



Creating Value in the Energy sector through Pricing Excellence

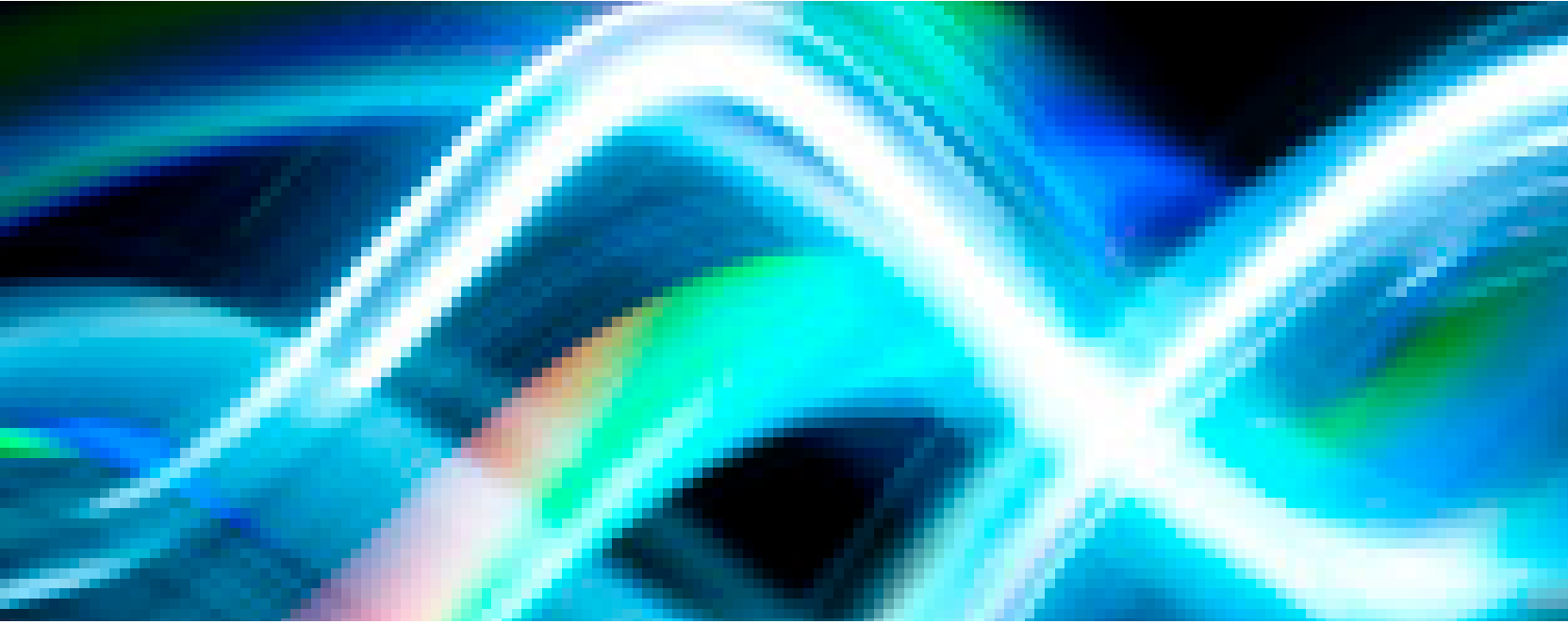
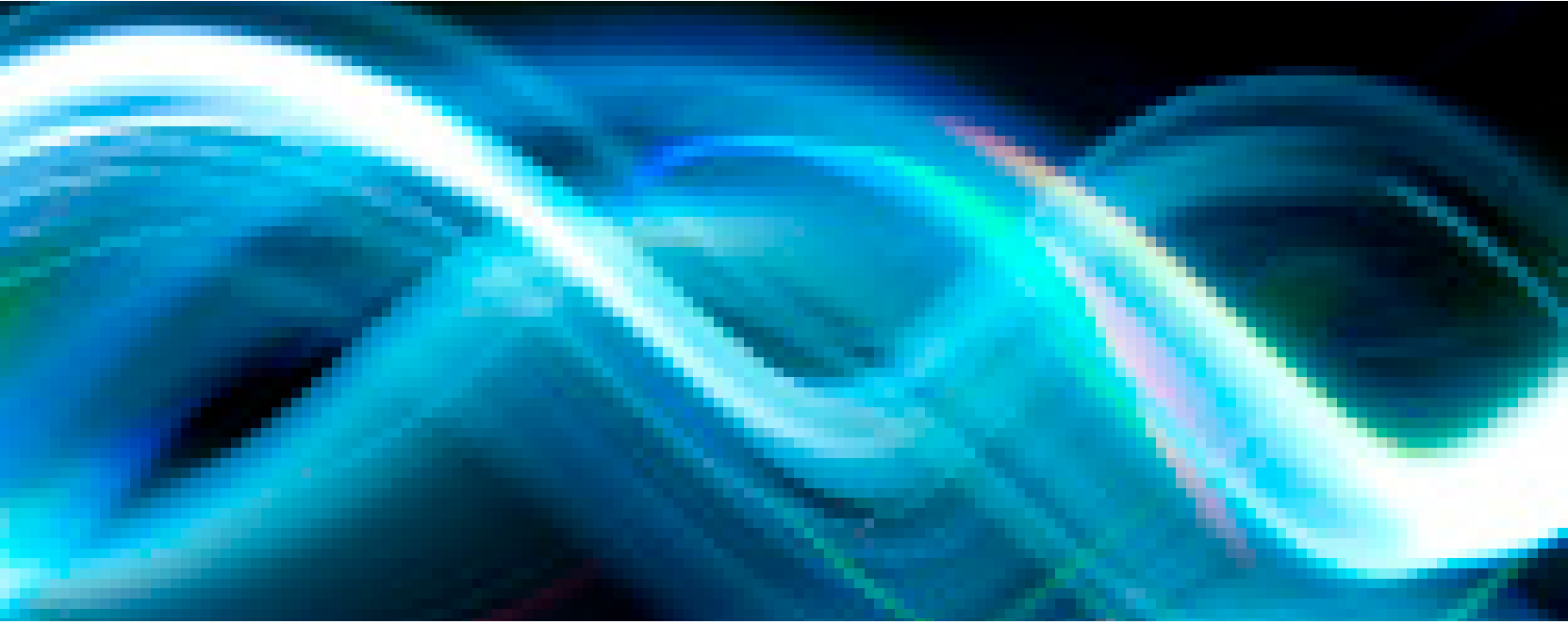


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Executive Summary

The liberalization of the energy sector, completed in 2007, has dramatically changed its structure and competitive dynamics. This different competitive framework has seen the entry of new aggressive challenger who have put “under attack” the historical monopoly of the incumbents, often implementing aggressive marketing policies designed to quickly gain market shares: as a result, the “price” has become the main tool of trade policy.

This scenario becoming clearer, companies realized the need to defend their profitability by developing competitive strategies and policies of differentiated offer to satisfy the “new” Customer.

The introduction of “marketing” techniques and “customer orientation” undoubtedly represents an important step forward, but it’s not sufficient to guarantee in the long run a sustainable competitive advantage and the company’s earning capacity keeping in view the Value Creation. The competitive and economic scenario needs therefore, a “new step” forward.

This involves first of all the implementation of the latest methodologies and tools for the management of Value and Price in order to develop tailored offers that meet customer’ unique needs and preferences, as well as develop marketing activities tailored on segment-target. Knowing the determinants of churn / acquisition, the driver of Value & Price Perception and Willingness to pay of the different customer segments, the company will be able to develop an effective and efficient strategy to support its business strategy as far as acquisition, churn management, customer loyalty and cross-selling. This information must then be synthesized in models of price optimization to develop the best price strategy.

But good methods and tools, though sophisticated, are not sufficient: the creation of Value through Pricing Excellence depends on the ability to implement the process of pricing management in the long run, the company organization acting according to a systematic, structural and integrated approach.



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