

# The Organizational Design for Pricing and its Consequences on Relative Firm Performance

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## Abstract

Despite strong evidence of substantial impact on the bottom line, most companies counter-intuitively neglect the pricing function – as do most scholars. Only 2% of all articles published in major marketing journals focus on pricing and scholars have long begged the question of how organizational and behavioral characteristics of firms affect the link between pricing practices and firm performance. To address these practical and theoretical deficits we surveyed 748 professionals involved in pricing at firms from around the world to measure the influence of five organizational factors on pricing orientation and firm performance identified in a prior qualitative phase of our research. The five factors were: 1) Championing behaviors, 2) pricing capabilities, 3) organizational confidence, 4) organizational change capacity, and 5) center-led pricing management. Results demonstrate that all five factors positively and significantly influence relative performance, suggesting that pricing champions able to design organizations and allocate resources in a way that maximizes pricing capability can achieve superior financial outcomes. In aggregate, the five factors promote competitive advantage and comparative firm performance.



