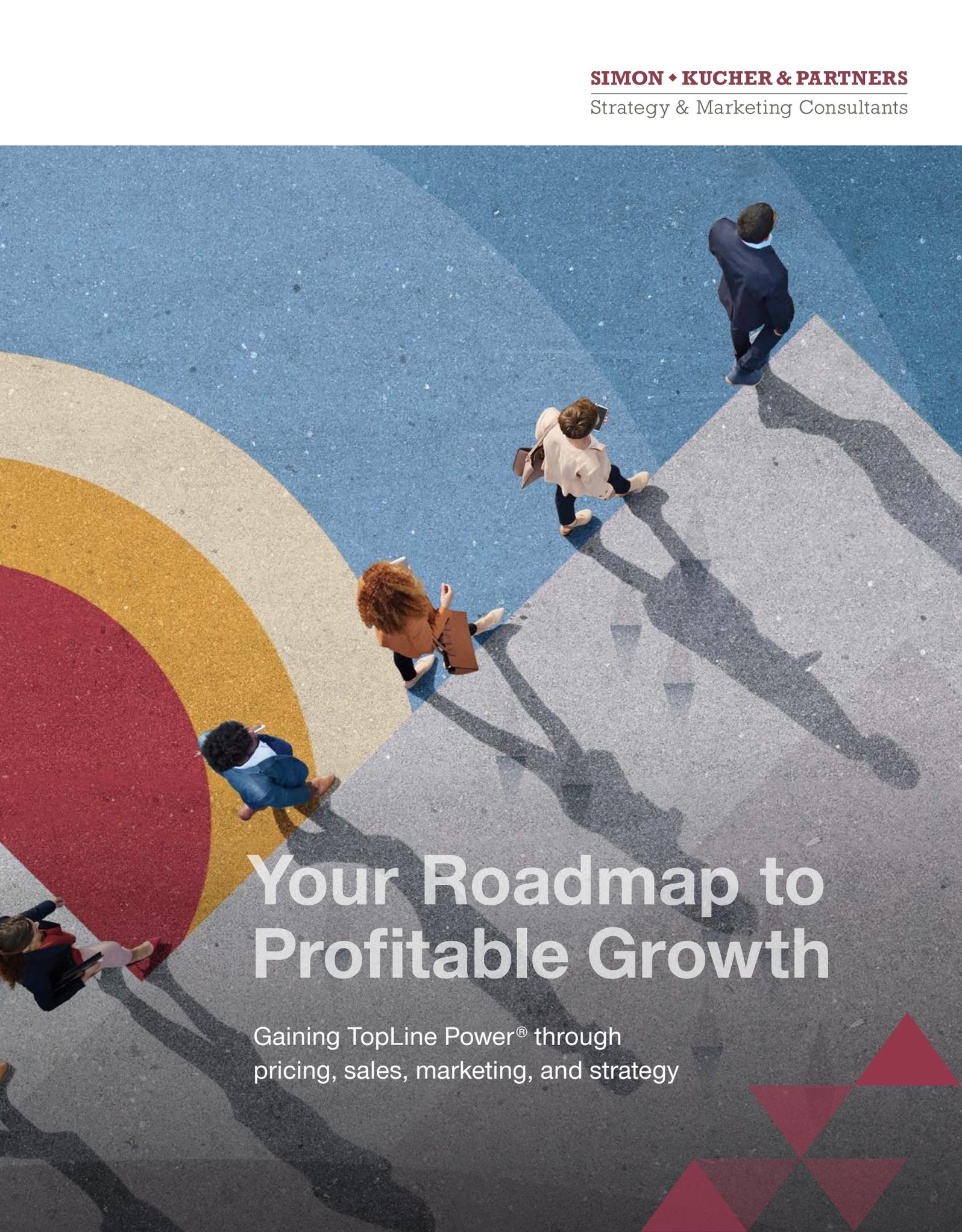


SIMON ♦ KUCHER & PARTNERS

Strategy & Marketing Consultants

An aerial photograph of five business professionals walking on a large, colorful, abstract path. The path is composed of several large, overlapping shapes in shades of blue, yellow, and red. The professionals are dressed in business attire and are walking in a line, with their shadows cast long and dark on the ground. The overall scene suggests a journey or a path towards a goal.

Your Roadmap to Profitable Growth

Gaining TopLine Power® through pricing, sales, marketing, and strategy



TopLine Power[®]

This is what
Simon-Kucher
is all about.

We help our clients grow their revenues and profits.
Faster, better, and more sustainably than anyone else.
We do this by optimizing their monetization, pricing,
sales, and marketing strategies.

Your Reliable Partner for Top-line Growth

CEOs **Mark Billige** and **Dr. Andreas von der Gathen** share their views on what makes Simon-Kucher unique.

What is Simon-Kucher's overall mission?

Simon-Kucher stands for TopLine Power®, and our mission is to boost our clients' revenues and profits with top-line strategies. Basically, we are a growth consultancy, we help our clients grow. That is why in our project work we focus on the four growth levers: pricing, sales, marketing, and strategy.

Why are these levers important for companies today?

We live in a world that is becoming more and more efficient, but cost-cutting and process optimization can only take you so far. Growth, on the other hand, is in principle unlimited. These levers can create a lasting impact in an ever-changing environment, but you need to know how to work them.

Customer expectations and behavior are changing, driven by mega trends such as digitalization and globalization. More transparency at a product level, on prices, quality, and other users' experiences give more power to customers. In addition, startups are booming, as it has never been easier to disrupt entire markets with new and small-scale digital approaches.

Traditional business models need to be reworked to fit to this new world. Many companies are yet to leverage the wealth of big data for sales and pricing, to use AI to predict user behavior patterns, or to create seamless customer experiences across all digital and physical channels.

So where does Simon-Kucher come in?

Our customer-centric approach focuses on improving all elements of the customer journey that impact revenue and profit. We help our clients to unlock new revenue streams for innovative products, making sure that the product, market, and price model fit together, and we redesign the business from the outside in.

We also advise on all other questions surrounding growth levers, from price increases, packages, bundle design, and discount systems to sales, negotiations, promotions, customer segmentation, personalized marketing activities, and apps for the end customer. And we do this with a unique mix of state-of-the-art technologies and longstanding experience in the top-line field.

What sets Simon-Kucher apart from other consultancies?

There are few, true global specialists like us. We help companies to grow sustainably, and we do it worldwide.

Our focus on revenue and profits sets us apart from other consultancies that are often associated with disruptive down-sizing plans and process redesigning. Our projects lead to an average top-line growth of 3-5 percentage points, which allows our clients to succeed in the future.

This tangible impact is another thing that makes us unique – we are driven by our clients' success. We roll up our sleeves, understand how our clients' organizations "tick", and we stay on until the job is really done.



Mark Billige, London

Dr. Andreas von der Gathen, Bonn

Another advantage of our clear focus is that we generally have seen and done it all before. We have worked on a similar topic at least once before and can deliver results quickly and efficiently.

What is it like leading such a large and specialist team?

We not only have more than 1,400 top-line specialists worldwide, we also have a very entrepreneurial partnership with a lot of local decision-making. This means that our main focus as CEOs is providing the right platform for our company to grow further. So we are constantly improving and adapting organizational structures and processes to our growth, as well as enabling our people to grow and develop further.

Our people are definitely our biggest asset. They are open, approachable, and fun to work with because our culture combines pragmatism and professionalism. That has always been the Simon-Kucher way, and it will remain this way no matter how much we grow.

So growth is a recurring theme for both clients and for Simon-Kucher...

That's right. Our firm is on an excellent growth trajectory, with an average growth rate of 18 percent over more

than 30 years. This puts us in the perfect position to advise our clients on growth. We practice what we preach and are a growth partner in all aspects of business.

What does the future of Simon-Kucher look like?

By 2025, we aim to be over 2,500 associates generating over 700 million euros in revenue, and led by around 250 partners.

We are already an extremely successful business by every measure: world-class content, extraordinary talent, and a unique culture. So in the future we will work hard to keep these things in place as a much larger company. Of course, we do not operate in a static environment. The expectations of our clients, the requirements of our associates, and the technologies we work with are all changing. We are constantly adapting our winning formula for the world we live in, by integrating innovative methods, optimizing global knowledge-sharing, and keeping an eye out for new trends. ◀

Find out more about our CEOs here:



We Live and Breathe Growth

We are unbeatable in our expertise, constant in our expansion, and closer to our clients than ever before.



1985

Foundation of Simon-Kucher by Hermann Simon, Eckhard Kucher, and Karl-Heinz Sebastian

First consultancy to use scientific methods for pricing

1996

Start of international expansion

1st foreign office in Boston

2001

Entering the Asia-Pacific market

First Asian office opened in Tokyo



1990

Hidden Champions concept

Coined term for small, highly specialized, world-market leaders

1997

Increasing focus on sales projects

Pricing and sales go hand in hand



2004

World leader in pricing

BusinessWeek

International recognition of our leadership in pricing

2003

▶ €50m

1988

▶ €1m

1985

1990

1995

2000



1985

2020

2009
Georg Tacke & Klaus Hilleke new CEOs
 Founder Hermann Simon steps down

2012
Expansion to Middle East
 Dubai office opened

2013
Expansion to South America
 First offices in Brazil and Chile

2016
Georg Tacke leads as only CEO

2017
>1,000 employees
 34 offices in 23 countries

2020
Mark Billige & Andreas von der Gathen new CEOs
 Company led by British-German duo

2008
Increasing focus on digital solutions
 Data and digital technologies heavily impact pricing

2013
Use of insights from behavioral science
 Considering the psychology behind customers' purchase decisions

2007
#1 in Sales & Marketing
manager magazin
 Highly ranked by business magazines worldwide

2014
#1 in Marketing, Sales and Pricing
brand eins/Statista
 #1 ranking repeatedly since 2014

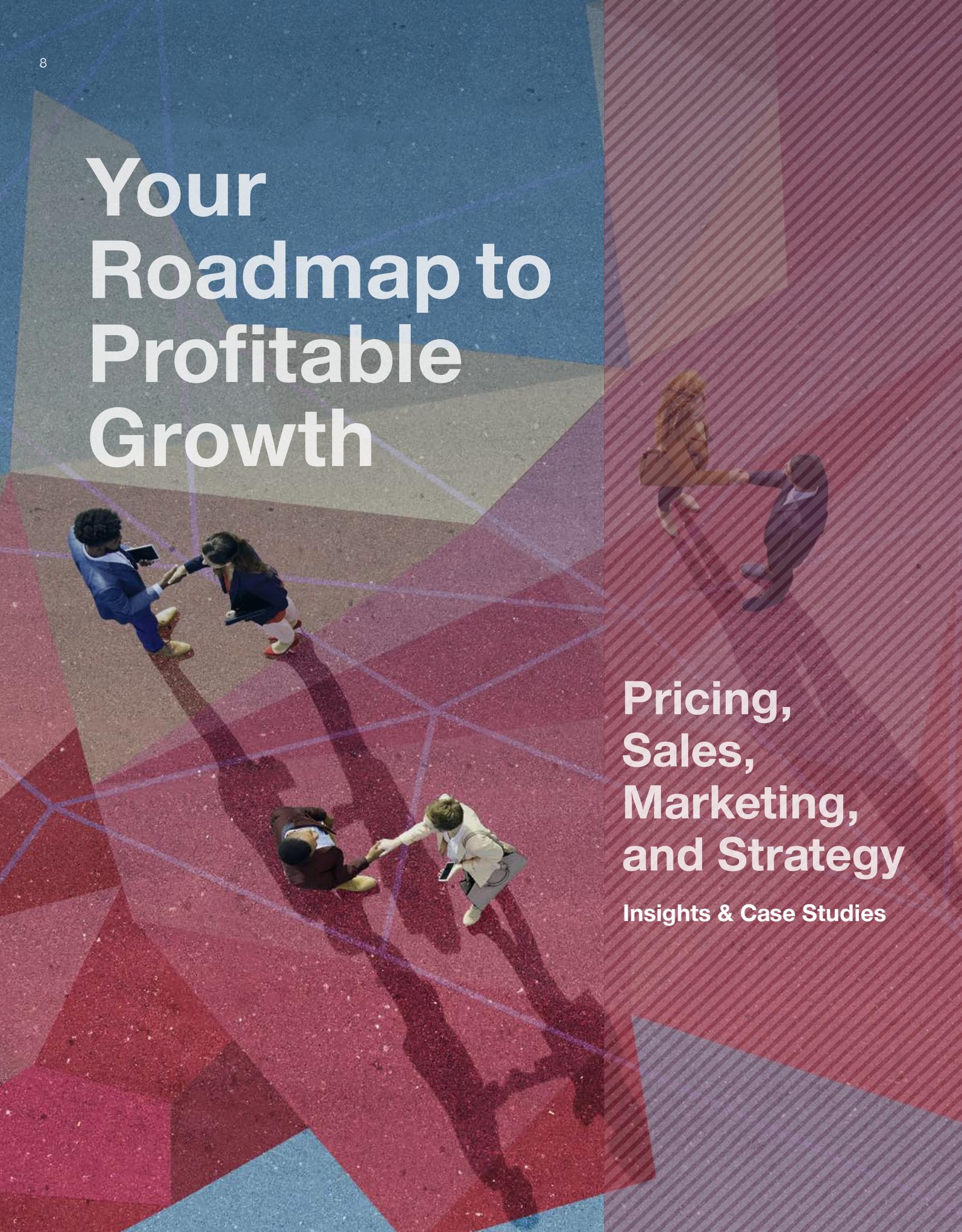
2019
▶ €358m
 Revenue

2010
▶ €100m

Employees: **>1,400**
 Partners: **~130**
 Offices: **39**



Your Roadmap to Profitable Growth

An aerial photograph of four business professionals in a meeting. They are standing on a floor with a complex geometric pattern of overlapping triangles in shades of red, blue, and grey. The lighting creates long, dark shadows of the people on the floor. The overall aesthetic is modern and professional.

**Pricing,
Sales,
Marketing,
and Strategy**

Insights & Case Studies

Pricing Insights

Value pricing changes the rules of the game

Franck Brault

Senior Partner, Paris/Brussels



Value pricing is more difficult than cost-plus, but it's well worth the effort. It can transform your company, and even change the rules of the game for your entire business.

Value pricing is gaining recognition as the superior pricing strategy. However, a value-based approach is more complex to implement than the traditional cost-plus, and many companies struggle with it. Individual departments say they are focused on value: R&D strive to create a valuable product at the most advanced performance levels, quality assurance maintain the value, marketing think about how to package it. But does each department know what the customer truly values? And where are the efforts to monetize the added value that the product, service, or solution provides? Companies need to ensure they only include features in their products that are valued by customers. This means really understanding the value attached to the offering, and making this transparent across all departments.

Dynamic pricing in a digital world

Dimitris Hiotis

Partner, London



Dynamic pricing is here to stay. It's going to spread into more and more industries as we move into a world where price becomes more digitalized, more fluid, and more customized.

Taking cues from the travel industry, more and more companies are using dynamic pricing. Data is richly available, processing power is increasing, and new technologies like electronic price tags make it easier to adjust prices quickly and effectively. Companies can differentiate segments by price sensitivity, and link prices to key market variables, such as supply, demand, timing, and perishability. But even though this new technology exists, the human element should never be forgotten. Dynamic pricing is powerful and trendy, but it's tricky. Customers don't always like it, and you can't rely on algorithms to do the right thing. Successful companies see beyond the buzzword and apply dynamic pricing where it makes sense.

Value-enhancing price models for digital solutions

How do you monetize the full value of a digital product without a huge price tag that scares customers? A world leading machinery company approached us with exactly this problem. Their newly developed products made up of hardware, software, and services, required customers to make large upfront payments. However, the true value of products was mostly in the software, and only became apparent after several months' of usage. We introduced a two-part tariff covering the willingness to pay of different segments. Today, a lower up-front payment for hardware and services enables customers to unlock the value of the digital solution, while the value of the software and entire lifecycle is fully monetized via a subscription fee. Rather than confining customers to big, one-off transactions, this software-focused, value-based price model reflects how customers want to purchase, use, and engage with digital products.

Industrial Goods & Machinery

Germany



Breaking records through smart ticket pricing

The London IAAF World Championships was already generating excitement with its remarkable figures: 2,038 athletes from 205 countries would be participating in 163 sessions over 10 days. Simon-Kucher's task was to ensure the pricing and packaging was equally as impressive. The challenge was to fill the stadiums (even in morning/pre-final sessions), create high revenues, and have ticket prices that were affordable for everyone. Simon-Kucher modeled a business case to show the percentage of the potential market required to achieve full attendance. By gaining a clear understanding of what fans truly valued, we rolled out a differentiated pricing framework based on session type and seating category. The final triumph: The event broke its own Guinness World Record for the number of tickets sold at an IAAF World Championships.

IAAF/Athletics World Championships

UK



Sales Insights

Pairing sales incentives with clear leadership

Dr. Peter Colman

Partner, London



Sales reps are usually motivated to achieve the best result for their company and customers. But they shouldn't have to perform mental gymnastics to unpick an overly-complex incentive system.

Sales compensation plans are a great tool for raising motivation and improving selling behavior, provided they are well designed and carefully communicated. However, get it wrong and you risk churning your best income generators. We asked sales executives to name their most potent issues, and compensation was by far the most frequent challenge. Why? The incentive system wasn't aligned to their overall strategy, and employees were given conflicting targets. Reps need to easily evaluate how decisions on deals and negotiations will affect their pay packet. If the incentive program is too complex, they will primarily consider the simplest variable (usually revenue), ignoring other goals, such as price quality and profit margin. Pairing sales incentives with clear communication from the leadership team can significantly enhance intrinsic motivation. Rules of thumb such as "if the achieved price increases by x%, the profit margin increases by y%" also help sales reps figure out how to influence parameters and achieve their goals.

Shaping growth-oriented sales organizations

Marie Verdier

Partner, Paris



Don't focus your sales initiatives on savings and efficiencies only. Real sales excellence yields higher revenues via smart cross-selling, up-selling, and customer development.

As purchasing departments become increasingly professionalized, sales and negotiations are more difficult and time-consuming than ever. However, no company has the capacity to double its sales team for the sake of just maintaining revenues. So what sets apart thriving sales organizations from unhealthy ones? They are customer-centric. More and more companies are reorganizing their teams to be more focused, reprioritizing activities and accounts based on customer expectations and revenue potential, identifying time drains, and breaking free from historical selling patterns to push reps to achieve more. Digital support, such as a sales toolbox and sales dialog apps, can provide new motivational incentives that favor cross-selling, suggesting ideal product mixes and best realized prices for similar customers. Real-time progress monitoring tools further help sales reps to achieve ambitious revenue goals.

Seamless experience across sales channels

In today's digital world, attention is already consumed by mobile games and social media. The modern customer is used to having an array of interesting options at their fingertips, and they expect no less of their mobile bank. We designed a financial app to help our client get customers excited about their finances. Drawing on insight from behavioral economics and goal setting theory, we developed an innovative platform for self-advisory and digital sales within the existing online banking solution. As part of a multi-step story toward full financial health, customers collect products and are rewarded for completing different categories, while a personalized wish list in the digital sales section leads customers directly to the advisors' desks. This is a dream solution for sales reps, giving them a deeper understanding of their customers than ever before. Instead of time wasted on cold calls, advisors can easily target customers with the right products – a seamless experience across channels!

Banking & Financial Institutions

Germany



Using data and personalization to boost sales

Today there is an abundance of opportunities to gather data throughout the consumer journey. While many companies' sales campaigns are focused on pushing best sellers and "mostly bought" products, they fail to fully tap into cross- and upselling opportunities. We helped our client to develop customized CRM campaigns through enriched consumer segmentation, product affinity, and channel preferences. By personalizing products, discounts, and content to consumer profiles based on their purchase history and data on similar customers, we were able to boost conversion rate and to encourage cross-selling between product categories. In addition, we defined new KPIs for assessing campaign performance, including customer lifetime value, total average spend, and product category penetration. Our client is now able to regularly introduce consumers to new products based on their preferences, and to share brand and product content without any discounts.

Consumer & Retail

France



Marketing Insights

Promotions: opportunities, risks, and side effects

Dr. Tobias Maria Guenter

Partner, Bonn



Don't base your promotions exclusively on what the competitors are doing – think first. Analyze each completed promotion in detail and stay away from regular special offers.

Customers love promotions, but should companies love them too? Few can resist a price promotion, however, as our analyses show, 60 to 70 percent of all promotions in retail lead to losses. In other words, the surplus sales volume doesn't make up for the profit losses caused by a lower price. Unfortunately, there is no magical recipe for a successful promotion. You need to do your homework: analyzing sales and transaction data in detail before, during, and after the promotion. This is the only way to determine which items (or groups) to discount, when, for how long, and by how much – and to really earn more money. Smart companies don't rely on gut-feeling when it comes to promotions. Instead, they ascertain the relevant effects with comprehensive tools and processes. Acting without such an analysis can backfire, especially if customers come to expect constant promotions.

Building your business around customer lifetime value

Shikha Jain

Partner, Boston



Rather than a one-time static transactional encounter, CLTV means always refining the product. A great customer experience across all channels has never been more important – for both sides.

We're experiencing a massive shift in culture and consumption habits, and companies understand that the bar has been raised when it comes to customer experience. Everything is available at the click of a button, and there are higher expectations surrounding a simpler, hassle-free exchange. Rather than "just" developing great products, focus needs to be on creating great experiences, and in doing so accelerating profitability and reducing churn. The key is to put customer lifetime value at the center of your business. These days, customers are more willing than ever to share their data because they want, and even expect companies to adapt products to their individual needs. By allowing customers to share and personalize, you secure them in your ecosystem, making them feel so comfortable that they never want to step out.

Marketing Case Studies

Driving customer loyalty

Millions of customers use Uber every day and in many ways – whether they're sharing an UberPool to the office, ordering in dinner from Uber Eats, biking home from the train, or taking an UberXL to the airport. In a unique position to recognize and invest in its customers to earn their loyalty, Uber approached Simon-Kucher to collaborate on Uber Rewards. By understanding the most valued elements of the Uber proposition, Simon-Kucher was able to work with Uber to devise a loyalty program. We identified which parts of the Uber experience customers valued and defined how they would earn status through the program. Today, points earned via Uber Rewards give customers access to one of four membership tiers, unlocking benefits along the way including consistency, priority pick-ups at airports, higher rated drivers, and complimentary upgrades along the way.

Uber
USA



A smart way to strengthen brand image

Price pressure and high price fluctuations in the declining German mineral oil market put Shell in a difficult situation. Especially due to price fluctuations, many customers are afraid of paying too much. In other words, customers care more about price image than they do about paying a cent or two more at the petrol station. Under these circumstances, Simon-Kucher helped Shell to introduce a price guarantee that offers a special pricing model to holders of a Shell customer card. Shell ClubSmart members pay at most two cents per liter more than at the cheapest brand-name petrol station near their Shell Station. This pricing model not only perfectly meets customers' expectations, but also strengthens the brand and increases customer loyalty.

Shell
Germany



Strategy Insights

Top-line growth is a C-level topic

Dr. Allison Dupuy

Partner, San Francisco



Make sure that pricing is on the agenda of your board meetings and invest one day a month in the topic. Provide a clear strategic direction and regularly communicate the importance of top-line growth.

Much too often, pricing, marketing, and sales are seen as operational tasks for experts, but C-level involvement in top-line growth is crucial if a company wants to achieve sustainable profits for its excellent performance. When C-levels play an active role in the pricing strategy, their companies generate on average 25 percent higher EBITDA margins than their competitors. An executive's most important tasks are to give the top-line strategy a clear direction (e.g. volume growth vs. margins), create a pricing organization, and instill a profit-oriented mindset among employees. A model example of this is Porsche. Pricing is one of the highest priorities for its C-levels. They take an active role in pricing, contributing significantly to an ROS of over 15 percent – an unusually high figure for the industry.

Customer-centric strategies

Omar Ahmad

Senior Partner, Copenhagen



While the customer experience can attract customers, it can also drive them away. Start by looking at the hidden reasons why customers might not buy your products.

Why do we do the things we do, or buy the things we buy? There are a wide range of complicated answers, but most of our activities in fact have a very simple explanation: we want to feel good. People are in constant pursuit of more and are always looking to gain value. Customers seek out positive experiences, and avoid negative ones. That's why companies today are investing a lot of time, effort, and resources into improving the customer experience. Understanding how your business creates value and identifying ways to add more value are essential for building a competitive advantage and should be part of any customer-centric strategy. Identify access barriers, review your product portfolio, and consider new sales channels. Unavoidable tasks also represent a fantastic opportunity to solve customer pain points, meet customer expectations, and boost customer loyalty, so make it enjoyable to use your products or services and ensure your customers know why they need them in the first place.

From paywall to product

For newspapers, digitalization means a fight for survival, and the trend of money moving away from print is only expected to accelerate. Along with a wave of consolidation between publishing houses, companies are desperately trying to generate revenue through an online presence, hiding entire sites behind paywalls and subscription models. However, not all paywalls lead to payments. Advising our client on their conversion strategy, we shifted reader attention from paywall to product and applied psychological pricing techniques to facilitate cross- and up-selling. We stripped down the stuff that was confusing customers, replacing it with a clear, visually appealing 4-pack strategy to reflect user preferences. Customers can now choose a short-term, flexible product, or sign up for 1- or 2-year subscriptions, saving money as a reward for their long-term engagement.

Media & Entertainment

UK



Strategizing sustainable growth

Cleantech startup, Seabin Project, cleans the oceans for a brighter future using floating garbage cans. These units filter 600,000 liters of water each day for oil, micro plastics, and more, with a global daily capture of 3.6 tons. Collected data is used in an open-source education and science program, the Pollution Index[®]. This dynamic startup has gone from strength to strength, and ports and marinas worldwide have been lining up to order the bins. With such rapid, international growth, Seabin needed a go-to-market strategy to support its global scaling plans with corporate customers. In a pro bono project, we supported this highly motivated client by helping them to enhance and strategically align their product portfolio to new customer segments, including local, state, and federal governments, move their business model to recurring-revenue streams, and develop their sales strategy. Thanks to this shift in business model, Seabin now fully meets the needs of various corporate customers, while strengthening its own long-term, sustainable growth.

Seabin Project/Ocean Technology

Australia





What others say
about us

Simon-Kucher & Partners did some **excellent work** to help us to break one of the great myths in our organization. They radically changed how we understood our core audience.

Chris Stibbs, former CEO, **Economist Group**

World leader in giving advice to companies on how to price their products.

BusinessWeek

I could have never imagined the impact this adventure with Simon-Kucher would have on our top line. **In just 12 weeks, we achieved a 40% increase in sales.**

Alejandro Pineda, Head of Banking Products, **BBVA Bancomer**

Simon-Kucher & Partners was a **great partner** during our research phase. We appreciated their support, expertise, and partnership throughout the process of developing Uber Rewards.

Barney Harford, former COO, **Uber**

No one knows more about pricing than Simon-Kucher.

Philip Kotler, Marketing Guru

Simon-Kucher is a down-to-earth consultancy, **highly committed** and **trustworthy**. **They deliver what they promise.**

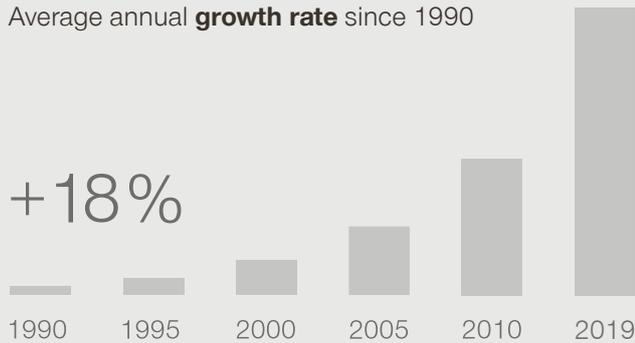
Member of the Executive Board, **Bank Julius Baer & Co. Ltd.**

The pricing and packaging work Simon-Kucher did for us was **game-changing**, up there with the most successful projects we've ever done here at Eventbrite.

Nels Gilbreth, Head of Commercial Strategy, **Eventbrite**

THE COMPANY

Average annual **growth rate** since 1990



Global locations



Revenue in 2019

€358m

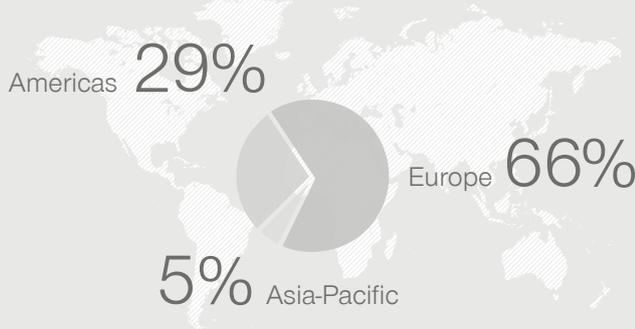


Average number of **new offices** in the last 10 years

+ 2 per year



Distribution of **revenues**

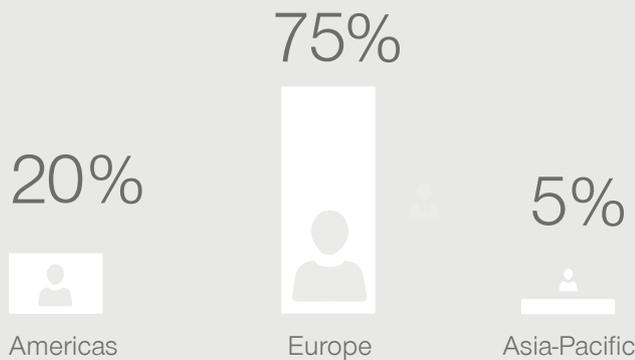


Average number of **new partners** in the last five years

+ 14 per year



Distribution of **employees**



Global project expertise in

80 countries



Number of **projects** in 2019

>1,300



CUSTOMER VALUE

Clients' average **increased return on sales** thanks to our projects

+2 to 4% points ROS



Average **time** until our projects **pay off**

2.3 months



Number of **events and conferences** in 2019

65



THE **unicorn** advisors

> 30

unicorns among our clients



CUSTOMER RELATIONSHIP

Longest **customer relationship**

> 30 years



Share of **follow-up projects**

72%



Share of our business resulting from **referrals**

80%



GLOBALLY RENOWNED

Ranked as a **top consultancy** in our focus area **by leading business magazines** worldwide such as:

Financial Times

#1 Marketing, Brand, Pricing

on par with two other consultancies
Financial Times, list of the UK's Leading Management Consultants, 2018

brand eins/Statista

#1 Marketing, Sales, Pricing

brand eins Thema special edition: Consulting – industry report from brand eins Wissen and Statista, online survey, 2014–2019

Capital

#1 Marketing, Sales, Pricing

on par with two other consultancies; Capital, survey of the best consultancies in France, 2016, 2018 (conducted every two years)

Forbes

★ ★ ★ Marketing, Brand, Pricing, Sales

Forbes, survey of the best management consulting firms in the US, October 2016, 2018 (conducted every two years)

MT Magazine/Erasmus University

#1 Strategy Consulting

MT Magazine/Erasmus University: MT1000 2018, survey of the best strategy consultancies in the Netherlands, 2018

Bilanz

#1 Marketing, Sales

Bilanz Magazine ranking, survey of the best consulting firms in Switzerland, 2019

The single most important decision
in evaluating a business is

pricing power.

Warren Buffett



Imprint

Publisher Simon-Kucher & Partners Strategy & Marketing Consultants GmbH, Bonn

Editors Mark Billige (responsible), Andreas von der Gathen, Annette Ehrhardt, Joanne Fitzgerald, Birte Jung, Christine Hakenjos

Design Petra Dietz, Regina Nobis **Photos** Getty Images, Klaus Vedfelt, Eric Remann, Joern Wolter **Print shop** KPL-Team

February 2020, seventh edition

brand Simon-Kucher & Partners marketing CEO profit turnover price excellence offices worldwide expertise banking & financial services expansion forums tele-communications consulting creativity green energy deep dive analytics & data science transport & logistics independence team-work partnering consultants knowledgeable individuality clients future hands-on automotive progress pricing end-to-end solutions digitalization nationalities strategy markets specialists proactivity Americas international Middle East utilities solutions innovation entrepreneurship sales force performance Global Pricing Study culture focus professional services travel & hospitality partners news challenges luxury goods workshops Africa collaboration hidden champion consumer products value career work-life balance oil & gas chemicals mergers acquisitions sales excellence transformation success segmentation OTC/consumer Asia-Pacific loyalty healthcare willingness to pay pharmaceuticals & biotech business model efficiency programs insurance portfolio management shareholder value media&entertainment products bundling monitoring product launch due diligence forecasts industrial goods & services **TopLine Power[®]** revenue corporation private equity trends opportunity margins discounts conjoint measurement commodities negotiation machinery development semiconductors electronics experience industries insights know-how service monetize quick win thought leader unicorn advisor growth artificial intelligence construction ingredients materials capabilities best-in-class Europe software

SIMON ♦ KUCHER & PARTNERS

Strategy & Marketing Consultants

Simon-Kucher & Partners
Strategy and Marketing Consultants

Email info@simon-kucher.com

Follow us on



www.simon-kucher.com