

A Game-Changing Approach to Pricing

When pricing became a core priority topic at BCG, about 20 years ago, the approach was primarily quantitative—recommendations driven by in-depth analyses of customers and economics inside large spreadsheets. But in supporting thousands of clients, we’ve recognized that value creation from pricing is far more strategic—and human-oriented—than a quantitative view of the world would suggest.

Of course, analytics are still important, although they’ve increasingly shifted to incredibly sophisticated AI tools and learning models. But an exceptional new BCG book, [*Game Changer: How Strategic Pricing Shapes Businesses, Markets, and Society*](#), tells the multidimensional story of how pricing is a business solution, not a business problem—and the impact it can have on business, markets, and society.

The book’s authors, Jean-Manuel Izaret and Arnab Sinha, do away with the notion that pricing is about sellers getting as much as they can and that the “right” price exists. Instead, they distill decades of client work and research into a unified theory based at its core on something they call the Strategic Pricing Hexagon, or the Hex.

The Hex integrates business intelligence, economic frameworks, market characteristics, market forces, and organizational authority into seven pricing games.



Here's a quick summary of how to play each one:

- **Play the Value Game** by aligning the prices of unique solutions with customer value. This approach makes sense for high-tech, luxury goods, and pharmaceutical companies when economic and emotional value far exceed what competitors can offer—and when no individual customer or group holds significant purchasing power.
- **Play the Uniform Game** by optimizing the same prices for all customers. Consumer goods companies and retailers can thrive at this game, carefully weighing the tradeoffs between volume and margin.
- **Play the Cost Game** by driving efficiency to set prices in commoditized markets. This is the right game for the industrial suppliers, distributors, and government contractors that can use greater efficiency to create degrees of freedom in pricing within a fragmented base of sellers.
- **Play the Power Game** by negotiating high-stakes deals in concentrated markets. This game is a necessity for many high-tech suppliers to play, as they can rely on slim advantages to negotiate big deals that preserve the market's balance of power.
- **Play the Custom Game** by targeting discounted deals toward individual customers amid heavy competition. Winners at this game tend to be B2B suppliers, which can negotiate terms, conditions, and supplemental offerings to make each deal unique, even when products from competing suppliers seem similar.

- **Play the Choice Game** by relying on behavioral economics to help customers select from a well-structured lineup of offerings. Strong players of the choice game can range from software suppliers to restaurant chains. How prices compare to one another matters far more than the individual prices themselves, especially when offers have limited or no marginal costs.
- **Play the Dynamic Game** by managing floating prices on the basis of real-time dynamics. Airlines, sports teams, e-commerce retailers, and logistics firms can excel here, using AI along with human judgment to share value with customers in response to supply and demand signals.

Most markets fit neatly into one of these games, but some are less clear-cut, possibly fitting within several. This is an opportunity: leaders can decide which game to play depending on their competitive advantages.

The approach this book lays out can generate real benefits for companies, creating lasting advantage in addition to short-term performance boosts. But there are societal benefits as well.

Fairer and more equitable pricing can make health care more accessible. And we can apply these same concepts to other economic factors, such as wages and salaries, potentially correcting income disparities. Companies selling sustainable products and services can choose the pricing game that boosts adoption, leading to environmental benefits.

Pricing touches every business, and every business leader. And it's a topic that's critical to think about anytime. But right now, as pricing power has become more challenging for so many companies and the days ahead are uncertain, the timing of this book is spot on.

Until next time,

A handwritten signature in dark ink, appearing to read "Rich", with a stylized flourish at the end.

Rich Lesser
Global Chair

Further Reading



[Game Changer: BCG's New Strategic Pricing Book](#)

BCG's new book *Game Changer: How Strategic Pricing Shapes Businesses, Markets, and Society* explores how we can look at pricing decisions in a new light.

[READ MORE](#)



[The Price Is Not Always Right](#)

Businesses must know when to leave money on the table and be careful to avoid prices so high they actually hamper sales.

[READ MORE](#)



[The Unified Theory of Pricing](#)

Business leaders have long wanted to make pricing simpler, more rewarding, and less frustrating. BCG's Strategic Pricing Hexagon consolidates disparate pricing ideas into one master structure.

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