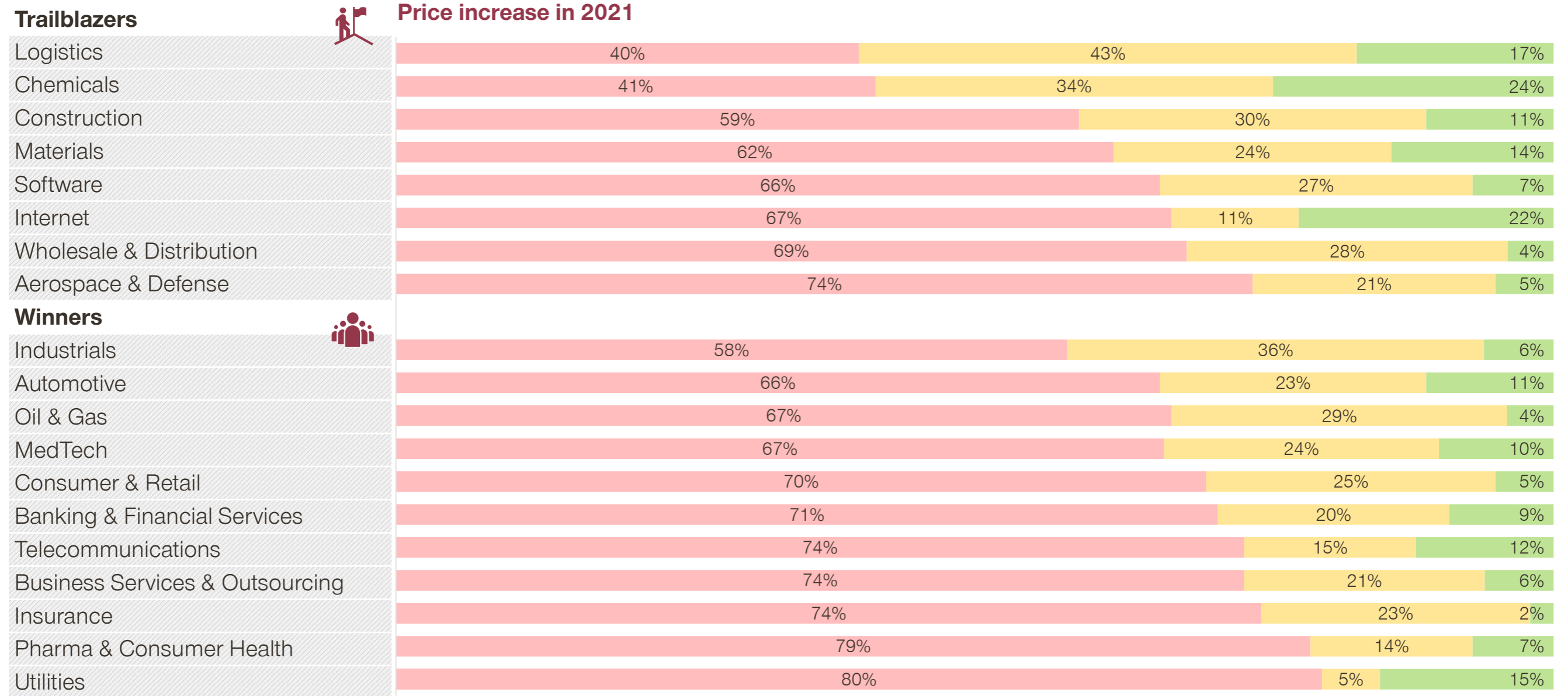
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**The vast majority of 2020 winners risk losing profit grounds again this year, as they don't appear to factor in upcoming inflation effects**



# The planned price increase remains conservative across all industries, except for chemicals and logistics where ~60% planned an increase above inflation

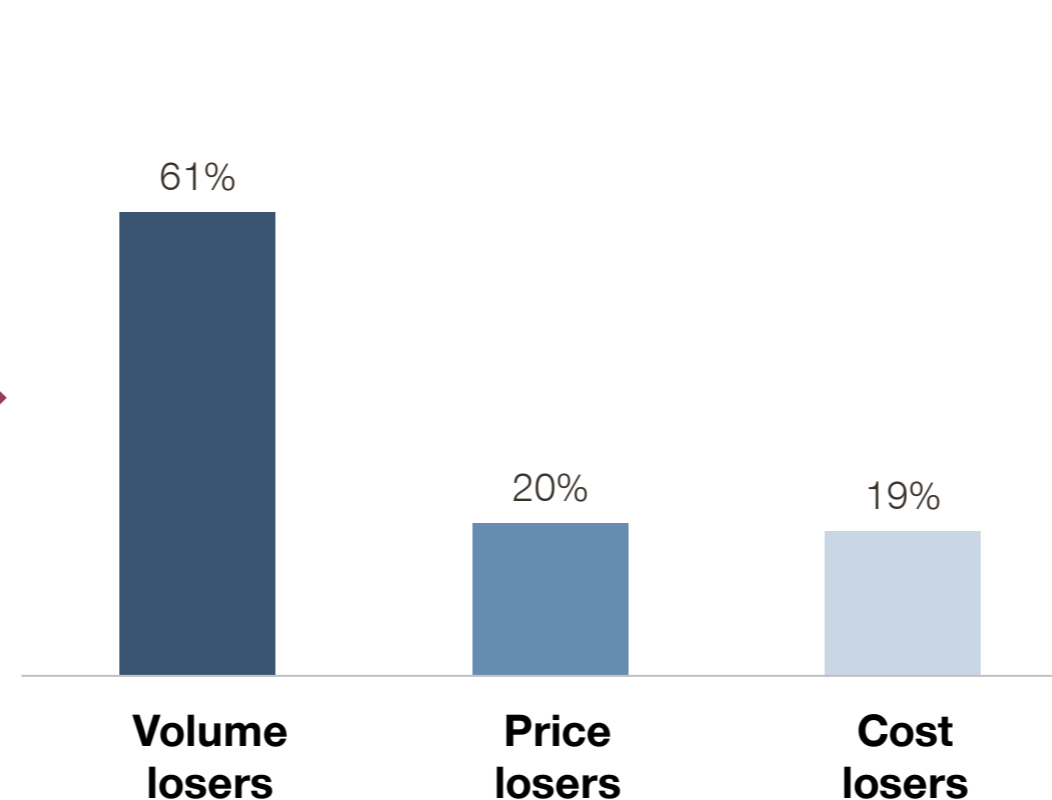
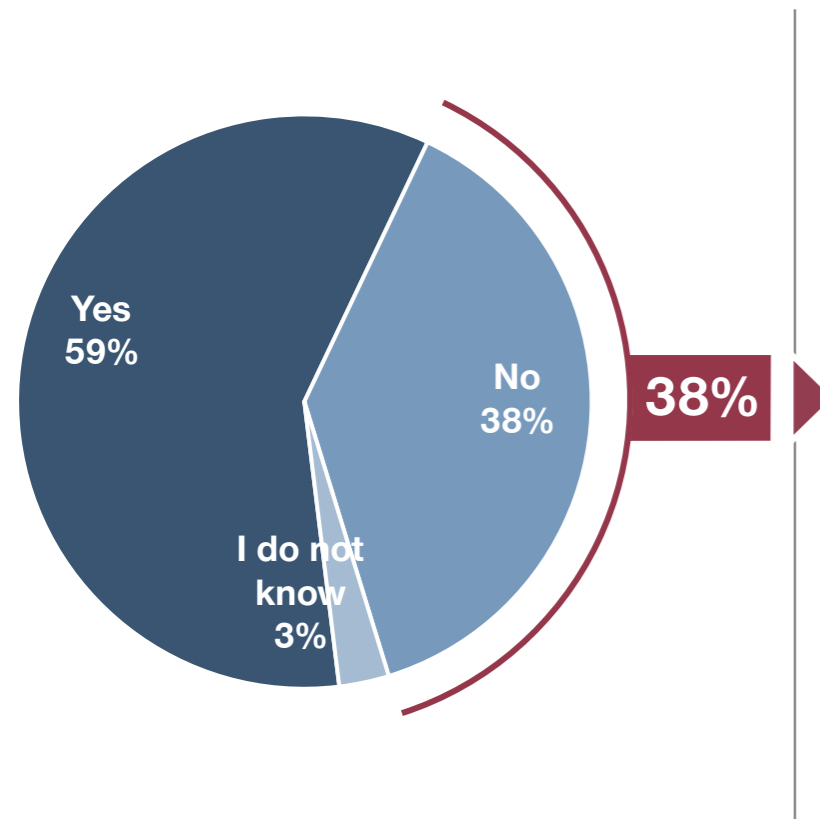


Source: Trend Radar / Global Pricing Survey March 2021 (n = 2,210); Q10: Do you plan to implement a price increase this year (2021)?

# For companies who saw margin losses in 2020, this was primarily due to declining sales volume as a direct consequence of the pandemic

? Overall, did your company improve its profit margins in 2020?

? What were the primary reason(s) margins did not improve?



Where should you go from here?

- Changing economic conditions and a rise in inflation represent an even greater challenge for companies most impacted by Covid-19
- Companies must reset for the future and adjust to new market conditions and demands
- Dealing with these changes requires companies to embrace commercial creativity, be bold and agile in their response

## About the survey

We surveyed over 2,200 respondents worldwide on their companies' strategies and approaches to:  
COVID-19 impacts | pricing | future growth



Online survey  
in March 2021



2,210  
respondents



27+  
countries



36+  
industries

### Other sample information

- 47% Top-Management
- 48% Company revenue US\$200m +
- Mix of B2B vs. B2C
- Balanced mix of production vs. services
- 39% pricing, sales, marketing focused