



## Pricing Power 1991-2008

### Relative to 1947-1990:

**B2B:** -89%

**B2C:** -41%

# Winning in a Recession: *Capturing Profitable Demand Requires Even Greater Precision*

The current economy raises unprecedented challenges for businesses. However, it can also be a time of great opportunity for businesses that understand the global economy's historic shifts and how to develop a new Business Model to differentiate their offers and position their businesses for ongoing success.

Our 2002 book, *The New Law of Demand and Supply*, noted that the world's economy was undergoing a fundamental and permanent shift from a supply-driven economy to what we termed the new Demand Economy. We correctly forecasted that in the Demand Economy, businesses that continued to push undifferentiated supply would face greater commoditization, loss of pricing power, brand erosion and lower customer loyalty as markets world-wide became increasingly saturated.

The clear implication for businesses in the new Demand Economy is that success will require a new Business Model that is much more precisely aligned with profitable demand.

Today, we have entered what one client CEO recently called "The Demand Economy on steroids". In this far less forgiving economic environment, a much deeper, more precise understanding of profitable demand is needed to meaningfully differentiate supply. Our Demand Strategy approach has proven successful at driving far greater levels of precision across the business system, including:

- Improved targeting based on proprietary insights into the most profitable customer segments
- Offers honed to provide exactly the right features and benefits to the right customer segment
- Optimized pricing strategies that command price premiums rather than earning only commodity prices
- Communications that reach precisely the *right* customer with the *right* offer at the *right* time

For over 30 years, The Cambridge Group has used its proven Demand Strategy approach to help clients achieve profitable growth across industries and across economic cycles. The attached materials provide a brief overview of our firm and our Demand Strategy approach. You can learn more about how to drive profitable growth at [www.thecambridgegroup.com](http://www.thecambridgegroup.com).

**Over the Next Few Weeks, We Will Follow Up with More Detailed Information about:**

- Targeting with greater precision
- Aligning offers to demand
- Optimizing pricing